



FETAKGOMO TUBATSE
LOCAL MUNICIPALITY

2017/18 ANNUAL REPORT

General Information

1. Executive Committee

No.	Surname & Initials	Designation
1.	Cllr. Phokane M.J	Mayor
2.	Cllr. Mamogale M.I	Portfolio Head: Budget and Treasury
3.	Cllr. Maila E.E	Portfolio Head: Infrastructures and Technical Services
4.	Cllr. Hlatswayo B.E	Portfolio Head: Local Economic Development
5.	Cllr. Moeng M.Q	Portfolio Head: Development and Planning
6.	Cllr. Pholwane M.B	Portfolio Head: Corporate Services
7.	Cllr. Mashego R.M.	Portfolio Head: Community Services
8.	Cllr. Mogoane M.K	Deputy Portfolio Head: Corporate services
9.	Cllr. Kgwedi J.L	Deputy Portfolio Head: Infrastructures and Technical Services
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4. Acronyms

No	Abbreviations	Abbreviations in full
1	AFS	Annual Financial Statement
2	A.G.	Auditor General
3	AGSA	Auditor General of South Africa
4	AIDS	Acquired immune Deficiency Syndrome
5	ANC	African National Congress
6	APC	African People convention
7	APR	Annual Performance Report
8	AR	Annual Report
9	BTO	Budget and Treasury
10	CAC	Child Advisory Council
11	CDW	Community Development Worker
12	CFO	Chief Finance Officer
13	CIM	Corporate Identity Manual
12	Cllr	Councillor
13	COGHSTA	Co – operative Governance, Human Settlement & Traditional Affairs
14	COPE	Congress of the people
15	COIDA	Compensation for Occupational Injuries and Diseases Act
16	CIDB	Construction Industry Development Board
17	CSD	Central Supply Database
18	CPMD	Certificate Programme in Management Development

No	Abbreviations	Abbreviations in full
19	DA	Democratic Alliance
20	DD	Due Diligences
21	Dev	Development
22	Dir	Director
23	DOE	Department of Energy
24	DSAC	Department of Sport, Art and Culture
25	ELD	Economic and Land Development
26	ELP	Executive Leadership Programme
27	EIA	Environmental Impact Assessment
28	EPWP	Extended Public work programme
29	ESKOM	Electricity Supply Commission
30	EXCO	Executive Committee
31	FBE	Free Basic Electricity
32	FBRR	Free Basic Refuse Removal
33	FGTM	Fetakgomo Greater Tubatse Municipality
34	GRAP	General Recognised Accounting Practice
35	GTM	Greater Tubatse Municipality
36	HAST	HIV/AIDS STI and Tuberculosis
37	HIV	Human Immune Virus
38	HH	Households
39	HR	Human Resources
40	HDA	Housing Development Agency
41	ICT	Information Communication Technology
42	IDP	Integrated Development Plan

No	Abbreviations	Abbreviations in full
43	IGR	Intergovernmental Relations
44	INEP	Integrated National Electricity Programme
45	Km	Kilometre
46	KPA	Key Performance Area
47	KPI	Key Performance Indicator
48	LED	Local Economic Development
49	LEDET	Limpopo Economic Development Environment Tourism
50	LGSETA	Local Government Sector Education and Training Authority
51	LUMS	Land Use Management Scheme
52	MEC	Member of Executive Committee
53	MFMA	Municipal Finance Management Act
54	MIG BP	Municipal Infrastructure Grants Business Plan
55	MOU	Memorandum of Understanding
56	MM	Municipal Manager
57	MPAC	Municipal Public Account Committee
58	MPCC	Multi-Purpose community Centre
59	MSA	Municipal System Act
60	MSCOA	Municipal standard chart of Accounts
61	MTREF	Medium Term Revenue and Expenditure Framework
62	OHS	
63	NDPG	Neighbourhood Development programme Grant

No	Abbreviations	Abbreviations in full
64	N/A	Not Applicable
65	No	Number
66	PAC	Pan African congress
67	PMS	Performance Management System
68	PMU	Project Management Unit
69	PPP	Public Private Partnership
70	PR	Proportional Representation
71	OHS	Occupational Health and Safety
72	R	Rand
73	RDP	Reconstruction and Development plan
74	RSA	Republic of South Africa
75	SCM	Supply Chain Management
76	SDBIP	Service Delivery and Budget Implementation Plan
77	SDM	Sekhukhune District Municipality
78	SETA	Sector Education and Training Authority
79	SLIMP	Senior Management Induction Programme
80	SOLMA	State of Local Municipal Address
81	STATSA	Statistic South Africa
82	STI	Sexually transmitted Infection
83	TAS	Technical Assistant Specialist
84	TB	Tuberculosis
85	TOR	Terms of Reference
86	TSC	Thusong Service Centre

No	Abbreviations	Abbreviations in full
87	TVR	Treasury Views and Recommendation
88	WSP	Work skill plan
89	UDM	United Democratic Movement
90	VIP	Ventilated improved pit

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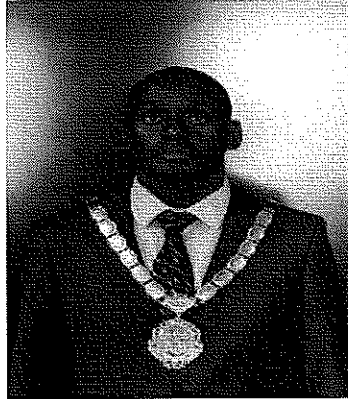
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Chapter: 01

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1. Mayor's foreword



His Worship The Mayor

Cllr. Phokane MJ

This report is prepared in compliance to section 121 (2) of Municipal Finance Management Act (MFMA) 56, 2003 to provide record of municipal activities; report on municipal performance against its budget and for the municipality to account to the local community for decisions made in 2017/18 financial year.

The report has also taken into cognises the guidelines of National treasury on Annual Report. The guideline divided the Annual Report into six chapters and Annexure depending on the size and competencies of the Municipality.

a. Vision

The vision of LIM 476, Fetakgomo Tubatse Municipality is **"Developed Platinum city for a sustainable Human settlement"**.

b. Key policy developments

The following policies are adopted by Council in the financial year under review:

- (i) Attendance and punctuality policy;
- (ii) Bursary policy;

- (iii) OHS policy;
- (iv) Overtime policy;
- (v) Performance management framework;
- (vi) Recruitment, selection and appointment;
- (vii) SCM policy;
- (viii) Secondment and acting on higher position policy;
- (ix) Subsistence and travel policy; and
- (x) Travel and out of pocket expenses for councillors the financial year under

c. Key Service Delivery Improvements made

Key Service delivery improvements made by the LIM 476 Municipality in 2017/18 financial year are depicted in the table below.

Table/Figure 01: Service delivery improvement

NO	Service provided	Improvement made
1.	Access Bridges and access roads	<p>Four (4) access bridges are completed, namely:</p> <p>1.1. Tjate access bridge;</p> <p>1.2. Morokadieta access bridge;</p> <p>1.3. Ga – Malwane access bridge;</p> <p>1.4. Dithamaga access bridge;</p> <p>Two Access roads namely:</p> <p>1.5. Thokwane Access road; and</p> <p>1.6. Bothashoek Access roads</p>

N0	Service provided	Improvement made
2.	Provision of Free Basic Electricity (FBE)	Number of households benefiting from FBE has increased from 5647 households in 2016/17 financial year to 8496 household in 2017/18 financial year. Replacement of wooden electricity pole at Mamogolo by steel pole is completed
3.	Waste Removal	Number of household benefiting from waste removal has increased 4913 households to 11741 in 2017/18 financial year.
4.	Acquisition of land for development	Municipality has secured 100 hectors of land at Hoerareop for development

d. Public Participation

Section 152 (e) of the Constitution of the Republic of South Africa mandates Municipalities to regularly consult their communities on matters of their interest and give them an opportunity to participate in the affairs of the municipalities. In compliance to the above mentioned piece of legislative the Municipality has established four main fora for community consultation, namely IDP/PMS/Budget forum, Exco – Outreach; SOLMA and MPAC consultation on Annual report. A detailed report on this matter is reflected in chapter two (2) of this report.

e. Future Actions

The following are future plans for the municipality:

(i) Water authority and electricity provision license

Water and electricity provisioning in the municipality post a serious service delivery backlog. In order to address the backlog Council find it fit for the municipality to have authority to provide the abovementioned services. A task team is established to facilitate the acquisition of water authority and electricity license for the municipality.

(ii) Burgersfort stadium

The municipality do not have a better recreation facilities like stadium and others recreation centres. However a decision was taken for administration to facilitate acquisition of land for the development of stadium at Burgersfort. When the financial year ended the administration was engaged in the process of identifying a suitable land for the construction of Burgersfort stadium. This project is also included in the 2017/18 SDBIP.

(iii) Animal and Vehicle pounds

The municipality is experiencing high level of road accidents caused by both animals and high volume of traffic on our roads. To address the challenge the municipality has resolved for the construction of animal and vehicle pounds. Currently the municipality is in the process of identifying suitable lands for the two projects.

(iv) Traffic congestion in Burgersfort Town

The municipality is experiencing high level of traffic congestion in Burgersfort and Steelpoort towns. The situation gets worse during month end and festive holidays. To alleviate traffic congestion in Burgersfort town the municipality is engaging relevant land owners to give way for the municipality to construct a bypass (West ring road) which will join R555 and R37 roads on the other side of town at Leopard bush. The road when constructed will alleviate traffic in town as motorist who does not want to get in town can take it to the other side of town.

g. Conclusion

The performance of the municipality has increased by 12% in this financial year moving from 56% in 2016/17 to 68% (165/241) targets achieved. A detailed municipal performance per Key Performance Areas is depicted a table below.

Table/Figure 02: 2017/18 Annual Performance Report

Key Performance Indicators	2016/17	2017/18			
	%	Total KPIs	KPI achieved	KPI not achieved	%
Spatial rational	31%	21	09	12	43%
Institutional Transformation and Organizational Development	64%	34	25	09	74%
Basic service Delivery and Infrastructure Development	57%	53	31	22	58%
Local Economic Development	74%	25	18	7	72%
Financial Viability and Management	54%	35	23	12	66%
Good Governance and Public participation	56%	73	59	14	81%
Total	58%	241	165	76	68%

2017/18 financial year has its own challenges and success stories like any other financial year. I would like to thank all people who contributed positively to the success of the municipality in the financial year under review. We are still looking forth for your support and of cause with other who may join you in the year ahead.

Cllr. Phokane M.J

Mayor

1.2. Municipal Manager's overview

1.2.1. Introduction

Municipalities are required by section 121 of the Municipal Finance management Act, 56 of 2003 to prepare each financial year an annual report which provides a record of the activities of the municipality during the financial year which the report relates; report on performance against the budget of the municipality for that financial year and promote accountability to the local community for the decisions made throughout the year by the municipality. In compliance to the above mentioned legislation the municipality has generated an annual report comprising six chapters as required by National Treasury guidelines.

1.2.2. Recruitments

The municipality recruited 30 new employees in the 2017/18 financial year.

1.2.3. Labour turn over

21 employees left the municipality under various reasons, including resignation, dismissal and expiry of employment contract. Seven (7) employees resigned; six (6) had their employment contract expired; two (2) dismissed; three (3) passed on and three (3) retired.

1.2.4. Training

144 municipal employees and 43 councillors are trained in different courses to improve their performance (see chapter 04 for more details). The municipality has also awarded bursaries to 19 employees and 21 learners.

1.2.5. Performance management

Performance management system is introduced at senior management levels only. Assessment is only done on senior management levels (section 54/56 managers). In the year under review the municipality has conducted four management review and four Exco – Makgotla sessions. Management reviews and Exco – makgotla are used to assess the performance of the municipality and of its departments. Four quarterly performance reports were produced; served in council and were subjected to public scrutiny through MPAC.

1.2.6. Capital projects

1.2.6.1. Access Bridges

The municipality has completed four access bridges namely: Tjate, Morokadieta, Ga – Malwane and Dithamaga. Lefahla Access Bridge was at 40% completion by the end of the financial year.

1.2.6.2. Access road and internal streets

Two access roads; Thokwane and Bothashoek are completed. Tukakgomo and Leboeng access roads are at 45% and 38% completion consecutively. Eleven internal streets were at procurement stage by the end of the financial year.

1.2.6.3. Sport complexes

The municipality was in the process of construction three sport complexes namely: Mapodile sport facilities phase 02, Motodi sport complex and Radingwana sport complex. Site establishment is done at both Motodi and Mapodile sport complexes and Radingwana sport complex was at 95% completion by the end of the financial year.

1.2.8. Implementation of A.G. Action plan

The municipality had 105 findings from AG in 2016/17 financial year. An action plan was developed to address the findings in 2018/19 financial year. By the end of the financial year 67 (64%) out of 105 findings were addressed.

1.2.9. Conclusion

In conclusion, on behalf of the administrative leadership (senior management) of the municipality I would like to thank the commitments and efforts demonstrated by the Municipal officials in the financial year under review. We are looking forward for the same or more effort in 2018/19 financial year.

Thanks

Mrs. Busane N.P

Municipal Manager

1.3. Municipal Functions, Population and Environmental Overview

1.3.1. Amendable Powers and Functions of the Municipality

Schedule 4 Part B and Schedule 5 Part B of the Constitution of the Republic of South (RSA), 1996 lists 38 powers and functions amenable to local government. Powers and functions of the Fetakgomo Tubatse Municipality are as follows:

1. Municipal planning;
2. Building regulations;
3. Local tourism;
4. Trading regulations;
5. Street trading;
6. Control of undertakings that sell liquor to the public;
7. Street lights;
8. Municipal roads;
9. Traffic and parking;
10. Municipal public transport;
11. Billboards and the display of advertisements in public places;
12. Local sport facilities;
13. Local amenities;
14. Refuse removal & refuse dumps;
15. Municipal cemeteries, funeral parlour and crematoria;
16. Public places; and
17. Municipal airports

1.3.2. Municipal Population

The total Municipal population according to the 2011 STASA is approximately **429 470** with **106 050** households. This makes Fetakgomo Tubatse local Municipality the highest populated Municipality in the Sekhukhune district Municipality. In comparison of the 2016 Community Survey and the 2011 STASA the population of Municipality has increased from 429 470 to 490 **381** and the households has increased from 106 050 to **125 454**.

1.3.3. Environmental Overview

The municipality is located north of N4 highway, Middleburg, Belfast and Mbombela; and east of the N1 highway; Groblersdal and Polokwane. The municipal area of jurisdiction covers approximately **4550.001105 square kilometres or 45500.1105 ha** in size. The area is known as the middelveld as it is located between the Highveld and lowveld regions. It is located within the Sekhukhune District Municipality (SDM) in the Limpopo Province

The municipality comprises approximately **297** villages and 39 wards. The municipality is largely dominated by **rural** landscape with only **6** (six) proclaimed **townships**. Like most rural municipalities in the Republic of South Africa, Fetakgomo Tubatse local Municipality is characterised by weak economic base, inadequate infrastructure, major service backlogs, dispersed human settlements and high poverty levels.

1.4. Service delivery Overview

Service delivery overview of the Municipality is depicted table/figure 03 below.

Table/Figure 03: Service delivery Overview

NO	KPAs	Achievements
1.	KPA1: Spatial Rational e	1.1. Ohrigstad development plan is approved by council; 1.2. 4 stakeholder engagements held on land management 1.3. 100 hectare of land for integrated human settlement acquired at Hoeraroep portion 5,6 and 7; 1.4. 6 Housing Consumer Education conducted; 1.5. 4 National building regulation and land use management campaigns conducted;

NO	KPAs	Achievements
2.	KPA2: Municipal Transformation and Organizational Development	<p>2.1. The municipality has completed job evaluation and has commence with placement of staff;</p> <p>2.2. 43 councillors and 144 employees are trained in different courses;</p> <p>2.3. 8/9 positions of senior managers (section 54/46 managers) are filled which include the position of the municipal manager;</p>
3.	KPA3: Basic Service Delivery and Infrastructure Development	<p>3.1. four(4) access bridges are completed and one at 45% progress</p> <p>3.2. Two (2) access roads are completed and two at construction stage;</p> <p>3.3. 11741 households are receiving weekly refuse removal;</p> <p>3.4. 3 trees planted in different municipal facilities</p> <p>3.5. 8496 households are beneficiaries to FBE programme;</p> <p>3.6. Replacement of wooden electricity poles by steel pole at Ga Mamogolo is completed</p>
4.	KPA4: Local Economic Development	<p>4.1. Municipality has sustained the support of six Agricultural projects; resuscitate two and support 5 new Agricultural projects</p> <p>4.2. construction of Burgersfort flea market is completed;</p> <p>4.3. 2017/18 IDP was adopted by council on 29 May 2018;</p> <p>4.4. 2702 jobs sustained</p> <p>4.5. Two MOU signed with Modikwa and LEDET</p>

N0	KPAs	Achievements																																																												
5.	KPA5: Financia I Viability	<p data-bbox="469 286 1023 322">5.1. <u>Financial Performance (Revenue)</u></p> <table border="1" data-bbox="469 353 1382 1308"> <thead> <tr> <th data-bbox="469 353 724 479">DESCRIPTION</th> <th data-bbox="724 353 986 479">Budget 2017/ 2018</th> <th data-bbox="986 353 1251 479">YTD</th> <th data-bbox="1251 353 1382 479">% spent</th> </tr> </thead> <tbody> <tr> <td data-bbox="469 479 724 555">Property rates</td> <td data-bbox="724 479 986 555">123,856,300.00</td> <td data-bbox="986 479 1251 555">126,280,468</td> <td data-bbox="1251 479 1382 555">99%</td> </tr> <tr> <td data-bbox="469 555 724 689">Refuse removal charges</td> <td data-bbox="724 555 986 689">11,479,032.00</td> <td data-bbox="986 555 1251 689">14,588,246.58</td> <td data-bbox="1251 555 1382 689">127%</td> </tr> <tr> <td data-bbox="469 689 724 824">Rental of facilities and equipment</td> <td data-bbox="724 689 986 824">575,125.00</td> <td data-bbox="986 689 1251 824">347,963.92</td> <td data-bbox="1251 689 1382 824">61%</td> </tr> <tr> <td data-bbox="469 824 724 958">Interest earned - external investments</td> <td data-bbox="724 824 986 958">11,518,792.00</td> <td data-bbox="986 824 1251 958">13,593,863.49</td> <td data-bbox="1251 824 1382 958">118%</td> </tr> <tr> <td data-bbox="469 958 724 1093">Interest earned - outstanding debtors</td> <td data-bbox="724 958 986 1093">11,719,214.00</td> <td data-bbox="986 958 1251 1093">13,431,584.99</td> <td data-bbox="1251 958 1382 1093">115%</td> </tr> <tr> <td data-bbox="469 1093 724 1169">Fines, penalties and forfeits</td> <td data-bbox="724 1093 986 1169">14,436,238.00</td> <td data-bbox="986 1093 1251 1169">2,501,901.26</td> <td data-bbox="1251 1093 1382 1169">17%</td> </tr> <tr> <td data-bbox="469 1169 724 1258">Licenses and permits</td> <td data-bbox="724 1169 986 1258">13,845,800.00</td> <td data-bbox="986 1169 1251 1258">5,432,342.23</td> <td data-bbox="1251 1169 1382 1258">32%</td> </tr> <tr> <td data-bbox="469 1258 724 1308">Agency services</td> <td data-bbox="724 1258 986 1308">4,274,334.00</td> <td data-bbox="986 1258 1251 1308">2,952,127.00</td> <td data-bbox="1251 1258 1382 1308">69%</td> </tr> </tbody> </table> <p data-bbox="469 1388 628 1424">5.2. Grants</p> <table border="1" data-bbox="469 1456 1362 1854"> <thead> <tr> <th data-bbox="469 1456 801 1532">DESCRIPTION</th> <th data-bbox="801 1456 1139 1532">BUDGET 2017/ 2018</th> <th data-bbox="1139 1456 1362 1532">RECEIVED</th> </tr> </thead> <tbody> <tr> <td data-bbox="469 1532 801 1581">Equitable Share</td> <td data-bbox="801 1532 1139 1581">320,902,000.00</td> <td data-bbox="1139 1532 1362 1581">320,902,000.</td> </tr> <tr> <td data-bbox="469 1581 801 1630">FMG</td> <td data-bbox="801 1581 1139 1630">4,045,000.00</td> <td data-bbox="1139 1581 1362 1630">4,045,000.00</td> </tr> <tr> <td data-bbox="469 1630 801 1680">EPWP Incentive</td> <td data-bbox="801 1630 1139 1680">1,279,000.00</td> <td data-bbox="1139 1630 1362 1680">1,279,000.00</td> </tr> <tr> <td data-bbox="469 1680 801 1729">INEP</td> <td data-bbox="801 1680 1139 1729">-</td> <td data-bbox="1139 1680 1362 1729">-</td> </tr> <tr> <td data-bbox="469 1729 801 1778">MIG</td> <td data-bbox="801 1729 1139 1778">85,863,000.00</td> <td data-bbox="1139 1729 1362 1778">85,863,000.</td> </tr> <tr> <td data-bbox="469 1778 801 1827">MTDG</td> <td data-bbox="801 1778 1139 1827">4,566,000.00</td> <td data-bbox="1139 1778 1362 1827">4,566,000.00</td> </tr> <tr> <td data-bbox="469 1827 801 1854">TOTAL</td> <td data-bbox="801 1827 1139 1854">416,655,000.00</td> <td data-bbox="1139 1827 1362 1854">416,655,000</td> </tr> </tbody> </table>	DESCRIPTION	Budget 2017/ 2018	YTD	% spent	Property rates	123,856,300.00	126,280,468	99%	Refuse removal charges	11,479,032.00	14,588,246.58	127%	Rental of facilities and equipment	575,125.00	347,963.92	61%	Interest earned - external investments	11,518,792.00	13,593,863.49	118%	Interest earned - outstanding debtors	11,719,214.00	13,431,584.99	115%	Fines, penalties and forfeits	14,436,238.00	2,501,901.26	17%	Licenses and permits	13,845,800.00	5,432,342.23	32%	Agency services	4,274,334.00	2,952,127.00	69%	DESCRIPTION	BUDGET 2017/ 2018	RECEIVED	Equitable Share	320,902,000.00	320,902,000.	FMG	4,045,000.00	4,045,000.00	EPWP Incentive	1,279,000.00	1,279,000.00	INEP	-	-	MIG	85,863,000.00	85,863,000.	MTDG	4,566,000.00	4,566,000.00	TOTAL	416,655,000.00	416,655,000
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NO	KPAs	Achievements																								
		<p>5.3. Grants Expenditure</p> <table border="1" data-bbox="478 347 1300 705"> <thead> <tr> <th data-bbox="486 347 646 470">Grant Names</th> <th data-bbox="646 347 885 470">Received</th> <th data-bbox="885 347 1125 470">Spent</th> <th data-bbox="1125 347 1292 470">%</th> </tr> </thead> <tbody> <tr> <td data-bbox="486 470 646 526">FMG</td> <td data-bbox="646 470 885 526">R 4 045 000</td> <td data-bbox="885 470 1125 526">R 4 045 000</td> <td data-bbox="1125 470 1292 526">100%</td> </tr> <tr> <td data-bbox="486 526 646 571">MIG</td> <td data-bbox="646 526 885 571">R 94 591 522</td> <td data-bbox="885 526 1125 571">R90 886 692</td> <td data-bbox="1125 526 1292 571">96%</td> </tr> <tr> <td data-bbox="486 571 646 616">INEG</td> <td data-bbox="646 571 885 616">R 10 000 000</td> <td data-bbox="885 571 1125 616">R 0</td> <td data-bbox="1125 571 1292 616">0</td> </tr> <tr> <td data-bbox="486 616 646 660">EPWP</td> <td data-bbox="646 616 885 660">R 1 279 000</td> <td data-bbox="885 616 1125 660">R 1 279 000</td> <td data-bbox="1125 616 1292 660">100%</td> </tr> <tr> <td data-bbox="486 660 646 705">MDTG</td> <td data-bbox="646 660 885 705">R 4 566 000</td> <td data-bbox="885 660 1125 705">R 4 566 000</td> <td data-bbox="1125 660 1292 705">100%</td> </tr> </tbody> </table> <p>5.4. Supplementary valuation rolls compiled;</p>	Grant Names	Received	Spent	%	FMG	R 4 045 000	R 4 045 000	100%	MIG	R 94 591 522	R90 886 692	96%	INEG	R 10 000 000	R 0	0	EPWP	R 1 279 000	R 1 279 000	100%	MDTG	R 4 566 000	R 4 566 000	100%
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6.	<p>KPA6: Good Governance and Public Participation</p>	<p>6.1. Both risk management and Audit/Performance committees were functional in the financial year under review;</p> <p>6.2. Municipality was able to hold 4 Ordinary councils</p> <p>6.3. By the end of the financial year 64% of AGSA queries were addressed;</p> <p>6.4. 24 media and radio statements were made by the end of the financial year;</p> <p>6.5. SOLMA was held on 30 June 2018;</p> <p>6.6. Mayor approved 2017/18 SDBIP on 22 June 2017;</p>																								

1.5. Financial Health Overview

1.5.1. Municipal Revenue and Expenditure

Table /Figure 04: 2017/18 Municipal Revenue and Expenditure

N0	Details	Original Budget(R)	Adjusted Budget(R)	Actual(R)
1.	Total Revenue excluding capital receipts	633 801 913	619 901 913	613 079 703
2.	Total Operating Expenditure	574 247 117	633 096 013	450 541 865
3.	Operating surplus / (deficit)	94 883 604	179 857 625	162 537 838

1.5.2. Financial ratios

Table/Figure 05: Financial ratios

N0	Details	2017/18
1.	Employee costs	36.5%
2.	Repair and Maintenance	13%
3.	Finance charges and Depreciation	1%

1.5.3. Capital Expenditure

Table/figure 06: Capital Expenditure

N0	Detail	2017/18
1.	Original Budget	574 247 117
2.	Adjusted Budget	600 896 013
3.	Actual	450 541 865

1.6. Organizational Development Overview

1.6.1. Organizational Development Performance

1.6.1.1. Staff establishment

The Municipality has 548 positions on its organogram; 332 are filled and 216 are vacant. In terms of gender representation, the municipality had more male employees than female ones. 193 employees are male and 139 are female. Six (7) employees, which are six (6) male and one (1) female are living with disabilities.

1.6.1.2. Labour turn over

21 employees left the municipality under various reasons, including resignation, dismissal and expiry of employment contract. Seven (7) employees resigned; six (6) had their employment contract expired; two (2) dismissed; three (3) passed on and three (3) retired.

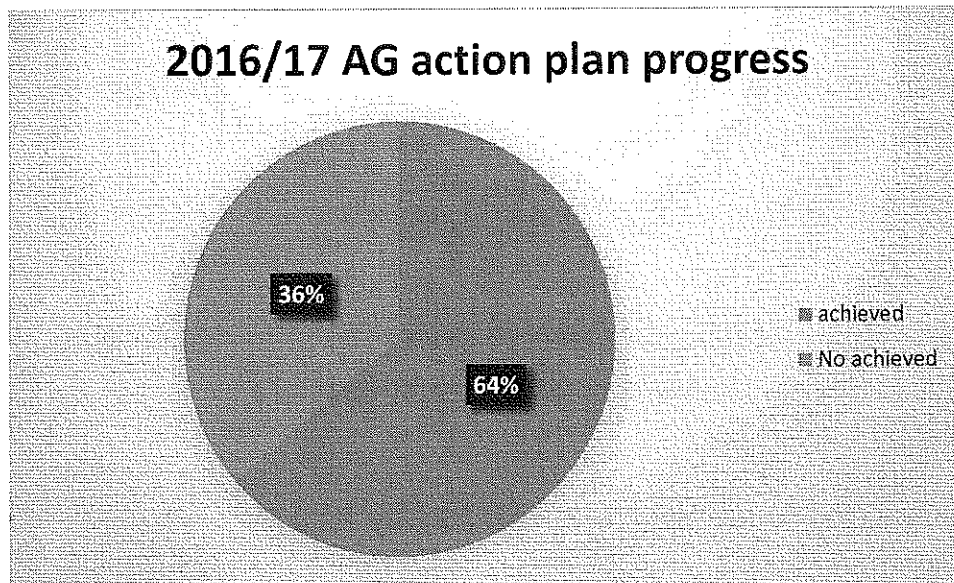
1.6.1.3. Local labour forum

The municipality had Local labour forum (LLF) which was established in November 2016. LLF comprises of Politicians and Administration components as part of management and two labour unions IMATU and SAMWU. 12 LLF meetings were scheduled for the financial year under review and all 12 meetings materialised.

1.7. 2016/17 Auditor General Report

The municipality had 105 findings from AG in 2016/17 financial year. By the end of the financial year 67 (64%) out of 105 findings were addressed.

Chart 01: 2016/17 AG findings



1.8. Statutory Annual Report Processes

The table below depicts the municipal statutory processes towards the adoption of the Annual Report.

Table/Figure 07: Statutory Annual Report Processes

No.	Activity	Time frame
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.	August
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	July - June
3	Finalise 4 th quarter Report for previous financial year	July

No.	Activity	Time frame
4	Submit draft Annual Performance Report to Audit Committee and Auditor-General	August
5	Audit/Performance committee considers draft Annual Performance Report of municipality	August
6	Auditor General releases audit opinions to Municipalities	November - December
7	Mayor tables Annual Report and audited Financial Statements to Council completed with the Auditor- General's Report and A.G. action plan	31 January
8	Council subject the Annual Report to public scrutiny through MPAC	February – 31 March
9	Accounting Officer make the Annual report public	February
10	Council adopts Oversight report	31 March
11	Oversight report is made public	April
12	Oversight report is submitted to relevant provincial councils	April
13	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.	April
14	Adoption of final Budget and IDP	May
15	Approval of SDBIP by Mayor	June

CHAPTER TWO

Governance

2.1. Introduction to Governance

- 1.1. According to the Provincial Gazette no 2735 s12 Notice, its short title: *“Notice in terms of s12 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998): Disestablishment of Existing Municipalities and Establishment of New Municipalities”*, dated 22 July 2016, LIM476 government municipality has a total of **39 wards**. This result implies Fetakgomo Tubatse local Municipality is the **third** (03) largest municipality in the Limpopo Province in terms of wards after Polokwane with 45 wards and Thulamela with 41 wards. The municipality has a total of **77 councillors**. Of these, **39** are ward councillors while **38** were proportionally elected. In addition, there are **12** traditional leaders sitting and/or represented in the Council.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.2. Introduction: political and administrative governance

Municipality as an institution has both political and administrative leaderships. Politically the municipality is led by the Speaker and the Mayor. The speaker presides over all council sittings and the Mayor to all executive committee meetings. On quarterly basis the Mayor generate and submit reports to council while the Speaker take care of the activities of ward committees and public participations activities of the municipality

On administrative level, the Municipal manager (Accounting Officer) is the leader of the administration. The accounting Officer provides guidance and advice to the political structures, political office bearers and officials of the municipality.

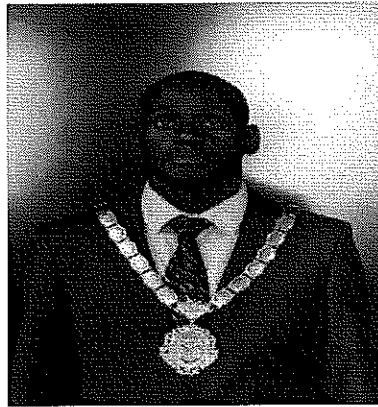
2.3. Political Governance

2.3. 1. Introductions

To effectively perform its political role council has established various committees as guided by pieces of legislations. The following committees are established: Municipal Public account committee (MPAC), Audit committee, Rules, Ethics, petition & public participation committee and portfolio committees. The following portfolio committees were established: Corporate services, Budget and Treasury, community services, Infrastructure Development & Technical services, Development Planning and Local Economic Development and Tourism.

2.3.2. Political Structures

2.3.2.1. The Mayor



Cllr Phokane M.J

Duties of the Mayor

- Presides over the meetings of the Executive committee;
- Decides date, time and venue for executive committee meetings;
- Ensure that meetings of Executive committee are conducted in accordance with its rules and procedure;
- Coordinates the annual review of IDP;
- Provides general political guidance over the fiscal and financial affairs of the municipality;
- Provides general political guidance over the budget process and priorities that must guide the preparation of a budget;
- Enters into a performance agreement with the municipal manager on behalf of the municipality;
- Represent the municipality at IGR fora; and
- Performs the duties, including any ceremonial functions, and exercises the powers delegated to the mayor by the council or executive committee.

2.3.2.2. The Speaker

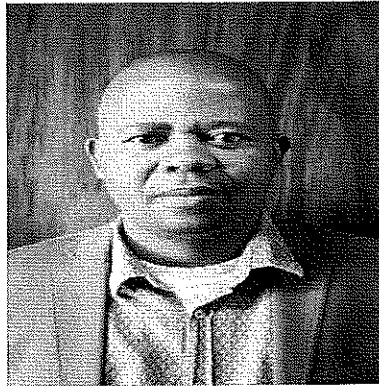


Cllr. Phala T.N

Duties of the Speaker

- Presides over Council meetings;
- Decides when and where the Council meets;
- Grants leave of absence to councillors for Council meetings;
- Sign the minutes/resolutions of Council meetings;
- Perform the duties and exercise the powers delegated to the speaker in terms of section 59 of the MSA;
- Ensures that council meets at least quarterly;
- Maintain order during Council meetings;
- Ensures compliance in the council and council committees with code of conducts set out in schedule 1 of MSA;
- Ensures that council meetings are conducted in accordance with rules and orders of the council; and
- Perform any function as per delegation policy.

2.3.2.3. Chief whip

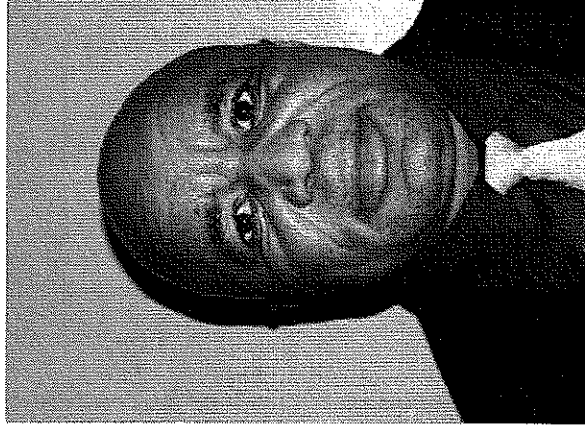


Cllr Shoba M.V

Duties of Chief whip

- Informs councillors of Council and Executive committee of meetings called by the Speaker and Mayor respectively;
- Ensure that the meetings of the council and committees of the council quorate;
- Informs councillors of the Council and Executive committee of the important items on the relevant agenda;
- Advise the speaker on the amount of time allocated to speakers and the order of such the Speakers in addressing Council;
- Ensures that councillors' motions are prepared and timeously tabled in council in terms of Rules of order;
- Advises the Speaker and the Mayor on how to deal with important items not disposed of at a Council meeting pending its resolution;
- Advises the Speaker and Mayor on the agenda of Council meetings;
- Advises the Speaker and Mayor of urgent motions in writing prior to the commencement of the meeting;
- Assists the speaker with accounting of votes; and
- Prepare for special debates on the state of the municipality address or budget address

2.3.2.4. Mayoral/Executive committee



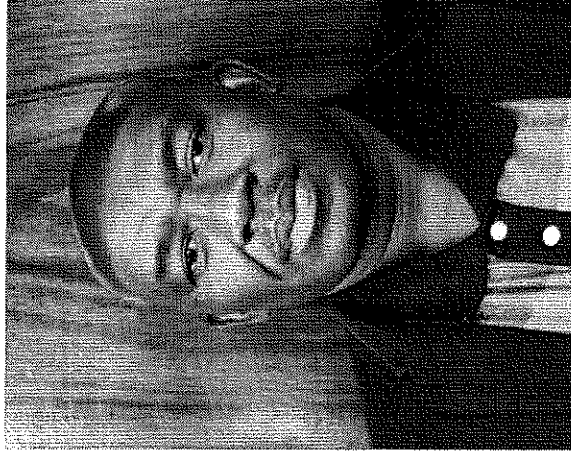
Cllr. Mamogale M.I

Head: Budget and Treasury



Cllr Moeng Q.M

Head: Development & Planning



Cllr. Hlatswayo B.E

Head: Local
Development & Tourism

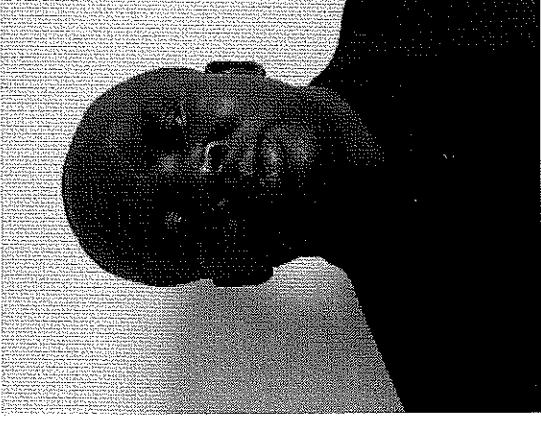
Economic

Mayoral /Executive Committee



Cllr. Pholwane B.E

Head: Corporate Services



Cllr. Maila E.E

Head: Infrastructure Development
& Technical Services



Cllr. Mashego R.M

Head: Community Services

Mayoral/Executive Committee



Cllr Mogoane M.K

D/Head: Corporate Services



Cllr Makola J.V

D/Head: Budget & Treasury



Cllr Kgwedi L.J

**D/Head: Infrastructure Development
And Technical Services**

2.3.4. Councillors

The council has 77 councillors; 39 ward councillors and 38 proportional representative councillors. In terms of political representation the municipality comprises seven (7) political parties namely: African National Congress (ANC) 54 seats, Economic Freedom Fighters (EFF) 15 seats, Democratic Alliance (DA) 4 seats, Congress of the people (COPE) 1 seat, Azanian People's Organization (AZAPO) 1 seat, Pan Africanist Congress of Azania (PAC) one seat and Socialist Agenda of Dispossessed Africans (SADA) 1 seat.

2.3.5. Traditional Leaders in council

The municipality has 38 traditional leaders. Twelve (12) traditional leaders are elected to represent the entire traditional leaders in council, namely: Kgoshi Kgoete T.A., Kgoshi Komane M.R, Kgoshi Manok B.K, Kgoshi Maroga M.S, and Kgoshi Mohlala M.B, Kgoshi Phasha P.D (diseased), Kgoshi Ramaube S, Kgoshi Sekhukhune P.R, Kgoshigadi Dinkwanyane T.M, Kgoshigadi Kgoete S, Kgoshigadi Maisela S.M and Kgoshigadi Phasha T.M.

2.3.6. Political decision - taking

Municipal council is a political decision taker in all affairs of the municipality. All other committees established under council make recommendations to council for adoption or approval.

2.4. Administrative Governance

2.4.1. Introduction

In a municipal environment the municipal manager/Accounting Officer is the administrative head. The municipal manager is assisted by senior managers who are appointed by council in line with section 54/56 of the Municipal system act, act 11 of 2007. The senior managers assist the accounting Officer in managing and coordinating the financial administration of the municipality. In the financial year under review, Fetakgomo Tubatse local municipality had Nine (9) section 54/56 managers' positions, which were: Municipal Manager, Chief Finance Officer, Deputy Chief Finance Officer, Director Corporate services, Director Infrastructure & Technical service, Director Development & Planning, Director in Apel regional office, Director Community services and Director Local Economic Development & Tourism.

2.4.2. Top Management

2.4.2.1. Municipal Manager

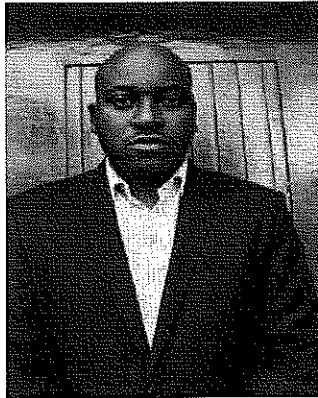


Mrs. Busane N.P

Duties of Municipal Manager

- Advises the structures and functionaries of the Municipality;
- Carries out decisions of the structures and functionaries of the Municipality;
- Administers and implements the Municipality's by – laws, resolutions and policies;
- Ensures that the municipality complies with applicable municipal financial management legislations;
- Implements national and provincial legislation applicable to the Municipality

2.4.2.2. Chief Finance Office



Mr. Ratau G.T

Duties of CFO

- Manage Revenue collections;
- Manage Expenditure controls;
- Manage Budget services;
- Manage Supply chain; and
- Asset management

2.4.2.3. Deputy Chief Finance Officer

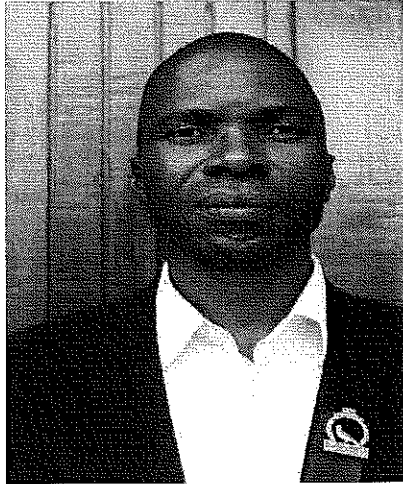


Mr. Maredi M.F

Duties of Deputy Chief Finance Officer

- Assist the Chief Finance Officer;
- Perform other Tasks as delegated by CFO

2.4.2.4. Director Corporate Services

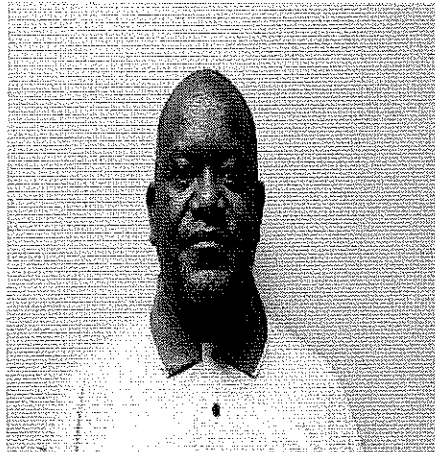


Mr. Phasha M.I

Duties of Corporate Services Director

- Render HR management;
- Render secretariat services to council and council committees;
- Provide administrative support to departments and Areas offices;
- Provide legal advisory services; and
- ICT management

2.4.2.5. Acting Director Community Services



Mr. Rachidi L.A

Duties of Community services Director

- Renders environmental health services to the community;
- Renders social services including Library, sport, art & recreation , Disaster management, parks sand cemeteries services;
- Render Traffic/protection services

2.4.2.7. Director Development Planning

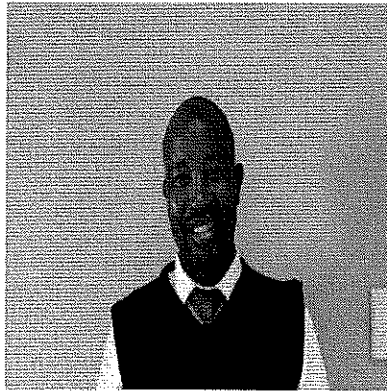


Mr. Mathebula M.A

Duties of Director Development & Planning

- Develop and maintain land use management scheme;
- Render land use administration;
- Render land surveying and demarcation services; and
- Planned and orderly development

2.4.2.8. Acting Director Infrastructure Development & Technical Services



Mr. Gabaganenwe L.T

Duties of Director Infrastructure Development & Technical Services

- Ensure adherence to Civil engineering standard
- Render waste management services;
- Provide project management for implementation of infrastructure development

2.4.2.9. Acting Director Local Economic Development and Tourism



Mr. Mokgotho M.N

Duties of Director Local Economic Development & Tourism

- Facilitate mining related matters;
- Support and promote Agricultural projects;
- Support and promote local Tourism;
- Provide support to local Business;
- Support of cooperatives; and
- Trading regulation

2.5. COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.5.1. Intergovernmental Relations

Lim 476 is required to exercise its executive and legislative authority within the constitutional system of co-operative governance contemplated in s41 of the Constitution (RSA, 2000:s3). Lim 476 is expected to facilitate an IGR (Intergovernmental Relations) in the form of, *inter alia*, an IDP/Budget Representative Forum.

The CDWs (Community Development Workers) were also assisted with office space. CDWs have been deployed in the wards and ward committees have been established to serve as interface (link/conduits) between the Municipality and the community.

In 2017/18 financial year Fetakgomo Tubatse local municipality participated in various intergovernmental fora in both District and Province. In the province the municipality formed part of Provincial planning forum, Provincial PMS forum, CFO forum and Premier's Mayors forum. Through these fora the Municipality has improved its planning and reporting.

District fora in which the municipality participated are District PMS forums, District Back to basic forum, Municipal manager and CFO forum in the District and District planning forum. The Municipality has addressed some service delivery related challenges through advises collected from such fora in the district.

2.6. COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.6.1. Introduction

Section 152(1) (b) of the constitution of the republic of South Africa (RSA), 1996 mandates municipalities to involve communities and community organizations in its matters. The Municipality has established various fora for public involvement such as IDP/Budget/PMS forum, Ward committees, Mayor's Imbizos, State of municipality address (SOLMA) and Annual report presentation. The table below depicts number of public participation fora held, types and number of people who participated.

Table/Figure 08: Public participation forum

Nature of the Meeting	Purpose of the meeting	Date of the meeting	No. of councillors attended	No. of Administrators	No. of community members	No. raised by community	Issues by community	No. Issues addressed	manner of feedback given to community
IDP/PMS/ Budget forum	Communities to make inputs on the draft IDP / Budget/PMS documents	03 – 08 May 2018	67	67	641	15		9	SOLMA ward committees report
Mayor's Imbizos	To report and get concerns from the communities	Mayor Imbizos are held monthly	40	11	1670	01		0	Quarterly ward committee meetings and council sittings
Quarterly ward management meetings	To report and collect inputs from communities	Community Quarterly meetings	39	N/A	615	15		9	Quarterly mass meetings
Annual Report	Review of the Annual	February 2018	40	65	570	15		8	SOLMA and quarterly ward

Nature of the Meeting	Purpose of the meeting	Date of the meeting	No. councillors attended	No. Administrators	No. of community members	No. Issues raised by community	No. Issues addressed	manner of feedback given to community
	Report by MPAC							committee meetings
State of local Municipality address	To report last year performance and announce new projects to the public	30/06/2017	54	45	1543	None	None	None

2.6.2. IDP PARTICIPATION AND ALIGNMENT

Compilation of IDP and SDBIP documents is regulated by chapters five (5) and six (6) of the municipal system act, act 32 of 2000 respectively. The table below respond to the alignment of the IDP and SDBIP documents to their required criteria.

Figure/Table 09: 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 54/56 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

2.7. COMPONENT D: CORPORATE GOVERNANCE

2.7.1. OVERVIEW OF CORPORATE GOVERNANCE

Municipalities are required by sections 165 and 166 of Municipal Finance Management Act, no 56 of 2003 to establish internal audit unit and Audit committee. The internal audit unit advises the accounting officer; report to audit committee; prepare a risk based audit plan and audit program for each financial year.

The municipality has appointed both Audit committee and Performance audit committee of four members. Risk management committee is also established and chaired by a member of Audit committee.

In the financial year under review the audit committee had eight (8) meetings and submitted four reports to Council. The following audits were conducted:

N0	Risk base Audit	Statutory audit	Compliance audit
01	Local Economic Development	4 th Quarter 2016/17 Performance Management	1 st Quarter Internal audit follow up
02	Facilities management	1 st Quarter 2017/18 Performance Management	1 st Quarter Auditor General follow up
03	Budget and Reporting	2 nd Quarter 2017/18 Performance Management	1 st Quarter Annual financial review
04	Record management	3 rd Quarter 2017/18 Performance Management	1 st Quarter Audit committee and internal audit performance Evaluation
05	Revenue management	Lost control management	Occupational Health & safety
06	Security Management	mSCOA management	Waste management
07	Land use management		2 nd Quarter Internal audit follow up
08	Supply chain management		2 nd Quarter Auditor General follow up
09	Human resource management		Municipal Risk management
10	Asset management		
11	Traffic management		

Apart from the Audit committee the municipality has also established Municipal Public Account committee (MPAC). MPAC reviews quarterly, half yearly and annual reports as and when submitted to them by Council.

2.7.2. Risk management

2.7.2.1. Risk Management Committee

As mentioned above the municipality has a risk management committee. The committee consists of one member from the each municipal department and chaired by one member from Audit committee.

The committee has adopted both strategic and Operational risk registers and recommended them to Audit committee for approval. Top ten risks of the municipality were

also identified and approved by the Audit committee. A risk mitigation tool was developed, monitored and reported on quarterly. Below is a list of top ten Municipal risks, mitigation made to address them, outputs and impacts of the mitigations.

2.7.2.2. Top ten risks for 2017/18 financial year

Table/Figure 10: Top ten risks for 2017/18 financial year

Item No.	Risk name	Root cause	Action plan	Progress as at 30 June 2018
1.	Staff Uncertainty	Salary disparities, inadequate placement processes, lack of office space.	Finalisation of the job evaluation process	Done
2.	Inadequate implementation of backup processes on Venus, payday and active directory	Functions for both systems were segregated to the service providers (venus & payday)	To advertise a tender for appointment of the service provider for all municipal systems	Advertised and the closing date is on the 3 rd October
3.	Loss of institutional memory	*Ineffective records management *No record keeping *Theft of records Inadequate access control *Lack of Record Management	Develop Records management policy, Develop Registry procedure manual and File plan	Municipal Records Management Policy, Municipal Records Procedure Manual and Municipal file plan developed..

Item No.	Risk name	Root cause	Action plan	Progress as at 30 June 2018
4.	Inadequate safe guarding of assets	system poor access control	Security checks to be conducted when cars are entering and leaving the municipality, Laptop register to be developed	Done
5.	Unauthorised movement of assets	Non-compliance to the policy by all staff members	*Submit the Asset Management Policy to council for approval, *send emails to all employees informing them they should complete an asset movement form before moving the assets from one place to another.	Acting MM issued a document to all officials to comply with the asset policy

Item No.	Risk name	Root cause	Action plan	Progress as at 30 June 2018
6.	Non-compliance with SCM Legislation (. Failure to follow proper SCM procedures and processes)	*Conflict of interest. internal controls. *Short notice for submitting information to SCM by the end users departments *Poor planning	Encourage Directors to complete and monitor the demand management plan (circular and awareness).	In progress
7.	Land invasion	*People want to be settle in close proximity to employment canters. * Lack of land invasion strategy. *Shortage of land for development of sustainable human settlements.	*Intensify awareness, educate communities & traditional leaders on land use management and land development. *Development of land invasion and response strategy.	In progress It's a One year plan the final document will be available by the end of financial year (30 June 2018). The document will be developed by consultants.
8.	Theft and damage of municipal property	Insufficient security systems. Lack of loss control policy	*Strengthen security systems, *Continues monitoring of access control systems.	N/A

Item No.	Risk name	Root cause	Action plan	Progress as at 30 June 2018
9.	Unauthorized access to Council buildings/property by public.	<p>*Inadequate and ineffective access control. Ineffective guarding around Council property. *Lack of management and supervision regarding the placing of security officers. *Lack of access control policy. Inadequate fencing at properties.</p>	<p>*Development of access control policy. *Erection of proper fence on all municipal properties. *Install security monitoring systems, eg Alarm systems, boom gates, etc</p>	<p>Security monitoring systems were install at Old municipal building and Mayor' house.</p>
10.	Inadequate IT and records management	<p>*Inadequate IT business continuity and disaster recovery plan. *Ageing ITC equipment. *Poor records management. *Limited capacity on our IT servers. *Unavailability of off-site IT storage. Non adherence to the National Archive Act prescripts.</p>	<p>* Develop business continuity and disaster recovery plan. *Procure new servers. *Establish off-site IT storage. *Continue using back-up tapes.</p>	<p>Business continuity and disaster recovery plan in place. *New servers were purchased for the head office only. *Tender for off-site backup advertised and service provider was appointed.</p>

Item No.	Risk name	Root cause	Action plan	Progress as at 30 June 2018

2.7.2.3. FRAUD AND ANTI-CORRUPTION STRATEGY

The municipality has a fraud and anti – corruption strategy. It has also introduced Whistle blower hotline services to curb fraud and corruption. The hotline number was publicized on local newspaper, municipal vehicles and all strategic areas in the municipal building. Suspected alleged fraud activities are reported and investigated. Fear of victimization by the Community renders the system ineffective.

In an attempt to curb fraud and corruption two frauds and anti – corruption awareness campaigns were held on 24 November 2017 and 04 May 2018.

2.7.2.4. SUPPLY CHAIN MANAGEMENT

The municipality has a functional supply chain management (SCM) unit. It has established all its relevant committees and the committees are reviewed by the municipal manager quarterly. A SCM policy was reviewed and adopted by council on 29 May 2017

In the financial year under review three SCM reports were submitted to council. A procurement plan was also developed and implemented.

Almost all Capital projects were awarded within 90 working days from date of closing the tenders.

2.7.2.5. BY – LAW

The municipality develop four by-laws namely: Informal trading by – law,

Waste management by – law; and Building regulation by – law but they could not be gazetted because were completed in the last quarter of the financial year. Gazetting is scheduled for 2018/19 financial year.

2.7.2.6. WEBSITE

Section 75 of MFMA, Act 56 of 2003 is precise on names of documents that municipalities should upload on their websites. In the 2017/18 financial year the municipality uploaded the following documents on its website:

- i. IDP;
- ii. Budget and Budget related policies;
- iii. Annual Performance Agreements;
- iv. Adverts for tenders;
- v. Adverts for jobs;
- vi. Its Annual Reports

2.7.2.7. CLIENT SATISFACTION SURVEY ON MUNICIPAL SERVICES

The municipality conduct client satisfaction survey 2017/18 financial year.

2.7.2.8. OVERSIGHT REPORT ON ANNUAL REPORT

Section 129 of MFMA, Act 56 of 2003 mandates municipalities to consider their Annual reports within two months after the report was tabled and adopts an oversight report containing council comments on the report which must include statements which indicate whether the council approved the Annual report with or without reservations; has rejected the Annual report or has referred the annual report back for revision. In the financial year under review, the municipal council approved its 2016/17 annual reports with reservations.

CHAPTER THREE

Service Delivery Performance (Performance Report Part I)

3.1. Introduction

Section 152(1) (b) of the constitution of Republic of South Africa mandates local government to ensure provision of services to communities in a sustainable manner. Section 152(2) of the same constitution requires municipalities to strive within its financial and administrative capacity to achieve the objectives as set in constitution.

COMPONENT A: Basic services

3.2. Introduction

Section 153(1)(a) of the constitution of the Republic of South Africa requires municipalities to structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community , and promote the social and economic development of the community. Schedule 5 part B of the constitution of Republic of South Africa is precise on the power and responsibilities of local government. Fetakgomo Tubatse local municipality has no power to provide basic services like water, housing and electricity. In most cases the municipality just facilitate for the provision of the services by relevant sector departments or stakeholders.

3.3. Electricity

Fetakgomo Tubatse local municipality is not the electricity Authority nor Provider. This is the sole competency of ESKOM. The municipality is only responsible for the coordination of the service by ensuring that communities are consulted when compiling a priority list. The only provider of electricity in the region is ESKOM; which has installed basic infrastructure to provide electricity to the communities. Most of the rural populations in the former Greater Tubatse municipality do not have electricity.

No new electrification project was implemented by the Fetakgomo Tubatse municipality in the financial year under review; however the municipality completed the replacing of wooden electricity pole at Mamogolo community with steel electricity poles project by the end of the financial year. The table below depicts the progress made on electricity projects in 2017/18 financial year:

Table/Figure 11: Electrification of Households

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
# of households to be electrified through Operation Mabone electricity project	1045 Households Electrified: *108 at Kampeng * 47 at Buffelshoek *890 at Mareseleng		8163 households to be electrified through Operation Mabone electricity project(Koppie(205), Kutullo (1800), Barcelona (350), Dibakwane (320); Maphutle (209), Mandela park (1365), Praktiseer ext. 03 (1667), & Praktiseer ext.11 (1612) and Taung (635)	Target not Achieved: No households were electrified	The project was delayed by litigations between the service provider and the municipality	The project to be completed in 2018/19 financial year
# of households electrified	1924	5378 households electrified(Dit habaneg, Khalanyoni, Mashamotha ne,	Indicator withdrawn due to the fact that the fund were withdrawn	N/A	N/A	N/A

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
		Phakaneng, Phelindaba, Tswelepele & Riverside				
Budget (R)			R42 000 000	R0.00		
% progress in installation of electricity steel poles in Mamogolo village	Mamogolo village is electrified	100% progress in installation of electricity steel poles in Mamogolo village: *Digging of pits (40%) *Planting of steel poles (30%) *Transferring the cables from wooden pole to steel poles (30%)	100% progress in installation of electricity steel poles in Mamogolo village: *Digging of pits (40%) *Planting of steel poles (30%) *Transferring the cables from wooden pole to steel poles (30%)	<u>Target Achieved</u> Project is 100% Completed *	None	None

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
		pole to steel poles (30%)				
Budget (R)			R5 000 000	R0.00		

3.3.1. Free basic Electricity (FBE)

Provision of free basic electricity is done through ESKOM. 5 FBE campaigns held as follows:

(a) 20 September 2017 at Dresden

(b) 05 October 2017 at:

(i) Leboeng community Hall

(ii) Pitjaneng Primary school

(iii) Banareng Primary school

(c) 27 June 2018 councillors were invited to FBE meeting to discuss Indigent registration.. 8496 Households received FBE by end of 2017/18 financial year.

3.4. WASTE MANAGEMENT (REFUSE COLLECTIONS)

11741 households receiving weekly refuse collected in the municipality. Areas that benefited are:

N0	Area	Number of households
01.	Ohrigstad	164
02	Praktiseer	2326
03	Mapodile	688
04	Steelpoort	191
05	Burgersfort	1549
06	Apel	6782
07	Farms	41
	Total	11741

Apart from households, 16 institutions especially at Apel areas received waste collection services namely Bopedi shopping mall; 14 clinics; and Sekhukhune TVET.

3.5. Housing

Provision of Housing is the competency of Department cooperative Government Human Settlement and Traditional Affairs (COGHSTA), the municipality only identifies needy people who qualify for the RDP houses and submit the list to COGHSTA for approval and appointment of contractors to build the houses. In 2017/18 financial year COGHSTA allocated 900 RDP to the municipality 199 were completed when the financial year ended while 701 were not completed.

3.6. COMPONENT B: Roads and Transport

3.6.1. Introduction

Fetakomo Tubatse local municipality is responsible for the maintenance and construction of internal streets, access roads and access bridges. In the financial year under review the municipality constructed five (5) access bridges and completed four (4). Four (4) Access roads constructed and two were completed when the financial year ended and two were in progress. Eleven internal streets were at procurement stage and in some service provided were appointed for the development of designs. More details are depicted in the table below.

Table/Figure 12: 2017/18 Access bridges

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/Variation	Mitigation/Recommendation
% progress in construction of Dithamaga access bridge	Base slab of completed	100% progress in construction of Dithamaga access bridge ¹	100% progress in construction of Dithamaga access bridge ²	Target Achieved: The project is 100% completed	None	None

¹ For more detail on Access bridges look at annexure B

² For more detail on Access bridges look at annexure B

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance Target	Challenges/Variation	Mitigation/Recommendation
		*Road approaches (25%) *Finishing (25%)	*Road approaches (25%) *Finishing (25%)	R 5 962 407		
Budget(R)	R1000 000	R7 317 694.55	R 5 962 407	R 6 115 686		
% progress in construction of Lefahla access Bridge	Designs in place	100% progress in the construction of Lefahla Access Bridge: Excavation (25%) *culvert & top slab (25%) *Road approaches (25%)	15% progress in the Construction of Lefahla Access Bridge: *Mass Excavation Completed	<u>Target Achieved:</u> 40% progress made in the construction of Lefahla Access Bridge: *Mass Excavation *culvert & top slab	None	None

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
		*Finishing (25%)				
Budget(R)	R1 000 000	R1 500 000	R4 500 000	R 444 611		
% construction of Ga - Malwane Access Bridge	Designs in place	100% construction of Ga - Malwane Access Bridge: *Excavation (25%) *culvert & top slab (25%) *Road approaches (25%) *Finishing (25%)	100% construction of Ga - Malwane Access Bridge: *Excavation (25%) *culvert & top slab (25%) *Road approaches (25%) *Finishing (25%)	<u>Target Achieved:</u> Project is 100% completed	None	None

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/Variation	Mitigation/Recommendation
Budget(R)	R 1 000 000	R14 500 000	R14 500 000	R 8 850 214		
% construction of Morokadieta Access Bridge	Designs in place	100% construction of Morokadieta Access Bridge: *Excavation (25%) *culvert & top slab (25%) *Road approaches (25%) *Finishing (25%)	100% construction of Morokadieta Access Bridge: *Excavation (25%) *culvert & top slab (25%) *Road approaches (25%) *Finishing (25%)	<u>Target Achieved:</u> The project is 100% completed	None	None
Budget(R)	R1 000 000	R8 900 000	R5 765 491	R 6 426 251		

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/Variation	Mitigation/Recommendation
% progress in the construction of Tjate Access Bridge	Designs developed	100% progress in the construction of Tjate Access Bridge: *Excavation (25%) *culvert & top slab (25%) *Road approaches (25%) *Finishing (25%)	100% progress in the construction of Tjate Access Bridge: *Excavation (25%) *culvert & top slab (25%) *Road approaches (25%) *Finishing (25%)	<u>Target Achieved:</u> The project is 100% completed	None	None
Budget(R)	R2 500 000	R 10 208 245	R 7 708 246	R 8 850 214		

Table/Figure 13: 2017/18 Access roads

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/va riation	Mitigation/ Recommendation
% progress in construction of Tukakgomo Access road	Designs in place	100% progress in construction of Tukakgomo Access road ³ *Mass excavation (30%) *Sub base layer (10%) *Base layer (10%)	25% progress in the Construction of Tukakgomo Access road: *Mass Excavation	<u>Target Achieved.</u> Project at 45% Completion. *Mass Excavation Complete	None	None

³ For detailed information of Access roads activities look at Annexure B

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
		*Stabilization (10%) * Kerbs (10%) * Road surfacing (20%) *road marks (10%)				
Budget(R)	R1000 000	R 1 500 000.00	R4 713 181	R 4 118 251		
% progress in construction of Thokwane Access Road	Designs in place	100% progress in construction of Thokwane Access Road ⁴ :	100% progress in construction of Thokwane Access Road ⁵ :	Target achieved: The project is 100% completed	None	None

⁴ For clear break down of activities for Thokwane and Bothashoek access road look Annexure B

⁵ For clear break down of activities for Thokwane and Bothashoek access road look Annexure B

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/va riation	Mitigation/ Recommen dation
		* <u>Construction of road (70%)</u> Mass excavation 10% Sub base layer 10% Base layer 10% Stabilization 10% Kerbs 10% Surfacing 10% Road marking 10%	* <u>Construction of road (70%)</u> Mass excavation 10% Sub base layer 10% Base layer 10% Stabilization 10% Kerbs 10% Surfacing 10% Road marking 10%			
		* <u>Construction of bridge (30%)</u> . base slab 5%	* <u>Construction of bridge (30%)</u> . base slab 5%			

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/va riation	Mitigation/ Recommen dation
		Laying of culvert 5% Top slab 5% .Guardrail 5% Handrail 5%	Laying of culvert 5% Top slab 5% .Guardrail 5% Handrail 5%			
		Stone pitching 5%	Stone pitching 5%			
Budget(R)	R1000 000	R 6 000 000	R 10 000 000	R 13 031 350		
% progress of construction of Bothashoek Access Road	Designs in place	100% progress in construction of Bothashoek Access Road ⁶ :	100% progress in construction of Bothashoek Access Road ⁷ :	Target Achieved: Project is 100% Completed.	None	None
		*Construction of road (70%) Mass excavation 10%	*Construction of road (70%) Mass excavation 10%			

⁶ For clear break down of activities for Thokwane and Bothashoek access road look Annexure B

⁷ For clear break down of activities for Thokwane and Bothashoek access road look Annexure B

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/va riation	Mitigation/ Recommen dation
		Sub base layer 10% Base layer 10% Stabilization 10% Kerbs 10% Surfacing 10% Road marking 10%	Sub base layer 10% Base layer 10% Stabilization 10% Kerbs 10% Surfacing 10% Road marking 10%			
		*Construction of bridge (30%) . base slab 5% Laying of culvert 5% Top slab 5% .Guardrail 5% Handrail 5%	*Construction of bridge (30%) . base slab 5% Laying of culvert 5% Top slab 5% .Guardrail 5% Handrail 5%			

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/va riation	Mitigation/ Recommendation
		Stone pitching 5%	Stone pitching 5%			
Budget(R)	R1000 000	R 13 983 817	R 13 983 817	R 12 792 728		
% progress in construction of Leboeng Access Road	Designs in place	100% progress in construction of Leboeng Access Road: *Mass excavation completed = 30% Sub base layer (10%) *Base layer (10%) *Stabilization (10%) * Kerbs (10%)	25% progress in the Construction of Leboeng Access Road: *Mass Excavation	<u>Target Achieved:</u> Project at 38% Completion.	None	None

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/va riation	Mitigation/ Recommen dation
		* Road surfacing (20%) *road marks (10%)				
Budget(R)	R1000 000	R 4 083 791.55	R7 974 217	R 6 036 345		

Table/Figure 14: 2017/18 Internal Streets

Performance Indicator	Adjusted Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
% progress in Construction of the Stydskraal/ Nkoana/ Nchabeleng/ Seroka Community hall internal street	% progress in Construction of the Stydskraal Community hall internal street	Designs in place	100% progress in construction of Stydskraal/ Nkoana/ Nchabeleng/ Seroka Community hall internal street:	10% progress in Construction of the Stydskraal Community hall internal street: *Mass Excavation	Target Not Achieved: Mass Excavation not done	Contractor due to financial constraints	Contractor to commence work on the 2 nd quarter.
			*Mass excavation (30%) Sub base layer (10%) *Base layer (10%) *Stabilization (10%)				

Performance Indicator	Adjusted Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
			* Kerbs (10%) * Road surfacing (20%) *road marks (10%)				
	% progress in Construction of the Nkoana Community hall internal street	Designs in place	N/A	10% progress in Construction of the Nkoana Community hall internal street *Mass Excavation	<u>Target</u> Not Achieved: Mass Excavation not done	Contractor due to financial constraints	Contractor to commence work on the 2 nd quarter.
	% progress in Construction of the Nchabeleng Community	Designs in place	N/A	10% progress in Construction of the Nchabeleng Community hall internal street:	<u>Target</u> Not Achieved: Mass Excavation not done	Contractor due to financial constraints	Contractor to commence work on the 2 nd quarter.

Performance Indicator	Adjusted Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
	hall internal street			*Mass Excavation			
	% progress in Construction of Seroka Community hall internal street	Designs in place	N/A	10% progress in Construction of Seroka Community hall internal street *Mass Excavation	Target Not Achieved: Mass Excavation not done	Contractor due to financial constraints	Contractor to commence work on the 2 nd quarter.
	Budget(R)	R100 000	N/A	R 4 000 000	R0.00		
% progress in Construction of Magakala to Magotwena internal street	Completion date of appointment of service provider in the development of Magakala to Magotwena	Gravel street	100% progress in construction of Magakala to Magotwena internal street: *Mass excavation (30%)	30 June 2018 service provider for the development of Magakala to Magotwena internal street designs appointed	Target Achieved: Service provider appointed	None	None

Performance Indicator	Adjusted Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
	internal street designs		Sub base layer (10%) *Base layer (10%) *Stabilization (10%) * Kerbs (10%) * Road surfacing (20%) *road marks (10%)				
Budget(R)	Budget (R)	R100 000	R 4 000 000	R 500 000	R0.00		
% progress in construction of Mashung internal streets	Completion date of appointment of service	Gravel Street	100% progress in construction of Mashung internal street:	30 June 2018 service provider for the development of	<u>Target Achieved:</u> Service	None	None

Performance Indicator	Adjusted Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
	provider for the development of Mashung internal streets designs		*Mass excavation (30%) Sub base layer (10%) *Base layer (10%) *Stabilization (10%) * Kerbs (10%) * Road surfacing (20%) *road marks (10%)	Mashung internal streets designs appointed	provider appointed		
Budget (R)	Budget (R)	R30 000	R4 500 000	R500 000	R0.00		

Performance Indicator	Adjusted Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
% progress in construction of Strydkraal A to Thobehlele internal streets	Completion date of appointment of service provider for the construction of Strydkraal A to Thobehlele internal streets	Design in place	100% progress in construction of Strydkraal A to Thobehlele internal street: *Mass excavation (30%) Sub base layer (10%) *Base layer (10%) *Stabilization (10%) * Kerbs (10%) * Road surfacing (20%)	30 June 2018 service provider for the construction of Strydkraal A to Thobehlele internal streets appointed	Target Not Achieved: No appointment of service provider effected	None responsive of Tenders	Re – advertisement of tenders

Performance Indicator	Adjusted Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
			*road marks (10%)				
Budget (R)		R30 000	R4 500 000	R300 000	R0.00		
% construction of Radingwana to Sekhukhune college internal street	Completion date for issuing advert for the appointment of service provider for the development of Radingwana to Sekhukhune college internal	0%	100% construction of Radingwana to Sekhukhune college internal street	30 June 2018 advert for the appointment of service provider in the development of Radingwana to Sekhukhune college internal streets designs issued	<u>Target Not Achieved:</u> No appointment of service provider effected	None responsive of Tenders	Re – advertisement of tenders

Performance Indicator	Adjusted Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges /Variation	Mitigation/ Recommendation
	streets designs						
Budget (R)		R30 000	R0.00	R300 000	R0.00		
% progress in construction Fetakgomo municipal facilities internal streets	Completion date of appointment of service provider for the development of Fetakgomo municipal facilities internal streets designs	Gravel road	100% progress in construction of Fetakgomo municipal facilities internal street: *Mass excavation (30%) Sub base layer (10%) *Base layer (10%) *Stabilization (10%)	30 June 2018 service provider for the development of Fetakgomo municipal facilities internal streets designs appointed	Target not Achieved: No appointment of service providers was done	Project was Withdrawn during Budget adjustment due to financial constraint.	The appointment will be effected in 2018/19 financial year

Performance Indicator	Adjusted Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
			* Kerbs (10%) * Road surfacing (20%) *road marks (10%)				
Budget (R)	Budget (R)	R30 000	R4 700 000	R300 000	R0.00		
% progress in construction of Ga – Debeila to Mohlaletse internal street	Completion date of appointment of service provider for the development of Ga – Debeila to Mohlaletse	0%	100% progress in construction of Ga – Debeila to Mohlaletse internal street: *Mass excavation (30%) Sub base layer (10%)	30 June 2018 service provider for the development of Ga – Debeila to Mohlaletse internal streets designs appointed	Target Achieved: Service provider is appointed	None	None

Performance Indicator	Adjusted Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges /Variation	Mitigation/ Recommendation
	internal streets designs		*Base layer (10%) *Stabilization (10%) * Kerbs (10%) * Road surfacing (20%) *road marks (10%)				
Budget (R)		R30 000	R2 835 000	R300 000	R0.00		

3.6.2. Road maintenance

The municipality is responsible for the maintenance of municipal roads and internal streets. The table below reflect amount of grading and pothole patch done

N0	Areas of work	Amount of work done
01	Grading per programme	118.3km
02	Grading for funerals	1 433.85km
03	Grading at disaster	83.1km
04	Grading for events	91.15km
05	Sport field	281 100m ²
06	Potholes patched	4300 .34m ²

3.6.3. Traffic law enforcement

The Municipality conducted five (5) Road safety campaigns in 2017/18 financial year.

3.6.4. Maintains of Streetlights and traffic lights

The Municipality has given itself turnaround time for fixing faulty traffic and street lights from the day the faulty was identified or reported of 15 days. In the financial year under review the municipality performed well on the fixing of traffic lights. Regarding the fixing of streetlights the municipality could not achieve the set target as on average the municipality took 22 days to fix faulty streetlights and high mast lights.

4.4. COMPONENT C: Planning and Development

4.4.1. Integrated Development Plan (IDP)

The Municipality adopted its 2017/18 IDP on 30 March 2018. The document was then taken through Public engagement from 02 to 08 May 2018 and the final IDP was approved by council on 29 May 2018. The Mayor then presented the final projects to the public in his state of local municipal address (SOLMA) on 30 June 2018 at Ntwampe sport ground.

4.4.2. Spatial Rational

The municipality has limited land for development. Most of the land in the municipality is under private, state and tribal authorities. Various engagements were made with department of rural development and land reform to allocate land for municipal development; by end of the financial year department (DRDLR) had already donated 100 hectares of land at Apiesdoorndraai to the Municipality.

4.4.3. Burgersfort by-Pass/ Western Ring Road

Western ring road is a proposed by – pass which will pass behind Burgersfort town and join R555 and R37 after the town. The Municipality want to purchase pieces of land on which it will construct this road. When concluded the road will reduce traffic congestion in town. Motorist who are travelling to Lydenburg from Polokwane areas and do not want to via town may use the road. Offer to purchase agreement is developed and sent to land owners to sign. Only one purchase agreement was signed with one land owner by the end of the financial year. Council has approved expropriation resolution for the land owners are not willing to sell to the municipality for this project.

4.4.4. Development of Ohrigstad Development Plan

Ohrigstad Development plan is developed and approved by council

4.4.5. Building Plans

There are two types of building plans that the municipality approves for stakeholders. The plans differ according to sizes. There are those which are less than 500m² which municipalities are required to approve within 30 days from the day received and there are those which are greater than 500m² which are approved within 60 days.

In the financial year under review the municipality received 81 plans less than 500m² received and 38 plans approved within 30 days; and also received 27 plans greater than 500m² and 13 plans approved within 60 days.

Common challenges within the approval of building plans are none compliance with building regulations and delays by clients to return their documents after advised of the outstanding information.

4.4.6. Job created through Municipal Initiatives

The municipality created a total of 2702 jobs in the financial year under review as follows:

- (i) Men = 245
- (ii) Youth = 1042
- (iii) Women = 1294
- (iv) Women with disabilities = 3
- (v) Men with disabilities = 11

3.7.7. Employees of Development planning Department

The department has 31 positions in the financial year under review; 14 posts were filled and 17 positions are vacant when the financial year ended.

3.7.8 Financial performance of Development Planning Department

Table/figure 13: DVP expenditure

Details	2017/18			
	Original Budget	Adjusted Budget	Actual	%
Expenditure:				
Employee cost	11074 480	13 144 098	7 248 053	56%
Repair and Maintenance	00	00	00	00
Other	10 382 756	12 544 819	683 670	6%
Total operational expenditure	21 457 236	25 688 917	7 931 723	31%

3.8. COMPONENT D: Community and Social Services

3.8.1. Maintenance of Municipal Facilities

The Municipality has developed maintenance standards for its facilities. According to its standard all faulty municipal facilities should be fixed within 30 days from the date the fault was reported. In the financial year under review the municipality was able to fix the faulty facilities within the prescript time frame of 30 days.

Table/Figure 14: Maintenance of Municipal facilities

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/Variation	Mitigation/Recommendation
# of reports on repairs and maintenance of municipal facilities	4	4 quarterly reports on repairs and maintenance of municipal facilities	4 quarterly reports on repairs and maintenance of municipal facilities	Target Achieved: 4 quarterly reports on repairs and maintenance of municipal facilities	None	None
Budget(R)	R800 000	R1 000 000	R1 300 000	R 1 726 290		
# of reports on leased municipal building (Civic	2	4 quarterly reports on leased	4 quarterly reports on leased	Target Achieved:	None	None

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/Variation	Mitigation/Recommendation
centre office) produced		municipal building (Civic centre office)	municipal building (Civic centre office) produced	4 quarterly reports on leased municipal building (Civic centre office) produced		
Budget(R)	R12 000 000	R19 200 000	R19 799 144	R 18 936 130		
# of car ports erected	40	50 car ports erected	50 car ports erected	Target Not Achieved: Car ports not erected	Insufficient Budget to execute the project	Project carried over to 2018/19 financial year
Budget (R)	R45 000	R1 00 000	R1 00 000	R0		
Completion date for Purchasing office furniture	Old furniture in place	31 December 2017 Purchasing office	31 March 2018 Purchasing office furniture completed	Target Achieved: Office furniture's purchased	None	None

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/Variation	Mitigation/Recommendation
		furniture completed				
Budget (R)	R0.00	R500 000	R600 000	R 234 1327		
Completion date for purchase Cleaning material and equipments	Old cleaning materials and equipments	31 December 2017 purchase Cleaning material and equipment done	31 December 2017 purchase Cleaning material and equipments done	<u>Target Achieved:</u> Cleaning material and equipment purchased	None	None
Budget (R)	R80 000	R120 000	R120 000	R 134 019		

3.8.2. Library Programmes

The municipality has concluded the development of designs for the construction of two libraries, namely Praktiseer and Makua libraries.

Table/Figure 15: Library programmes

Performance Indicator	2 nd Adjusted performance indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 2 nd Adjusted Target	Annual Performance	Challenges /variation	Mitigation/Recommendation
% progress in construction of Praktiseer library	Completion date in the development of designs for construction of Praktiseer library	0%	100% progress in construction of Praktiseer library	30 June 2018 designs for the construction of Praktiseer library developed	<u>Target Achieved:</u> Praktiseer library Designs Developed	None	None
Budget (R)		R0.00	R0.00	R700 000	R0.00		
% progress in construction of Makua library	Completion date in the development of designs for construction	0%	100% progress in construction of Makua library	30 June 2018 designs for the construction of Praktiseer library developed	<u>Target Achieved:</u> Makua library Designs Developed	None	None

Performance Indicator	2 nd Adjusted performance indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 2 nd Adjusted Target	Annual Performance	Challenges /variation	Mitigation/Recommendation
	of Makua library						
Budget (R)	Budget (R)	R0. 00	R0.00	R600 000	R0.00		

3.9. COMPONENT E: Environmental Protection

3.9.1. Beautification of Municipal Surrounding

As part of green Economy the municipality had in the financial year under review debused its strategic areas; planted 300 trees in different areas and maintained its parks. The table below gives a detailed report on what happened in the 2017/18 financial year.

Table/Figure 16: Beautification of Municipal Surrounding

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/violation	Mitigation/Recommendation
# of reports on Maintenance and Beautification of municipal gardens	4	4 reports on Maintenance and Beautification of municipal gardens	4 reports on Maintenance and Beautification of municipal gardens	Target Achieved: 4 reports on Maintenance and Beautification of municipal gardens	None	None
Budget (R)	R250 000	R321 000	R421 000	R 331 578		
# of municipal cemeteries maintained	4	4 municipal cemeteries maintained	4 municipal cemeteries maintained	Target Achieved:	None	None

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/Variation	Mitigation/Recommendation
				4 municipal cemeteries maintained		
Budget (R)	R450 000	R500 000	R3000 535	R 30 385		
# of skip bins and street bins purchased	0	20 skip bins and 50 street bins purchased	20 skip bins and 50 street bins purchased	Target achieved: 50 skip bins and 50 street bins purchased and installed	None	None
Budget (R)	R0.00	R1 000 000	R1 000 000	R0.00		
# of trees planted in Municipal and Public facilities	150 trees planted in Municipal and Public facilities	300 trees planted in Municipal and Public facilities	300 trees planted in Municipal and Public facilities	Target Achieved: 300 trees planted in municipal and public facilities	None	None
Budget (R)	R20 000	R157 513	R157 513	R 331 579		

3.9.2. Disaster Management

Disaster management is the competency of district municipality. In our case it is the competency of Sekhukhune district municipality. Local municipalities are only playing a facilitation role. In the financial year under review the municipality planned four disaster awareness campaigns and all were achieved. Two projects namely purchase of disaster vehicle and rationalization of disaster management plan were withdrawn during Mid – year budget adjustment due to financial constraint in the municipality

Table/Figure 17: Disaster management

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/va riation	Mitigation/Recommendation
# of disaster Vehicle purchased	01	01 disaster Vehicle purchased	Project withheld due to financial constraints	N/A	N/A	N/A
Budget (R)	N/A	N/A	N/A	N/A		
# disaster relief material purchased	400	500 disaster material purchased (200 blankets, 200 sponges and 100 tents)	500 disaster material purchased (300 blankets, 200 sponges)	Target Achieved: 500 blankets and 270 sponge purchased	None	
Budget (R)	R800 000	R1000 000	R100 000	R 241 042		

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/va riation	Mitigation/Rec ommendation
# Disaster awareness campaigns held	3	4 Disaster awareness campaigns held	4 Disaster awareness campaigns held	<u>Target Achieved:</u> 04 Disaster awareness campaigns held 19/12/17 26/03/2018 13/04/2018 31/05/18	None	None
Budget (R)	R90 000	R100 000	R100 000	R 129 935		
# of disaster Advisory Forum held	4	4 disaster Advisory Forum held	2 disaster Advisory Forum held	<u>Target Achieved:</u> 3 disaster Advisory Forum held on : 10/11/2017 10/05/18	None	None

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
				14/06/2018		
Budget (R)	R15 000	R20 000	R10 000	R0.00		
Completion date for review and rationalization of disaster management plan	Two disaster plans in place	31 March 2018 review and rationalization of disaster management plan completed	Project withdrawn during budget adjustment	N/A	N/A	N/A
Budget (R)	N/A	N/A	R0.00	N/A		

3.9.3. Combating HIV/AIDS in the Municipal

Table/Figure 18: HIV/AIDS Programmes

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
# of Local Aids Council initiatives conducted	4	4 Local Aids Council initiatives conducted: Capacity building to LAC, Review HIV/AIDS strategy, Condom week, HIV/AIDS day, HAST)	4 Local Aids Council initiatives conducted: Capacity building to LAC, Review HIV/AIDS strategy, Condom week, HIV/AIDS day, HAST)	Target Not Achieved: Two Local Aids Council initiatives conducted *01/12/2017 – HIV/AIDS day celebration ; *04/12/2017 HIV/AIDS life skill workshop	Capacity building workshop postponed at last minutes due to lack of accommodation (CSD compliance)	Capacity building workshop to be conducted in 2018/19 financial year
Budget (R)	R300 000	R300 000	R400 000	R 511 564		

3.10. COMPONENT F: SPORT AND RECREATION

3.10.1. Arts and Cultural Activities

Four (4) Arts and culture activities were planned for the financial year under review as reflected in the table below, but when the financial year ended only five (5) were conducted.

Table/Figure 19: Art and cultural activities

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/va riation	Mitigation/Rec ommendation
# sport ⁸ , Arts and culture ⁹ programmes implemented	4	4 Sport, Arts and culture programmes implemented	4 Sport, Arts and culture programmes implemented	<u>Target Achieved:</u> 05 Sport, Arts and culture programmes implemented 20/09/17-Literacy Day 18-19/08/17-Author's workshop *11/11/17-Mayor's Cup	None	None

⁸ Farm sport, rugby, mayor's cup, indigenous

⁹ Talent search, beauty pageant, crafters, authors, artists

					*24/03/17 -Talent Search *Farm sports Tournament 09/06/18				
Budget (R)	R0.00	R100 000	R100 000	R124 489					

3.10.2. Staff component of Community Service Department

Community services department had 196 positions in the financial year under review; 101 positions were filled and 95 positions were vacant when the financial year ended.

3.10.3. Financial Performance of Community service department

The table below depicts the financial performance of community service department.

Figure/Table 21: Financial Performance of Community Services

Details	2017/18			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
Expenditure:				
Employees	41 137 480	49 493 987	39 728 831	80%
Repairs and Maintenance	530 105	1 271 641	1920 177	151%
Other	32 851 395	33 900 943	27 407 760	81%
Total Operational Expenditure	74 518 980	78 173 387	58 792 681	75%

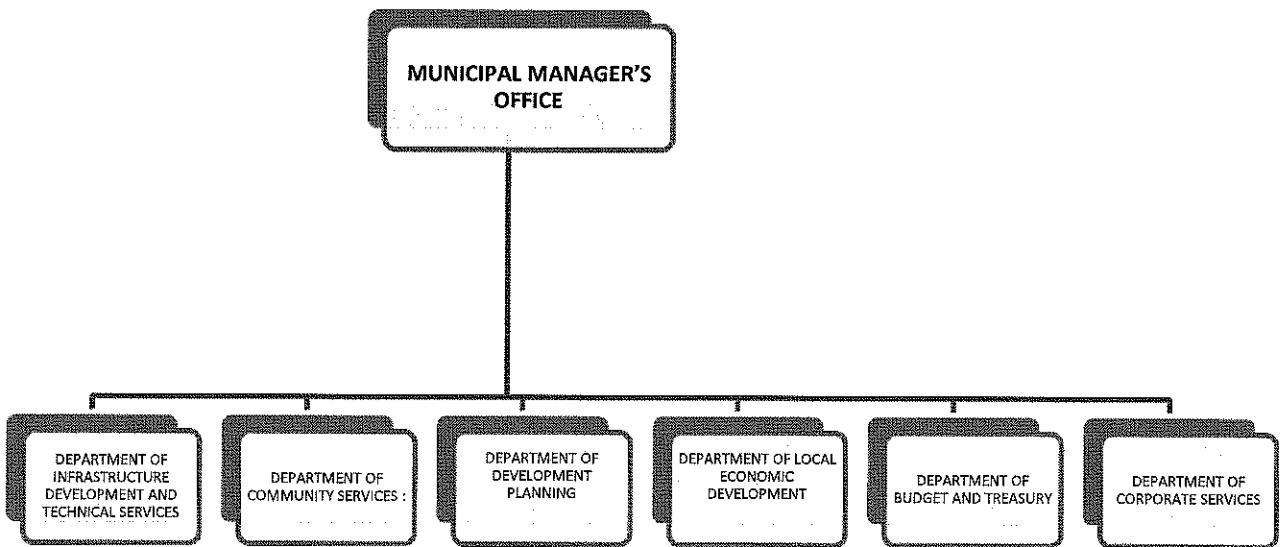
3.11. COMPONENT G: CORPORATE POLICY AND OTHER SERVICES

3.11.1. Human Resources

3.11.1.1. Organizational Design

The municipality has six (6) departments as reflected in the Organogram below. All departments had departmental heads.

Chart 02: Organogram



3.11.1.2. Human Resource policies

3.11.1.2.1. Employment Equity plan

The Municipality has 548 positions on its organogram; 332 are filled and 216 are vacant. In terms of gender representation, the municipality had more male employees than female ones. 193 employees are male and 139 are female. Seven (7) municipal employees are living with the disability, of which six (6) are male and one (1) is a female.

3.11.1.2.2. Performance Management

Performance Management system in the municipality is implemented only at institutional and senior management levels. The municipality is in the process of cascading it to other employees. The table below reflects a detailed report on work done under Performance management system in the municipality in 2016/17 financial year.

Table/Figure 23: Performance management

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
Completion date of reviewing 2017/18 Performance Management framework	2017/18 Performance management framework in place	31 May 2018 2017/18 Performance Management framework reviewed	31 May 2018 2017/18 Performance Management framework reviewed	Target not Achieved: PMS Framework reviewed and approved by council in 02 July 2018	The framework could not serve in last special council due to high volume of documents to serve in the council	The PMS framework approved by council in July 2018
Budget (R)	R0.00	R214 000	R14 000	R0.00		
Completion date for Signing 2018/19 SDBIP by the Mayor	2017/18 SDBIP in place	28 June 2018, 2018/19 SDBIP signed off by the Mayor	28 June 2018, 2018/19 SDBIP signed off by the Mayor	Target Achieved: 2018/19 SDBIP signed off by the Mayor on 26 June 2018	None	None

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
Budget (R)	R0.00	N/A	R0.00	R0.00		
# of section 54/56 of MSA 07 of 2011 managers who have signed Performance Agreements within prescribed time frame	08 section 54/56 managers have signed performance agreement	8 section 54/56 of MSA 07 of 2011 managers who have signed Performance Agreements within prescribed time frame	8 section 54/56 of MSA 07 of 2011 managers who have signed Performance Agreements within prescribed time frame	<u>Target Achieved:</u> 8 section 54/56 of MSA 07 of 2011 managers who have signed Performance Agreements within prescribed time frame	None	None
Budget (R)	R0.00	N/A	R0.00	R0.00		
# of Exco – Lekgotla held	4	4 Exco – Lekgotla held	4 Exco – Lekgotla held	<u>Target Achieved:</u> 4 Exco –Lekgotla held	None	None
Budget (R)	R350 000	R321 000	R171 000.00	R 98 052		
# of Performance	6	6 Performance	6 Performance Reports produced	<u>Target Achieved:</u> 6 Performance Reports produced	None	None

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
Reports produced		Reports produced				
Budget (R)	R0.00	N/A	R0.00	R0.00		
# of Formal Individual assessment conducted	0	2 Formal Individual assessment conducted	2 Formal Individual assessment conducted	Target Not Achieved: One formal assessment conducted	Unavailability of Panellists	2 nd assessment rescheduled for 11/12/2018
Budget (R)	R0.00	N/A	R0.00	R0.00		

3.11.1.2.3. Occupational Health and Safety

The table below depicts a detailed report of OHS work in the municipality in 2017/18 financial year.

Table/Figure 24: Occupational Health and Safety

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/va riation	Mitigation/Re commendatio n
# of OHS audit conducted	12	01 OHS audit conducted	01 OHS audit conducted	<u>Target Achieved:</u> OHS Audit conducted	None	None
# of site inspection and monitoring of capital projects reports produced	2 site inspection and monitoring of capital projects reports produced	3 site inspection and monitoring of capital projects reports produced	3 site inspection and monitoring of capital projects reports produced	<u>Target achieved:</u> 3 site inspection and monitoring of capital projects reports produced	None	None
# of OHS committee meetings held	3 OHS committee meetings held	4 OHS committee meetings held	4 OHS committee meetings held	<u>Target achieved:</u> 4 OHS Committee meetings held	None	None

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/va riation	Mitigation/Re commendatio n
# of medical surveillance conducted	1 medical surveillance conducted	1 medical surveillance conducted	1 medical surveillance conducted	<u>Target Achieved:</u> 1 medical surveillance conducted	None	None
Budget (R)	R500 000.00	N/A	R535 000.00	R 305 150		
# of fumigation and pest control conducted in the municipal offices	3 fumigation and pest control conducted in the municipal offices	4 fumigation and pest control conducted in the municipal offices	1 fumigation and pest control conducted in the municipal offices	<u>Target Achieved:</u> One fumigation and pest control conducted	None	None
Budget (R)	R100 000	R150 000	R150 000	R 225 252		
# of COIDA returns of earning(compensation fund) submitted to commissioner	1 COIDA returns of earning(compensation fund) submitted to commissioner	1 COIDA returns of earning(compensation fund) submitted to commissioner	1 COIDA returns of earning(compensation fund) submitted to commissioner	<u>Target Not Achieved:</u> No COIDA returns submitted to Compensation commissioner	Delays in registration of the new municipality with COIDA	Ensure the registration of the municipality with COIDA in 2018/19 Financial year

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/va riation	Mitigation/Re commendatio n
	commissioner	commissioner				
Budget (R)	R200 000	R250 000	R593 470,00	R0.00		
# of reports on replenishing first Aid kits	1 reports on replenishing first Aid kits	4 quarterly reports on replenishing first Aid kits	4 quarterly reports on replenishing first Aid kits	Target Achieved: 4 quarterly reports on replenishing first Aid kits produced	None	None
Budget (R)	R50 000	R50 000	R131 000,00	R 134 280		

3.11.1.2.4. Staff Component of Corporate Service Department

Corporate Services department in the financial year under review had 128 positions; 83 positions were filled and 45 were vacant.

3.11.1.2.5. Financial Performance of Corporate Service Department

Figure/Table 25: Financial performance of Corporate Services Department

Details	2016/17			
	Original Budget	Adjustment Budget	Actual	%
Expenditure:				
Employees	44 304 718	46 177 515	35 234 759	76%
Repairs and Maintenance	1 850 000	2 150 000	3 335 832	155%
Other	113 154 198	89 941 312	74 414 991	68%
Total Operational Expenditure	126 443 917	136 118 829	112 985 582	83%

3.12. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

3.12.1. ICT Report

Table/Figure 26 ICT Report

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/va riation	Mitigation/R ecommendat ion
Completion date for review and implementation integration Network connectivity	0	31 March 2018 integration Network connectivity reviewed and implemented	31 March 2018 integration Network connectivity reviewed and implemented	<u>Target Achieved:</u> integration Network connectivity reviewed and implemented	None	None
Budget (R)	R0.00	R1 500 000	R1 500 000	R 531 619		
Completion date for development and implementation of	0	31 March 2018 DRP and Business continuity developed and implemented	30 April 2018 DRP and Business continuity	<u>Target Achieved:</u> DRP and Service Continuity Plan is developed	None	None

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/va riation	Mitigation/R ecommendat ion
DRP and Business continuity			developed and implemented			
Budget (R)	R0.00	R950 000	R950 000	R 832 160		
Completion date for renewal of IT software licences	0	31 December 2017 renewal of IT software licences completed	31 December 2017 renewal of IT software licences completed	<u>Target Achieved:</u> Municipality have renewed the licences with Microsoft Inc.	None	None
Budget (R)	R0.00	R500 000	R500 000	R 602 170		
Turnaround time for providing	5 workdays turnaround time for	5 workdays turnaround time for	5 workdays turnaround time for providing	<u>Target Achieved:</u>	None	None

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/va riation	Mitigation/R ecommandat ion
support in fixing IT systems	providing support in fixing IT systems	providing support in fixing IT systems	support in fixing IT systems	Faulty IT systems fixed within 5 working days		
Budget (R)	R0.00	R6 500 000	R6 500 000	R 3 576 934		
Completion date for development of IT Master Plan	Old IT master plan in place	31 March 2018 IT Master Plan developed	30 April 2018 IT Master Plan developed	<u>Target Achieved:</u> The IT Strategic Plan is developed	None	None
Budget (R)	R0.00	R535 000	R535 000	R 376 188		
Completion date for replacement of old IT computer hardware	0	31 March 2018 old IT computer hardware replaced	30 April 2018 old IT computer hardware replaced	<u>Target Achieved:</u> computer hardware(s) are replaced	None	None

Performance Indicator	2016/17 Annual Performance	2017/18 Annual Target	2017/18 Adjusted Target	Annual Performance	Challenges/va riation	Mitigation/R ecom mendat ion
Budget (R)	R0.00	R300 000	R1 000 000	R 549 664		
# IT SLA management system reports produced	0	4 IT SLA management system reports produced	4 IT SLA management system reports produced	<u>Target Achieved:</u> 4 IT SLA Reports generated	None	None
Budget (R)	R0.00	R1 800 000	R2 500 000	R 2 518 054		

3.13. COMPONENT H: ORGANISATIONAL PERFORMANCE SCORECARD

In 2017/18 financial year the Municipality had 241 targets to perform, by the end of the financial year 165(68%) targets were achieved and 76 (32%) not achieved.

Table/Figure 27: Organizational Performance

Key Performance Indicators	2017/18			
	Total KPIs	KPI achieved	KPI not achieved	%
Spatial rational	21	09	12	43%
Institutional Transformation and Organizational Development	34	25	09	74%
Basic service Delivery and Infrastructure Development	53	32	21	60%
Local Economic Development	25	17	8	68%
Financial Viability and Management	35	23	12	66%
Good Governance and Public participation	73	59	14	81%
Total	241	165	76	68%

CHAPTER 4:

ORGANIZATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

4.1. COMPONENT A: INTRODUCTONAL TO THE MUNICIPAL PERSONNEL

4.1.1. Introduction

The Municipality has 548 positions on its organogram; 332 are filled and 216 are vacant. In terms of gender representation, the municipality had more male employees than female ones. 193 employees are male and 139 are female.

Table/Figure 42: Municipal personnel.

Departments	2017/2018			
	Approved Posts	Employees	Variance	Variance (%)
Municipal Manager	37	22	15	41%
Budget and Treasury	59	55	13	22%
Development and Planning	31	14	17	55%
Local Economic Development and Tourism	18	6	12	67%
Community Services	196	101	95	48%
Corporate Services	128	83	45	35%
Infrastructure Development and Technical Services	80	51	29	36%
Total	548	332	216	39%

4.1.2. Labour Turnover

The table below depicts labour turn over in the municipality in 2017/18 financial year

Table/figure 43: Labour turns over

Contracts expired	Resignations	Retirement	Deceased	Dismissal	New appointments
06	07	03	03	02	30

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4.2. COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2.1. Human Resource Policies

The table below shows Human resource policies in the municipality and dates on which they were adopted.

Figure/Table 44: Human Resource policies

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Occupational Health and safety policy	100%	N/A	29/05/2017
2	Travel and subsistence policy	100%	N/A	29/05/2017
3	Bursary Policy	100%	N/A	29/05/2017
4	Secondment and acting in Higher position policy	100%	N/A	29/05/2017
5	Performance Management framework	100%	N/A	29/05/2017
6	Attendance and Punctuality policy	100%	N/A	29/05/2017
7	Overtime Policy	100%	N/A	29/05/2017
8	Recruitment, selection and appointment policy	100%	N/A	29/05/2017
9	Travel and out of pocket expenses policy for councillors	100%	N/A	29/05/2017
10	Training and development	None	100%	30/01/2018

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
11	Transport allowance policy	None	100%	30/01/2018

4.3. INJURIES, SICKNESS AND SUSPENSIONS

4.3.1. Injuries

Table/Figure 45: Injuries on duty

NO	Nature of injury	Number of employees affected
1.	No serious injuries with cost implications	None

4.3.2. Sick Leaves

Figure/Table 46: Sick leaves

Number of sick leave and their Cost estimates						
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
Lower skilled (Levels 10-12)	202	0	11	63	18	141,276

Number of sick leave and their Cost estimates						
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
Skilled (Levels 7-9)	308	6	46	106	7	311,080
Highly skilled production (levels 4 - 6)	160	2	34	109	5	202,037
Highly skilled supervision (levels 1 - 3)	129	5	23	47	6	264,936
MM and S57	0	0	0	7	0	0
Total	799	11	114	332	7	919,329

4.3.3. Suspensions

Figure/Table 47: Suspensions

Number and Period of Suspensions					
N0	Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
1.	Senior Building Inspector	Fraud/Insubordination	04/11/2016	The employee appealed the matter through Labour Court	Pending
2	Human Resource Manager	Bringing the municipality into disrepute. Failing to take instruction from Accounting Officer	17/01/2017	Employee appealed the matter through Bargaining Council	Pending
3.	Manager Infrastructure	Bribery	27 June 2018	Disciplinary inquiry is in process	Pending

Figure/Table 48: Disciplinary Actions Taken on Cases of Financial Misconduct

Position	Nature of alleged misconduct and rand value of any loss to the municipality	Disciplinary action taken	Date finalised
Not Applicable	Not Applicable	Not Applicable	Not Applicable

4.4. COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.4.1. SKILL DEVELOPMENT AND TRAINING

Table/Figure 49 Skill Development and Training

NO	Learning Programme	Number employees benefited
1.	Internal Audit Technician	02
2.	Professional Certificate in Government Communication and Marketing	03
3	Monitoring and Evaluation	01
4.	Municipal Governance	24
5.	Office Management and Secretarial Course	03
6.	MFMP	03
7.	Ethics Training	02
8.	OHS Training	39
9.	Public Sector Risk management	03
10.	CPMD-additional Modules	16
11.	Programme in Project Management	04

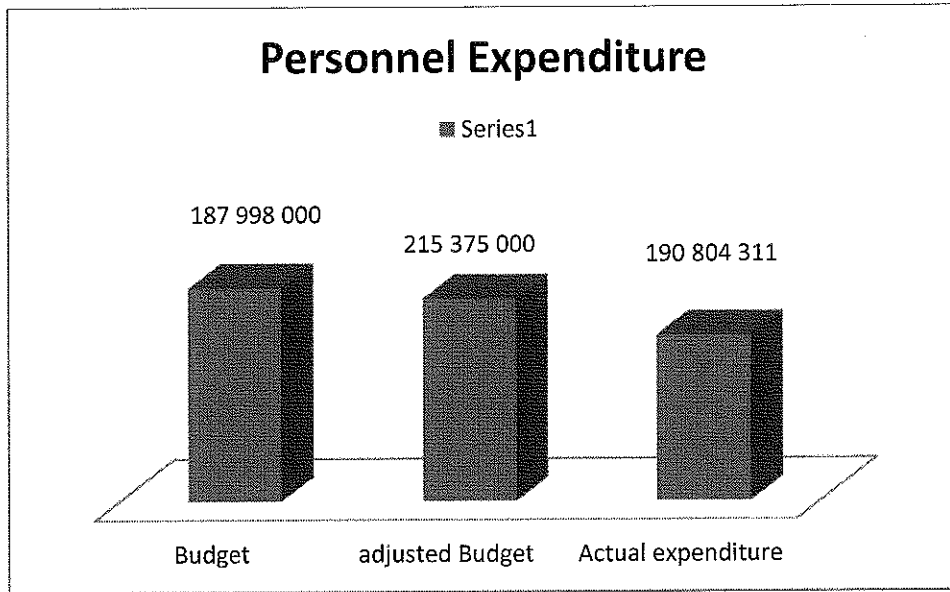
N0	Learning Programme	Number employees benefited
12.	Hands on Supply Chain Management	07
13.	Supply Chain Management Bid Committees	05
14.	HRD For Good Municipal governance	02
15.	GIS	01
16.	Project Management	01
17.	CPMD	03
18.	Cleaning Services	14
19.	Facilities Management	01
20.	PMS	05
21.	Labour Relations	05
	Total	144
	Total Expenditure	R 1 478 240.00

COMPONENT D: MANAGING WORKFORCE EXPENDITURE

4.5. EMPLOYEE EXPENDITURE

R187 998 000 was budgeted in 2017/18 financial year for employee costs and adjusted to R215 375 000 during budget adjustment. At end of the financial year R190 804 311 was spent. The figure below depicts the picture.

Chart 02: Personnel Expenditure



CHAPTER 05:

FINANCIAL PERFORMANCE

COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

1. 2017/18 Annual Financial Statement

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2018

General Information

Legal form of entity

Local Municipality

Councillors list

The Mayor

The Speaker

The Chief Whip

Cllr Phokane MJ
Cllr Phala TN
Cllr Shoba MV
Cllr Maila EE
Cllr Phaladi RC
Cllr Moeng QM
Cllr Mamogale MI
Cllr Mphethi ND
Cllr Pholwane MB
Cllr Maphanga TP
Cllr Gumede RT
Cllr Mashego RM
Cllr Magabe MD
Cllr Mojalefa LH
Cllr Makhubedu NR
Cllr Mabelane MM
Cllr Makine MP
Cllr Radingwana MR
Cllr Hlatswayo BE
Cllr Maupa TT
Cllr Kgaphola MA
Cllr Khoza MR
Cllr Malakane OA
Cllr Mahlaba LM
Cllr Magane MT
Cllr Mahlake TV
Cllr Moshwane XE
Cllr Mphethi MM
Cllr Malomane KH
Cllr Lekwadi MI
Cllr Mokgotho LL
Cllr Mamogale MF
Cllr Malatji ML
Cllr Maphakge RA
Cllr Mosoma SE
Cllr Makua LC
Cllr Rantho LJ
Cllr Molapo NT
Cllr Mariri ML
Cllr Thobejane ML
Cllr Mohlala SG
Cllr Maisela RP
Cllr Ratsoma MJ
Cllr Moifo KH
Cllr Makua MJ
Cllr Mashabela MN
Cllr Diphofa DK

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2018

General Information

Cllr Ngwatla TJ
Cllr Mahtakwana ME
Cllr Lentsoana SA
Cllr Malapane SS
Cllr Makofane JT

Cllr Mashile MD
Cllr Makgopa IK
Cllr Mogoane MK
Cllr Moagi SP
Cllr Makola JV
Cllr Mnisi HD
Cllr Mamokgopa LD
Cllr Molapo WS
Cllr Seroka MC
Cllr Madire ND
Cllr Mogofe A
Cllr Manale RE
Cllr Radingwane TM
Cllr Mokgalaka CR
Cllr Mphogo KD
Cllr Kupa RB
Cllr Mohlala BJ
Cllr Molapo TI
Cllr Thwala CS
Cllr Makofane NN
Cllr Mohubedu PS
Cllr Kgwedi JL
Cllr Riba MR
Cllr Selepe ME
Cllr Kgoete MJ
Cllr Mnisi FG
Cllr Maruga TT
Cllr Moropana TA

Grading of local authority	Grade 4
Accounting Officer	BUSANE NP
Chief Finance Officer (CFO)	RATAU GT
Registered office	Greater Tubatse Municipality LIM 476
Business address	1 Kastania Street Burgersfort 1150
Postal address	P. O. Box 206 Burgersfort 1150
Auditors	Auditor General South Africa

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2018

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Municipality
Bankers	Standard Bank Burgersfort
Company registration number	Lim 476
Attorneys	Noko Maimela Incorporated Verveen Attorneys Mphokane Attorneys Machaba Inc ML Matema Inc Kgohlisa a Mamabolo Kgororeadira Mudau Mmakola Matsimela Inc Rachoene Attorneys Mahowa Inc

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2018

Index

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

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Accounting officer's Responsibilities and Approval	5
Audit Committee Report	6
Accounting Officer's Report	7-8
Statement of Financial Position	9
Statement of Changes in Net Assets	12
Statement of Financial Performance	10 - 11
Cash Flow Statement	13
	14
Accounting Policies	16
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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
EPWP	Expanded Public Works Programme

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2018

Accounting officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the Municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

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

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

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the Municipality and place considerable importance on maintaining a strong control environment. To enable the Municipality 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 that 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 risks across the Municipality. While operating risk cannot be fully eliminated, the Municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.


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

The Accounting Officer has reviewed the Municipality's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, he is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

I certify that the salaries, allowances and benefits of Councillors and payments made to Councillors for loss of office, if any, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on page 6 to 72 which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2018 and were signed on his behalf by:


Accounting Officer:
Mr L Gabaganenwe

28/11/2018
Date:

Wednesday, November 28, 2018

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2018

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2018.

Audit committee members and attendance

The audit committee consists of the independent members listed hereunder and should meet at least for four (4) times per annum as per approved terms of reference. During the current year six (8) meetings were held.

Name of Member	Number of meetings attended
Mr Joseph Nakedi Mpjane (Chairperson)	8/8
Adv. Tebogo Martin Malatjle	8/8
Mr Charles Choene Semanya	8/8
Mr Simelane Siyakhula	6/8

Audit Committee Responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(a) of the MFMA.

The committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Controls

Our review of the findings of the Internal Audit work, which was based on the risk assessment conducted in the municipality revealed certain weakness, which were then raised with the municipality.

There has been improvement in the system of internal controls of the municipality during the year and the risk management process are applied to manage the risk the entity is facing. The audit committee notes management's commitment to correct the deficiencies.

Evaluation of Annual Financial Statements

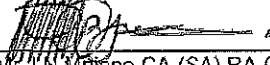
The audit committee has reviewed and discussed the unaudited annual financial statements, to be submitted to the Auditor-General South Africa, with the accounting officer and senior management of the municipality, reviewed the municipalities compliance with legal and regulatory provision. The audit committee has reviewed, discussed the draft unaudited performance report prepared by the municipality before submission to the Auditor-General of South Africa and reviewed the reasons provided by management for material deviation from planned targets.

Internal Audit

Audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audit.

Auditor-General of South Africa

The audit committee has met with the Auditor General of South Africa to ensure that there are no unresolved issues.


Mr J.N. Mpjane CA (SA) RA (Chairperson: Audit Committee)

Date: 30/11/2018

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2018

Accounting Officer's Report

The Accounting Officer submits the report for the year ended June 30, 2018.

1. Review of activities

Main business and operations

The Municipality is engaged in municipal activities such as rates, refuse and other services and operates principally in Burgersfort, South Africa.

Net surplus/ (deficit) of the Municipality was R 273,311,993. 13,520,284.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Refer to Note 49.

3. Subsequent events

The Accounting Officer is not aware of any subsequent event after reporting date which may negatively impact on the annual financial statements.

4. Accounting policies

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

5. Accounting Officer

The Accounting Officer of the Municipality during the year and to the date of this report is as follows:

Name	Nationality	Changes
Busane NP	RSA	Appointed on 1 March 2018.

Ms NP Busane was acting Municipal Manager from 1 July 2017 to 30 September 2017 and from 1 October to 31 December 2017. Mr TG Ratau was the acting Municipal Manager from 1 January 2018 to 28 February 2018. Ms NP Busane was appointed as the Municipal Manager from 1 March 2018.

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2018

Accounting Officer's Report

6. Corporate governance

General

The Accounting Officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Accounting Officer supports the highest standards of corporate governance and the ongoing development of best practice.

Councillors

The councillors:

- retains full control over the municipality, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality;
- is of a unitary structure comprising:
 - Mayor
 - Speaker
 - Councillors.

Mayor and Municipal Manager

The roles of the Mayor and Municipal Manager are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion. The Council and Mayor perform their oversight role and duties in terms of the prescribed legislation and delegated authorities.

Audit Committee meetings

The Audit Committee has met at least 4 times during the financial year to review matters necessary and to fulfil its role.

Audit committee

During the period the audit committee was composed as follows:

1. Mr Joseph Nakedi Mpjane (Chairperson of the Audit and Performance Committee)
2. Mr Siyakhula Simelane (Member of the Audit and Performance committee and also Chairperson of the Risk Committee)
3. Adv Tebogo Martin Malatji (Member of the Audit and Performance Committee)
4. Mr Choene Charles Semenya (Member of the Audit and Performance Committee)

Internal audit

The municipality had its own internal audit function for the financial year under review. The internal audit operates under section 165 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA).

7. Bankers

The municipality banks primarily with Standard Bank.

8. Auditors

Auditor General South Africa will continue in office for the next financial period.

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2018

Statement of Financial Position

Figures in Rand	Note(s)	2018	2017 Restated*
Assets			
Current Assets			
Inventories	9	1,347,298	1,294,230
Receivables from exchange transactions	10	1,350,214	1,337,030
Receivables from non-exchange transactions	11	493,478	1,737,606
VAT receivable	12	39,823,212	46,995,006
Consumer debtors from exchange transactions	13	9,345,682	9,870,358
Consumer debtors from non-exchange transactions	13	55,281,176	49,112,856
Cash and cash equivalents	14	3,609,379	204,146,844
		111,250,439	314,493,930
Non-Current Assets			
Investment property	3	49,488,215	162,495,000
Property, plant and equipment	4	2,330,588,363	2,373,790,930
Intangible assets	5	72,54647,954	
Heritage assets	6	1,068,3001,068,300	
		2,381,217,424	2,537,402,184
Non-Current Assets		2,381,217,424	2,537,402,184
Current Assets		111,250,439	314,493,930
Total Assets		2,492,467,863	2,851,896,114
Liabilities			
Current Liabilities			
Other financial liabilities	15	1,079,902	991,325
Finance lease obligation	16	18,397	212,728
Operating lease liability	7&38	5,080,580	3,739,161
Payables from exchange transactions	19	144,855,842	68,394,016
Unspent conditional grants and receipts	17	80,046,035	92,760,514
Provisions	18	14,023,723	11,190,742
		245,104,479	177,288,486
Non-Current Liabilities			
Other financial liabilities	15	11,777,501	12,816,906
Operating lease liability	7&38	9,101,307	13,841,694
Employee benefit obligation	8	27,244,120	24,637,311
Provisions	18	18,247,059	10,420,008
		66,369,987	61,715,919
Non-Current Liabilities		66,369,987	61,715,919
Current Liabilities		245,104,479	177,288,486
Total Liabilities		311,474,466	239,004,405
Assets		2,492,467,863	2,851,896,114
Liabilities		(311,474,466)	(239,004,405)
Net Assets		2,180,993,397	2,612,891,709
Accumulated surplus		2,180,993,397	2,612,891,709

* See Note 39

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2018

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	17,852,067	14,208,601
Rental of facilities and equipment	33	347,964	270,704
Interest received (trading)		134,844	-
Licences and permits		10,456,806	7,160,403
Fees earned		452,592	282,230
Rental income		26,476	-
Other income		3,531,349	2,549,175
Interest received - investment	25	11,936,274	9,039,014
	29		
Total revenue from exchange transactions		44,738,372	33,510,127
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	21	129,495,292	94,194,061
Property rates - penalties imposed	21	19,445,730	13,053,962
Transfer revenue			
Government grants & subsidies	23	429,294,679	377,036,609
Traffic fines	24	2,487,728	3,213,550
Total revenue from non-exchange transactions		580,723,429	487,498,182
		44,738,372	33,510,127
		580,723,429	487,498,182
Total revenue	20	625,461,801	521,008,309
Expenditure			
Employee related costs	27	165,595,162	124,147,168
Remuneration of councillors	28	31,842,800	23,357,958
Depreciation and amortisation	30	113,993,285	95,788,370
Impairment loss/ Reversal of impairments	49	-	3,089,294
Finance costs	31	1,212,774	2,667,330
Lease rentals on operating lease		17,009,045	13,103,134
Debt Impairment / (Reversal of impairment)		63,882,655	113,244,63
Collection costs		742,235	2,550
Repairs and maintenance	47	96,847,088	50,099,473
Bulk purchases		-	153,957
Contracted services		50,758,060	50,995,496
Transfers and Subsidies		8,086,807	5,465,250
Other financial assets written off	50	243,169,120	-
General Expenses	34	105,428,907	76,198,507
	35		
	46		
	26		
Total expenditure		898,567,938	558,313,121
Total revenue		625,461,801	521,008,309
Total expenditure		(898,567,938)	(558,313,121)
		(273,106,137)	(37,304,812)
Fair value adjustments	48	-	23,129,000
Loss on non-current assets held for sale or disposal groups		(205,856)	-
		(205,856)	23,129,000

* See Note 39

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2018

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
			23,129,000
			(14,175,812)
			-
Deficit for the year		(273,311,993)	(14,175,812)

* See Note 39

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2018

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at July 1, 2016	2,472,033,664	2,472,033,664
Changes in net assets		
Deficit for the year	(14,175,812)	(14,175,812)
Total changes	(14,175,812)	(14,175,812)
Restated* Balance at July 1, 2017	2,454,305,390	2,454,305,390
Changes in net assets		
Surplus for the year	(273,311,993)	(273,311,993)
Total changes	(273,311,993)	(273,311,993)
Balance at June 30, 2018	2,180,993,397	2,180,993,397
Note(s)		

* See Note 39

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2018

Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		184,069,528	50,002,184
Government Grant and subsidies		429,294,679	445,629,111
Interest income		12,071,118	9,039,014
Other receipts		-	15,031,261
		<u>625,435,325</u>	<u>519,701,570</u>
Payments			
Employee costs		(197,437,962)	(141,387,724)
Suppliers		(419,249,611)	(251,986,120)
Finance costs		(1,212,773)	(1,536,730)
		<u>(617,900,346)</u>	<u>(394,910,574)</u>
Total receipts		625,435,325	519,701,570
Total payments		(617,900,346)	(394,910,574)
Net cash flows from operating activities	36	<u>7,534,980</u>	<u>124,790,996</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	<u>(206,549,611)</u>	<u>(110,753,005)</u>
Cash flows from financing activities			
Repayment of other financial liabilities		-	-
Finance lease payments		(1,522,834)	(911,215)
Net cash flows from financing activities		<u>(1,522,834)</u>	<u>(911,215)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(200,537,465)</u>	<u>13,126,776</u>
Cash and cash equivalents at the beginning of the year		204,146,844	191,020,068
Cash and cash equivalents at the end of the year	14	<u>3,609,379</u>	<u>204,146,844</u>

* See Note 39

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2018

Statement of Comparison of Budget and Actual Amounts

Revenue	Approved Budget	Adjustments	Final budget	Actual Amounts	Difference between Final Budget & Actual	Reference
Revenue from exchange transactions						
Service charges	11,479,032	-	11,479,032	17,852,067	6,373,035	N1
Rental of facilities and equipment	575,125	-	575,125	347,964	(227,161)	N2
Interest received (trading)	-	-	-	134,844	134,844	
Licences and permits	13,845,800	-	13,845,800	10,456,806	(3,388,994)	
Fees earned	-	-	-	452,592	452,592	
Rental income	-	-	-	26,476	26,476	N3
Other income	3,342,080	-	3,697,004	26,476	(165,655)	N4
Interest received - investment	11,518,792	354,924	11,518,792	3,531,349	417,482	
Agency fees	4,274,334	(355,334)	3,919,000	11,936,274	(3,919,000)	N5
						N6
						N7
Total revenue from exchange transactions	45,035,163	(410)	45,034,753	44,738,372	(296,381)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	123,956,296	-	123,956,296	129,495,292	5,538,996	N8
Property rates - penalties imposed	12,047,703	-	12,047,703	19,445,730	7,398,027	N9
Transfer revenue						
Government grants & subsidies	362,478,300	61,097,700	423,576,000	429,294,679	5,718,679	N10
Fines, Penalties and Forfeits	14,437,307	-	14,437,307	2,487,728	(11,949,579)	N11
Total revenue from non-exchange transactions	512,919,606	61,097,700	574,017,306	580,723,429	6,706,123	
'Total revenue from exchange transactions'	45,035,163	(410)	45,034,753	44,738,372	(296,381)	
'Total revenue from non-exchange transactions'	512,919,606	61,097,700	574,017,306	580,723,429	6,706,123	
Total revenue	557,954,769	61,097,290	619,052,059	625,461,801	6,409,742	
Expenditure						
Personnel	(163,898,963)	(20,230,016)	(184,128,979)	(165,595,162)	18,533,817	N12
Remuneration of councillors	(24,099,079)	(7,147,317)	(31,246,396)	(31,842,800)	(596,404)	N13
Depreciation and amortisation	(90,000,000)	44,648,886	(45,351,114)	(113,993,285)	(68,642,171)	N14
Finance costs	(1,725,375)	-	(1,725,375)	(1,212,774)	512,601	N15
Lease rentals on operating lease	(19,200,000)	(599,144)	(19,799,144)	(17,009,045)	2,790,099	N16
Debt impairment	(30,000,000)	7,413,275	(22,586,725)	(63,882,655)	(41,295,930)	N17
Collection costs	-	-	(111,872,066)	(742,235)	15,024,978	
Repairs and maintenance	(72,748,417)	(39,123,649)	(72,558,694)	(96,847,088)	21,800,634	
Contracted Services	(79,837,620)	7,278,926	(5,500,000)	(50,758,060)	(2,586,807)	
Transfers and Subsidies	(4,000,000)	(1,500,000)	-	(8,086,807)	(243,169,120)	N18
Impairment of investments	-	-	(106,127,519)	(243,169,120)	698,612	N19
General Expenses	(98,737,663)	(7,389,856)	-	(105,428,907)		N20
						N21
Total expenditure	(584,247,117)	(16,648,895)	(600,896,012)	(898,567,938)	(297,671,926)	
	557,954,769	61,097,290	619,052,059	625,461,801	6,409,742	
	(584,247,117)	(16,648,895)	(600,896,012)	(898,567,938)	(297,671,926)	
Operating deficit	(26,292,348)	44,448,395	18,156,047	(273,106,137)	(291,262,184)	
Loss on non-current assets held for sale or disposal groups	-	-	(205,856)		(205,856)	

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Budget on Accrual Basis

Figures in Rand

	(26,292,348)	44,448,395	18,156,047	(273,106,137)	(291,262,184)
	-	-	-	(205,856)	(205,856)
Deficit before taxation	(26,292,348)	44,448,395	18,156,047	(273,311,993)	(291,468,040)
Surplus/(Deficit) for the period	(26,292,348)	44,448,395	-	(273,311,993)	-
	-	-	-	-	-
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(26,292,348)	44,448,395	18,156,047	(273,311,993)	(291,468,040)

- N1** - The billing for service charges include interest on late payments on refuse charges .
- N2** Non functional of properties earmarked for revenue collection / resistance by customers to utilise the properties being rented
- N3** - The construction of Praktiseer Licensing services resulted in an under collection of licenses and permits.
- N4** - Resistance by customers to pay for levied rates and taxes
- N5** - The variance emanates from sale of tender documents which was over budgeted for during the year
- N6** The projected interest on investment was based on the current investments made at VBS that yield a high rate of return. Though the investments are uncertain to be recoverable accrued interest was accounted for..
- N7** - Included in Licenses and permits is commission earned as a result of third party collection.
- N8** - The new valuation roll included new properties that were exempted from being levied.
- N9** - Less or no customers were defaulted from paying of rates..
- N10** - There was an approved rollover for MIG which was included in grants and subsidies.
- N11** - Resistance of defaulters to pay for traffic fines.
- N12** - The budgeted amount for salary parity which was not implemented during the year.
- N13** - Less than 10 %.
- N14** The asset register included additional assets and the overall budget for depreciation was understated
- N15** The variance emanates from the interest charged on late payments during the year.
- N16** - Less than 10%.
- N17** - Less than 10%
- N18** - The variance emanates from the Regravelling of roads which was over budgeted..
- N19** - The variance emanates from the contracted services for refuse removal which was over budgeted..
- N20** The variance emanates from high percentage of indigents currently being serviced. The budget in this regard was understated.
- N21** - Less than 10%

The accounting policies on page 16 and the notes on pages 39 to 81 form an integral part of the annual financial statements.

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Annual Financial Statements for the year ended June 30, 2018

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

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

1.1 Presentation currency

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

1.2 Significant judgements and sources of estimation uncertainty

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 are 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

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 municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Traffic Debtors

The traffic fines will be impaired when the probability of collecting the outstanding amount is uncertain. The traffic fine shall be assess "in each reporting period" individually to determine the **recoverability rate** of the amount collected and thereafter determine percentage for provision to be made based on the calculation recoverability rate. The provision for doubtful debts on traffic fines will be informed by the recoverability rate.

Impairment of Consumer and other receivables

Fetakgomo Tubatse Local Municipality

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Annual Financial Statements for the year ended June 30, 2018

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

The calculation in respect of the impairment of debtors is based on the municipality's approved policy on calculation of doubtful debts. In accordance with GRAP 104 (Financial Instruments), an objective assessment of financial assets is made at year end to determine possible impairment. Impairment loss is recognised as an expense in the Statement of Financial Performance. The determination of the impairment loss is guided by the following principles as per GRAP 104. The municipality assesses financial assets individually, when assets are individually significant, and individually or collectively for financial assets that are not individually significant. (Individual Debtors' balances that constitute at least 5 percent of the total debtors book are considered to be individually significant by the municipality).

Where no objective evidence of impairment exists for an individually assessed asset (whether individually significant or not), the municipality includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in the collective assessment of impairment. As soon as information becomes available that specifically identifies losses on individually impaired assets in a group (that are collectively assessed for impairment), those assets are removed from the group and assessed individually for impairment.

For collective assessment of impairment, as indicated above, assets with similar credit risk characteristics are grouped together. The credit risk characteristics should be indicative of the debtors' ability to pay all amounts due according to the contractual terms.

The method used in determining the group of assets to be assessed for impairment, is a grading process that considers the:

- Debtor type
- Industry
- Past due status (e.g. days/months that the accounts are in arrears);

Consumer debtors are evaluated at the end of the reporting date and impaired as follows:

Debtor type	Percentage of debt provided for as irrecoverable
Negative amounts	0%
Current balances	0%
30 to 90 days	50%
More than 90 days	100%
Business and Industrial - always pay	0%
Mines - always pay	0%
Indigent Debtors	100%
Municipal	0%
Handed over	100%

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 18.

The cost of defined benefit pension contribution plans and other employment medical benefits is determined using actuarial valuations.

The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Additional information is disclosed in note 8.

Classification as investment property

The municipality has reviewed its property portfolio and determined which items of land and buildings are held to earn rental revenue or for capital appreciation. Land and buildings fulfilling these requirements have been classified as investment property, whilst the remainder of the portfolio has either been classified as property, plant and equipment or inventory depending on management's intention in dealing with these properties.

Fetakgomo Tubatse Local Municipality

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Annual Financial Statements for the year ended June 30, 2018

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Depreciation and carrying value of items of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgment. Management considers the impact of technology, availability of capital funding, service requirements, and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgment whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.3 Investment property

Investment property is initially recognised at cost. Transaction costs are capitalised to the initial cost.

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

The fair value of investment property reflects estimated market conditions at the reporting date whilst provisional amounts reflect the amounts determined using a reasonable basis such as a valuation roll.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

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.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

The fair value of investment property reflects estimated market conditions at the reporting date whilst provisional amounts reflect the amounts determined using a reasonable basis such as a valuation roll.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

1.4 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 period.

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

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost 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.

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Accounting Policies

1.4 Property, plant and equipment (continued)

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary 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.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Buildings	Straight line	30
Emergency equipment	Straight line	5-10
Refuse Tankers	Straight line	5-10
Furniture and fixtures	Straight line	5-10
Motor vehicles	Straight line	7-10
Office equipment	Straight line	5-7
IT equipment	Straight line	5
Infrastructure	Straight line	5-200
•Roads and stormwater		5-150
•Refuse		20-50
•Buildings		20-100
•Recreational facilities		20-30
•Security		5-10
•Halls		20-30
•Libraries		20-30
•Parks and gardens		15-20
•Other assets		15-30

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Accounting Policies

1.4 Property, plant and equipment (continued)

Other property, plant and equipment	Straight line	2-100
•Specialist vehicles		10-35
•Other vehicles		5-30
•Office furniture		3-15
•Furniture and fittings		5-20
•Watercraft		15-30
•Bins and containers		5-15
•Specialist plant and equipment		5-35
•Other plant and equipment		2-25
•Landfill sites		20-100
•Quarries		20-100
•Emergency equipment		5-25
•Computer equipment		3-15

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of 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 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.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.5 Intangible assets

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 entity or from other rights and obligations.

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

An intangible asset is recognised when:

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

The entity 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.

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Accounting Policies

1.5 Intangible assets (continued)

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, internally generated	3-10 years

1.6 Heritage assets

Heritage assets are not depreciated, as their long economic life and high residual value mean that any depreciation would be immaterial.

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

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

Heritage assets are measured at cost.

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

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

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

1.7 Financial instruments

Classification

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2018

Accounting Policies

1.7 Financial instruments (continued)

The municipality classifies financial assets and financial liabilities into the following categories:

- Cash and cash equivalents
- Trade receivables
- Financial assets measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Initial recognition and measurement

Financial instruments are initially recognised at fair value including any transactions costs.

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.

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

Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Financial assets impaired through use of an allowance account are recognised in surplus or deficit within operating expenses, when such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial instruments designated as at fair value through surplus or deficit

All financial instruments are initially measured at fair value. The financial instruments are subsequently recognised at fair value through profit and loss.

Consumer Debtors

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Annual Financial Statements for the year ended June 30, 2018

Accounting Policies

1.7 Financial instruments (continued)

Receivables from non-exchange transactions comprise of:

- Consumer debtors from non-exchange transactions
- Consumer debtors from exchange transactions

Consumer debtors from non-exchange transactions

Consumer debtors from non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Consumer debtor from non-exchange transactions are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Consumer debtors from exchange transactions

Receivables from Non-Exchange Transactions

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Accounting Policies

1.7 Financial instruments (continued)

Receivables from non-exchange transactions comprise of:

- Consumer debtors
- Other receivables from non-exchange transactions

Non-exchange transactions from non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Receivables from non-exchange transactions are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Consumer and other receivables are classified as loans and receivables

Receivables from exchange transactions are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Receivables from exchange transactions

Receivables from exchange transactions comprise of:

- Consumer debtors
- Other receivables from exchange transactions

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Receivables from exchange transactions are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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Accounting Policies

1.7 Financial instruments (continued)

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Consumer and other receivables are classified as loans and receivables.

Payables from exchange transactions

Payables from exchange transactions comprise of:

- Trade payables
- Payments in advance.

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently measured at amortised cost, using the effective interest method.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with bank and short-term highly liquid investments.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit - held for trading.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.

Payables from exchange transactions

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1.7 Financial instruments (continued)

Payables from exchange transactions comprise of:

- Trade payables
- Payments in advance

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality has transferred its rights to receive cash flows from the asset and either
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

1.8 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.

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

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

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1.8 Leases (continued)

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.

1.9 Inventories

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

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

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

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

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

Current replacement cost is the cost the entity 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 first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature.

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.

1.10 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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1.10 Impairment of cash-generating assets (continued)

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

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follow:

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.11 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

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1.11 Impairment of non-cash-generating assets (continued)

Criteria developed by the entity to distinguish non-cash-generating assets from cash-generating assets are as follow:
[Specify criteria]

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

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1.11 Impairment of non-cash-generating assets (continued)

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. 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 (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.12 Accumulated surplus / (deficit)

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.13 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

The entity recognise the expected cost of bonus and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

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1.13 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other long-term employee benefits

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The cost for each employee is computed at each reporting date based on the probability of being employed at each service award date, taking into account the assumed rates of withdrawal, early retirement and death. On determining this liability due allowance is made for future salary increases. Actuarial gains and losses are recognised in full in the year they are incurred.

The municipality's net obligation in respect of long service awards is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value.

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1.14 Leave

The municipality provides employees with time off from work for a variety of reasons. Leave days granted by an employer can accumulate from one period to the next of a maximum of 48 days.

Leave days accumulate from one period to the next. The municipality recognises a liability and expense for accumulating leave as and when employees render services that entitle them to those leave days. The amount of the liability and expense is determined as the additional amount an entity is required to pay as a result of the unused leave days owing to employees at the end of the reporting period.

1.15 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or a present obligation that arises from past events but is not recognised because:

- it is not probable than an outflow of resources embodying economic benefits or service potential will be required; and
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 37.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.

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1.15 Provisions and contingencies (continued)

- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.10.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.16 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.17 Revenue

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.

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1.17 Revenue (continued)

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.

Revenue from non-exchange transactions comprises of:

- Taxes; and
- Transfers (whether cash or non-cash), including grants, debt forgiveness, fines, bequests, gifts, donations, and goods and services in kind.

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

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.

Interest

Revenue arising from the use by others of entity assets yielding interest, 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.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.18 Service charges

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, 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 arise when the entity 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.

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1.18 Service charges (continued)

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

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, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity 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.

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 entity.

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.

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 entity.

Where the entity 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 entity, and the fair value of the assets can be measured reliably.

1.19 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.21 Unauthorised expenditure

Unauthorised expenditure means:

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1.21 Unauthorised expenditure (continued)

- 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.

1.22 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. 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.

1.23 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA 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.

Irregular expenditure that was incurred and identified during the current financial 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.

1.24 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

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Accounting Policies

1.25 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.26 Budget information

Entity 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 the entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget covers the fiscal period from 8/11/2017 to 3/31/2018.

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

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.27 Related parties

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

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity 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 entity.

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

1.28 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.29 Prior period error

Errors are corrected retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality would restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

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Accounting Policies

1.29 Prior period error (continued)

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

1.30 Change in accounting policy

Changes in accounting policies due to adoption of newly effective Standards of GRAP have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy or where allowed transitional provisions had been adopted. In such cases the municipality would restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

The main objective of retrospective application is to adjust the financial statements as if the entity had always been applying the accounting policy as in the current year. Therefore, the change must be reflected not only in the current period, but also in the comparative periods' figures shown in the statement of financial position, statement of financial performance, statement of changes in net assets, cash flow statement and notes to the financial statements.

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Figures in Rand

2018

2017

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 105: Transfers of Functions Between Entities Under Common Control

The objective of this standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.

A transfer of functions between entities under common control is a reorganisation and / or reallocation of functions between entities that are ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between entities under common control, the assets and liabilities should be recognised (by the acquirer) at their carrying amounts and should be derecognised (by the transferor) at their carrying amounts.

The difference between the amount of consideration paid or received, if any, and the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

The effective date of the standard is for years beginning on or after .

The entity expects to adopt the standard for the first time in the 2001 annual financial statements.

The impact of the standard is not material.

GRAP 106: Transfers of Functions Between Entities not Under Common Control

The objective of this standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. A transfer of functions between entities not under common control is a reorganisation and / or reallocation of functions between entities that are not ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between entities not under common control, the assets and liabilities should be recognised (by the acquirer) at their acquisition date fair values. The difference between the amount of consideration paid, if any, and the carrying amounts of assets acquired and liabilities assumed should be recognised in accumulated surplus / (deficit).

For a transfer of functions between entities not under common control there are some specific recognition and measurement principles and exceptions to the recognition and measurement principles.

The effective date of the standard is for years beginning on or after .

The entity expects to adopt the standard for the first time in the 2001 annual financial statements.

The impact of the standard is not material.

GRAP 107: Mergers

The objective of this standard is to establish accounting principles for the combined entity and combining entities in a merger. A merger is where a new combined entity is started, acquirer can be identified and the combining entities do not have any control over the combined entity.

In the event of a merger, the assets and liabilities should be recognised (by the combined entity) at their carrying amounts and should be derecognised (by the combining entities) at their carrying amounts. The difference between the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

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2. New standards and interpretations (continued)

The effective date of the standard is for years beginning on or after .

The entity expects to adopt the standard for the first time in the 2001 annual financial statements.

The impact of the standard is not material.

IGRAP 11: Consolidation – Special purpose entities

An entity may be created to accomplish a narrow and well-defined objective (e.g. to effect a lease, research and development activities or a securitisation of financial assets). Such a special purpose entity ('SPE') may take the form of a corporation, trust, partnership or unincorporated entity. SPEs often are created with legal arrangements that impose strict and sometimes permanent limits on the decision-making powers of their management over the operations of the SPE.

Frequently, these provisions specify that the policy guiding the ongoing activities of the SPE cannot be modified, other than perhaps by its creator or sponsor (ie they operate on so-called 'autopilot').

The sponsor (or entity on whose behalf the SPE was created) frequently transfers assets to the SPE, obtains the right to use assets held by the SPE or performs services for the SPE, while other parties ('capital providers') may provide the funding to the SPE. An entity that engages in transactions with an SPE (frequently the creator or sponsor) may in substance control the SPE. A beneficial interest in an SPE may, for example, take the form of a debt instrument, an equity instrument, a participation right, a residual interest or a lease. Some beneficial interests may simply provide the holder with a fixed or stated rate of return, while others give the holder rights or access to other future economic benefits or service potential of the SPE's activities. In most cases, the creator or sponsor (or the entity on whose behalf the SPE was created) retains a significant beneficial interest in the SPE's activities, even though it may own little or none of the SPE's net assets.

The Standard of GRAP on Consolidated and Separate Financial Statements requires the consolidation of entities that are controlled by the reporting entity. However, the Standard of GRAP does not provide explicit guidance on the consolidation of SPEs. The issue is under what circumstances an entity should consolidate an SPE. This interpretation of the Standards of GRAP does not apply to post-employment benefit plans or other long-term employee benefit plans to which the Standard of GRAP on Employee Benefits applies.

A transfer of assets from an entity to an SPE may qualify as a sale by that entity. Even if the transfer does qualify as a sale, the provisions of the Standard of GRAP on Consolidated and Separate Financial Statements and this Interpretation of the Standards of GRAP may mean that the entity should consolidate the SPE. This Interpretation of the Standards of GRAP does not address the circumstances in which sale treatment should apply for the entity or the elimination of the consequences of such a sale upon consolidation.

The effective date of the standard is for years beginning on or after .

The entity expects to adopt the standard for the first time in the 2001 annual financial statements.

The impact of the standard is not material.

IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures

Paragraph .54 in the Standard of GRAP on Interests in Joint Ventures refers to both contributions and sales between a venturer and a joint venture as follows: 'When a venturer contributes or sells assets to a joint venture, recognition of any portion of a gain or loss from the transaction shall reflect the substance of the transaction'. In addition, paragraph 31 in the Standard of GRAP on Interests in Joint Ventures says that 'a jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest'. There is no explicit guidance on the recognition of gains and losses resulting from contributions of non-monetary assets to jointly controlled entities ('JCEs').

Contributions to a JCE are transfers of assets by venturers in exchange for an interest in the net asset in the JCE. Such contributions may take various forms. Contributions may be made simultaneously by the venturers either upon establishing the JCE or subsequently. The consideration received by the venturer(s) in exchange for assets contributed to the JCE may also include cash or other consideration that does not depend on future cash flows of the JCE ('additional consideration').

The issues are:

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2. New standards and interpretations (continued)

- when the appropriate portion of gains or losses resulting from a contribution of a non-monetary asset to a JCE in exchange for an interest in the net assets in the JCE should be recognised by the venturer in surplus or deficit;
- how additional consideration should be accounted for by the venturer; and
- how any unrealised gain or loss should be presented in the consolidated.

This Interpretation of the Standards of GRAP deals with the venturer's accounting for non-monetary contributions to a JCE in exchange for an interest in the net assets in the JCE that is accounted for using either the equity method or proportionate consolidation.

The effective date of the standard is for years beginning on or after .

The entity expects to adopt the standard for the first time in the 2001 annual financial statements.

The impact of the standard is not material.

GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements

The definition of 'minority interest' has been amended to 'non-controlling interest', and paragraph .60 was added by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

Paragraph .59 was amended by Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107 from the date at which it first applied the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .03, .39, .47 to .50 and added paragraphs .51 to .58 and .61 to .62. An entity shall apply these amendments when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

The effective date of the standard is for years beginning on or after .

The entity expects to adopt the standard for the first time in the 2001 annual financial statements.

The impact of the standard is not material.

GRAP 7 (as revised 2010): Investments in Associates

Paragraphs .03 and .42 were amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107]. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .22, .28 and .38 and added paragraph .24. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

The effective date of the standard is for years beginning on or after .

The entity expects to adopt the standard for the first time in the 2001 annual financial statements.

The impact of the standard is not material.

GRAP 8 (as revised 2010): Interests in Joint Ventures

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Paragraph .04 was amended by the Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers added paragraph .50 and amended paragraphs .51 and .52. An entity shall apply these amendments and addition when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

The effective date of the standard is for years beginning on or after .

The entity expects to adopt the standard for the first time in the 2001 annual financial statements.

The impact of the standard is not material.

Directive 11: Changes in Measurement Bases Following the Initial Adoption of Standards of GRAP

The objective of this directive is to permit the municipality to change its measurement bases following the initial adoption of Standards of GRAP. The change is based on the principles in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. This directive should therefore be read in conjunction with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In applying paragraph 13(b) of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors, this directive allows the municipality, that has initially adopted the fair value model for investment property or the revaluation model for property, plant and equipment, intangible assets or heritage assets, to change its accounting policy on a once-off basis to the cost model when the municipality elects to change its accounting policy following the initial adoption of these Standards of GRAP. The once-off change will be allowed when the municipality made an inappropriate accounting policy choice on the initial adoption of the Standards of GRAP.

Subsequent to the application of this directive, the municipality will be allowed to change its accounting policy in future periods subject to it meeting the requirements in the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors

The effective date of the standard is for years beginning on or after .

The entity expects to adopt the standard for the first time in the 2001 annual financial statements.

The impact of the standard is not material.

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after July 1, 2018 or later periods but are not relevant to its operations:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

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2. New standards and interpretations (continued)

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

Directive 4 - Transitional provisions for medium and low capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions on the Standard of GRAP on Property, Plant and Equipment and the Standard of GRAP on Agriculture, the recognition requirements of the Standard would not apply to such items until the transitional provision in that standard expires.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities

Historically, public entities have prepared financial statements in accordance with generally recognised accounting practice, unless the Accounting Standards Board (the Board) approved the application of generally accepted accounting practice for that entity. "Generally accepted accounting practice" has been taken to mean Statements of Generally Accepted Accounting Practice (Statements of GAAP), or for certain entities, International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. Since Statements of GAAP have been withdrawn from 1 December 2012, public entities will be required to apply another reporting framework in the future.

The purpose of this Directive is to prescribe the criteria to be applied by public entities in selecting and applying an appropriate reporting framework.

The effective date of the standard is for years beginning on or after April 1, 2018.

The entity expects to adopt the standard for the first time in the 2019 annual financial statements.

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2. New standards and interpretations (continued)

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity)

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence.

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Annual Financial Statements for the year ended June 30, 2018

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity. It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time.

The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 16 (as amended 2015): Investment Property

Based on the feedback received as part of the post-implementation review, the Board agreed to reconsider certain principles in GRAP 16 and GRAP 17. In particular, the Board agreed to:

- Review the principles and explanations related to the distinction between investment property and property, plant and equipment.
- Consider whether an indicator-based assessment of useful lives of assets could be introduced.
- Clarify the wording related to the use of external valuers.
- Introduce more specific presentation and disclosure requirements for capital work-in-progress.
- Review the encouraged disclosures and assess whether any should be made mandatory or deleted.
- Require separate presentation of expenditure incurred on repairs and maintenance in the financial statements.

Various amendments were made to the Standard, affecting Definitions, Identification, Disclosure, Effective date and Transitional provisions.

The effective date of the standard is for years beginning on or after 01 April 2016.

The municipality expects to adopt the standard for the first time in the 2018 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 17 (as amended 2015): Property, Plant and Equipment

Based on the feedback received as part of the post-implementation review, the Board agreed to reconsider certain principles in GRAP 16 and GRAP 17. In particular, the Board agreed to:

- Review the principles and explanations related to the distinction between investment property and property, plant and equipment.
- Consider whether an indicator-based assessment of useful lives of assets could be introduced.
- Clarify the wording related to the use of external valuers.
- Introduce more specific presentation and disclosure requirements for capital work-in-progress.
- Review the encouraged disclosures and assess whether any should be made mandatory or deleted.
- Require separate presentation of expenditure incurred on repairs and maintenance in the financial statements.

Amendments identified as part of the post-implementation review, affected the following areas:

- Indicator-based assessment of the useful lives of assets
- Use of external valuers
- Encouraged disclosures
- Capital work-in-progress
- Expenditure incurred on repairs and maintenance.

The effective date of the standard is for years beginning on or after 01 April 2016.

The municipality expects to adopt the standard for the first time in the 2018 annual financial statements

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 109: Accounting by Principals and Agents

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements

GRAP 21 (as amended 2015): Impairment of non-cash-generating assets

The Board agreed to include a research project on its work programme to review GRAP 21 and GRAP 26 to assess whether the principles in these Standards could be simplified and streamlined. As part of its research project, the Board considered the following aspects which led to the proposed amendments included in this Exposure Draft:

- simplifying the approach to impairment to make it clearer when an asset is cash generating or non-cash-generating;
- assessing the feasibility of one measurement approach for non-cash-generating assets; and
- assessing the feasibility of combining the two Standards.

Summary of changes:

The changes to the Standard of GRAP on Impairment of Non-cash-generating Assets are outlined below:

General definitions:

The definition of cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of cash-generating assets and non-cash-generating assets.

- Cash generating assets and non-cash-generating assets

Additional commentary has been added to clarify the objective of cash-generating assets and non-cash-generating assets.

- Identifying an asset that may be impaired:

Additional commentary has been added to clarify that physical damage triggers impairment of an asset when it results in a permanent or a significant decline in the potential of an asset.

- Reversing an impairment loss:

An indicator has been added that the restoration of an asset's service potential following physical damage to the asset could indicate a reversal in an impairment loss.

Additional commentary has been added to clarify that restoration of an asset's service potential as a result of physical damage is an indication that an impairment loss recognised in prior periods may no longer exist or may have decreased.

- Disclosures:

The requirement to disclose the criteria developed to distinguish non-cash-generating assets from cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of non-cash-generating assets and cash generating assets.

Fetakgomo Tubatse Local Municipality

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The effective date of the standard is for years beginning on or after .

The municipality expects to adopt the standard for the first time in the 2018 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements

GRAP 26 (as amended 2015): Impairment of cash-generating assets

The Board agreed to include a research project on its work programme to review GRAP 21 and GRAP 26 to assess whether the principles in these Standards could be simplified and streamlined. As part of its research project, the Board considered the following aspects which led to the proposed amendments included in this Exposure Draft

- simplifying the approach to impairment to make it clearer when an asset is cash generating or non-cash-generating;
- assessing the feasibility of one measurement approach for non-cash-generating assets; and
- assessing the feasibility of combining the two Standards

Summary of changes:

The changes to the Standard of GRAP on Impairment of Cash-generating Assets are outlined below:

- General definitions:

The definitions of cash-generating assets and cash-generating unit have been amended to be consistent with the amendments made to clarify the objective of cash-generating assets and non-cash-generating assets below.

- Cash generating assets and non-cash-generating assets:

Additional commentary has been added to clarify the objective of cash-generating assets and non-cash-generating assets.

- Disclosures:

The requirement to disclose the criteria developed to distinguish cash-generating assets from non-cash-generating assets has been amended to be consistent with the amendments made to clarify the objective of non-cash-generating assets and cash-generating assets.

The effective date of the standard is for years beginning on or after .

The municipality expects to adopt the standard for the first time in the 2018 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities

Historically, public entities have prepared financial statements in accordance with generally recognised accounting practice, unless the Accounting Standards Board (the Board) approved the application of generally accepted accounting practice for that entity. "Generally accepted accounting practice" has been taken to mean Statements of Generally Accepted Accounting Practice (Statements of GAAP), or for certain entities, International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. Since Statements of GAAP have been withdrawn from 1 December 2012, public entities will be required to apply another reporting framework in the future.

The purpose of this Directive is to prescribe the criteria to be applied by public entities in selecting and applying an appropriate reporting framework.

The effective date of the standard is for years beginning on or after 01 April 2018.

The municipality expects to adopt the standard for the first time in the 2019 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

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Notes to the Annual Financial Statements

Measures in Rand

3. Investment property

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	49,488,215	-	49,488,215	162,380,452	-	162,380,452

Reconciliation of investment property - 2018

	Opening balance	Prio Period Error Adjustments	Total
Investment property	162,485,000	(113,006,785)	49,488,215

Reconciliation of investment property - 2017

	Opening balance	Fair value adjustments	Total
Investment property	139,251,452	23,129,000	162,380,452

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.

Fetakgomo Tubatse Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment

	2018		2017	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Cost / Valuation	Accumulated depreciation and accumulated impairment
Land	221,429,264	-	221,429,264	212,796,709
Buildings	87,060,053	(23,001,593)	64,058,460	87,021,173
Plant and machinery	47,824,550	(13,816,152)	33,808,398	29,619,684
Furniture and fixtures	11,606,480	(6,709,811)	4,896,669	11,854,022
Motor vehicles	9,559,613	(3,708,811)	5,850,802	14,197,050
Office equipment	2,623,233	(1,595,765)	1,027,468	2,629,289
IT equipment	8,755,393	(4,027,484)	4,727,909	3,370,370
Infrastructure	2,449,779	(607,824)	993	1,841,954
Community	119,647,800	(44,877,548)	74,770,252	67,758,422
Work in Progress	75,868,303	-75,868,303	137,140,801	-
Other assets	2,356,906	(160,253)	2,196,653	1,836,356
Total	3,036,310,773	(705,722,410)	2,330,588,363	2,934,711,906

Reconciliation of property, plant and equipment - 2018

	Opening balance / Merger	Additions	Disposals	Transfers	Depreciation	Total
Land	212,796,709	1,380,028	-	-	-	214,176,736
Buildings	67,270,211	-	-	-	(3,172,870)	87,060,053
Plant and machinery	25,968,484	11,241,446	(50)	-	(3,401,482)	33,808,398
Furniture and fixtures	5,439,716	399,453	(25,588)	-	(916,913)	11,761,817
Motor vehicles	4,240,804	2,857,893	(77,102)	-	(1,170,794)	5,850,802
Office equipment	1,204,533	120,481	(6,639)	-	(290,906)	2,623,233
IT equipment	4,216,458	-	(126,470)	-	(1,345,346)	9,639,393

Fetakgomo Tubatse Local Municipality
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Notes to the Annual Financial Statements

ures in Rand

4. Property, plant and equipment (continued)

Infrastructure	1,852,952,090	88,142,867	-	(99,140,771)	2,450,061,258	
Community buildings	60,985,384	17,821,780	-	(4,036,912)	85,785,797	
Work in progress	137,140,801	83,521,974	-(144,794,472)	-75,868,303		
Other assets	1,404,717	1,068,689	(19,405)	(252,349)	2,837,260	
	2,373,619,007	206,549,611	(255,254)	(144,794,472)	(113,726,343)	2,979,423,050

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Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers	Impairment adjustments	Prior year adjustments	Depreciation	Total
Land	111,701,392	2,730,000	-	-	-	-	-	114,431,392
Buildings	70,086,676	-	-	-	-	-	-	70,086,676
Plant and machinery	26,952,492	27,500	-	-	-	-	-	27,227,992
Furniture and fixtures	5,947,195	25,666	-	-	-	-	-	6,202,861
Motor vehicles	4,287,242	27,000	-	-	-	-	-	4,564,242
Office equipment	1,565,276	7,499	-	-	-	-	-	1,572,775
IT equipment	4,102,382	925,023	(14,260)	-	-	-	-	5,013,145
Infrastructure	1,810,419,259	194,469	(541,645)	87,204,553	-	-	-	2,049,536,676
Community buildings	51,277,318	-	-	3,935,851	-	-	-	55,213,169
Work in progress	118,762,787	109,518,418	-	(91,140,404)	-	-	-	237,140,801
Other assets	568,876	27,430	-	-	-	-	-	596,306
	2,205,670,895	113,483,005	(555,905)	-	(442,666)	150,930,403	(95,255,922)	2,373,829,810

Reconciliation of Work-in-Progress 2018

	Included within Infrastructure	Included within Community	Total
Opening balance	63,147,993	27,517,313	90,665,306
Additions/capital expenditure	74,146,844	9,375,131	83,521,975
Retention	7,199,624	446,046	7,645,670
Transferred to completed items	(92,093,967)	(13,870,680)	(105,964,647)
	52,400,494	23,467,810	75,868,304

5. Intangible assets

2018	2017
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Notes to the Annual Financial Statements

Figures in Rand	2018		2017			
5. Intangible assets (continued)						
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	224,093	(151,547)	72,546	224,093	(176,139)	47,954

Reconciliation of intangible assets - 2018

	Opening balance	Reclassificatio (36,999)	Amortisation	Total
Intangible assets	47,954	1,591		72,546

Reconciliation of intangible assets - 2017

	Opening balance	Prior period error	Total
Intangible assets	224,093	(176,139)	47,954

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Notes to the Annual Financial Statements

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6. Heritage assets

	2018			2017		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	1,068,300	-	1,068,300	1,068,300	-	1,068,300

Reconciliation of heritage assets 2017

	Opening balance	Total
Art Collections, antiquities and exhibits	1,068,300	1,068,300

Reconciliation of heritage assets 2017

	Opening balance	Total
Art Collections, antiquities and exhibits	1,068,300	1,068,300

7. Operating lease asset (accrual)

Current liabilities	5,080,580	3,739,161
Non-current liabilities	(9,101,307)	(13,841,694)
Current liabilities	(5,080,580)	(3,739,161)
	(14,181,887)	(17,580,855)

Greater Tubatse Municipality leases a building from Tubatse Properties (Pty) Ltd for a period of 10 years, effective from 1 July 2010. The lease payment is R877 800 per month with an annual escalation of 10%. No contingent rent is payable. The lease agreement is not renewable at the end of the lease term.

Fetakgomo Tubatse Municipality leases IT equipment from BCM Rico for a period of 2 years, effective from 1 August 2017. The lease payment is R190 238.74 per month without an annual escalation. No contingent rent is payable. The lease agreement is renewable at the end of the lease term.

8. Employee benefit obligations

Defined benefit plan

The actuarial valuation determined that the retirement plan was in a sound financial position, however that it was recommended that the contribution should be increased by -% for - months. This recommendation is presently being implemented.

The plan is a final salary pension / flat plan or a post employment medical benefit plan.

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

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(24,637,311)	(21,550,688)
Current Service Cost	(2,337,248)	(2,180,246)
Interest cost	(2,401,268)	(1,693,472)
Benefits paid	863,547	173,849
Actuarial gains	1,268,160	613,246
	(27,244,120)	(24,637,311)

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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8. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

Current service cost	2,337,248	2,180,246
Interest cost	2,401,268	1,693,472
Actuarial (gains) losses	(1,268,160)	(613,246)
Settlement	(863,547)	(173,849)
	2,606,809	3,086,623

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(2,131,707)	(787,095)
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Key assumptions used

Assumptions used at the reporting date:

Discount rates used	10.22 %	9.66 %
Medical cost trend rates	8.52 %	8.03 %
Long term price inflation	7.02 %	6.53 %

Financial variable (Post employment medical aid benefits)

Discount rate	2018
CPI	Yield Curve
Medical aid contribution inflation	Difference between nominal and yield curves
Net effective discount rate	CPI+ 1%
Financial variable (Long service leave)	Yield curve based
Discount rate	Yield Curve
CPI	Difference between nominal and real yield curve
Normal Salary Increase Rate	Equal to CPI+1%
Net effective discount rate	Yield curve based

Defined contribution plan

Fetakgomo Tubatse Local Municipality

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2018

2017

8. Employee benefit obligations (continued)

Post Employment Medical Aid

It is the policy of the municipality to provide post employment medical aid benefits to all its employees. A post employment medical aid defined contribution provident fund, which is subject to the Pensions Fund Act exists for this purpose. It is the policy of the municipality to provide retirement benefits to all its employees as per employee defined benefits on their specific relevant contracts. The municipality is under no obligation to cover any unfunded benefits.

Discount rate

GRAP 25 defines the determination of the Discount rate assumption to be used as follows: "The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

Statement of Financial Position

The nominal and real zero curves as at 30 June 2018 supplied by the JSE to determine our discount rates and CPI assumptions at each relevant time period was used. For example, a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years.

Medical Aid Inflation

The Medical Aid Contribution Inflation rate was set with reference to the past relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Medical Aid Contribution Inflation for each relevant time period.

South Africa has experienced high health care cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical aid schemes contribution inflation outstripped general CPI by almost 3% year on year. We do not consider these increases to be sustainable and have assumed that medical aid contribution increases would out-strip general inflation by 1% per annum over the foreseeable future.

Average Retirement Age

The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements.

Normal Retirement Age

The normal retirement age (NRA) for all active employees was assumed to be 65 years.

Fetakgomo Tubatse Local Municipality

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Annual Financial Statements for the year ended June 30, 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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8. Employee benefit obligations (continued)

Mortality Rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

Spouses and Dependants

The actuaries assumed that the marital status of members who are currently married will remain the same up to retirement. It was also assumed that 90% of all single employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be five years younger than their male spouses at retirement and vice versa.

LONG SERVICE AWARD

Discount rate

GRAP 25 defines the determination of the Discount rate assumption to be used as follows: "The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve."

Statement of Financial Position

The nominal and real zero curves as at 30 June 2018 supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant time period was used. Previously only one discount rate was used to value all the liabilities.

Net effective discount rate

The Net Effective Discount Rate is different for each relevant time period of the yield curves' various durations and therefore the Net Effective Discount Rate is based on the relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Salary Inflation for each relevant time period.

Normal salary inflation rate

We have derived the underlying future rate of consumer price index inflation (CPI inflation) from the relationship between the (yield curve based) Conventional Bond Rate for each relevant time period and the (yield curve based) Inflation-linked Bond rate for each relevant time period. Our assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 01 July 2017 of 6%. The next salary increase was assumed to take place on 01 July 2018.

9. Inventories

Consumables	1,347,298	1,294,230
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10. Receivables from exchange transactions

Other receivables	13,170	(13)
Traffic licensing debtor	1,337,043	1,337,043
	<u>1,350,213</u>	<u>1,337,030</u>

11. Receivables from non-exchange transactions

Traffic Fines	490,483	782,721
Other receivables	2,994	954,885
	<u>493,477</u>	<u>1,737,606</u>

12. VAT receivable

Fetakgomo Tubatse Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
12. VAT receivable (continued)		
VAT	39,823,212	46,995,006
The VAT is disclosed as a receivable of R39,823,212.		
VAT receivable movement are disclosed in note 45.		
13. Consumer debtors		
Gross balances		
Rates	220,619,279	191,802,510
Refuse	50,711,271	47,429,784
Other	71,257,091	50,741,738
	342,587,641	289,974,032
Less: Allowance for impairment		
Rates	(178,389,960)	(152,230,845)
Refuse	(41,365,589)	(37,559,426)
Other	(58,205,234)	(41,200,547)
	(277,960,783)	(230,990,818)
Net balance		
Rates	42,229,319	39,571,665
Refuse	9,345,682	9,870,358
Other	13,051,857	9,541,191
	64,626,858	58,983,214
Included in above is receivables from exchange transactions		
Refuse	9,345,682	9,870,358
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	42,130,931	39,571,665
Other	13,150,245	9,541,191
	55,281,176	49,112,856
Net balance	64,626,858	58,983,214
Rates		
Current (0 -30 days)	23,282,226	7,501,527
31 - 60 days	3,475,004	9,415,139
61 - 90 days	3,520,834	3,947,155
91 - 120 days	3,057,522	3,897,006
121 - 360 days	68,753,947	43,979,441
> 365 days	118,431,360	123,062,242
	220,520,893	191,802,510
Refuse		
Current (0 -30 days)	2,132,196	1,812,292
31 - 60 days	763,610	2,414,527
61 - 90 days	732,138	1,135,473
91 - 120 days	649,546	1,130,387
121 - 365 days	5,550,873	8,653,961
> 365 days	40,882,908	32,283,143
	50,711,271	47,429,783

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
13. Consumer debtors (continued)		
Other		
Current (0 -30 days)	5,585,941	2,074,029
31 - 60 days	2,044,620	3,630,261
61 - 90 days	2,022,078	1,873,698
91 - 120 days	1,949,642	1,596,123
121 - 365 days	14,493,649	9,903,942
> 365 days	45,259,549	31,663,685
	71,355,478	50,741,738
Reconciliation of allowance for impairment		
Balance at beginning of the year	(230,990,358)	(118,527,460)
Contributions to allowance	(46,969,965)	(112,463,358)
	(277,960,323)	(230,990,818)

Consumer debtors pledged as security

None of the consumer debtors were pledged as security.

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	-	2,551
Bank balances	2,334,204	41,395,627
Other cash and cash equivalents	1,275,175	162,748,666
	3,609,379	204,146,844

The municipality had the following bank accounts

Account number / description	Bank balance June 30, 2018	Cash Book balance 30 June 2018
FNB BANK - CHEQUE ACCOUNT - 565-500-22466	2,446,524	2,466,612
FNB BANK - CALL ACCOUNT - 616-550-0887	78,751	78,751
STANDARD BANK - BUSINESS ACCOUNT - 030164532	944,137	944,137
STANDARD BANK - BUSINESS ACCOUNT - 330062891	139,967	187,485
Total	3,609,379	3,676,985

Impairment of VBS Investments

Full provision was made for the investments in VBS amounting to R243,256,998.07 due to the bank being put under curatorship on 11 March 2018 and the subsequent liquidation of the bank, which makes the recoverability of the amounts invested highly unlikely. Refer to Note 46 for further details.

15. Other financial liabilities

At amortised cost

DBSA LOAN 102904/1&2	11,750,689	12,469,120
Loan 102904/1 - Interest bearing at a rate of 10.415% per annum over a loan period of 20 years.		
Loan 102904/2 - Interest bearing at a rate of 5% per annum over a loan period of 20 years.		

Fetakgomo Tubatse Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
15. Other financial liabilities (continued)		
DBSA LOAN 13585/102		
Loan 13585/102 - Interest bearing at a rate of 5% per annum over a loan period of 20 years.	1,106,714	1,339,111
Total financial liabilities	12,857,403	13,808,231
Total other financial liabilities	12,857,403	13,808,231
Non-current liabilities		
At amortised cost	11,777,501	12,816,906
Current liabilities		
At amortised cost	1,079,902	991,325
16. Finance lease obligation		
Minimum lease payments due		
- within one year	153,790	220,874
- in second to fifth year inclusive	779	2,520
	154,569	223,394
less: future finance charges	(7,469)	(10,666)
Present value of minimum lease payments	147,100	212,728
Present value of minimum lease payments due		
- within one year	147,100	212,728

It is municipality policy to lease plant and equipment under finance leases.

The average lease term was 3-5 years and the average effective borrowing rate was 9.25%.

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 4.

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

MDTG	-	3,584,879
FMG Grant	-	77
EPWP Grant	46,035	46,035
MIG Grant	-	585,523
INEP Electrification Grant	80,000,000	80,000,000
Neighbourhood Development Grant	-	8,544,000
	80,046,035	92,760,514

See note 23 for reconciliation of grants from National/Provincial Government.

18. Provisions

Reconciliation of provisions - 2018

Opening Balance	Additions	Total
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Figures in Rand	2018	2017
18. Provisions (continued)		
Environmental rehabilitation	10,420,008	18,247,059
Leave accrual	11,190,742	14,023,723
	21,610,750	32,270,782
Non-current liabilities	18,247,059	10,420,008
Current liabilities	14,023,723	11,190,742
	32,270,782	21,610,750

Environmental rehabilitation provision

The Fetakgomo Tubatse Municipality landfill site was almost full at 30 June 2018 thus the landfill rehabilitation and closure cost of R8,658,000 as determined by actuaries at 30 June 2018 was recognised in Annual Financial Statements.

The Malogeng landfill site was donated by the Sekhukhune District Municipality to Fetakgomo Tubatse Municipality with the effective transfer date being 01 July 2018. The landfill rehabilitation and closure cost provision for this landfill site was determined by the actuaries to be R9,589,059 as at 30 June 2018.

19. Payables from exchange transactions

Trade payables	109,858,924	27,401,147
Unallocated receipts	400	7,040,146
Accrued bonus	4,106,752	3,729,906
Retention creditors	18,965,896	19,691,782
Other payables	5,074,098	3,681,263
Consumer debtors in credit	6,849,772	6,849,772
	144,855,842	68,394,016

Fetakgomo Tubatse Local Municipality

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Figures in Rand	2018	2017
20. Revenue		
Service charges	17,852,067	14,208,601
Rental of facilities and equipment	347,964	270,704
Interest received (trading)	134,844	-
Licences and permits	10,456,806	7,160,403
Fees earned	452,592	282,230
Rental income	26,476	-
Other income	3,531,349	2,549,175
Interest received - investment	11,936,274	9,039,014
Property rates	129,495,292	94,194,061
Property rates - penalties imposed	19,445,730	13,053,962
Government grants & subsidies	429,294,679	377,036,609
Fines, Penalties and Forfeits	2,487,728	3,213,550
	625,461,801	521,008,31
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	17,852,067	14,208,601
Rental of facilities and equipment	347,964	270,704
Interest received (trading)	134,844	-
Licences and permits	10,456,806	7,160,403
Fees earned	452,592	282,230
Rental income	26,476	-
Other income	3,531,349	2,549,175
Interest received - investment	11,936,274	9,039,014
	44,738,372	33,510,127
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	129,495,292	94,194,061
Property rates - penalties imposed	19,445,730	13,053,962
Transfer revenue		
Government grants & subsidies	429,294,679	377,036,60
Fines, Penalties and Forfeits	2,487,728	3,213,550
	580,723,429	487,498,182
21. Property rates		
Rates received		
Property rates	27,818,984	98,771,155
Commercial	28,031,898	-
State	17,646,256	-
Small holdings and farms	14,162,871	-
Property rates 2	4,028,231	-
Property rates 4	37,807,052	-
Less: income forgone	-	(4,577,094)
	129,495,292	94,194,061
Property rates - penalties imposed	19,445,730	13,053,962
	148,941,022	107,248,023
Valuations		
Residential	2,998,592,000	2,998,592,000
Commercial	2,254,530,000	2,254,530,000

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Figures in Rand	2018	2017
21. Property rates (continued)		
Government	131,026,000	131,026,000
Municipal	88,713,000	88,713,000
Small holdings and farms	1,847,941,000	1,847,941,000
Schools	798,085,000	798,085,000
Mines	676,680,000	676,680,000
Churches	18,440,000	18,440,000
	8,814,007,000	8,814,007,000

Valuations on land and buildings are performed every 4 years. The latest general valuation came into effect on 1 July 2016. The municipality requested an extension the validity of the valuation roll from the office of the MEC of Local Government. The extension was granted. Supplementary valuations are processed on a need basis to take into account changes in individual property values due to alterations and subdivisions.

A general rate is applied to property valuations to determine assessment rates. Rebates of 30% are granted to residential and state property owners.

Rates are levied on an annual basis and paid on monthly basis. Interest at prime plus 1% per annum and a collection fee of is levied on rates outstanding two months after due date.

22. Service charges

Refuse removal	17,852,067	14,208,601
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23. Government grants and subsidies

Operating grants

Equitable share	332,955,879	256,467,000
Municipal Demarcation Transitional Grant	4,566,200	9,843,121
EPWP	1,279,000	2,121,000
FMG	4,045,077	3,635,000
	342,846,156	272,066,121

Capital grants

Municipal Infrastructure Grant	86,448,523	104,970,488
	86,448,523	104,970,488
	429,294,679	377,036,609

Equitable Share

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

All registered indigents receive 100% subsidy on a monthly basis for rates and refuse, which is funded from the grant.

MDTG

Balance unspent at beginning of period	3,584,879	5,372,000
Current-year receipts	4,566,200	8,056,000
Conditions met - transferred to revenue	(4,566,200)	(9,843,121)
Balance Returned to National Treasury	(3,584,879)	-
	-	3,584,879

Conditions still to be met - remain liabilities (see note 17)

FMG

Balance unspent at beginning of period / Merger	77	77
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Fetakgomo Tubatse Local Municipality

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Annual Financial Statements for the year ended June 30, 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
23. Government grants and subsidies (continued)		
Current-year receipts	4,045,000	3,635,000
Conditions met - transferred to revenue	(4,045,077)	(3,635,000)
	-	77

Conditions still to be met - remain liabilities (see note 17)

The grant is used to cater for the finance management interns, their training and any other financial management reforms.

EPWP

Balance unspent at beginning of period / Merger	46,035	46,035
Current-year receipts	1,279,000	2,121,000
Conditions met - transferred to revenue	(1,279,000)	(2,121,000)
Balance returned to National Treasury	(46,035)	-
	-	46,035

Conditions still to be met - remain liabilities (see note 17)

The grant is used for salaries of employees for the Extended Public Works Programme.

MIG

Balance unspent at beginning of period / Merger	585,523,796,013	
Current-year receipts	85,863,000	110,885,000
Conditions met - transferred to revenue	(85,863,000)	(104,970,490)
Amount paid to Treasury		-(24,125,000)
Approved Rollover	(585,523)-	
	-	585,523

Conditions still to be met - remain liabilities (see note 17)

This grant is for the implementation of projects approved by MIG.

INEP

Balance unspent at beginning of year	80,000,000	-
Current-year receipts	-	80,000,000
	80,000,000	80,000,000

Conditions still to be met - remain liabilities (see note 17).

Neighbourhood Development Grant

Balance unspent at beginning of year	8,544,000	-
Current-year receipts	-	8,544,000
Balance returned to National Treasury	(8,544,000)	-
	-	8,544,000

Conditions still to be met - remain liabilities (see note 17).

Fetakgomo Tubatse Local Municipality

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Figures in Rand	2018	2017
24. Other revenue		
Fees earned	452,592	282,230
Rental income - third party	26,476	-
Fines, Penalties and Forfeits	2,487,728	3,213,550
Other income	3,531,349	2,549,175
Licences and permits	10,456,806	7,160,403
	16,954,951	13,205,358
25. Other income		
Outdoor Advertisement	68,181	2,142,274
Sundry Income	3,463,168	406,901
	3,531,349	2,549,175
26. General expenses		
Allowances traditional leaders	241,500	368,751
Advertisements	1,175,059	854,729
Auditors remuneration	7,975,656	7,429,629
Bank charges	474,405	1,568,595
Consulting and professional fees	14,480,864	650,772
Debt collection	-	589,578
Entertainment	1,326,066	687,764
Hire	2,375,859	-
Insurance	2,463,781	1,192,004
IT management	10,734,364	8,467,088
Promotions and sponsorships	1,653,558	364,370
Magazines, books and periodicals	427,245	293,322
EPWP - Implementation of grant	1,858,538	2,632,025
Fuel and oil	3,654,514	963,892
Printing and stationery	2,381,254	984,664
Protective clothing	237,698	63,645
Royalties and license fees	63,203	17,643
Occupational health and safety	347,662	343,128
Employee wellness	208,860	98,460
Subscriptions and membership fees	97,048	3,390,087
Telephone and fax	2,743,940	1,845,091
Training	2,163,877	2,215,743
Travel - local	10,154,759	7,571,369
Refuse	932,025	48,246
Special programs	4,748,075	6,957,603
Ward committee	6,047,086	2,963,497
Skills development program	-	1,186,513
Implementation of FMG grant	1,923	1,865,087
Other expenses	25,987,958	19,910,009
Rent of equipment and offices	472,130	675,203
	105,428,907	76,198,507
27. Employee related costs		
Basic	103,415,054	74,659,248
Medical aid - company contributions	6,665,727	6,104,115
UIF	653,899	515,337
Industrial council levy	33,581	31,317
Skills development levy	773,748	1,156,476
Leave pay provision charge	4,374,760	1,029,533
Other short term costs	58,800	-

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Figures in Rand	2018	2017
27. Employee related costs (continued)		
Defined contribution plans	18,052,198	13,698,389
Travel, motor car, accommodation, subsistence and other allowances	711,374	-
Overtime payments	3,379,301	2,337,558
Long-service bonus provision	74,364	775,099
13th Cheques	3,355,745	6,269,628
Acting allowances	331,506	22,537
Car allowance	16,326,363	13,665,105
Housing benefits and allowances	1,375,745	1,220,918
Telephone allowance	1,905,098	1,349,186
Other allowance	7,391	86,575
Standby allowance	47,893	-
Post Employment Health Care Benefit Current Cost	4,052,615	1,226,147
	165,595,162	124,147,169
Remuneration of Municipal Manager		
Salary	237,489	800,091
Leave Pay	221,185	-
Car allowance	73,486	213,548
Telephone allowance	7,411	38,695
Travel claim	25,812	115,249
Subsistence allowance	640	1,734
Housing allowance	-	168,523
Remote Allowance	12,458	50,759
Refund	664	-
	579,145	1,388,599
Remuneration of Chief Finance Officer		
Salary	705,550	601,591
Acting allowances	55,733	-
Telephone allowance	29,400	26,167
Car Allowance	302,130	256,111
Travel claim	3,813	6,528
Subsistence Allowance	-	774
Remote Allowance	40,914	34,376
Backpay	13,297	-
Refund	1,196	-
	1,152,033	925,584
Remuneration of Municipal Manager (Former FTM)		
Salary	-	890,380
Car Allowance	-	7,928
Telephone Allowance	-	16,842
Travel Claim	-	11,142
Subsistence Allowance	-	1,380
Leave pay	-	169,928
	-	1,097,600
Remuneration of Deputy Chief Finance Officer		
Salary	908,260	867,924
Car Allowance	163,483	137,871

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Figures in Rand	2018	2017
27. Employee related costs (continued)		
Telephone Allowance	29,400	21,474
Travel Claim	5,538	45,094
Subsistence Allowance	990	6,785
Housing Allowance	-	-
Reallocation	-	72,607
Bonus	77,229	-
Backpay	18,488	-
	1,203,388	1,151,755
Director Regional Office		
Salary	103,223	-
Car Allowance	28,000	-
Housing Allowance	7,323	-
Travel Claim	3,324	-
Telephone Allowance	4,900	-
Remote Allowance	5,898	-
	152,668	-

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Figures in Rand	2018	2017
27. Employee related costs (continued)		
Remuneration of Corporate and Human Resources (Corporate Services)		
Salary	666,525	748,466
Housing Allowance	91,451	-
Car Allowance	116,646	65,106
Leave pay	178,249	-
Telephone allowance	24,500	21,000
Travel claim	15,907	12,147
Subsistence allowance	854	91,508
Reallocation Allowance	-	61,355
Bonus	66,125	-
Backpay	17,561	-
Remote Allowance	23,219	-
	1,201,037	999,582

The Director Corporate Service Mr Phasha I, his contract expired in November 2017, however he was reappointed on the same position in January 2018.

Remuneration of Community Services

Salary	680,262	782,873
Car Allowance	172,734	190,894
Travel claim	59,142	38,209
Subsistence allowance	1,006	8,259
Telephone allowance	22,050	26,160
Remote Allowance	39,172	39,017
Backpay	16,300	-
Leave Pay	173,665	-
Acting Allowance	125,460	-
Refund	1,390	-
	1,291,181	1,085,412

The Director Community Service NP Busane, resigned in March 2018. In April 2018 she was appointed as Municipal manager.

Remuneration of Director Technical Services

Salary	670,971	-
Backpay	16,431	-
Housing Allowance	75,333	-
Car Allowance	87,000	-
Telephone allowance	-	-
Travel claim	7,225	-
	856,960	-

Mr Gabaganenwe LT, Director: Technical Services was appointed in July 2017.

The position has been vacant during the reporting period.

Remuneration of Director Economic and Planning

Salary	283,368	753,420
Bonus	55,692	-
Car Allowance	41,667	178,251
Backpay	19,630	-
Telephone allowance	12,250	26,160

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Figures in Rand	2018	2017
27. Employee related costs (continued)		
Travel claim	1,021	8,419
Housing allowance	-	61,774
Leave pay	152,295	-
Subsistence Allowance	976	-
Remote Allowance	13,979	-
	580,878	1,028,024

The Director Economic and Planning, Ms Peu LC was appointed in November 2014 and resigned in December 2017. Mr Mokgotho was acting in this position from January 2018 to June 2018.

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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27. Employee related costs (continued)

Remuneration of Chief Operating Officer

Relocation Allowance	101,525	-
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The Chief Operating Officer, Mr Matumane ND was appointed in December 2013 and his contract expired in April 2017, however the relocation allowance was paid to the former director, in July 2017. This position was scrapped as from May 2017.

Remuneration of Director Development and Planning

Salary	137,153	576,221
Car Allowance	22,528	116,072
Telephone allowance	4,900	22,61
Housing Allowance	6,469	-
Travel claim	-	-
Subsistence Allowance	-	31,598
Reallocation Allowance	-	4,697
Remote Allowance	-	55,692
Bonus	2,949	17,101
Leave Pay	70,113	-
	104,355	-
	348,467	824,042

Ms Monyepao A. was appointed in August 2012 and resigned in July 2017. Mr Mathebula was acting in this position from December 2017 to February 2018 and also from March 2018 May 2018 and was appointed to the position of Director: Development and Planning in June 2018.

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Figures in Rand	2018	2017
28. Remuneration of councillors		
Mayor	867,245	728,034
Mayoral Committee Members	4,791,248	-
Speaker	817,098	682,110
Chief Whip	721,860	581,473
Councillors	24,539,448	21,366,340
	31,736,899	23,357,957
In-kind benefits		
The Mayor, Speaker and Chief Whip are full time and provided with office space and secretarial support at the cost of the Council.		
The executive committee consists of full time and part time members.		
The Mayor has the right of use of a municipal vehicle including a driver.		
Remuneration of Mayor		
Car allowance	206,633	175,588
Cellphone allowance	40,800	25,682
Salary	-	526,764
Bonus	619,811	-
	867,244	728,034
Remuneration of Speaker		
Car allowance	165,282	140,470
Telephone allowance	40,800	25,682
Travel claim	115,169	71,581
Subsistence allowance	-	960
Salary	495,847	443,417
	817,098	650,515
Remuneration of Chief Whip		
Car allowance	154,953	133,748
Telephone allowance	40,800	20,343
Travel claim	61,249	25,259
Subsistence allowances	-	880
Salary	464,858	401,243
	721,860	581,473
Remuneration of Councillors		
Car Allowance	3,719,217	-
Cellphone allowance	2,316,717	-
Acting Allowance	13,796	-
Travel Claim	2,607,144	-
Salary and allowances	15,882,574	21,366,340
	24,539,448	21,366,340
29. Investment revenue		
Interest revenue		

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Figures in Rand	2018	2017
29. Investment revenue (continued)		
Bank	931,973	1,036,231
Interest on investment	11,004,301	8,002,783
	11,936,274	9,039,014
	11,936,274	9,039,014
30. Depreciation and amortisation		
Property, plant and equipment	113,703,937	95,788,370
Other asset 1	289,348	-
	113,993,285	95,788,370
31. Finance costs		
Non-current borrowings	-	1,130,600
Finance leases	10,343	-
Current borrowings	997,188	951,258
Other interest paid	205,243	585,472
	1,212,774	2,667,330
32. Auditors' remuneration		
Fees	6,374,398	6,862,466
Consulting	839,878	1,550
Audit committee	761,380	565,613
	7,975,656	7,429,629
33. Rental of facilities and equipment		
Premises	347,964	270,704
Premises	347,964	270,704
Garages and parking	-	-
Facilities and equipment	-	-
34. Contracted services		
Professional services	-	8,238,676
Cash collection cost	655,135	127,100
Specialist Services	6,734,023	7,187,507
Security and Other Contracted Services	43,368,902	35,442,213
	50,758,060	50,995,496
35. Grants and subsidies paid		
Other subsidies		
Free Basic Electricity	8,086,807	5,465,250
36. Cash generated from operations		

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Figures in Rand	2018	2017
36. Cash generated from operations (continued)		
Deficit	(273,311,993)	(14,175,812)
Adjustments for:		
Depreciation and amortisation	113,993,285	95,788,370
Fair value adjustments	-	(23,129,000)
Finance costs	(1,212,773)	(1,536,730)
Debt impairment / (Reversal of Impairment)	(63,882,655)	116,333,927
Movements in provisions	5,439,790	1,130,599
Actuarial gains/losses	1,268,160	(787,095)
Current service cost	(2,337,248)	2,180,246
Interest cost on employee benefits	(2,401,268)	1,693,473
Provision for leave	(2,832,981)	1,029,533
Changes in working capital:		
Inventories	56,238	(197,295)
Receivables from exchange transactions	511,493	(10,495,012)
Other receivables from non exchange transaction	(4,924,191)	(52,971,060)
Payables from exchange transactions	(457,312)	(34,699,201)
VAT	7,171,793	(23,966,449)
Unspent conditional grants and receipts	(12,714,479)	68,592,502
Impairment of investments	243,169,120	-
	7,534,979	124,790,996

37. Contingent Assets and Liabilities

Contingent assets

LIM476 vs Mphaphuli Consulting (Pty) Ltd

The municipality has taken legal action and is in the process of seeking to recover money that was paid to Mphaphuli Consulting (Pty) Ltd regarding the electrification of villages. The SIU has taken over the case and summons have been issued to Mphaphuli Consulting (Pty) Ltd.

The possible financial exposure is R76 462 807.89.

Contingent liabilities

The following are the Contingent liabilities assumed:

1	Mopicon Costruction VS GTM . The Contractor (Mopicon Construction) was appointed to construct the Burgersfort Main Road which the contractor failed to do. He was eventually terminated for poor performance. The contractor then sued the Municipality for R2,000,000 for breach of contract. The possible financial exposure is R2,571,001	2,571,001	2,571,001
3	Loncon Developments (Pty) Ltd vs GTM. Loncon is suing the Municipality for failing to protect a land which was reserved for RDP Houses construction which land was invaded by squatters. They are suing for specific performance i.e for R89 million or alternatively availing land of the same value to them. The possible financial exposure is R89 million.	89,000,000	89,000,000
4	Thushanang Construction vs GTM. The Municipality is sued for R615,000.00 by Thushanang Construction who claimed that the Municipal officials instructed him to proceed with the construction of Praktiseer Stadium and budget allocation will follow later. When budget allocation did not materialize the Thushanang Construction sued the Municipality for incurring extra costs without reimbursement. The possible financial exposure is R614 919.	615,000	764,919
-	FM MAJuleka Inc vc FTM. Claim for legal costs in the matter of Mphaphuli COnsulting. The municipality disputes the claim and Maluleka served summons even before bill could be taxed.	878,494	-

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Figures in Rand	2018	2017
37. Contingent Assets and Liabilities (continued)		
5 Puladitsela Consulting v GTM. The consultant was appointed by the GTM for planning, design and implementation of electrification on several villages within the GTM. They claim that the Municipality is using their designs for implementation of Operation Mabone. The claim amount is R95m. The possible financial exposure is R9.5m.	95,000,000	95,500,000
6 Limpopo Road Binders vs GTM. Case relating to a cession agreement, the matter is currently postponed. The amount claimed is R376,148. The matter is being financed by COGHSTA. The possible financial exposure is R376 147.	-	376,147
7 Amelia Mashego vs GTM. Case relating to an offer of employment, the matter is currently postponed. The amount claimed is R2,8million. The matter is being financed by COGHSTA. The possible financial exposure is R2 958 000.	-	2,958,000
8 Sebesho Calphus vs Greater Tubatse . Dispute regarding contract of employment. Trial date is awaited. The possible financial exposure is R754,706.	754,706	1,044,706
9 Edward Maleni Property Consultants vs FLM. A dispute by Edward Maleni Property Consultants has been raised against the municipality to the value of R2, 591, 350 for failure to make payment for services rendered. The municipality denies the liability and counterclaim amount paid for services not rendered. The dispute is still in progress. The possible financial exposure is R2, 591, 350.	2,591,350	2,591,350
11 Bernard Nchabeleng vs FLM. Bernard Nchabeleng claims an amount of R590, 000 against the municipality for land. The matter is still in progress. The possible financial exposure is R590, 000	590,000	590,000
12 . Mathibe Benedict vs FLM. Mathibe Benedict Mamogolo instituted a claim against the municipality for failure to effect payment after designing the logo for the municipality, the claim is estimated to be R1, 000,000. Council resolved that a new logo be designed. The municipality is still awaiting further action from claimant. The possible financial exposure is R1, 000,000.	-	1,000,000
13 MAMS Architecture vs FLM. MAMS Architecture alleges that upon completion of the project the full payment was not effected. The claim against the municipality is to the value of R157, 603. A letter of demand has been issued but legal proceedings have not yet been instituted. The possible financial exposure is R157, 603.	157,603	157,603
14 GTM vs Mosoma O.N. The Municipality dismissed the former Supply Chain Manager sequel being fingered in the Mapotene Forensic report. He challenged his dismissal which was later confirmed by the arbitration. He has since approached the Labour Court on review to set aside his dismissal. The possible financial exposure is R1 319 798.	1,319,798	1,919,798
16 E.H Hassim vs FT-GTM. E.H Hassim alleges that the unsigned cession agreement between him and the main contract should be executed by the municipality. The financial exposure is R1 034 618	1,034,619	1,834,618
18 GTM vs Marathi Inc. The main contractor appointed by GTM failed to pay their subcontractor and the subcontractor obtained judgment against GTM. The financial exposure is R453 720	614,214	653,720
	195,126,785	200,961,862

38. Commitments

Authorised capital expenditure not completed

Already contracted for but not provided for

*Capital expenditure

81,531,240 56,410,505

Total capital commitments

Already contracted for but not provided for

81,531,240 56,410,505

Authorised operational expenditure

Already contracted for but not provided for

*Operational expenditure

48,229,943 49,279,466

Total operational commitments

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
38. Commitments (continued)		
Already contracted for but not provided for	48,229,943	49,279,466
Total commitments		
Total commitments		
Authorised capital expenditure	81,531,240	56,410,505
Authorised operational expenditure	48,229,943	49,279,466
	129,761,183	105,689,971

This committed expenditure relates to plant and equipment and will be financed by existing cash resources and grants.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	25,403,069	17,247,040
- in second to fifth year inclusive	25,274,327	47,417,385
	50,677,396	64,664,425

LIM 476 Local Municipality leases a building from Tubatse Properties (Pty) Ltd for a period of 10 years, effective from 1 July 2010. The lease payment is R877 800 per month with an annual escalation of 10%. No contingent rent is payable. The lease agreement is not renewable at the end of the lease term.

39. Prior period errors

1. Long overdue government debtors were not provided for in the 2016-17 financial year, resulting in understatement of provision for doubtful debt and debt impairment expense by R136 705 904.
2. Retention liability was understated by R1,753,385 in 2017.
3. Consumable stock was understated by R24,441 in 2017.
4. 2018 unallocated deposits liability was overstated by R343,872.
5. 2017 Output VAT was understated by R958,494.

Receivables from exchange transactions (Provision for Doubtful debt)- adjustment to account for debt impairment for government debtors	(136,705,904)
Payables from exchange transactions- adjustment for understatement of retention liability	-
Inventories-adjustment for undersatement of inventory	(1,753,385)
Payables from exchange transactions- adjustment for overstatement of unallocated deposits liability	-
VAT - Adjustment for understatement of 2017 output VAT.	24,441
	343,872
	-
	958,494
Statement of Financial Performance	
Debt impairment expense- Adjustment to account for debt impairment for government debtors	-
	136,705,904

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2018

2017

40. Comparative figures

No comparative figures have been presented as these are the first annual financial statements of the entity.

41. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

Liquidity risk

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial Instrument	2018	2017
Receivables from exchange transactions	2,716,400	1,337,031
Receivables from non-exchange transactions	26,769,762	1,737,606
Consumer debtors	62,799,375	58,983,214
Cash and cash equivalents	252,960,164	208,340,741

42. Going concern

The following material concerns on the going concern assessment of the municipality which were noted in the 2017-2018 financial year¹.

Material investments in VBS Mutual Bank amounting to R243,169,119.51 were rendered irrecoverable as the bank was placed under Curatorship in March 2018 and was later liquidated, consequently affecting the liquidity position of the municipality and negatively its ability to perform its mandate of service delivery.

2. Huge negative difference between the current assets and current liabilities, resulting in difficulties in paying obligations as they fall due.
3. Inability to pay creditors on time, creditors payment period way above the stipulated 30 days period.
4. Realisation of a deficit in the current year statement of financial performance

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42. Going concern (continued)

5. Difficulties in recovering amounts owed to the municipality leading to the impairment of material amounts owed

Despite the above-mentioned issues the annual financial statements have been prepared on the basis of accounting policies applicable to a going concern as the municipality is a Government Institution and plans are afoot to place it under Provincial Administration to ensure recovery from the current negative financial position. It is assumed that with the Provincial intervention and recovery plan 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.

43. Fruitless and wasteful expenditure

Opening balance	8,759,298	7,544,138
Incurred during current year	1,787,436	3,064,485
Less: Amount written-off by Council	-	(1,849,325)
	10,546,734	8,759,298

Council has referred this amount to the MPAC for investigation and subsequent ratification.

44. Irregular expenditure

Opening balance / Merger	114,103,302	195,680,789
Expenditure incurred current year	77,305,102	56,241,875
Less: Amount written-off by Council	-	(137,819,362)
	191,408,404	114,103,302

The amounts disclosed above are inclusive of VAT.

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings
Mascom Trading - Contract Extension, New Tender at Currently under investigation evaluation stage	300,960
Mascom Trading - Contract Extension, New Tender at Currently under investigation evaluation stage	342,960
Yola Consulting Currently under investigation	465,884
Adv Tshifwa Tshitereke-Legal services(old case,before Current appointment of a panel of attorneys)	80,000
Boyane Chemicals-Contract Extension. Tender processes were still underway	187,972
Brown Dogs Security Services Currently under investigation	
Mascom Trading CC Currently under investigation	6,988,780
Nashua Currently under investigation	1,244,880
Marsch Currently under investigation	67,173
Born to Protect Currently under investigation	990,843
Mabotwane Security Currently under investigation	6,564,232
Colmab Currently under investigation	7,527,606
Engnet Currently under Investigation	1,549,393
Sejagobe Currently under Investigation	1,318,752
Mont Consulting Currently under Investigation	1,362,243
Stone Found Engineering Currently under investigation	1,229,819
FM Maluleka Currently under investigation	6,234,870
Noko Maimela Currently under investigation	804,192
Raphela Inc Currently under investigation	289,178
Machaba Inc Currently under investigation	420,890
Exagystics Currently under Investigation	455,704
Loge construction -Dithamaga Currently under Investigation	289,576
Loge construction-Tjate Currently under Investigation	6,389,313
Bauba Marumo Currently under Investigation	8,088,030
Loge Construction - Bothashoek Access Road Currently under Investigation	4,748,504
	12,905,435

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44. Irregular expenditure (continued)

Focus Outsourcing	Currently under Investigation	275,530
Mascon Trading	Currently Under Investigation	342,960
Ingwe Waste Management	Currently Under Investigation	5,839,424
		77,305,103

45. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Current year fee	7,509,462	7,963,703
Amount paid - current year	(7,509,462)	(7,963,703)

SALGA Fees

Current year subscription / fee	2,011,814	1,338,704
Amount paid - current year	(2,011,814)	(1,338,704)

PAYE and UIF

Current year subscription / fee	11,089,603	24,075,366
Amount paid - current year	(11,089,603)	(24,075,366)

Pension and Medical Aid Deductions

Current year subscription / fee	26,161,143	35,269,224
Amount paid - current year	(26,161,143)	(35,269,224)

VAT receivable

Opening balance / Merger	46,995,006	16,482,401
Total claimed from SARS during the year	33,268,970	40,381,856
Total amount received during the year	(40,440,764)	(9,869,251)
	39,823,212	46,995,006

All VAT returns have been submitted by the due date throughout the year. The municipality is registered on the cash basis and the timing of payments to/from SARS is at the end of each month.

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

Emergency expenditures	2,561,334	999,891
Sole suppliers	51,816	832,085
Exceptional expenditures	647,574	8,818,043
	3,260,724	10,650,019

Councillors' arrear consumer accounts

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

The following Councillors had arrear accounts on June 30, 2018 .

June 30, 2018

	Outstanding more than 30 days	Total
Councillor M P Makine	1,912	1,912
Councillor I T Makofane	31,205	31,205
	33,117	33,117

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46. Other financial assets

Impairment of VBS Investments

At beginning of the year	72,347,736	-
Add: Capital invested during the year	160,000,000	70,000,000
Add: Interest earned during the year	10,909,262	2,347,736
Less: Provision Impairment	(243,256,998)	-
	-	72,347,736

Full provision was made for the investments in VBS due to the bank being put under curatorship on 11 March 2018 and the subsequent liquidation of the bank, which makes the recoverability of the amounts invested highly unlikely.

47. Debt impairment

Contributions to debt impairment provision	46,969,966	113,244,634
Traffic debtors written off	2,436,291	-
Bad debts written off	14,476,399	-
	63,882,656	113,244,634

48. Fair value adjustments

Investment property (Fair value model)	-	23,129,000
Other financial liabilities	-	-
*Other financial assets (Held for trading)	-	-
*Fair value through profit or loss	-	-
	-	23,129,000

49. Impairment of assets

Impairments

Other receivables from exchange revenue	-	3,089,294
- Impairment relates to sundry debtors that are not deemed recoverable within next financial year.	-	3,089,294
	-	-

50. Bulk purchases

Water	-	153,957
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51. Decommissioning, restoration and environmental rehabilitation funds

The entity is a contributor to the following fund(s): Fund 1 and Fund 2.

52. Related parties

Relationships

Directors

Refer to note 27

Councillors

Refer to note 28

The Directors and Councillors are related parties and their transactions are included in note 27 and 28. The municipality has various processes in place to identify and note any related party transactions. These processes range from disclosure by bidders on the bid documents (MBD4) to maintenance of a conflict of interest register. For councillors, the disclosure register is kept in the Office of the Speaker whilst for other senior managers it is kept by the Corporate Services Directorate.

Councillors and Directors are related parties and their transactions are included in the notes to the financial statements.

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52. Related parties (continued)

Compensation to director and other key management

Defined contribution plans

92,697	-
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53. Unauthorised expenditure

Opening balance

3,221,843	91,866,608
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Incurred current year

297,671,926	-
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Written off by Council

-	(88,644,765)
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Transfer to receivables for recovery

-	-
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300,893,769	3,221,843
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Included in the amount incurred in current year is the full provision made for the investments in VBS amounting to R243,256,998.07 due to the bank being put under curatorship on 11 March 2018 and the subsequent liquidation of the bank, which makes the recoverability of the amounts invested highly unlikely. Refer to Note 46 for further details.

5.2. Financial Performance of Operational Services

Table /Figure 37: Financial Performance of Operational Services

Description	2017/18		2017/18 Variance	
	Original budget	Adjusted budget	Actual	Final Budget
Operational Costs				
Corporate service Administration	126 443 917	135 595 575	123 114 853	91%
Municipal Manager administration	24 739 594	26 578 701	16 763 735	63%
Finance administration	169 559 183	144 039 309	108 163 348	64%
Technical Services administration	108 026 295	160 902 639	124 448 972	77%
Community services administration	77 105 704	83 823 725	74 673 696	89%
Local Economic Development and Tourism	8 498 045	9 092 908	6 785 185	75%
Development Planning	21 457 236	23 033 859	9 883 607	43%
Executive Support	38 417 143	47 561 403	42 128 318	89%
Total	574 247 117	630 628 119	505 961 714	80%

5.3. Grants

Table/figure 38: Grants

Descriptions	2016/17			2016/17 variance	
	Original budget	Adjustment budget	Actual	Final Budget	Original Budget
<u>Operational transfers and grants</u>					
Equitable Share	320,902,000.00	320,902,000.00	332 955 879	104%	104%
Municipal system improvement	N/A	N/A	N/A	N/A	N/A
MIG	85,863,000.00	85,863,000.00	85 863 000	100%	100%
INEP	N/A	N/A	N/A	N/A	N/A
Finance management grant	4,045,000.	4,045,000.00	4 045 077	100%	100%
EPWP	1,279,000.	1,279,000.00	1 279 000	100%	100%

Descriptions	2016/17			2016/17 variance		
	Original budget	Adjustment budget	Actual	Final Budget	Original Budget	
MDTG	4,566,000.00	4 566 000	4 566 200	100%	100%	
Total	416 655 000	416 655 000	428 709 156	104%	104%	

5.4. Asset Management

Table/Figure 39: Asset management

Asset 1			
Name	Tjate Access Bridge		
Description	Construction of Access Bridge at Tjate		
Asset Type	Roads Infrastructure		
Key Staff Involved	PMU manager		
Staff Responsibilities	Monitoring of implementation and compliance		
Asset value	2017/18	2018/19	2019/20
	R10 208 245	R5 000 000	R0.00
Capital Implications	MIG		
Future Purpose of Asset	Improve road condition and viable Economy		
Describe Key Issues	Improve road condition		
Policies in Place to Manage Asset	Repair and Maintenance		

Asset 2			
Name	Tubatse High mast lights		
Description	Installation of High mast lights in the strategic area in the Municipality		
Asset Type	Provision of High mast lights		
Key Staff Involved	PMU manager		
Staff Responsibilities	Monitoring of implementation and compliance		
Asset value	2017/18	2018/19	2019/20

	R2 500 000	R15 000 000	R10 927 979.24
Capital Implications	MIG		
Future Purpose of Asset	Crime prevention strategy		
Describe Key Issues	Crime prevention		
Policies in Place to Manage Asset	Repair and Maintenance		

Asset 3			
Name	Bothashoek Access roads		
Description	Construction of access road at Bothashoek		
Asset Type	Upgrading road Infrastructure		
Key Staff Involved	PMU manager		
Staff Responsibilities	Monitoring of implementation and compliance		
Asset value	2017/18	2018/19	2019/20
	R13 983 817	R5 000 000	R0.0
Capital Implications	MIG		
Future Purpose of Asset	Improve road condition and viable Economy		
Describe Key Issues	Improve road condition and viable Economy		
Policies in Place to Manage Asset	Repair and Maintenance		

Asset 4			
Name	Dithamaga Access bridge		
Description	Construction of access bridge at Dithamaga		
Asset Type	Upgrading road Infrastructure		
Key Staff Involved	PMU manager		
Staff Responsibilities	Monitoring of implementation and compliance		
Asset value	2017/18	2018/19	2019/20
	R7 317 694.55	R0.00	R0.00
Capital Implications	MIG		
Future Purpose of Asset	Improve road condition and viable Economy		
Describe Key Issues	Improve road condition and viable Economy		
Policies in Place to Manage Asset	Repair and Maintenance		

Asset 5			
Name	Motodi Sport Complex		
Description	Construction of sport complex at Ga - Motodi		
Asset Type	Sport and recreation		
Key Staff Involved	PMU manager		
Staff Responsibilities	Monitoring of implementation and compliance		
Asset value	2017/18	2018/19	2019/20
	R2 500 000	R5 222 343.69	R12 982 232.17

Capital Implications	MIG
Future Purpose of Asset	Improve recreation in the municipality
Describe Key Issues	Improve sport activities and recreation in the municipality
Policies in Place to Manage Asset	Repair and Maintenance

5.5. Repair and Maintenance

The repair and maintenance budget for 2017/18 financial year was 111 872 065 and the end of the financial year 50 099 473 was spent. The table below depicts the picture.

Table/figure 40: Repair and maintenance

Descriptions	2017/18			2017/18 variance
	Original Budget	Adjusted Budget	Actual	Variance
Repair and Maintenance	72 748 417,25	111 872 065	59 565 800	53%

5.6. FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

5.6.1. Liquidation Ratio

Liquidity ratio measures the ability of the municipality to convert its assets into cash to service its daily obligations. The higher the ratio, the higher is the ability of the municipality to convert its assets into cash for its daily obligations. In 2017/18 financial year the municipality had a liquidation ratio of 4

5.6.2. Total Outstanding Service Debtors' ratio

This ratio measures the ability of the municipality/institution to produce enough cash to cover its debts. The higher the ratio is, the easier is it for the institution to obtain loan. A ratio lower than 1.0 indicates that the institution does not have enough cash flow to cover loan payments. The service debtors ratio for 2017/18 financial year is 1.68

5.6.3. Employee Cost

The budget for employee cost of the municipality for the financial year under review was R184 128 979 and when the financial year ended R164 481 572 (89%) was spent.

5.6.4. Repair and Maintenance

The municipality budgeted R111 872 065 for repair and maintenance and when the financial year ended R59 565 800 (53%) was spent.

Component B: Spending against Capital Budget

The chart below compares the capital and operational expenditures of the municipality in 2017/18 financial years.

Figure/table 41: Capital expenditure v/s operational expenditure

Expenditure Type	% of Expenditure Budget	Original Budget	Adjustment Budget	Un-audited Full Year Total
Capital Expenditure	21%	154 438 401	196 671 772	196 671 772
Operating Expenditure	79%	574 247 117	600 896 013	600 896 013
Total expenditure	100%	728 685 518	797 567 785	797 567 785

5.7. Capital Spending on Five Largest Projects

Table/Figure 42: Capital spending on five largest projects

projects names	2017/18 financial year			Variance 2017/20178	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A – Dithamaga Access Bridge	7 317 694	5 962 407	6 115 686	84%	103%
B – Lefahla Access Bridge	1 500 000	4 500 000	444 611	30%	10%
C – Ga – Malwane Access bridge	14 500 000	14 500 000	8 850 214	61%	61%
D – Morokadieta Access Bridge	8 900 000	5 765 491	6 426 251	72%	111%
E – Tjate Access bridge	10 208 245	7 708 246	8 850 214	87%	115%

Name of Project - A	Dithamaga Access Bridge
Objective of Project	Improve connectivity between villages
Delays	None
Future Challenges	None
Anticipated citizen benefits	120 000

Name of Project - B	Iefahla Access bridge
Objective of Project	Improve connectivity between villages
Delays	None
Future Challenges	None anticipated
Anticipated citizen benefits	600

Name of Project - C	Ga – Malwane Access bridge
Objective of Project	Improve connectivity between villages
Delays	None
Future Challenges	None
Anticipated citizen benefits	600

Name of Project - D	Morokadieta Access bridge
Objective of Project	Improve connectivity between villages
Delays	none
Future Challenges	none
Anticipated citizen benefits	2348

Name of Project - E	Tjate Access bridge
Objective of Project	Improve connectivity between villages
Delays	None
Future Challenges	None
Anticipated citizen benefits	6900

5.8. Basic Service and Infrastructure Backlog – Overview

5.8.1. Introduction

As indicated in the overview in chapter 01 of this report, the municipality does not have authority to provide most of basic services. The table below highlights the status of basic service delivery in Fetakgomo Tubatse local municipality.

Table/figure 43: Service Delivery Backlog

No	Services	Access/connected	No Access/connection	% Access/connected
1.	Water (Pipe water)	58 255HH	67 208HH	46%
2.	Sanitation (Flushing toilets)	98 231HH	111 661HH	47%
3.	Electricity	107 770HH	17 692HH	87%
4.	Refuse Removal (at least once a week)	12 095HH	113 266HH	10%
5.	Housing (Formal)	107 477HH	17 976HH	87%

Source: FGTM IDP 2017/18

5.8.2. 2016/17 MIG spending

The table below depicts the municipal spending on MIG.

Table/Figure 44: MIG spending

NO	Project Description	Household benefited	Status	Expenditure
1.	Radingwana sport complex	3200	95%	R583 044
2.	Mapodile sport complex	2409	0%	R0.00
3.	Motodi sport complex	1500	0%	R165 958
4.	Tubatse high mast light	2300	0%	R3 248 472
5	Dithamaga Access Bridge	2139	Project completed	R6 115 686
6.	Tjate Access Bridge	3420	Project completed	R 8 850 214
7.	Bothashoek access road	4300	Project completed	R12 792 728
8.	Tukakgomo Access road	2349	45%	R4 118 251
9.	Lefahla Access bridge	600	40%	R444 611
10.	Thokwane Access road	6702	Project completed	R13 031 350
11.	Leboeng Access road	2496	38%	R6 036 345
12	Ga- Malwane Access bridge	2347	Project completed	R8 850 214

N0	Project Description	Household benefited	Status	Expenditure
13	Morokadieta Access Bridge	2345	Project completed	R6 426 251
14	Nchabeleng/Nkwan a/Seroka/strydkra al internal street	4321	Service provider appointed	R0.00
15	Magakala to Magotwana internal street	4562	0%	R0.00
16	Fetakgomo municipal facilities internal street	4356	Service provider appointed	R0.00
17	Mashung internal street	2314	0%	R0.00
18	Construction of Praktiseer storm water drainage	3421	0%	R0.00

COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENT

5.9. Cash flow

Table/Figure 45: cash flow management

Description	2017/18		
	Original budget	Adjusted budget	Actual
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services	45 035 162	45 034 752	27 918 105
Grants	362 478 300	423 576 000	433 732 848
Interest received	11 518 792	11 518 792	934 428
Employee cost	163 898 963	184 128 979	164 481 572
Suppliers			2 081 733
Financial cost	1 725 375	1 725 375	1 007 385
Net Cash flows from operating Activities	584 656 592	667 983 898	630 156 071
CASH FLOW FROM INVESTING ACTIVITIES			

Purchase of property, plant and Equipments			
Net cash flows from investing Activities			239 643 117
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase/(Decrease) in cash held			22 279 344
Cash and cash Equivalents at the beginning of the year			208 340 741
Cash and Cash Equivalents at the End of the year			186 061 397

5.10. Borrowing and investment

Table/Figure 46: Borrowing and investment

Actual Borrowings 2017/18	
Instrument	2017/18
Long-Term Loans (annuity/reducing balance)	-
Long-Term Loans (non-annuity)	-
Financial Leases	76 426 456
Total	76 426 456

5.11. Public Private partnership

No public private partnership was entered into in the financial year under review.

COMPONENT D: OTHER FINANCIAL MATTERS

5.12. Supply Chain Management

5.12.1. Introduction

The municipality has a functional Supply chain management unit located in finance department. Supply chain management policy was reviewed and adopted by council on 29 May 2017. On quarterly basis the Municipality tables its SCM reports to council and report irregular expenditure to National treasury.

5.12.2. Bid Committees

It is the competency of Municipal Manager to appoint Bid committees in the Municipality. In the financial year under review the municipality had all bid committees established, namely: specification, evaluation and adjudication committees. All bid committees were functional.

Secondly, the municipality had procurement plan to regulate procurement. The plan had also contributed positively in the reduction of job loads and delays in the procurement processes. The situation had changed towards the end of the financial year. In some incidents the Bid committees could be booked for few days outside the municipality to conclude their work and report back.

5.12.3. Oversight Role of Council

The municipality had the following committee to play oversight role to council and its committees: **Rules committees** which enforces council rules during council sittings; **Petition committee** which attend to petitions submitted to the municipality and report to council; **Ethic committee** which looks into the conduct of councillors; **Municipal Public account committee(MPAC)** which ensures accountability of administration to council and **Audit committee** which advises the municipal council, the political office bearers, the accounting officer and the management staff of the municipality on matters as per reflected in section 166(2) of MFMA.

5.15. GRAP Compliance

The municipality has started with implementation of all GRAP standards. Numbers of finance staff members have attended different workshops and some have been registered to different courses on the implementation of various GRAP standards.

Chapter 06

AUDITOR GENERAL AUDIT FINDINGS

6.1. Introduction

Section 188(1)(b) of the constitution of South Africa mandates Auditor General of South Africa to audit municipalities and report on their accounts, financial statements and financial management Annually. On the same breath section 45(b) of the Municipal System Act, 32 of 2000 mandates the Auditor General of South Africa to audit the results of performance measurement of municipalities. AGSA then give his/her audit opinion of the financial matters of municipalities.

6.2. Component A: Auditor General Opinion of 2016/2017 financial statement

In 2016/17 financial year the municipality obtain Qualified audit Opinion from Auditor General of South Africa

COMPONENT B: 2017/18 AUDITOR GENERAL OPINION

6.3. 2017/18 AUDITOR GENERAL OPINION

Report of the auditor-general to the Limpopo provincial legislature and council on Fetakgomo Tubatse Local Municipality

Report of the auditor-general to the Limpopo provincial legislature and council on Fetakgomo Tubatse Local Municipality

Qualified Opinion

1. I have audited the financial statements of the Fetakgomo Tubatse Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget information with actual information for the 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, except for the effects of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Fetakgomo Tubatse Local Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with South African Standards of General Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No.3 of 2017) (DoRA).

Basis for opinion

Property, Plant and Equipment

3. During 2017, the municipality did not account for certain assets in the assets register. The municipality's records did not enable me to establish the consequent understatement in the financial statements. I was unable to determine the extent of the adjustments required to property, plant and equipment stated at R2 330 588 363. My audit opinion on the financial statements for the period ended 30 June 2017 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.
4. The South African Standard of Generally Accepted Accounting Practice, GRAP 1 Presentation of financial statements defines assets as resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity. Included in the Property, Plant and equipment carrying amount of R2 330 588 363 in the financial statements is properties amounting to R52 429 678 for which the municipality does not have control over. Consequently, Property, Plant and equipment is overstated by R54 648 291 in the financial statements. Additionally, there was a resultant impact on the accumulated surplus in the financial statements.
5. I identified a difference on the restatement of the corresponding figure for Property plant and equipment. As described in note 4 to the financial statements, the restatement was made to rectify a previous year misstatement, however, the restatement resulted in a difference of R25 153 203 between the financial statements and the underlying records. Consequently, the restated corresponding figure of Property, plant and equipment stated at R2 330 588 363 is

under stated by R25 153 203 in the financial statements. Additionally, there was a resultant impact on the accumulated surplus in the financial statements.

Investment Property

6. During 2017, I identified property, plant and equipment assets to the value of R11 365 000 which were incorrectly classified as investment property. Consequently, property, plant and equipment was understated by R11 365 000 and investment property was overstated by R11 365 000. My audit opinion on the financial statements for the period ended 30 June 2017 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.
7. During 2017, the municipality included items investment property which do not meet the definition of an assets in accordance with *GRAP 1, Presentation of financial statements*. Consequently, investment property is overstated by R115 120 000 in the financial statements. Additionally, there was a resultant impact on the accumulated surplus in the financial statements. My audit opinion on the financial statements for the period ended 30 June 2017 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.
8. During 2017, I was unable to verify the reasonableness of the assumptions and inputs used by the municipality to determine the fair value adjustment of investment properties amounting to R23 129 000 in accordance with *GRAP 16, Investment property*. Consequently, I was unable to determine whether any adjustments relating to investment property stated at R162 495 000 in the financial statements was necessary. My audit opinion on the financial statements for the period ended 30 June 2017 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.
9. Included in the investment property balance of R 49 488 215 (2017: R 162 495 000) is an amount of R 30 682 215, which does not meet the definition of Investment Property, but rather of inventory in accordance with *GRAP 12, Inventory*. Consequently, investment property is overstated by an amount of R 30 682 215. There is a resultant impact on accumulated surplus. Due to the matter raised in the preceding paragraph on the values assigned to investment property, I was unable to determine the resultant understatement of inventory.

Irregular Expenditure

10. The municipality did not include particulars of irregular expenditure in note 34 to the financial statements as required by section 125(2)d of the MFMA. This was due to payments made in contravention of the supply chain management requirements, which resulted in irregular expenditure of R86 153 390. The municipality did not have adequate systems in place to identify and report on all irregular expenditure incurred. I was not able to determine the full extent of the understatement irregular expenditure on the current year as it was impracticable to do so. Consequently, I was unable to determine whether any further adjustments were necessary to the irregular expenditure stated at R191 408 404 in the financial statements.

Commitments

11. I identified a number of contracts which were still effective as at 30 June 2018 that were not disclosed as commitments in the financial statements. Management did not implement adequate internal controls for identifying and recording capital and operational commitments. I was not able to determine the full extent of the understatement of commitments stated at R129 761 183 as it was impracticable to do so.

Prior period errors

12. *GRAP 3 Accounting policies, Changes in Accounting Estimates and Errors* requires that an entity disclose for each prior period error corrected, the nature of the prior period error, for each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected and the amount of the correction at the beginning of the earliest prior period presented. The municipality corrected errors in the following financial statement line items, however they did not make the necessary disclosures in note 39 to the financial statements as required by GRAP 3:

- Property, plant and equipment stated at R2 222 689 504 in the prior year was restated to R2 373 790 930.
- Payables from exchange transactions stated at R74 352 009 in the prior year were restated to R68 394 016
- Cash and Cash equivalent stated at R208 340 741 in the prior year were restated to R204 146 844.

Context for the opinion

13. 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.
14. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
15. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern/ financial sustainability

16. I draw attention to the matter below. My opinion is not modified in respect of this matter.
17. I draw attention to note 42 to the financial statements, which indicates that the municipality incurred a net loss of R273 311 993 during the year ended 30 June 2018 due to material loss of investments in Venda Building Society (VBS) and, as of that date the municipality's current liabilities exceeded its current assets by R133 854 040. As stated in note 42, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

Restatement of corresponding figures

19. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2017 were restated as a result of an error in the financial statement of the municipality at, and for the year ended 30 June 2018.

Significant uncertainties

20. With reference to note 37 of the financial statements, the municipality is currently involved in litigation with various service providers, employees and third parties. The ultimate outcome of the matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Material losses and impairments

21. As disclosed in note 47 to the financial statements, material losses of R63 882 656 were incurred as a result of impairment and a write-off of irrecoverable consumer debtors.

Other matters

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

Unaudited supplementary schedules

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

25. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of MFMA and the 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.

26. 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

27. 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.
28. 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

29. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
30. My procedures address the reported performance information, which must be based on the approved performance planning documents of the Local Municipality. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
31. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2018:

Development Priorities	Pages in the annual performance report
KPA 1: Spatial Rational	31 – 75
KPA 3: Basic Service Delivery and Infrastructure Development	106 – 187
KPA 4: Local Economic Development	188 – 219

32. 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.

33. The material findings in respect of the usefulness and reliability of the selected development priorities are as follows:

Development priority 01 – Spatial Rational

Reported achievement not supported by sufficient and appropriate audit evidence

Turnaround time in approving Building Plans from date submitted

34. The reported achievement in the annual performance report did not agree to the supporting evidence provided for the indicator listed below. The supporting evidence provided indicated that the achievements of the indicator was as follows:

Indicator description	Planned performance target	Reported Achievement	Audited value
Turnaround time in approving building plans from date submitted	30 days (plans \leq 500m ²)	81 plans less than 500m ² received and 38 plans approved within 30 days	81 plans less than 500m ² received and 40 plans approved within 30 days Building plans were identified approved but not included in the reported achievement Comparison of building plan files and building plan register discrepancies were identified in recording of date plans were received and date approved.
	60 days (plans \geq 500m ²)	27 plans greater than 500m ² received and 13 plans approved within 60 days	22 plans greater than 500m ² received and 12 plans approved within 60 days

Development priority 03 – Basic Service Delivery and Infrastructure Development

Number of households receiving FBE

35. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of households receiving FBE for the set target of 8 484 households. This was due to limitations placed on the scope of my work, as the municipality does not have an adequate performance management system to maintain records to enable reliable reporting on the achievement of targets. I was unable to confirm the reported achievement by alternative means. Consequently, we were unable to determine whether any adjustments were required to the reported achievement 8 496 as reported in the annual performance report.

Various Indicators

36. I was unable to obtain sufficient appropriate audit evidence to validate the existence of systems and process that enable reliable reporting of actual achievement against the indicators listed below.

37. In addition, I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the targets listed below. This was due to limitation placed on the scope of my

work, as the municipality not keeping a register for routine maintenance. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievements of targets as reported in the annual performance report.

Performance indicator	Planned performance target	Reported performance achievement
Rural roads regavelled in the municipality	16 Rural roads regavelled in the municipality	36 Municipal roads regavelled
Turnaround time in fixing potholes from the identified date	15 working days	Potholes are fixed within 12 days
Turnaround time in fixing traffic lights from the date observed	15 days Turnaround time in fixing traffic lights from the date observed	Traffic lights are fixed with 15 days from the faults are reported.
# of municipal roads rehabilitated	6 municipal roads rehabilitated	36 municipal roads rehabilitated

Development priority 04 – Local Economic Development

Various Indicators

38. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of of the targets listed below. This was due to limitation placed on the scope of my work, as the municipality not keeping a register for routine maintenance. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievements of targets as reported in the annual performance report.

Performance indicator	Planned performance target	Reported performance achievement
Number of agricultural cooperatives assisted with market linkages	10 Agricultural Cooperatives assisted with market linkages	14 Agric co-ops assisted with market linkage
Number of job opportunities created through municipal supported initiatives	500 job opportunities created through Municipal supported initiatives	2702 Job created in the municipality

Various indicators

39. The source information and method of calculation for the achievement of the planned indicators below were not clearly defined for the under listed indicators.

Performance indicator	Planned performance target
Number of initiatives towards establishment of Fetakgomo Greater Tubatse Information Centre conducted	4 initiatives towards establishment of Fetakgomo Greater Tubatse Information Centre
Number of initiatives towards establishment of Local Business' Advisory centres	02 initiatives towards establishment of Local Business' Advisory Centres (Burgersfort and Apel Areas)
Number of initiatives generated towards support to the SEZ Programme	04 initiatives generated towards support to the SEZ Programme

Other matters:

40. I draw attention to the matters below:

Achievement of planned targets

41. Refer to the annual performance report on pages x to x; for information on the achievement of planned targets for the year. This information should be considered in the context of the qualified opinions expressed on the usefulness and reliability of the reported performance information in paragraphs [x; x; x] of this report.

Adjustment of material misstatements

42. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 01: Spatial Rational, KPA 03: Basic Service Delivery and Infrastructure Development and KPA 04: Local Economic Development. As management subsequently corrected only some of the misstatements, we raised material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

43. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

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

Financial statements, performance and annual reports

45. 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 current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Procurement and Contract Management

46. Contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
47. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e), the code of conduct for councillors issued in terms of the MSA and the code of conduct for staff members issued in terms of the MSA.
48. Bid specifications for some of the tenders were drafted in a biased manner and did not allow all potential suppliers to offer their goods or services, in contravention of SCM regulation 27(2)(a). This non-compliance was identified in the procurement processes for the appointment of a service provider for the extension and refurbishment of Praktiseer testing station.

49. Contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a) and the Preferential Procurement Regulations. This non-compliance was identified in the procurement processes for the appointment of a service provider for the decommissioning of the existing Burgersfort landfill site.
50. Some of the contracts were awarded to bidders based on pre-qualification criteria that differed from those stipulated in the original invitation for bidding, in contravention of the 2017 preferential procurement regulation 4(1) and 4(2). This non-compliance was identified in the procurement processes for the appointment of service providers to provide security services for the Fetakgomo Greater Tlhabane Municipality at the identified municipal offices for a period of 24 months.
51. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the compilation of the municipal valuation roll.
52. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA. Similar non-compliance was also reported in the prior year.

Expenditure Management

53. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
54. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R300 893 769, as disclosed in note 53 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by contravention of municipal investment regulation 6. Unauthorised expenditure amounting to R243 256 998 was incurred on impairment of VBS investments.
55. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by contravention of the supply chain management requirements.
56. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R10 546 734, as disclosed in note 43 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. Fruitless and wasteful expenditure amounting to R8 759 298 was incurred on late payment to suppliers.

Asset Management

57. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.
58. Investments were not made in accordance with the requirements of the investment policy as the municipality made an investment with Venda Building Society (VBS), which is not registered in terms of the Banks Act, as required by municipal investment regulation 3(3).

59. Funds were invested in (VBS) mutual bank, in contravention of municipal investment regulation 6.

Revenue Management

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

Conditional grants

61. The Intergrated National Electrification Programme (INEP) was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 17(1) of the Division of Revenue Act (Act 3 of 2017).

Consequence Management

62. Unauthorised expenditure for prior year amounting to R3 221 843 incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

63. Irregular expenditure for prior year amounting to R114 103 302 incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA and reporting regulations 75(1).

64. Fruitless and wasteful expenditure for prior year amounting to R8 759 298 incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA and reporting regulations 75(1).

Other information

65. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.

66. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

67. 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.

68. 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

69. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
70. There was no detailed review of the financial statements and the annual performance report, resulting in several misstatements not identified and corrected.
71. There was no adequate monitoring and implementation of policies and procedures to guide the operations of the municipality, resulting in numerous instances of non-compliance with the MFMA.
72. The municipality did not establish an IT governance framework that supports and enables the business, delivers value and improves performance.
73. The basic accounting principles of daily and monthly accounting and reconciling have not been implemented.
74. Supply chain management processes were inadequate resulting in irregular expenditure.
75. The municipality did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
76. The municipality did not implement appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks, are conducted and that a risk strategy to address the risks are monitored.
77. The internal control monitoring mechanisms of the audit committee and the internal audit are not functioning optimally, as many control weaknesses are only detected during the audit of the financial statements and performance information.

Auditor General

Polokwane

30 November 2018



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected development priorities and on the municipality’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the municipality’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



**FETAKGOMO TUBATSE
LOCAL MUNICIPALITY**

AUDIT ACTION PLAN FOR 2017/2018 Annual Report

#	Audit Finding	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completed on Date	Person Responsible	Progress	What is in Progress	POE
1.	Payable	1. ISS:86-SCM Limitation of scope	Internal deficiency Financial performance management Management did not review and monitor compliance with applicable laws and regulations. Leadership There was lack of adequate oversight by leadership in respect of the SCM process.	1. evaluation/adjudication members will allocate functionality points on individual	Bid committee will	2-Jan-19	30-Jun-19	Maria (SCM Manager) Magoma Manager contracts CFO (BAC Chairperson)			
				2. Tender documents should be properly packed in boxes(labeled) and stored in lockable filing cabinets		2 Jan 19	30-Jun-19	Maria (SCM Manager) Magoma Manager contracts CFO (BAC Chairperson)			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completed on Date	Person Responsible	Progress	Narrative to Progress	POE
2.	Payable	ISS.87-SCM Discrepancies with the specifications	Financial performance management did not review and monitor compliance with applicable laws and regulations. Leadership There was lack of adequate oversight by leadership in respect of the SCM process.	Review specification and check if all comments have been incorporated	the and BSC have incorporated	2 January 2019	30-Jun-19	Maria (SCM Manager) Magoma (SCM Manager contracts CFO Chairperson)			
3.	Procurement and Contract management	4. ISS.88-SCM Unfair Awarding of points to the winning bidder during functionality	Financial performance management did not review and monitor compliance with applicable laws and regulations. Leadership There was lack of adequate oversight by leadership in respect of the SCM process.	1. The MM will ensure that all committee members comply with legislation.	BID	2 January 2019	30-Jun-19	Maria (SCM Manager) Magoma (SCM Manager contracts CFO Chairperson)			
4.	Procurement and Contract management	5. ISS.89-SCM Unfair disqualification	Financial performance management did not review and monitor compliance with applicable laws and	1. The MM will ensure that all committee members comply with legislation.	BID	2 January 2019	30-Jun-19	Maria (SCM Manager) Magoma (SCM Manager contracts Mapeka)			

#	Audit Finding	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
			regulations. Leadership There was lack of adequate oversight by leadership in respect of the SCM process.				(Expenditure manager)			
				2. All the Action Plan strategies will be implemented so that compliance is implemented accordingly.	2 January 2019	30-Jun-19	Maria (SCM Manager) Magoma (SCM Manager contracts) Mapeka (Expenditure manager)			
5.	Procurement and Contract management	6. ISS.90- SCM Lack of clearly defined/objective functionality criteria	Financial performance management Management did not review and monitor compliance with applicable laws and regulations. Leadership There was lack of adequate oversight by leadership in respect of the SCM process.	1. The SCM Manager will arrange for refresher courses with Provincial Treasury. 2. Tender documents will be prepared in line with the SCM legislation if possible assistance will be requested from Provincial Treasury on preparation of Tender documents	2 January 2019	30-Jun-19	Maria (SCM Manager) Magoma (SCM Manager contracts) CFO (BAC Chairperson) Maria (SCM Manager) Magoma (SCM Manager contracts) CFO (BAC Chairperson)			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completed on Date	Person Responsible	Progress	Narrative on Progress	POE
6.	Procurement and Contract management	7. ISS.91- SCM Unacceptable tenders evaluated further for price and BEE	Financial performance Management did not review and monitor compliance with applicable laws and regulations. Leadership There was lack of adequate oversight by leadership in respect of the SCM process.	The SCM Manager will arrange for refresher courses with Provincial Treasury.		2 January 2019	30-Jun-19	Maria (SCM Manager) Magoma Manager contracts CFO (BAC Chairperson)			
7.	Procurement and Contract management	8. ISS.92- SCM Price below the PSIRA rates	Financial performance Management did not review and monitor compliance with applicable laws and regulations. Leadership There was lack of adequate oversight by leadership in respect of the SCM process.	2. Tender documents will be prepared in line with the SCM legislation if possible assistance will be requested from Provincial Treasury on preparation of Tender documents PSIRA guidelines will be taken into consideration during evaluation		2 January 2019	30-Jun-19	Maria (SCM Manager) Magoma Manager contracts CFO (BAC Chairperson)			

#	Audit Finding	Description of Finding	Root Cause	Action Description	Start Date	Completed on Date	Person Responsible	Progress	Remedial Progress	POE
8.	Procurement and Contract management	9. ISS-93-SCM Awards above quoted price	Financial performance Management did not review and monitor compliance with applicable laws and regulations. Leadership There was lack of adequate oversight by leadership in respect of the SCM process.	1. The MM will ensure that all BID committee members comply with legislation. 2. All the Action Plan strategies will be implemented so that compliance is implemented accordingly	2 January 2019	30-Jun-19	Maria (SCM Manager) Magoma (SCM Manager) contracts CFO Chairperson)			
9.	Procurement and Contract management	10. ISS-94-SCM Non Compliance with the Supply Chain Municipal Regulations 28	Financial performance Management did not review and monitor compliance with applicable laws and regulations. Leadership There was lack of adequate oversight by leadership in respect of the SCM process.	1. The SCM Manager will arrange training with Provincial Treasury 2. Tender documents will be prepared in line with the SCM legislation if possible assistance will be requested from Provincial Treasury on preparation of Tender documents	2 January 2019	30-Jun-19	Maria (SCM Manager) Magoma (SCM Manager) contracts CFO Chairperson)			

#	Audit Finding	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
10.	Procurement and Contract management	11. ISS.95-SCM Changes in the specifications	Financial performance management did not review and monitor compliance with applicable laws and regulations. Leadership There was lack of adequate oversight by leadership in respect of the SCM process.	The SCM Manager will arrange training with Provincial Treasury		2 January 2019	30-Jun-19	Maria (SCM Manager)Mago SCM Manager contractsCFO (BAC Chairperson)			
11.	Procurement and Contract management	12. ISS.96-SCM Subcontracting provision	Financial performance Management did not review and monitor compliance with applicable laws and regulations. Leadership There was lack of adequate oversight by leadership in respect of the SCM process.	1. The SCM Manager will arrange training with Provincial Treasury 2. Tender documents will be prepared in line with the SCM legislation if possible assistance will be requested from Provincial Treasury on preparation of Tender documents		2 January 2019	30-Jun-19	Maria (SCM Manager) Magoma SCM Manager contracts CFO (BAC Chairperson)			

#	Audit Finding	Description of Finding	Root cause	Action Description	Start Date	Completed on Date	Person Responsible	Progress	Narrative to Progress	POE
12.	Procurement and Contract management	13. ISS.97- SCM business case on the appointment of consultants	Financial performance Management did not review and monitor compliance with applicable laws and regulations. Leadership There was lack of adequate oversight by leadership in respect of the SCM process.	The SCM Manager will arrange training with Provincial Treasury	2 January 2019	30-Jun-19	Maria (SCM Manager) Magoma Manager contracts CFO (BAC Chairperson)			
13.	Procurement and Contract management	14. ISS.98- SCM Subcontracting a portion of the contract	Financial performance Management did not review and monitor compliance with applicable laws and regulations. Leadership There was lack of adequate oversight by leadership in respect of the SCM process.	1. The SCM Manager will arrange training with Provincial Treasury 2. Tender documents will be prepared in line with the SCM legislation if possible assistance will be requested from Provincial Treasury on preparation of Tender documents	2 January 2019	30-Jun-19	Maria (SCM Manager) Magoma Manager contracts CFO (BAC Chairperson)			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completed on Date	Person Responsible	Progress	Narrative to Progress	POE
14.	Procurement and Contract management	15. ISS.99-SCM Non-Discrepancies relating to the calculation of points awarded on price and preference points calculation	Financial performance management and Leadership There was lack of adequate oversight by leadership in respect of the SCM process.	The SCM Manager will arrange training with Provincial Treasury	Plan	2 January 2019	30-Jun-19	Maria (SCM Manager) Magoma Manager contracts CFO (BAC Chairperson)			
15.	Procurement and Contract management	16. ISS.101-SCM Subcontracting to SMMEs and local labour allocation of work-Sub-contracting 30% of the work	Financial performance management and Leadership There was lack of adequate oversight by leadership in respect of the SCM process.	1. The SCM Manager will arrange training with Provincial Treasury. 2. Tender documents will be prepared in line with the SCM legislation if possible assistance will be requested from Provincial Treasury on preparation of Tender documents		2 January 2019	30-Jun-19	Maria (SCM Manager) Magoma Manager contracts CFO (BAC Chairperson)			

#	Audit Finding	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
16.	Procurement and Contract management	17. ISS.102-SCM Subcontracting to SMIMEs and local labour allocation of work-Labour content	Financial performance management Management did not review and monitor compliance with applicable laws and regulations. Leadership There was lack of adequate oversight by leadership in respect of the SCM process.	1. The SCM Manager will arrange for these refresher courses with Provincial Treasury. 2. Tender documents will be prepared in line with the SCM legislation if possible assistance will be requested from Provincial Treasury on preparation of Tender documents	2 January 2019	30-Jun-19	Maria (SCM Manager) Magoma (SCM Manager) contracts CFO Chairperson)			
17.	Procurement and Contract management	18. ISS.103-SCM Limitation of scope -The appointment of Property Consultants to provide valuation roll to the Municipality	The accounting officer did not perform an adequate review of the request for the contracts to confirm that the reasons for variation are valid and compliant with the applicable laws and regulations, prior to the approval thereof. Management did not develop and implement effective	All documents should be properly packed in sequential order and filed in a lockable filing area	2 January 2019	30-Jun-19	Maria (SCM Manager) Magoma (SCM Manager) contracts CFO Chairperson)			

#	Audit Finding	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completed on Date	Person Responsible	Progress	Narrative to Progress	POE
			contract management policies and procedures.								
18.	Procurement and Contract management	19. ISS.112- SCM Unfair evaluation on administrative compliance	Financial performance management did not review and monitor compliance with applicable laws and regulations. Leadership There was lack of adequate oversight by leadership in respect of the SCM process.	The SCM Manager will arrange for these courses with Provincial Treasury.		2 January 2019	30-Jun-19	Maria Magoma Manager contracts CFO Chairperson (SCM)			

#	Audit Finding	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
19.	Procurement and Contract management	20. ISS.113-SCM Awarding bids above the quoted price	Financial performance Management did not review and monitor compliance with applicable laws and regulations. Leadership There was lack of adequate oversight by leadership in respect of the SCM process.	The SCM Manager will arrange for these courses with Provincial Treasury		2 January 2019	30-Jun-19	Maria (SCM Manager) Magoma Manager contracts CFO (BAC Chairperson)			
20.	Procurement and Contract management	21. ISS.114-SCM Fruitless and wasteful expenditure on VAT Recovery consultant bids	Financial performance Management did not review and monitor compliance with applicable laws and regulations. Leadership There was lack of adequate oversight by leadership in respect of the SCM process.	Apply the provisions of MFMA Section 32 (2) with regards to recovery of Unauthorized, irregular or fruitless and wasteful expenditure.		2 January 2019	30-Jun-19	Maria (SCM Manager) Magoma Manager contracts CFO (BAC Chairperson) Municipal Manager			

#	Audit Finding	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
21.	Procurement and Contract management	22. ISS.116- SCM Non - Compliance with SCM regulations	Financial performance management did not review and monitor compliance with applicable laws and regulations. Leadership There was lack of adequate oversight by leadership in respect of the SCM process.	The SCM Manager will arrange for these courses with Provincial Treasury.	2 January 2019	30-Jun-19	Maria (SCM Manager)Mago SCM Manager contractsCFO (BAC Chairperson) Municipal Manager			
22.	Procurement and Contract management	23. ISS.117- SCM Evaluation inconsistent with the evaluation criteria	Financial performance management did not review and monitor compliance with applicable laws and regulations. Leadership There was lack of adequate oversight by leadership in respect of the SCM process.	The SCM Manager will arrange for these courses with Provincial Treasury.	2 January 2019	30-Jun-19	Maria (SCM Manager) Magoma SCM Manager contracts CFO (BAC Chairperson) Municipal Manager			
23.	Procurement and Contract management	24. ISS.118- SCM Incorrect awarding of the B-BBEE points	Financial performance Management did not review and monitor compliance with applicable laws and regulations.	The SCM Manager will arrange for these courses with Provincial Treasury	2 January 2019	30-Jun-19	Maria (SCM Manager) Magoma SCM Manager contracts CFO (BAC Chairperson)			

#	Audit Finding	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Measure to Progress	POE
			Leadership There was lack of adequate oversight by leadership in respect of the SCM process.					Municipal Manager			
24.	Leave Provision	1. ISS.34- Annual Leave Overstated	Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting and implement controls over daily and monthly processing and reconciling of transactions	1. The leave records will be updated and the 2018 leave provision recalculated using the correct leave days. The necessary audit adjustments for the errors identified will be prepared and processed as prior period errors per GRAP 3 in the 2019 AFS 2. FTM should engage the municipality to enable the payroll system to record leave days on the automated updating of the leave records which will reduce		8-Jan-19	10-Jul-19	CFO and HR manager			
			1. Lack of controls over leave days records in HR. Leave records are not automated despite this option being available on Payday, resulting in human error.			8-Jan-19	10-Jul-19	CFO and HR manager			

#	Audit Finding	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completed on Date	Person Responsible	Progress	Narrative to Progress	POE
5			2. Failure to update and reconcile Leave register on a monthly basis to ensure correct leave days and balances at year-end. 3. Lack of review of leave register by HR Manager on a monthly basis.	the risk of human error in calculating leave days. 3. HR Manager should ensure that controls over leave days are strictly implemented to avoid abuse by officials. 4. Leave register to be updated and reconciled to leave records on a monthly basis to ensure correct leave days and balances at year-end.		8-Jan-19	10-Jul-19	CFO and HR manager			
25.	Leave Provision	1. ISS.35-Annual Leave days Incorrectly Calculated	Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting and implement controls over daily and monthly processing and reconciling of transactions.	1. The leave records will be updated and the 2018 leave provision recalculated using the correct leave days. The necessary audit adjustments for the errors identified will be prepared and processed as prior period errors per GRAP 3 in the 2019 AFS		8-Jan-19	10-Jul-19	CFO and HR manager			

#	Audit Finding	Description of Finding	Root Cause	Action Description	Plan	Start Date	Complete On Date	Person Responsible	Progress	Waitive to Progress	POE
5			<p>Design and implement formal controls over information technology systems to ensure the reliability of the systems and the availability, accuracy and protection of information</p> <p>1. Lack of controls over leave days records in HR. Leave records are not automated despite this option being available on Payday, resulting in human error.</p> <p>2. Failure to update and reconcile Leave register on a monthly basis to ensure correct leave days and balances at year-end.</p> <p>3. Lack of review of leave register by HR Manager on a monthly basis.</p>	<p>2. FTM should engage Payday to enable the municipality to record leave days on the payroll system to allow for automated updating of the leave records which will reduce the risk of human error in calculating leave days.</p> <p>3. HR Manager should ensure that controls over leave days are strictly implemented to avoid abuse by officials.</p> <p>4. Leave register to be updated and reconciled to leave records on a monthly basis to ensure correct leave days and balances at year-end.</p> <p>5. Review of leave register by HR Manager on a monthly basis.</p>	8-Jan-19	10-Jul-19	CFO and HR manager				
					8-Jan-19	10-Jul-19	CFO and HR manager				
					8-Jan-19	10-Jul-19	CFO and HR manager				
					8-Jan-19	10-Jul-19	CFO and HR manager				

#	Audit Findings	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
26.	Immovable Assets	4. Investment properties overstated	The accounting officer did not adequately review the financial statements and the accounting records are accurate and complete and comply with financial reporting standards	<ol style="list-style-type: none"> Review the Investment register with Planning Unit to determine the land-use intent of the municipality. Update the Investment property and land asset registers accordingly. Update the asset registers and process necessary corrective period adjustments in the ledger and ensure 	8-Jan-19	31-Mar-19	L Makgopa			
					8-Jan-19	31-Mar-19	L Makgopa			
					8-Jan-19	31-Mar-19	L Makgopa			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
				that the GL reconciles to the FAR.							
				4. Arrangement of training on GRAP standard		8-Jan-19	31-Mar-19	L Makgopa			
				5. Assets Manager to closely monitor and review of the work done by SP appointed to update the Investment Property Register.		8-Jan-19	31-Mar-19	L Makgopa			
27.	Immovable Assets	5. ISS.73- Investment property not complete	The accounting officer did not adequately review the financials to ensure that the financial statements and the accounting records are accurate and complete and comply with financial reporting standards. Management lack accounting knowledge and understanding of GRAP 16 provisions regarding accounting for investment	1. Review the Investment register with Planning Unit to determine the land-use intent of the municipality. 2. Update the investment property and land asset registers accordingly.		8-Jan-19	31-Mar-19	L Makgopa			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
			property. Management failed to monitor and review the work done by SP appointed to update the Investment Property Register.	3. Update the asset registers and the process necessary prior to error adjustments in the ledger and ensure that the GL reconciles to the FAR.		8-Jan-19	31-Mar-19	L Makgopa			
28.	Movable Assets	6. ISS.83-PPE: Prior year misstatement not corrected- Assets still not recorded in the Assets register	The CFO did not ensure that all the assets are recorded in the assets register. Management lack accounting knowledge and understanding of GRAP 17 provisions regarding accounting for PPE. FTM Asset Management Unit did not have capacity to update the Movable Assets Register without support from Asset Management experts.	1. Conduct a thorough physical verification of all assets of FTM including donated assets and create a verification database (verification report) which will be used to update the asset register and make corrective adjustments to the GL.		8-Jan-19	30-Apr-19	L Makgopa			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
				2. Request an e-natis search and extract an e-natis report to ensure that all the registered municipality vehicles are accounted for and included in the FAR.		8-Jan-19	31-Mar-19	L Makgopa			
				3. Update, print inventory lists office after the verification exercise.		8-Jan-19	31-Mar-19	L Makgopa			
				4. Update the Asset Management Policy i.e. Movable assets.		8-Jan-19	31-Mar-19	L Makgopa			
				5. With regards to additions and donated assets, MIM to issue a memo instructing all end-users to inform Asset Management Unit (AMU) of all asset deliveries so that these additions can be included in the FAR.		8-Jan-19	31-Mar-19	L Makgopa			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
29.	Financial Statements	10. ISS.81- Prior period error note misstated	<p>Lack of review of the AFS to ensure compliance with the requirements of GRAP 3 relating to disclosure and treatment of prior period error corrections.</p> <p>Poor planning by management which resulted in late appointment of service providers to assist with updating the FAR to address the prior period errors on PPE and investment property.</p>	<p>1. Make corrections to prior period error adjustments made in the ledger and capture the updated prior year in the GL and restate the misstated note in the current year.</p> <p>2. A file with supporting documents for all prior period error adjustments (including adjustments to the accumulated surplus votes) should be compiled to enable easy tracking of these prior period errors to enable correct accounting and disclosure in the</p>	8-Jan-19	31-Jul-19	L Makgopa			
					9-Jan-19	30-Jun-19	L Makgopa			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
30.	Immovable Assets	11. ISS.49-Property, Plant and equipment misstated	The accounting officer did not adequately review the financials to ensure that the financial statements and the accounting records are accurate and complete and comply with financial reporting standards. Poor planning by management which resulted in late appointment of service providers to assist with updating the FAR to address the errors on PPE and investment property. Management failed to monitor and review the work done by SP appointed to update the FAR and Investment Property Register.	AFS in terms of GRAP 1. Review the misstated line item for PPE by performing recalculations, reviewing the Journals passed for correctness. 3. Reconcile the amounts stated in the completion certificates against the schedule of payments and payment vouchers. 4. Compare the amounts on the schedule of payments against amounts capitalized in the PPE and where possible restate the		10-Jan-19 11-Jan-19 12-Jan-19	30-Jun-19 30-Jun-19 30-Jun-19	L Makgopa L Makgopa L Makgopa			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
				misstatement in the GL (prior period error).						
				5. Reconcile the Journal amounts of assets completed against the schedule of payments and completion certificates amount and where possible restate the misstatement in the GL/Asset Register (prior period error).	13-Jan-19	30-Jun-19	L Makgopa			
				6. Review all PPE journals posted against Investment Property and reverse them as a prior period error note. Investigate PPE items recorded under investment property and ensure correct journals are processed against	14-Jan-19	30-Jun-19	L Makgopa			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
				correct class of PPE.							
				6. Review all PPE journals posted against Investment Property and reverse them as a prior period error note. Investigate PPE items recorded under investment property and ensure correct journals are processed against correct class of PPE.		14-Jan-19	30-Jun-19	L Makgopa			
				7. Investigate the unsupported journals of PPE and provide supporting documents/schedule.		14-Jan-19	30-Jun-19	L Makgopa			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
				8. Prepare a reconciliation of PPE transferred from WIP, PPE Investment Property, New Discoveries and process appropriate journals supported by those schedules.	15-Jan-19	30-Jun-19	L Makgopa			
31.	Immovable Assets	12. ISS.77- PPE- Land overstate d	The accounting officer did not adequately review the financials to ensure that the financial statements and the accounting records are accurate and complete and comply with financial reporting standards. Poor planning by management which resulted in late appointment of service providers to assist with updating the FAR to address the errors on PPE and investment property. Management failed to monitor and review the work done by SP appointed	1. Identification of all municipal properties (including conducting a deeds search) and in coordination with the Planning Unit determine the land-use intent of the municipality. 2. The results of the land audit by planning Unit will also be utilized in this exercise. This information will be used to update the investment property and land	16-Jan-19	31-Mar-19	L Makgopa			
					17-Jan-19	30-Jun-19	L Makgopa			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
			to update the FAR and Investment Property Register.	asset registers accordingly.							
				3. Review schedules supporting journals 438; 459; 460 and 461 posted to land vote and determine if the land meets the recognition criteria for PPE. If not reverse the journals and amend the asset register by removing all land transferred from investment property which do not meet the recognition criteria.		18-Jan-19	30-Jun-19	L Makgopa			
				3. Determine the fair values of the identified land not in the register and compile a report detailing the		19-Jan-19	30-Jun-19	L Makgopa			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
				methodology and assumptions applied.						
				4. Determine the fair value of vacant stands which currently amount to R29 785 000 that were transferred to Land which meet the criteria for recognition as inventory. These stands are held by the municipality to be distributed to the community (whether for free or at a fee). The fair value of the vacant stands will be determined as at 11 August 2016 and any adjustments identified shall be processed retrospectively as prior period errors.	20-Jan-19	30-Jun-19	L Makgopa			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
				<p>5. A reconciliation between the valuation roll, deeds records shall be performed to ensure only land registered in the name of the municipality is recorded under PPE</p> <p>4. The results from the above efforts will be used to update the asset registers and process the necessary corrective prior error adjustments in the ledger and ensure that the GL reconciles to the FAR.</p>	<p>21-Jan-19</p> <p>22-Jan-19</p>	<p>30-Jun-19</p> <p>30-Jun-19</p>	<p>L Makgopa</p> <p>L Makgopa</p>			
32.	Immovable Assets	13. Investment property misstated	The accounting officer did not adequately review the financials to ensure that the financial statements and the accounting records are accurate and complete and comply with financial reporting standards	1. Identification of all municipal properties (including conducting a deeds search) and in coordination with the Planning Unit	23-Jan-19	31-Mar-19	L Makgopa			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
			<p>Poor management by which late appointment of service providers to assist with updating the FAR to address the errors on PPE and investment property.</p> <p>Management failed to monitor and review the work done by SP appointed to update the FAR and Investment Property Register.</p>	<p>determine the land-use intent of the municipality.</p> <p>2. The results of the land audit by planning Unit will also be utilized in this exercise. This information will be used to update the Investment property and land asset registers accordingly.</p> <p>3. Determine the fair values of the identified investment properties and compile a report detailing the methodology and assumptions applied.</p>	24-Jan-19	31-Mar-19	L Makgopa			
					25-Jan-19	31-Mar-19	L Makgopa			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
				4. The results from the above efforts will be used to update the asset registers and the process necessary to correct prior period error adjustments in the ledger and ensure that the GL reconciles to the FAR.	26-Jan-19	31-Mar-19	L Makgopa			
33.	Immovable Assets	14. ISS.47- Prior year Investment properties misstated	The accounting officer did not adequately review the financials to ensure that the financial statements and the accounting records are accurate and complete and comply with financial reporting standards. Poor planning by management which resulted in late appointment of service providers to assist with updating the FAR to address the errors on PPE and investment property. Management failed to	1. Identification of all municipal properties (including conducting a deeds search) and in coordination with the Planning Unit determine the land-use intent of the municipality. 2. The results of the land audit by planning Unit will also be utilized in this exercise. This information will be used to update the Investment	28-Jan-19	31-Mar-19	L Makgopa			
					29-Jan-19	31-Mar-19	L Makgopa			

#	Audit Finding	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
			monitor and review the work done by SP appointed to update the FAR and Investment Property Register.	property and land registers asset registers accordingly. 3. Determine the fair values of the identified investment properties and compile a report detailing the methodology and assumptions applied. 4. The results from the above efforts will be used to update the asset registers and the necessary corrective period adjustments in the ledger and ensure that the GL reconciles to the FAR.	30-Jan-19	31-Mar-19	L Makgopa			
34.	Immovable Assets	15. ISS.57- Overstatement of investment properties	The accounting officer did not adequately review the financial to ensure that the financial statements and the accounting records are accurate and complete and	1. Identification of all municipal properties (including conducting a deeds search) and in	1-Feb-19	31-Mar-19	L Makgopa			

#	Audit Findings	Description of Finding (Classification)	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
			comply with financial reporting standards. Poor planning by management which resulted in late appointment of service providers to assist with updating the FAR to address the errors on PPE and investment property. Management failed to monitor and review the work done by SP appointed to update the FAR and Investment Property Register.	<p>coordination with the Planning Unit to determine the land-use intent of the municipality.</p> <p>2. The results of the land audit by planning Unit will also be utilized in this exercise. This information will be used to update the Investment property and land asset registers accordingly.</p> <p>3. Determine the fair values of the identified investment properties and compile a report detailing the methodology and assumptions applied.</p> <p>4. The results from the above efforts will be used to update the asset registers and the process</p>	2-Feb-19	31-Mar-19	L Makgopa			
					3-Feb-19	31-Mar-19	L Makgopa			
					4-Feb-19	31-Mar-19	L Makgopa			

#	Audit Finding	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
				necessary corrective period adjustments in the ledger and ensure that the GL reconciles to the FAR.							
35.	Contingent liability	26. ISS.58-Contingent Assets understated	The CFO did not put in adequate measures in place to ensure that all contingent liabilities are identified and disclosed in the notes to the financial statements.	Resolved during audit Obtain register with expenditure report for claims	during	5-Feb-19	Resolved during audit	Resolved during audit			
36.	Immovable Assets	31. ISS.41- PPE - Understatement of donated landfill site	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Resolved during audit	during	6-Feb-19	Resolved during audit	Resolved during audit			
37.	Inventory	32. ISS.55-Inventory misstatement	Lack of adequate review of the financial statements and supporting schedule which resulted in	1. Year-end stock count to be conducted and AGSA to be invited.	stock	7-Feb-19	10-Jul-19	L Makgopa			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
			misstatement identified. Management lack accounting knowledge and understanding of GRAP1.2 on accounting for inventory resulting in lack of capacity to update the inventory records and AFS.	<p>2. After stock count the stock records and the actual stock count results should be compared and any differences investigated.</p> <p>3. The stock records and GL should be updated with the actual stock count quantities and thereafter a stock valuation report as at 30 June 2019 should be generated and used to update the GL.</p>	8-Feb-19	10-Jul-19	L Makgopa			
38.	Operating lease liability	ISS.51- Operating lease liability disclosed at incorrect amounts	The CFO did not ensure that financial statements and supporting schedules are adequately reviewed.	Resolved during audit	10-Feb-19	Resolved during audit	Resolved during audit			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
39.	Operating lease liability	ISS-53- Operating lease rentals- Overstatement	The CFO did not ensure that financial statements and supporting schedules are adequately reviewed	Resolved during audit	11-Feb-19	Resolved during audit	Resolved during audit			
40.	Movable Assets	1. ISS-39- PPE – Assets not recorded in the fixed assets register	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Poor planning by management which resulted in late appointment of service providers to assist with updating the FAR to address the errors on PPE and investment property.	1. Conduct a thorough physical verification of all assets of FTM including donated assets and create a verification database (verification report) which will be used to update the asset register and make corrective adjustments to the GL. 2. Request an e-natis search and extract an e-natis report to ensure that all the registered municipality vehicles are accounted for and included in the FAR.	12-Feb-19	10-Jul-19	L Makgopa			
			Management failed to monitor and review the work done by SP appointed to update the FAR and Investment Property Register.		13-Feb-19	10-Jul-19	L Makgopa			

#	Audit Finding	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
				<p>3. Update, print inventory lists the office after the verification exercise.</p> <p>4. Update the Asset Management Policy i.e. Movable assets.</p> <p>5. With regards to additions and donated assets, MM to issue a memo instructing all end-users to inform Asset Management Unit (AMU) of all asset deliveries so that these additions can be included in the FAR.</p>		14-Feb-19	10-Jul-19	L Makgopa			
						15-Feb-19	10-Jul-19	L Makgopa			
						16-Feb-19	10-Jul-19	L Makgopa			
41.	Movable Assets	1. ISS.40-PPE Misclassification of assets	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Resolved during audit		17-Feb-19	Resolved during audit	Resolved during audit			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
42.	Immovable Assets	37. ISS.42- PPE - Donated assets not recognized in the fixed assets register	<p>Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.</p> <p>Poor planning by management which resulted in late appointment of service providers to assist with updating the FAR to address the errors on PPE and investment property.</p> <p>Management failed to monitor and review the work done by SP appointed to update the FAR and Investment Property Register.</p>	<p>1. Conduct a thorough physical verification of all assets of FTM including donated assets and create a verification database (verification report) which will be used to update the asset register and make corrective adjustments to the GL.</p> <p>2. Request an e-natis search and extract an e-natis report to ensure that all the registered municipality vehicles are accounted for and included in the FAR.</p> <p>3. Update, print inventory lists the office after the verification exercise</p>	18-Feb-19	30-Apr-19	L Makgopa			
					19-Feb-19	30-Apr-19	L Makgopa			
					20-Feb-19	30-Apr-19	L Makgopa			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
43.	Immovable Assets	ISS.43-PPE - Changes in useful lives of assets not disclosed	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management lack accounting knowledge and understanding of GRAP 3 provisions resulting in lack of capacity to review treatment of change in useful lives in the AFS. Management failed to monitor and review the work done by SP appointed	<p>4. Update the Asset Management Policy i.e. Movable assets.</p> <p>5. With regards to additions and donated assets, MM to issue a memo instructing all end-users to inform Asset Management Unit (AMU) of all asset deliveries so that these additions can be included in the FAR</p> <p>Any change in estimates such as revision of useful lives will be effected in the accounting records and the accounting notes appropriately disclosed.</p> <p>2. The error in the current year will be relected in the next financial year to reflect the correct position.</p>	21-Feb-19 22-Feb-19 23-Feb-19 24-Feb-19	30-Apr-19 30-Apr-19 15-Jul-19 15-Jul-19	L Makgopa L Makgopa L Makgopa L Makgopa			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
			to update the FAR and Investment Property Register.								
44.	Immovable Assets	ISS.44- Property, Plant and Equipment - Contradiction in accounting policy	Leadership - Management did not exercise oversight responsibility regarding financial reporting and compliance and related internal controls.	Resolved during audit	during	25-Feb-19	Resolved during audit	Resolved during audit			
45.	Provision for Environmental Rehabilitation	51. ISS.36- Provision for Environmental Rehabilitation	Lack of adequate review of the financial statements and the supporting schedule which resulted in misstatement identified	Resolved during audit	during	28-Feb-19	Resolved during audit	Resolved during audit			
46.	Provision for Environmental Rehabilitation	52. ISS.46- Understatement of Provision for Environmental Rehabilitation	Lack of adequate review of the financial statements and the supporting schedule which resulted in misstatement identified	Resolved during audit	during	1-Mar-19	Resolved during audit	Resolved during audit			

#	Audit Findings	Description of Finding	Root Cause	Action Plan Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
47.	Commitments	7. ISS.32- Understatement of Commitments	Management did not prepare commitment register considering the contract end date to ensure that only relevant contracts are included in the commitments register. Lack of review of the commitments register by the CFO. Lack of coordination between Finance and PMU to ensure maintenance of an accurate and complete commitments register.	Prepare a Commitments Register or update the existing one with the help of the Technical Department.	19-Jan	19-Jun	Maria (SCM Manager) Magoma (SCM Manager) PMU			
48.	Commitments	8. ISS.33- Commitment Register Incomplete	Management did not prepare complete commitment register resulting in understatement of commitments in AFS. Lack of review of the commitments register by the CFO. Lack of coordination	1. The Contracts Register should be updated and reviewed for completeness and accuracy on a monthly basis. 2. All commitments on the updated contract register should be included in the commitment	19-Jan	19-Jun	Maria (SCM Manager) Magoma (SCM Manager) PMU			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
			between Finance and PMU to ensure maintenance of an accurate and complete commitments register.	register at year end, which should be reviewed by the CFO.						
				3. Finance to coordinate with PMU in ensuring the maintenance of an accurate and complete commitments register.	19-Jan	19-Jun	Maria Manager Magoma Manager PMU (SCM)			
49.	Irregular expenditure	9. ISS.64- Irregular expenditure understated	The CFO did not adequately review the financials to ensure that the financial statements and the accounting records agree and comply with financial reporting standards. Inadequate controls to identify all irregular expenditure incurred during the financial year.	1. SCM to ensure that an accurate and complete register of irregular payments is compiled by updating and submitting the deviations register to Council on monthly basis. 2. Any deviation that is not condoned by Council should then be included on the irregular expenditure list on a monthly basis.	19-Jan	19-Jun	Maria Manager CFO MM (SCM)			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
50.	Operating expenditure	16. ISS.75- UIF - Non-compliance with sections 32(2)(a) & 32(2)(b) of the MFMA	Financial and performance management - Management did not review and monitor compliance with applicable laws and regulations.	3. Enforce compliance to SCM regulations by all departments MM and CFO to ensure implementation of the provisions of section 32(2) (b) of the MFMA; 1. Unauthorized, irregular or fruitless and wasteful expenditure, will be reported to Council for investigation by a council committee,	19-Jan	19-Jun	Maria (SCM Manager) CFO MM Manager SCM			
51.	Operating expenditure	17. ISS.115- Contract Management - Non-compliance with sections 116(2)(a) of the MFMA	Financial and performance management - Management did not review and monitor compliance with applicable laws and regulations Lack of controls to verify VAT status of suppliers before effecting payment.	1. VAT numbers of suppliers should be verified if correct or if the supplier is VAT registered through the CSD before orders can be prepared for eventual payment of the invoice	19-Jan	19-Jun	CFO MM Mapeka Manager Expenditure Manager SCM			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
			Lack of effective contract management controls and management override of controls to avoid overpaying above the contract amount.	2. CFO and Manager Expenditure will review the payment schedule and reconcile to the actual invoice before effecting payment in order to avoid overpayments. 2. Conduct training on VAT to SCM and Expenditure officials		19-Jan	19-Jun	MM Mapeka			
52.	Operating expenditure	16. ISS.75-UJF - Non-compliance sections 32(2)(a) & 32(2)(b) of the MFMA	Financial and performance management - Management did not review and monitor compliance with applicable laws and regulations.	MM and CFO to ensure implementation of the provisions of section 32(2) (b) of the MFMA; 1. Unauthorized, irregular or fruitless and wasteful expenditure, will be reported to Council for investigation by a council committee,		19-Jan	19-Jun	Manager SCM			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
53.	Irregular expenditure	29. ISS.63- Irregular expenditure Overstated	The CFO did not adequately review the financial statements and the accounting records agree and comply with financial reporting standards.	<p>1. A register for irregular expenditure will be used to record all irregular expenditures identified during the year.</p> <p>2. A report will be submitted to council for referral to the MPAC</p> <p>3. At year end, the register will be updated with all irregular expenditures identified through the AFS preparation process</p> <p>3. A report will be immediately submitted to council for referral to the MPAC</p>	19-Jan	19-Jun	CFO and all managers			
					19-Jan	19-Jun	CFO and all managers			
					19-Jan	19-Jun	CFO and all managers			
					19-Jan	19-Jun	CFO and all managers			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
54.	Fruitless and Wasteful expenditure	30. ISS.106-Fruitless and Wasteful expenditure	Financial and performance management The accounting officer and the CFO did not take reasonable steps to ensure that fruitless and wasteful expenditure are prevented	Resolved during audit However, A register for fruitless and wasteful expenditure will be used to record all fruitless expenditures identified during the year. 2. A report will be submitted		Resolved during audit	Resolved during audit	Resolved during audit			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
55.	Payables	ISS.24- Creditors: Payments not made within 30 days	Management did not ensure that creditors are paid within 30 days as legislated. There are no internal controls in place to ensure that supplier invoices are paid within the legislated timeline	1. Implement a system of receiving invoices through the registry for recording in the register and date stamp the invoices as they are received 2. The registry clerk will then within 2 days take the invoices to expenditure with the registry register. 3. No invoice will be sent to expenditure without a received date stamp from registry. 4. Expenditure will send the invoice back to the sender so that the invoice can be stamped with a received on date stamp.		21-Jan-19	30-Jun-19	Maepka (Manager Expenditure)/CFO			
						21-Jan-19	30-Jun-19	Maepka (Manager Expenditure)/CFO			
						21-Jan-19	30-Jun-19	Maepka (Manager Expenditure)/CFO			
						21-Jan-19	30-Jun-19	Maepka (Manager Expenditure)/CFO			
56.	Budget	ISS.67- Expenditure-Incorrect classification	The CFO did not ensure that daily recording of transactions are reviewed to ensure that transactions are recorded	1. Establish a system of checking votes when orders are being prepared at SCM and asset		26-Feb-19	30-Apr-19	Expenditure Manager			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
			appropriately. The CFO did not ensure that financial statements and supporting schedules are adequately reviewed.	management units							
			Management lack accounting knowledge and understanding of GRAP 17 provisions regarding accounting for PPE. FTM Asset Management Unit did not have capacity to update the Movable Assets Register without support from Asset Management experts.	2. Scrutinize the operational expenditure votes on a monthly basis to identify any assets additions that may be incorrectly expensed so that these are capitalized in the FAR.		27-Feb-19	30-Apr-19	Expenditure Manager			
57.	Operating Expenditure	ISS:68-Expenditure e-Cut-off	The CFO did not ensure that daily recording of transactions are reviewed to ensure that transactions are recorded appropriately The CFO did not ensure that financial statements and supporting schedules are adequately reviewed.	Resolved during audit	Resolved during audit	Resolved during audit	Resolved during audit	Resolved during audit			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
58.	Operating Expense	1. ISS.122- Interest expense- Understate ment	The CFO did not ensure that financial statements and supporting schedules are adequately reviewed	Resolved during audit	during	Resolved during audit	Resolved during audit	Resolved during audit			
59.	Payables	1. ISS.29- Retentions Creditors Understate d	Management did not prepare accurate retentions considering the invoice amount to ensure that accurate retention is recorded	Resolved during audit	during	Resolved during audit	Resolved during audit	Resolved during audit			
60.	Financial Liabilities	1. ISS.37- Financial Liabilities Not Split	Lack of adequate review of the financial statements which resulted in misstatement identified.	Resolved during audit	during	Resolved during audit	Resolved during audit	Resolved during audit			
61.	Payables	48. ISS.62- Trade payables O	Management did not implement adequate controls to ensure information recorded as payables meets the definition of liability.	Resolved during audit	during	Resolved during audit	Resolved during audit	Resolved during audit			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
62.	Employee Benefits Obligation	53. ISS.50- Employee Benefits Obligation Overstated	Management did not implement controls to thoroughly reconcile and consolidate information received from the valuers in order to present accurate information. Management did not review the disclosure note to ensure that it agrees with supporting evidence.	Resolved during audit	Resolved during audit	Resolved during audit	Resolved during audit	Resolved during audit			
63.	Debtors	1. ISS.15- Differences within Note 13	Lack of adequate review of the notes to the financial statements which resulted in misstatement identified.	Resolved during audit	Resolved during audit	Resolved during audit	Resolved during audit	Resolved during audit			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
64.	Traffic fines	19. ISS.17- Traffic Fines Not Completely Recorded	Lack of adequate review of the financial statements and the supporting schedule which resulted in misstatement identified.	1. Revenue clerks and department should liaise to ensure that all traffic books are captured in the	Resolved during audit	8-Jan-19	30-Jun-19	CFO D Mapotsane Chief Traffic Officer			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
			Lack of controls in Revenue and traffic department to ensure 1. That all traffic books are captured in the traffic fines register on a monthly basis. 2. Lack of review of the register for accuracy and completeness on a monthly basis. 3. Ensure that all entries in the traffic fines register are reconciled to the infringement notice.	traffic fines register on a monthly basis. Traffic Department should populate the register and Revenue clerks should review the register for accuracy and completeness on a monthly basis. 2. Traffic department should ensure that all entries in the traffic fines register should be reconciled to the infringement notice by Revenue clerks.		8-Jan-19	30-Jun-19	CFO D Mapotsane Chief Traffic Officer			
65.	Commitments	24. ISS-52- Operating lease liability (Presentation)	The CFO did not ensure that financial statements and supporting schedules are adequately reviewed.	Resolved during audit	Resolved during audit	8-Jan-19	30-Jun-19	CFO D Mapotsane Chief Traffic Officer	Resolved during audit		

#	Audit Findings	Description of Finding	Root Cause	Action Plan Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
66.	Payables	1. ISS.30- Payables from Exchange Overstated	Management did not implement adequate controls to reconcile and clear suspense accounts Lack of management effort in monthly review of that/Ledger to identify and address suspense vote balances or unusual transactions resulting in non-clearance of suspense votes at year-end	1. Reconcile suspense accounts on a daily basis. Provider should assist with the reconciliation on a regular basis.	8-Jan-19	30-Apr-19	CFO and all managers			
67.	Consumer Debtors	ISS.14- Consumer Debtors Not Split	Lack of adequate review of the financial statements which resulted in misstatement identified.	Resolved during audit	Resolved during audit	Resolved during audit				
68.	Debtors	1. ISS.16- Provision for bad debt not correctly allocated	Lack of adequate review of the financial statements and the supporting schedule which resulted in misstatement identified.	Resolved during audit	Resolved during audit	Resolved during audit				
69.	Debtors	1. ISS.18- Resolved- Overstate of other receivables from non-	Lack of adequate review of the financial statements and the supporting schedule which resulted in misstatement identified.	Resolved during audit	Resolved during audit	Resolved during audit				

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
		exchange transactions									
70.	Debtors	1. ISS.19 Misstatements on bad debts written off	Lack of adequate review of the financial statements, supporting schedules and the council resolutions which resulted in misstatement identified.	Resolved during audit	Resolved during audit	Resolved during audit	Resolved during audit	Resolved during audit			
71.	Debtors	59. ISS.21 Other Receivables Misstated (Exchange Transactions)	Lack of adequate review of the financial statements supporting which resulted in misstatement identified.	Resolved during audit	Resolved during audit	Resolved during audit	Resolved during audit	Resolved during audit			
72.	Debtors	60. ISS.76-Traffic Licensing Debtor Misstatement	Lack of adequate review of the financial statements supporting which resulted in misstatement identified. Lack of management review and investigation of long outstanding balances/balances with	1. Investigate the reason why there was a no movement in the Traffic Debtors and Using the results of the investigation, decide to write off the amount or impair it if there is a	8-Jan-19	31-Mar-19	CFO and DEPUTY CFO 1. Malepe L (Manager Movable assets)				

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
73.	Revenue	61. ISS.13-COMAF 041: Revenue from exchange transaction s: Misstatement of revenue from license and permits	Improper accounting treatment of revenue from licenses and permits.	Resolved during audit	Resolved during audit	Resolved during audit	Resolved during audit	Resolved during audit			
			no movement for corrective action to be taken.	possibility of recovery.							

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
74.	Revenue	1. ISS.48-Traffic fines: Limitation of scope	Lack of proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting. Lack of an effective systematic filing systems to ensure safe-keeping of records and enable easy retrieval of supporting documents.	1. An effective systematic filing systems should be implemented to ensure safe-keeping of records and enable easy retrieval of supporting documents. 2. All traffic fines books must be stored in a secure location with access control to prevent loss.		8-Jan-19	Ongoing	CFO and all managers			
75.	Revenue	67. ISS.111-Revenue from non-exchange: MIG Grant revenue and Unspent grant misstated	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	Resolved during audit		Resolved during audit	30-Jun-19	community services			

#	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
76.	VAT Receivable	68. ISS.45-VAT Receivable Understated	Lack of adequate review of the financial statements supporting which resulted in misstatement identified.	Resolved during audit	during	Resolved during audit	Resolved during audit	Resolved during audit			
77.	VAT Receivable	69. ISS.60-VAT receivable Misstated	Lack of adequate review of the financial statements supporting which resulted in misstatement identified.	Resolved during audit	during	Resolved during audit	Resolved during audit	Resolved during audit			
78.	VAT Receivable	70. ISS.66-Expenditure-Supplier not registered for VAT	The CFO did not ensure that the municipality is charged VAT by suppliers registered as VAT vendors.	Resolved during audit	during	Resolved during audit	Resolved during audit	Resolved during audit			

79.	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
80.	Cash and cash Equivalents	ISS.12- Noncompliance with MFMA on VBS investments	The municipality did not follow proper processes when investing public funds and the Municipal Regulation 6 was not followed Lack of understanding of MFMA provisions regarding investing public funds	Resolved during audit	Resolved during audit	Resolved during audit	Resolved during audit	Matheba L			
81.	Financial Statements	3. ISS.26- Schedule, GL does not agree to the TB and AFS	Lack of adequate review of the financial statements and the supporting schedule which resulted in misstatement identified Poor planning by management which resulted in late appointment of service providers to assist with preparation of AFS. Management lack accounting knowledge and understanding of GRAP standards resulting	1. Contact the system provider to check if the financial systems were correctly configured	1. Contact the system provider to check if the financial systems were correctly configured	21-Jan-19	30-Jun-19	Matheba L			

79.	Audit Findings	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
82.	Conditional grants	18. ISS.107- Unspent grants not backed by cash at year end	<p>in lack of capacity to prepare or review AFS.</p> <p>Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.</p>	<p>1. Ring-fence funds for Conditional Grants in legal short-term investments.</p> <p>2. All respective managers should ensure compliance with the conditional grant conditions as per the DORA.</p> <p>3. The grant register should be updated on a monthly basis and all the necessary supporting documents filed to ensure accurate conditional grant balance are reported to Treasury and in the AFS.</p>	8-Jan-19	30-Jun-19	L Matheba			

79.	Audit Findings	Description of Finding	Root Cause	Action Description	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
83.	Financial Statements	20. ISS.26-Schedule, GL does not agree to the TB and AFS	Lack of adequate review of the financial statements and the supporting schedule in which misstatement identified Poor planning by management which resulted in late appointment of service providers to assist with preparation of AFS. Management lack accounting knowledge and understanding of GRAP standards resulting in lack of capacity to prepare or review AFS.	1. The GL and TB will be compared to the schedules for correctness before the AFS can be prepared. 2. The CFO and the Accounting section will review the AFS before submission to the Audit Committee. 3. All schedules compiled should be verified by the respective managers and submitted to the CFO for review and approval. 4. Incorporate the changes or findings from the Audit Committee	9-Jan-19	15-Jul-19	L Matheba			
84.	Cash and cash Equivalents	21. ISS.25-Cash and cash equivalents misstated	Lack of adequate review of the financial statements supporting schedule in which misstatement identified.	Resolved during audit	Resolved during audit	Resolved during audit	L Matheba			
85.	Cash and cash	22. ISS.8-VBS investment	The municipality did not take into account the situation surrounding VBS	Resolved during audit	Resolved during audit	Resolved during audit	L Matheba			

79.	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
	Equivalent	not impaired	mutual bank and the impact it will have in their financial statements.								
86.	Cash and cash Equivalent	23. ISS.22- Cashflow statement misstated	The CFO did not adequately review the correctness of the cash flow statement prior to submission.	Resolved during audit		Resolved during audit		L Matheba			
87.	Comments	25. ISS.10- Limitation of scope: Information not submitted for audit	Lack of proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	1. An effective filing systems will be implemented to ensure safe keeping of records and enable easy retrieval of supporting documents. 2. All files must be stored in a secure location with access control to prevent loss.		8-Jan-19	30-Jun-19	L Matheba			
88.	Going concern	28. ISS.120- Going concern disclosure	Lack of adequate review of disclosures made in the financial statements	Resolved during audit		Resolved during audit		L Matheba			

79.	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
89.	Payables	1. SS.27- Unallocated Receipts Overstated	Management did not implement adequate controls to reconcile and clear unallocated receipts	Resolved during audit		Resolved during audit	Resolved during audit	L Matheba			
90.	Payables	1. ISS.28- Accrued Bonus Understated	Management did not prepare accurate bonus accrual schedule	Resolved during audit		Resolved during audit	Resolved during audit	L Matheba			
91.	Conditional grants	63. ISS.85- Misstatement of EPWP Grant recognized as revenue	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information Lack of an effective systematic filing systems to ensure safe-keeping of records and enable easy retrieval of supporting documents.	1. An effective grant register will be maintained to ensure that grants are not included into revenue. 2. A reconciliation of grants received against that paid will be performed to establish that grants are not used for operational purposes. 3. All grant files must be stored in a secure location with access		8-Jan-19	30-Jun-19	L Matheba			

79.	Audit Finding	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
				control to prevent loss.							
92.	Conditional grants	64. ISS.108- Limitation of scope: EPWP and FMG grants	Lack of proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting. Lack of an effective systematic filing systems to ensure safe-keeping of records and enable easy retrieval of supporting documents.	1. An effective systematic filing systems should be implemented to ensure safe-keeping of records and enable easy retrieval of supporting documents. 2. All grant files must be stored in a secure location with access control to prevent loss.		8-Jan-19	30-Jun-19	L Matheba			

79.	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
93.	Conditional grants	65. ISS.109-Limitation of scope: MIG grant	Lack of proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting. Lack of an effective systematic filing systems to ensure safe-keeping of records and enable easy retrieval of supporting documents.2. All grant files must be stored in a secure location with access control to prevent loss.	1. An effective filing systems should be implemented to ensure safe-keeping of records and enable easy retrieval of supporting documents.2. All grant files must be stored in a secure location with access control to prevent loss.		8-Jan-19	30-Jun-19	L Matheba			
94.	Revenue	66. ISS.110-MIG grant-Misstatement of revenue recognized	Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. 1. Lack of management review of the grant register to ensure it is updated on a monthly basis and so that any errors are identified and corrected on time.	1. The grant register should be updated on a monthly basis and all the necessary supporting documents filed to ensure accurate conditional grant balance are reported to Treasury and in the AFS. 2. The grant register and supporting documents should be reviewed on a monthly basis so that any errors are identified and corrected on time.		8-Jan-19	30-Jun-19	L Matheba			

79.	Audit Findings	Description of Finding	Root Cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
95.	Budget	ISS.67- Expenditure- Incorrect classification	<p>The CFO did not ensure that daily recording of transactions are reviewed to ensure that transactions are recorded appropriately.</p> <p>The CFO did not ensure that financial statements and supporting schedules are adequately reviewed.</p> <p>Management lack accounting knowledge and understanding of GRAP 17 provisions regarding accounting for PPE.</p> <p>FTM Asset Management Unit did not have capacity to update the Movable Assets Register without support from Asset Management experts.</p>	<p>1. Establish a system of checking votes when orders are being prepared at SCM and asset management units</p> <p>2. Scrutinize the operational expenditure votes on a monthly basis to identify any assets additions that may be incorrectly expensed so that these are capitalized in the FAR.</p>		26-Feb-19	30-Jun-19	L Matheba			
						27-Feb-19	30-Jun-19	L Matheba			

#	Audit Findings	Description of Finding	Root cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
96.	Predetermined Objectives	1. ISS.23-Reported achievement not agree to evidence reported FBE	Management did not prepare performance reports supported and evidenced by reliable information. Furthermore, management did not ensure that supporting evidence for performance reported is accurate and complete.	timely submission of the quarterly performance reports; review of the evidence to substantiate the achievement of quarterly targets; evaluation of progress against the key performance indicators; monthly review of the performance of the municipality and departments		1-Feb-19	30-Jun-19	PMS manager			

#	Audit Findings	Description of Finding	Root cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
97.	Predetermined Objectives	1. ISS.38-BSD: Indicators not supported by sufficient evidence potholes-street lights	Management did not prepare accurate performance reports supported and evidenced by reliable information. Furthermore, management did not ensure that supporting evidence for performance reported is accurate and complete.	timely submission of the quarterly performance reports; review of the evidence to substantiate the achievement of quarterly targets; evaluation of progress against the key performance indicators; monthly review of the performance of the municipality and departments		1-Feb-19	30-Jun-19	PMS manager			
98.	Predetermined Objectives	1. ISS.59-LED: Coops market linkages reported achievement not supported by sufficient evidence	Management did not prepare accurate performance reports supported and evidenced by reliable information. Furthermore, management did not ensure that supporting evidence for performance reported is accurate and complete.	timely submission of the quarterly performance reports; review of the evidence to substantiate the achievement of quarterly targets; evaluation of progress against the key performance indicators; monthly review of the performance of the municipality and departments		1-Feb-19	30-Jun-19	PMS manager			

#	Audit Findings	Description of Finding	Root cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
99.	Predetermined Objectives	ISS.69-LED: job opportunities reported achievement not supported by sufficient and limitation	Management did not prepare accurate performance reports supported and evidenced by reliable information. Furthermore, management did not ensure that supporting evidence for performance reported is accurate and complete.	timely submission of the quarterly performance reports; review of the evidence to substantiate the achievement of quarterly targets; evaluation of progress against the key performance indicators; monthly review of the performance of the municipality and departments		1-Feb-19	30-Jun-19	PMS manager			
100.	Predetermined Objectives	1. ISS.71-SP: Building plans reported achievement did not agree with the evidence provided	Management did not ensure that reports are properly reviewed to confirm that the information reported in the annual performance report is accurate, valid and complete	timely submission of the quarterly performance reports; review of the evidence to substantiate the achievement of quarterly targets; evaluation of progress against the key performance indicators; monthly review of the performance of the municipality and departments		1-Feb-19	30-Jun-19	PMS manager			

#	Audit Findings	Description of Finding	Root cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
101.	Predetermined Objectives	6. ISS.80-Indicators not well defined	Management did not prepare accurate performance reports supported and evidenced by reliable information. Furthermore, management did not ensure that supporting evidence for performance reported is accurate and complete.	to review all the indicators and ensure that are in compliance with smart criteria and are aligned to municipal objectives and outcome of the projects		1-Feb-19	30-Jun-19	PMS manager			
102.	Predetermined Objectives	1. ISS.119-Road Infrastructure Procedures	The accounting officer did not exercise oversight responsibility over routine maintenance of their roads infrastructure. The municipality does not keep up to date with recent developments	to assist technical department in developing a road maintenance plan and monitoring the implementation of the plan		1-Feb-19	30-Jun-19	PMS manager			
103.	Predetermined Objectives	1. ISS.74-LED Hawkers stalls reported achievement did not agree with the	Management did not prepare accurate performance reports supported and evidenced by reliable information. Furthermore, management did not ensure that supporting evidence for performance	timely submission of the quarterly performance reports; review of the evidence to substantiate the achievement of quarterly targets; evaluation of progress against the		1-Feb-19	30-Jun-19	PMS manager			

#	Audit Findings	Description of Finding	Root cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
		evidence provided	reported is accurate and complete.	key performance indicators; monthly review of the performance of the municipality and departments							
104.	Predetermined Objectives	1. ISS.78- BSD plant and equipment -Targets achieved not agreeing to submitted information	Financial/Performance management Management did not ensure that reports are properly reviewed to confirm that the information reported in the annual performance report is accurate, valid and complete	timely submission of the quarterly performance reports; review of the evidence to substantiate the achievement of quarterly targets; evaluation of progress against the key performance indicators; monthly review of the performance of the municipality and departments		1-Feb-19	30-Jun-19	PMS manager			
105.	Predetermined Objectives	SS.121-SP: Reported achievement did not agree with evidence provided	Management did not ensure that reports are properly reviewed to confirm that the information reported in the annual performance report is accurate, valid and complete	timely submission of the quarterly performance reports; review of the evidence to substantiate the achievement of quarterly targets; evaluation of progress against the		1-Feb-19	30-Jun-19	PMS manager			

#	Audit Findings	Description of Finding	Root cause	Action Description	Plan	Start Date	Completion Date	Person Responsible	Progress	Narrative to Progress	POE
				key performance indicators; monthly review of the performance of the municipality and departments							

APPENDIX A: Councillors, Committee Allocation and Council Attendance

No.	Surname	Full Names	Full time/Part time	Committee allocated	Ward and/or party representing	% council meetings attendance	% Apologies for non-attendance
1.	Phala	Tlakale Naume	Full time	Speaker	ANC	93%	7%
2.	Phokane	Maudu Johannes	Full time	Mayor	ANC	100%	0%
3.	Shoba	Makgalema Vicent	Full time	Chief whip	ANC	72%	28%
4.	Malla	Edwin Eddie	Full time	Portfolio head Infrastructure Development and Technical Services	ANC	86%	14%
5.	Moeng	Queen Malekgale	Part time	Portfolio head Development Planning	ANC	50%	50%
6.	Pholwane	Maakgalake Beneilwe	Full time	Portfolio head Corporate services	ANC	86%	14%
7.	Mashego	Raisibe Maria	Part time	Portfolio head Community services	ANC	93%	7%

No.	Surname	Full Names	Full time/Part time	Committee allocated	Ward and/or party representing	% council meetings attendance	% Apologies for non-attendance
8.	Mamogale	Magatane Isaac	Full time	Portfolio head Budget and Treasury	ANC	86%	14%
9.	Hlatswayo	Buti Ephraim	Part time	Portfolio head Local Economic development and Tourism	Ward 06/ANC	72%	28%
10	Kgwedi	Joseph Lethabile	Part time	Deputy Portfolio head infrastructure development and Technical Services	DA	72%	28%
11.	Mogoane	Mogaleadi Kgothatso	Part time	Deputy Portfolio head Corporate services	EFF	36%	64%
12.	Makola	Joseph Verwoerd	Part time	Deputy Portfolio head Budget and Treasury and District representative	EFF	72%	28%
13.	Mnisi	Fonda Gerry	Part time	MPAC, District representative	EFF	79%	21%

No.	Surname	Full Names	Full time/Part time	Committee allocated	Ward and/or party representing	% council meetings attendance	% Apologies for non-attendance
14.	Mabelane	Motsebeng Morussia	Part time	MPAC, ward councillor and district representative	Ward 01 /ANC	93%	7%
15.	Makine	Molekwa Patrick	Part time	Rules, Ethics, Petition & public participation	Ward 02/ ANC	79%	21%
16.	Radingwana	Maroale Release	Part time	LED&T and District representative	Ward 03/ANC	72%	28%
17.	Mamogale	Malebotse Frans	Part time	Corporate Services and Name change committee and District representative	Ward 04/ANC	79%	21%
18.	Maupa	Thabang Thomas	Part time	LED&T	Ward 05/ANC	93%	7%
19.	Riba	Mashego Rebotile	Part time	Community Services	Ward 07/ANC	79%	21%
20.	Mohubedu	Putaneng Simon	Part time	Rules, Ethics, Petition & public participation	Ward 08/ANC	79%	21%
21.	Malakane	Oshaletjeng Angelina	Part time	Community Services	Ward 09/ANC	86%	14%

No.	Surname	Full Names	Full time/Part time	Committee allocated	Ward and/or party representing	% council meetings attendance	% Apologies for non-attendance
22.	Mahlaba	Lucy Marema	Part time	Rules, Ethics, Petition & public participation	Ward 10/ANC	86%	14%
23.	Magane	Mpone Timothy	Part time	Technical Services	Ward 11/ANC	100%	0%
24.	Mahlake	Tola Victor	Part time	Chair of Chairs	Ward 12/ANC	100%	0%
25.	Moshwana	Xikhwane Emily	Part time	LED&T	Ward 13/ANC	93%	7%
26.	Makofane	Ntsabolane Nelly	Part time	Development Planning	Ward 14/ANC	79%	21%
27.	Kgaphola	Mpho Andries	Part time	Corporate services and District representative	Ward 15/ANC	50%	50%
28.	Khoza	Maria Rinkie	Part time	Development Planning	Ward 16/ANC	100%	0%
29.	Mphethi	Maria Mahwiti	Part time	Development planning	Ward 17/ANC	93%	7%
30.	Ngwatla	Themba Jackson	Part time	Development planning	Ward 18/ANC	79%	21%
31.	Malomane	Kapudi Hamilton	Part time	Community Services	Ward 19 /ANC	100%	0%
32.	Lekwadi	Manyala Irene	Part time	Rules, Ethics, Petition & public participation	Ward 20 /ANC	86%	14%

No.	Surname	Full Names	Full time/Part time	Committee allocated	Ward and/or party representing	% council meetings attendance	% Apologies for non-attendance
33.	Mokgotho	Lisbeth Letlabolo	Part time	Technical services and District representative	Ward 21 /ANC	86%	14%
34.	Malatji	Mpho Lydia	Part time	Corporate services	Ward 22 /ANC	86%	14%
35.	Maphakge	Ranchiyeng Agnes	Part time	Budget & Treasury	Ward 23 /ANC	86%	14%
36.	Minisi	Hluphi Dindi	Part time	Community Services	Ward 24 /ANC	58%	42%
37.	Mosoma	Senwabjale Elijah	Part time	Budget and Treasury	Ward 25 /ANC	100%	0%
38.	Molapo	Ntopi Trainer	Part time	Community Services	Ward 26 /ANC	100%	0%
39.	Makua	Lesotja Caiphus	Part time	Community Services	Ward 27 /ANC	100%	0%
40.	Ranθο	Lekgeman Jim	Part time	Corporate Services	Ward 28/ANC	93%	7%
41.	Mariri	Mogudishetso Lenky	Part time	Development planning	Ward 29/ANC	100%	0%
42.	Thobejane	Motubatse Lot	Part time	Budget & Treasury	Ward 30/ANC	86%	14%
43.	Mohlala	Suzan Gaki	Part time	Budget and Treasury	Ward 31/ANC	50%	50%
44.	Maisela	Ramatsimele Philystus	Part time	Technical Services and District representative	Ward 32/ANC	58%	42%

No.	Surname	Full Names	Full time/Part time	Committee allocated	Ward and/or party representing	% council meetings attendance	% Apologies for non-attendance
45.	Selepe	Malope Elias	Part time	Technical Services	Ward 33/ANC	79%	21%
46.	Manale	Ramaabele Evinah	Part time	LED&T and Name change committee	Ward 34/ANC	79%	21%
47.	Ratsoma	Meselane Justice	Part time	Technical Services	Ward 35/ANC	79%	21%
48.	Moiifo	Khulong Hendrik	Part time	Budget and Treasury	Ward 36/ANC	65%	35%
49	Diphofa	Diphofe Klaas	Part time	Rules, Ethics, Petition & public participation	Ward 37/ANC	93%	7%
50.	Makua	Moloke John	Part time	MPAC and District representative	Ward 38/ANC	100%	0%
51.	Mashabela	Mphage Nelson	Part time	MPAC	Ward 39/ANC	65%	35%
52.	Mphethi	Ngwakwane Dorah	Part time	MPAC	ANC	93%	7%
53.	Phaladi	Raphahle Cathrine	Part time	MPAC and District representative	ANC	100%	0%
54.	Maphanga	Thato Promise	Part time	Budget and Treasury	ANC	86%	14%
55.	Gumede	Rose Thembisile	Part time	MPAC	ANC	100%	0%

No.	Surname	Full Names	Full time/Part time	Committee allocated	Ward and/or party representing	% council meetings attendance	% Apologies for non-attendance
56.	Maroga	Tlaisesgo Treggy	Part time	Corporate Services	ANC	79%	21%
57.	Mojalefa	Lerero Halindah	Part time	Development Planning	ANC	100%	0%
58.	Makhubedu	Ngwanyane Rhinah	Part time	LED & T	ANC	93%	7%
59.	Malapane	Sekatikele Surprise	Part time	Community Services and District representative	EFF	72%	28%
60.	Moagi	Sophy Patricia	Part time	Community service	EFF	65%	35%
61.	Mamokgopa	Lethube Dolly	Part time	Technical Services and District representative	EFF	77%	23%
62.	Kgoete	Mokgotlane Judas	Part time	Technical Services	EFF	58%	42%
63.	Moropana	Tlapadi Alice	Part time	Corporate Services	EFF	72%	28%
64.	Madire	Nkehwane Delta	Part time	Development Planning	EFF	79%	21%
65.	Mogofe	Abigail	Part time	MPAC	EFF	86%	14%
66.	Thwala	Calvin Siphoh	Part time	Development Planning	EFF	79%	21%

No.	Surname	Full Names	Full time/Part time	Committee allocated	Ward and/or party representing	% council meetings attendance	% Apologies for non-attendance
67.	Radingwane	Thembi Maatlale	Part time	LED&T	EFF	58%	42%
68.	Mphogo	Khutso Division	Part time	Rules, Ethics, Petition & public participation	EFF	72%	28%
69.	Kupa	Ramatsobane Breanda	Part time	Local Economic Development & Tourism	EFF	79%	21%
70.	Mokgalaka	Conny Ramabele	Part time	Budget and Treasury	EFF	93%	7%
71.	Makofane	Isaac Thabo	Part time	MPAC and District representative	DA	79%	21%
72.	Mashile	Mante Didi	Part time	Technical Services	DA	79%	21%
73.	Makgopa	Isaac Kapudi	Part time	Budget and Treasury	DA	93%	7%
74.	Mahlakwana	Makgoale Emma	Part time	Corporate Services	AZAPO	79%	21%
75.	Lentsoana	Setlogane Aaron	Part time	Rules, Ethics, Petition & public participation	COPE	72%	28%

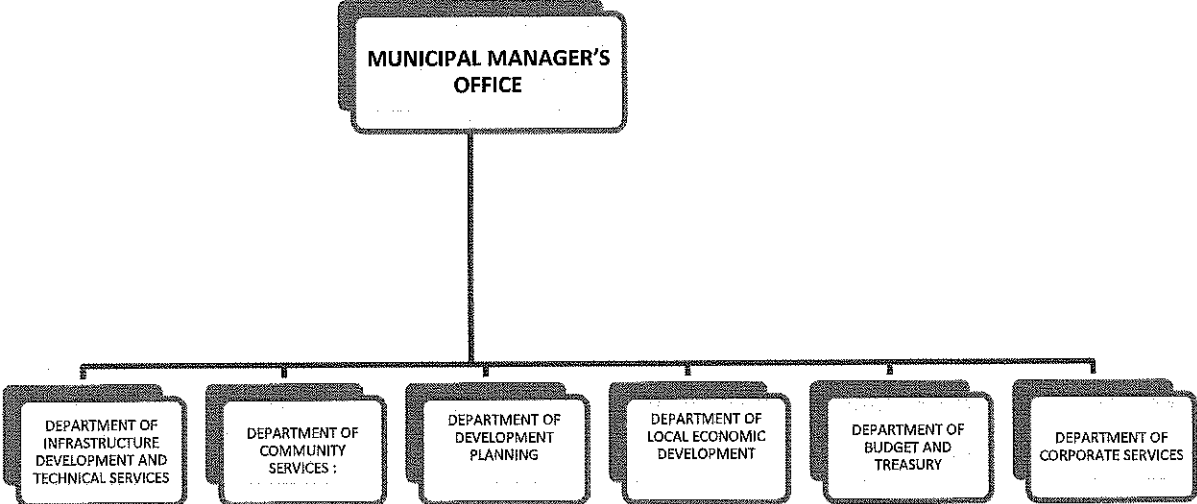
No.	Surname	Full Names	Full time/Part time	Committee allocated	Ward and/or party representing	% council meetings attendance	% Apologies for non-attendance
76.	Mohlala	Bonyana John	Part time	Local Economic Development & Tourism	PAC	36%	64%
77.	Molapo	Tjekane Itumeng	Part time	Technical service	SADA	93%	7%

APPENDIX B: Committees and Committee Purposes

Name change Committee	Ethics committee	Municipal Public Account committee	Audit committee
Purpose: To facilitate the process naming of municipal properties	Purpose: Look into the conduct of councillors	Purpose: To ensure accountability of administration to council	Purpose: To advise the municipal council, the political office bearers, the accounting officer and the management staff of the municipality on matters as per section 166(2) of MFMA

Members	Members	Members	Members
Chairperson: Cllr. Phaladi R.C	Chairperson: Cllr. Diphofa D.K	Chairperson: Cllr. Mphethi N.D	Chairperson: Mr. Mpjane NJ
Cllr. Makua M.J	Cllr. Makina M.P	Cllr. Makua MJ	Mr. Simelane S
Cllr. Mamogale M.F	Cllr. Mohubedu PS	Cllr. Mashabela M.N	Adv. Malatji TM
Cllr. Mabelane M.M	Cllr. Mahlaba LM	Cllr. Phaladi RC	Mr. Semanya CC
Cllr. Magane M.T	Cllr. Lentsoana S.A	Cllr. Mabelane MM	
Cllr. Manale R.E	Cllr. Mphogo K.D	Cllr. Gumede R.T	
Cllr. Kupa R.E		Cllr. Makofane I.T	
Cllr. Mohlala B.J		Cllr. Mnisi FG	
Cllr. Mogofe A		Cllr. Mogofe A	
Cllr. Makgopa I.K			
Cllr. Mahlakwana M.E			
Cllr. Lentsoana S.A			

APPENDIX C: Third Tier Administrative Structure



APPENDIX D: functions of the Municipality

Powers and functions of the Fetakgomo Tubatse Municipality are as listed below:

1. Municipal planning;
2. Building regulations;
3. Local tourism;
4. Trading regulations;
5. Street trading;
6. Control of undertakings that sell liquor to the public;
7. Street lights;
8. Municipal roads;
9. Traffic and parking;
10. Municipal public transport;
11. Billboards and the display of advertisements in public places;
12. Local sport facilities;
13. Local amenities;
14. Refuse removal & refuse dumps; (Refuse Management)
15. Municipal cemeteries, funeral parlour and crematoria;
16. Public places; and (with ftm but not in gtm)
17. Municipal airport

APPENDIX E: WARD REPORTING

		Functionality of Ward Committees						
Ward Name (Number)	Surname of Ward Councillor	Name of Ward Councillor	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year		
Ward 01	Mabelane	Motsebeng Morussia	Yes	12	12	4		
Ward 02	Makine	Molelekwa Patrick	Yes	12	12	4		
Ward 03	Radingwana	Maroale Release	Yes	12	12	4		
Ward 04	Mamogale	Malebotse Frans	Yes	12	12	4		
Ward 05	Maupa	Thabang Thomas	Yes	12	12	4		
Ward 06	Hlatswayo	Buti Ephraim	Yes	12	12	4		
Ward 07	Riba	Mashego Rebotile	Yes	12	12	4		
Ward 08	Mohubedu	Putaneng Simon	Yes	12	12	4		
Ward 09	Malakane	Oshaletjeng Angelina	Yes	12	12	4		
Ward 10	Mahlaba	Lucky Marema	Yes	12	12	4		

Functionality of Ward Committees							
Ward Name (Number)	Surname of Ward Councillor	Name of Ward Councillor	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year	
Ward 11	Magane	Mpone Timothy	Yes	12	12	4	
Ward 12	Mahlake	Tola Victor	Yes	12	12	4	
Ward 13	Moshwane	Xikhwane Emily	Yes	12	12	4	
Ward 14	Makofane	Ntsabolane Nelly	Yes	12	12	4	
Ward 15	Kgaphola	Mpho Andries	Yes	12	12	4	
Ward 16	Khoza	Maria Rinkie	Yes	12	12	4	
Ward 17	Mphethi	Maria Mahwiti	Yes	12	12	4	
Ward 18	Ngwatle	Themba Jackson	Yes	12	12	4	
Ward 19	Malomane	Kapudi Hamilton	Yes	12	12	4	
Ward 20	Lekwadi	Manyala Irene	Yes	12	12	4	
Ward 21	Mokgotho	Lisbeth Letlabolo	Yes	12	12	4	

Functionality of Ward Committees							
Ward Name (Number)	Surname of Ward Councillor	Name of Ward Councillor	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year	
Ward 22	Malatji	Mpho Lydia	Yes	12	12	4	
Ward 23	Maphakge	Ranchiyeng Agnes	Yes	12	12	4	
Ward 24	Mnisi	Hluphi Dindi	Yes	12	12	4	
Ward 25	Mosoma	Senwabjale Elijah	Yes	12	12	4	
Ward 26	Molapo	Ntopi Trainer	Yes	12	12	4	
Ward 27	Makua	Lesotja Caiphus	Yes	12	12	4	
Ward 28	Ranθο	Lekgema Jim	Yes	12	12	4	
Ward 29	Mariri	Mogudishetso Lenky	Yes	12	12	4	
Ward 30	Thobejane	Motubatse Lot	Yes	12	12	4	
Ward 31	Mohlala	Suzan Gaki	Yes	12	12	4	
Ward 32	Maisela	Ramatsimela Philystus	Yes	12	12	4	

Functionality of Ward Committees							
Ward Name (Number)	Surname of Ward Councillor	Name of Ward Councillor	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year	
Ward 33	Selepe	Malope Elias	Yes	12	12	4	
Ward 34	Manale	Ramaabele Evlindah	Yes	12	12	4	
Ward 35	Ratsoma	Meselane Justice	Yes	12	12	4	
Ward 36	Moifo	Khulong Hendrik	Yes	12	12	4	
Ward 37	Diphofa	Diphofe Klaas	Yes	12	12	4	
Ward 38	Makua	Moloke John	Yes	12	12	4	
Ward 39	Mashabela	Mphakge Nelson	Yes	12	12	4	
Total				468	468	156	

Appendix G: Recommendation of the Municipal Audit Committee



FETAKGOMO TUBATSE
LOCAL MUNICIPALITY

**ANNUAL AUDIT COMMITTEE REPORT FOR THE
YEAR ENDING 30 JUNE 2018**

Page 1 of 7

ANNUAL AUDIT COMMITTEE REPORT FOR THE YEAR ENDING 30 JUNE 2018

1. INTRODUCTION

We are pleased to present our Annual Audit Committee Report for the financial year ended 30 June 2018.

The Chairperson of the Audit Committee must report on a quarterly basis, or more frequently if required, to the Municipal Council on the operations of the Internal Audit Unit and the Audit Committee. The report should include:

- A summary of the work performed by the internal audit and the audit committee against the annual work plan;
- Effectiveness of the internal controls and additional measures that must be implemented to address identified risks;
- A summary of key issues dealt with, such as significant internal and external audit
- Findings, recommendations and updated status thereof;
- Progress with any investigations and their outcomes;
- Details of meetings and the number of meetings attended by each member; and
- Other matters requested of the internal audit and audit committee.

2. AUDIT COMMITTEE AUTHORITY

The Audit Committee shall have the authority to perform functions, and to obtain any information and advice, from within or outside the municipality or entity, in order to perform its functions.

2.1 The Audit Committee may:

- Communicate with the Council, Municipal Manager or the Internal and External Auditors of the municipality or municipal entity;
- Have access to municipal records containing information that is needed to perform its duties or exercise its powers;
- Request any relevant person to attend any of its meetings, and, if necessary, to provide information requested by the committee; and

- Conduct investigations into the financial affairs of the municipality or municipal entity, as may be requested by the council of the municipality or in the case of a municipal entity, the council of the parent municipality of the board of directors of the entity.

2.2 The MPAC, in discharging its responsibility, may make use of any information provided by the Audit Committee to avoid duplication of efforts.

2.3 The Audit Committee is guided by section 166 of the Municipal Finance Management Act ("the Act") and Treasury Regulations paragraph 27.1.8 and 27.1.10. The Audit Committee consist of non-executive members including the Chairperson and it has also adopted formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

3. AUDIT COMMITTEE COMPOSITION AND ATTENDANCE AT MEETINGS

The Audit Committee must meet at least four times per annum as required by section 166(4)(b) of the Municipal Finance Management Act.

The Audit Committee met eleven (11) times in the 2017/18.

The following table illustrates the number of meetings attended by each member:

Name of Member	Performance Audit Committee meetings	Ordinary audit committee meetings	Special audit committee meetings	Total No. of meetings attended
Mr MPJANE JN (Chairperson)	4 of 4	4 of 4	3 of 3	11 of 11
Mr SEMENYA CC	3 of 4	3 of 4	3 of 3	9 of 11
Mr MALATJI TM	3 of 4	3 of 4	2 of 3	8 of 11
Mr SIYAKHULA S	3 of 4	3 of 4	2 of 3	8 of 11

4. AUDIT COMMITTEE RESPONSIBILITY

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of Sections 166 of the Municipal Finance Management Act. We further report that we have conducted our affairs in compliance with this charter.

5. INTERNAL AUDIT

The Committee monitors and evaluates the implementation of the Internal Audit plan and provides feedback to management on the work performed by the Internal Audit unit.

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality in its audits. The Internal Audit implemented their 2017/2018 annual plan as approved by the Audit Committee. The Committee met with Internal Audit during the year to ensure that the function is executed effectively and objectively (from management). We are satisfied with the content and quality of quarterly reports prepared and issued by the internal audit.

The Internal audit unit comprises of four (4) staff members, which are one Chief Audit Executive, one Senior Internal Auditor and two Internal Audit interns.

The committee is of the view that the unit was effective for the year 2017/18 as it was able to discharge its responsibilities as set out in the approved audit plan and section 165 of the Municipal Finance Management Act.

The system of internal control was not entirely effective for the period under review. During the period under review, several deficiencies in the system of internal control and deviations were reported by internal audit and the Office of Auditor-General South Africa. In certain instances, the matters reported previously have not been fully and satisfactory addressed.

6. RISK MANAGEMENT

The Audit and performance Committee is satisfied that risk management is continually improving within the Municipality. However, management needs to ensure that there is improved co-ordination between risk management and strategic planning functions, so that resources can be allocated in an optimal manner to address the top risks of the Municipality.

An Enterprise Wide Risk Assessment project was conducted during the financial year 2017/18 and the results together with an Enterprise Wide Risk Management Framework and Policy was submitted to the Committee for review and approval. The risk register consisting of the most significant risks. The Committee notes that management will provide action plans to deal with those risks areas.

The timeous implementation of the Municipal Standard Chart of Accounts (mSCOA) remains a high risk facing the municipality.

7. PERFORMANCE MANAGEMENT

The Committee assessed quarterly performance reports, as well as the annual performance report, which were all audited by Internal Audit. The Municipal Performance System is still experiencing challenges with assessment methodology; however there have been some improvements in terms of institutional awareness of performance related service delivery approach.

8. INDIVIDUAL PERFORMANCE EVALUATION

Mid-year and Annual performance evaluation for staff members of the Municipality was not conducted with an exception of the one director, Deputy CFO, Mr Maredi.

9. COMPLIANCE WITH LAWS AND REGULATIONS

We need to improve on compliance with laws and regulations as material non – compliance findings were identified during the financial year. We believe Senior Management, Internal Audit Unit, Risk and Compliance as well as Legal should work together. Oversight will be improved by all oversight bodies within the Municipality. This will improve compliance with SCM policy and relevant procurement legislation and reduce Unauthorized, Irregular, Fruitless and Wasteful Expenditure incurred by the Municipality.

10. THE EFFECTIVENESS OF INTERNAL CONTROL

The systems of internal control are the responsibility of the Municipal management and are designed to provide effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with requirements of the MFMA and the principles of the King Report (King IV) on Corporate Governance, the Internal Audit Function provides the Municipal Audit Committee and Municipal Management with assurance that the systems of internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the

identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Audit, the Report and Management Letter of the Auditor-General on the Annual Financial Statements, it was noted that the systems of internal control were not effective for the year under review as control deficiencies were detected in the following significant control areas:

- Preparation of Financial Reports
- Assets Management
- Supply Chain Management
- Revenue Management
- Performance Management
- Information Technology Management
- Compliance with Laws
- Contracts Management

Ineffectiveness of internal control over Information and Communication Technology (ICT)

This continued to be a high risk for the Municipality. The internal audit unit of the Municipality has furnished the Audit Committee with reports of its evaluation of the effectiveness of the Information and Communication Technology management. Based on the findings reported by the Internal Audit, the Audit Committee expresses unsatisfactory opinion on the effectiveness of the system of Information and Communication Technology management internal control.

11. EFFECTIVENESS OF GOVERNANCE

The Audit Committee reviewed the municipal quarterly IDP, SDBIP, Section 71 reports and other performance related performance report i.e. Legal, Contract, procurement etc. reports of the municipality and the committee is not satisfied with effectiveness of governance on the basis of the quality of the reports and, consequently performance of Senior Managers was not assessed during the year. Corrective measures to improve poor performance were not developed and implemented which compromised service delivery accountability.

Reported unauthorized, irregular or fruitless and wasteful expenditure continues to be significant whereon an emphasis of matter was raised previously by the AGSA still continuing.

An Action Plan to address Internal Audit findings and a Recommendations Register to track implementation of the committee's recommendations were developed. We are dissatisfied at management's cooperation in addressing the two.

12. ANNUAL FINANCIAL STATEMENTS REVIEW

The committee reviewed the draft Annual Financial Statements and accounting practices in detail and is satisfied that the information contained in the annual financial statements as well as application of accounting policies and practices applied are reasonable. The committee reviewed the draft Annual Performance Report and the Annual Report. We accepted the credibility of the AFS subject to implementation of our review comments.

We further recommend that the preparation of Quarterly Financial Statements based on credible monthly reporting be initiated. This will benefit this Municipality going forward.

13. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The Chairperson of MPAC committee is invited in Audit Committee meetings and this ensures that we work closely and improve the co-ordination of our work. The invitation applies to all senior management.

14. APPRECIATION

The Audit and performance Committee wishes to thank Municipality Council, Management and the staff for their continued commitment to improve effective control environment and good governance of Municipality. Our appreciation is also extended to the team from the AGSA for the independent value that they continue to add to the Municipality.



MR. J.N. MPJANE CA (SA) RA

CHAIRPERSON: AUDIT COMMITTEE

DATE: 30 NOVEMBER 2018

Appendix H: Long term contracts and Public Private Schedule

None

APPENDIX I: 2017/18 SERVICE PROVIDERS PERFORMANCE REPORT

NB: DESCRIPTIVE NARRATIVE OF THE PERFORMANCE LEVELS

Level: 5 Performance far exceeds the standard expected for the job in all areas of the manager

Level: 4 Performance is significantly higher than the standard expected for the job in all areas.

Level: 3 Performance fully meets the standard expected for the job in all areas

Level: 2 Performance is below the standard required for the job in key areas.

Level: 1 Performance does not meet the standard required for the job.

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMAN CE	CHALLENGES	INTERVENTIONS/ MITIGATION
01	Payday Software	Payroll Software	IT Unit (Corporate Services)	07/09/2017	06/07/2018	R 56953.26	Performance at level 3	None	None
02	Marshcorp 2008 (Pty) Ltd	Support of Surveillance, CCTV and Maintenance	IT Unit (Corporate Services)	10/11/2017	12/11/2020	R 6 792 120.00	Performance at level 3	None	None
03	SITA	Website Hosting, support and maintenance	IT unit (Corporate Services)	02/08/2017	01/08/2020	R109 121.70 (Annually)	Performance at level 3	None	None
04	T-T Property Consultants	Compilation of Valuation Roll	BTO (Revenue)	01/07/2015	30/07/2019	R 2 960 000.00	Performance at level 3	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATION
05	Brown Dogs Security	Security Services	Corporate Services	01/10/2016	31/09/2018	R 8752 845.84	Performance at level 3	None	None
06	Born to Protect Security Services	Security Services	Corporate Services	01/10/2016	31/09/2018	R 11 152 279.92	Performance at level 3	None	None
07	Mabotwane Security	Security Services	Corporate Services	01/10/2016	31/09/2018	R 11 987 618.88	Performance at level 3	None	None
08	Born To Protect security Services	Security Services (Apel region)	Corporate Services	25/08/2015	24/08/2018	R 7 134 003.00	Performance at level 3	None	None
09	Tubatse Properties	Rental of Municipal Offices	Corporate Services	2010 (Lease of offices)	2020	R 1 555 000.00 (Monthly Rental)	Performance at level 3	None	None
10	Telkom	Rental of telephone	Corporate Services	01/07/2014	On-going	Monthly rental	Performance at level 3	None	None
11	Engnet Solution/Grant Thornton/Koba Technologies JV	GRAP Compliant Asset Register	BTO (Assets)	05/05/2014	30/04/2018	R 2 302 800,00	Performance at level 3	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATIONS
12	Business Connection	Financial System (Venus Software)	Corporate Services (IT unit)	29/03/2007	On-going	N/A (Monthly maintenance and Annual licence)	Performance at level 3	None	None
13	Ingwe Waste Management	Waste Collection at Praktiseer and Ohrigstad	Community Services	11/04/2017	10/04/2019	R 5 858 870.40	Performance at Level 3	None	None
14	Ingwe Waste Management	Waste collection at Burgersfort town	Community Services	11/04/2017	10/04/2019	R 7 397 844.00	Performance at level 3	None	None
15	BCM Didgisol cc t/a Ricoh	Rental of Multifunction Printers/Copiers	Corporate Services (IT Unit)	19/05/2017	18/05/2019	R5 128 171.77	Performance at level 3	None	None
16	Bauba Marumo Waste Management	Waste Collection (Steelpoort)	Community Services	01/07/2017	30/07/2019	R 5 560 489.09	Performance at level 3	None	None
17	Reliable Accountants	VAT Recovery Services	BTO	10/07/2017	09/07/2018	6.5% of the collection from SARS	Performance at level 3	None	None
18	Arkha Architects & Marumo Consulting Engineering JV	Extension & Refurbishment of Practiseer Testing Station	Technical	28/07/2017	N/A	14 % of the Construction budget	Performance at level 3	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATION
19	TMS Consulting	Tjate Access Bridge (Technical Proposal)	Technical	13/04/2016	N/A	14% of the construction budget	Performance at level 3	None	None
20	Bathobohle Investment	Radingwana Sports Facility	Technical	08/07/2016	N/A	R 6,212,299.34	Performance at level 3	None	None
21	TMS Consulting Engineers	Motaganeng Access Bridge (Planning, Designs and professional management supervision)	Technical	02/08/2017	N/A	14% of the construction budget	Performance at level 3	None	None
22	Wantlha Architects CC	Makuwa Library (Planning, Designs and Professional management supervision)	Technical	02/08/2017	N/A	14% of the construction budget	Performance at level 3	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATIONS
23	Afrika Youth Consortium	Operation and Management of Burgersfort Landfill site	Community Services	28/09/2017	31/11/2018	R 4 955 808.00	Performance at level 3	None	None
24	Afrika Youth Consortium	Operation and Management of Malogeng Landfill site	Community Services	28/09/2017	31/10/2020	R 10 499 400.00	Performance at level 3	None	None
25	Bo-Mamohlala Projects	Construction of Ga-Malwane Access Bridge	Technical	28/09/2017	27/04/2018	R 11 610 988.46	Performance at level 3	None	None
26	Loge Construction	Maintenance of Municipal Roads & Storm water within Fetakgomo-Greater Tubatse Local Municipality (36 Months)	Technical	28/09/2017	01/10/2020	Rates Based	Performance at level 3	None	None
27	Marshcorp 2008 (Pty) Ltd	Development and	Corporate	01/12/2017	30/11/2018	R 1 321 887.00	Performance at level 3	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATION
		Implementation of DRP Infrastructure Solution and support for a period of 12 months.							
28	Colmab Electrical	Maintenance of Traffic lights and street lights within FGTM for a period of 2 years, as and when required.	Technical	13/11/2017	12/11/2019	Rates based	Performance at level 3	None	None
29	Machaba Incorporated	Legal services	Corporate	10/11/2017	N/A	R 1300.00	Performance at level 3	None	None
30	Engnet Solutions	Review of GRAP Compliance for Immovable Assets & updating of immovable fixed assets for a	BTO	14/12/2017	31/12/2020	R 1322 400.00	Performance at level 3	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATION
		period of three (3) years renewable annually							
31	Noko Maimela Incorporated	Provision of Legal services (Panel) for a period of three (3) years	Corporate	20/12/2017	31/12/2020	R1500 per hour for the 1 st year	Performance at level 3	None	None
32	M.L. Mateme Inc Attorney	Provision of Legal services (Panel) for a period of three (3) years	Corporate	20/12/2017	31/12/2020	R1500 per hour for the 1 st year	Performance at level 3	None	None
33	Machaba Incorporated	Provision of Legal services (Panel) for a period of three (3) years	Corporate	20/12/2017	31/12/2020	R1500 per hour for the 1 st year	Performance at level 3	None	None
34	Mphokane Attorney	Provision of Legal services (Panel) for a	Corporate	20/12/2017	31/12/2020	R1500 per hour for the 1 st year	Performance at level 3	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATION
		period of three (3) years							
35	Mahowa Inc Attorney	Provision of Legal services (Panel) for a period of three (3) years	Corporate	20/12/2017	31/12/2020	R1500 per hour for the 1 st year	Performance at level 3	None	None
36	Kgoroadira Mudau Inc Attorneys	Provision of Legal services (Panel) for a period of three (3) years	Corporate	20/12/2017	31/12/2020	R1500 per hour for the 1 st year	Performance at level 3	None	None
38	Kgohlisi Able Mamabolo Inc	Provision of Legal services (Panel) for a period of three (3) years	Corporate	20/12/2017	31/12/2020	R1500 per hour for the 1 st year	Performance at level 3	None	None
39	Verveen Attorneys	Provision of Legal services (Panel) for a period of three (3) years	Corporate	20/12/2017	31/12/2020	R1500 per hour for the 1 st year	Performance at level 3	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATION
40	Noko Maimela Attorneys	Provision of Debt Collection for the period of 3 Years, as and when required	BTO	20/12/2017	31/12/2020	15% of the amount collected (Inclusive of all costs)	Performance at level 3	None	None
41	M.A. Ramonija Attorneys	Provision of Debt Collection for the period of 3 Years, as and when required	BTO	20/12/2017	31/12/2020	15% of the amount collected (Inclusive of all costs)	Performance at level 3	None	None
42	MMakola Matimela Inc Attorneys	Provision of Legal services (Panel) for a period of three (3) years	Corporate	20/12/2017	31/12/2020	R1500 per hour for the 1 st year	Performance at level 3	None	None
43	Arkha Architect & Marumo JV	Planning, Designs & professional Management and supervision of Practiseer Library	Technical	18/01/2018	N/A	14% of the construction amount	Performance at level 3	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATION
44	I AT Consulting (Pty) Ltd	Development of Spatial Development Framework (SDF)	LED	29/01/2018	30/01/2019	R 800 000.00	Performance at level 3	None	None
45	Matete & Associates Consultants	Development of the Land use scheme	LED	29/01/2018	30/01/2019	R 900 600.00	Performance at level 3	None	None
46	La Mogale Construction	Construction of Tukakgomo Internal Street	Technical	15/02/2018	15/07/2018	R 7 472 367.00	Performance at level 3	None	None
47	Mabotwane Security Services	Provision of Physical security at Municipal Offices of Fetakgomo Tubatse	Corporate	01/03/2018	29/02/2020	R 481 996.18 per month.	Performance at level 3	None	None
48	MOK Development Consultant	Township Establishment on Appies Doordraai 298K Lim 476	Dev	28/02/2018	29/02/2020	R 1 950 000.00	Performance at level 3	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATION
49	MOK Development Consultant	Upgrading of Land Tenure project – Tubatse Township	Dev	28/02/2018	29/02/2020	R 5 433 478.03	Performance at level 3	None	None
50	SLM Engineering Projects	Decommissioning of existing Burgersfort landfill side	Community Services	01/03/2018	N/A	R 5 056 253.85	Performance at level 3	None	None
51	Mercy Civils & Khabani Logistics JV	Construction of Leboeng Access Road	Technical	06/02/2018	07/10/2018	R 12 289 473.56	Performance Level 3	None	None
52	Pfukani-Kusile Consulting	Housing Sector Plan	ELD	13/03/2018	14/11/2018	R 478 800.00	Performance at level 3	None	None
53	Afri Travel International (Pty) Ltd	Provision of travel agency for a period of three years (36 months) on as and when basis	BTO	26/03/2018	25/03/2021	18% - 1 st Year 19% - 2 nd Year 20% - 3 rd Year	Performance at level 3	None	None
54	Ronewa Travel Connexion	Provision of travel agency for a period of three	BTO	12/03/2018	25/03/2021	18% - 1 st Year	Performance at level 3	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATION
		years (36 months) on as and when basis				19% -2 nd Year 20% -3 rd Year			
55	NDH and ASV Tourism and Projects	Provision of travel agency for a period of three years (36 months) on as and when basis	BTO	12/03/2018	25/03/2021	18% - 1 st Year 19% -2 nd Year 20% -3 rd Year	Performance at level 3	None	None
56	Cheap Cheap Travel and Projects CC	Provision of travel agency for a period of three years (36 months)	BTO	12/03/2018	25/03/2021	18% - 1 st Year 19% -2 nd Year 20% -3 rd Year	Performance at level 3	None	None
57	Babirwa Travel Management Company	Provision of travel agency for a period of three years (36 months) on as and when basis	BTO	12/03/2018	25/03/2021	18% - 1 st Year 19% -2 nd Year 20% -3 rd Year	Performance at level 3	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATION
58	Khari Group	Provision of travel agency for a period of three years (36 months) on as and when basis	BTO	12/03/2018	25/03/2021	18% - 1 st Year 19% -2 nd Year 20% -3 rd Year	Performance at level 3	None	None
59	Popopo & Sons/ Preservation Trading Enterprises	Extension & Refurbishment of Praktiseer Testing Station Phase1	Technical	28/03/2018	27/11/2018	R 11 576 461.71	Performance at level 3	None	None
60	Techni Plano Development Strategists	Simultaneous Rezoning & Park Closure	ELD	31/05/2018	01/06/2019	R 220 600.00	Performance at level 3	None	None
61	Marumo Consulting Engineers	Roads & Storm water Master Plan	Technical	31/05/2018	N/A	R 1045 380.00	Performance at level 3	None	None
62	Cab Holdings (Pty) Ltd	Designing, Layout , Delivery and Printing of accounts statements for a period of 3 Years	BTO	31/05/2018	01/06/2021	N/A	Performance at level 3	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATION
63	Ngoti Development Consultants	Demarcation of sites- Dresden	ELD	31/05/2018	01/06/2019	R 482 457.00	Performance at level 3	None	None
64	Ngoti Development Consultants	Demarcation of sites- Mashilabela	ELD	31/05/2018	01/06/2018	R 578 949.00	Performance at level 3	None	None
65	IDI Technology Solution (Pty) Ltd	Purchase of an Integrated Governance, Risk Management, Compliance, Audit and Performance Software	MM	31/05/2018	N/A	R 1084 824.00	Performance at level 3	None	None
66	Kipp Consulting Engineers	Mokgakala Access Bridge and Road – Professional Service	Technical	04/06/2018	N/A	R 2 169 268.75	New	None	None
67	Kipp Consulting Engineers	Magotwaneng Access Bridge & Access Road –	Technical	04/06/2018	N/A	R 1 236 598.10	New	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATION
		Professional Services							
68	Kipp Consulting Engineers	Ga-Debeila to Mohlaletse Internal Street – Professional Services	Technical	04/06/2018	N/A	R 2 081 446.71	New	None	None
69	Kipp Consulting Engineers	Mashung Internal Street – Professional Services	Technical	04/06/2018	N/A	R 1 344 213.66	New	None	None
70	Mothakge Phadima Construction	Construction of Ga-Nkwana Community Hall - Internal Street	Technical	11/06/2018	12/10/2018	R 2 284 841,77	New	None	None
71	Hillside Trading & Projects	Construction of India Community Hall - Internal Street	Technical	11/06/2018	12/10/2018	R 2 542 033,26	New	None	None
72	Dimza Trading	Construction of Strydkraal Community Hall – Internal Street	Technical	28/06/2018	29/10/2018	R 2 358 738,89	New	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATION
73	Mgababa Trading Enterprise	Construction of Motodi Sports Complex	Technical	28/06/2018	29/04/2019	R 33 402 499.06	New	None	None
74	Mothakge Phadima Construction	Construction of Ga-Nchabeleng Community Hall –Internal Street	Technical	28/06/2018	29/10/2018	R 2 334 877.96	New	None	None
75	Engineerex (Pty) Ltd	Construction of new Burgersfort Landfill Site – Professional Service	Community Services	28/06/2018	N/A	N/A	New	None	None
76	Enviroxcellence Services	Conduct Scoping and Environmental Impact Assessment for development of a cemetery	LED	27/06/2018	N/A	R 675 792.68	New	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATION
77	Brightwave Building and Renovation	Construction of Seroka Community Hall Internal Street	Technical	27/06/2018	28/10/2018	R2 512 440.06	New	None	None
78	Loge Construction	Construction of Mapodile Sports Complex Phase2 within FTM	Technical	28/06/2018	29/12/2018	R 24 002 901.99	New	None	None
79	Marumo Consulting Engineers	Conduct a comprehensive feasibility study to assess the capacity of the Municipality for the Provision of water services	Technical	28/06/2018	N/A	R 974 130.00	New	None	None
80	Pinakle P Consulting (Pty) Ltd	Panel of Consultants for Auditing, Risk Management and Accounting	BTO	28/06/2018	30/06/2021	N/A	New	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATIONS
81	Tladi and Associate Consulting Inc	Professional Services for a period of 3 Years Panel of Consultants for Auditing, Risk Management and Accounting Professional Services for a period of 3 Years.	BTO	28/06/2018	30/06/2021	N/A	New	None	None
82	Sekedi Private Investigation and Administrators	Panel of Consultants for Auditing, Risk Management and Accounting Professional Services for a period of 3 Years.	BTO	28/06/2018	30/06/2021	N/A	New	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATIONS
83	PK & Son Financial Consultants	Panel of Consultants for Auditing, Risk Management and Accounting Professional Services for a period of 3 Years.	BTO	28/06/2018	30/06/2021	N/A	New	None	None
84	SEMPRO Consulting	Panel of Consultants for Auditing, Risk Management and Accounting Professional Services for a period of 3 Years.	BTO	28/06/2018	30/06/2021	N/A	New	None	None
85	Cathu Consulting Inc	Panel of Consultants for Auditing, Risk Management and Accounting	BTO	28/06/2018	30/06/2021	N/A	New	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATION
		Professional Services for a period of 3 Years.							
86	FBN Consulting (Pty) Ltd	Panel of Consultants for Auditing, Risk Management and Accounting Professional Services for a period of 3 Years.	BTO	28/06/2018	30/06/2021	N/A	New	None	None
87	Reliable Accountants Incorporated	Panel of Consultants for Auditing, Risk Management and Accounting Professional Services for a period of 3 Years.	BTO	28/06/2018	30/06/2021	N/A	New	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATIONS
88	Chapu Chartered Accountants	Panel of Consultants for Auditing, Risk Management and Accounting Professional Services for a period of 3 Years.	BTO	28/06/2018	30/06/2021	N/A	New	None	None
89	Makanaka Risk & Advisory Services (Pty) Ltd	Panel of Consultants for Auditing, Risk Management and Accounting Professional Services for a period of 3 Years.	BTO	28/06/2018	30/06/2021	N/A	New	None	None
90	Eskom	Completion of outstanding work for Operation	Technical	11/06/2018	12/09/2018	R 2 958 752,96	New	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATION
		Mabone – Dibakwane							
91	Eskom	Completion of outstanding work for Operation Mabone – Koppe	Technical	11/06/2018	12/09/2018	R 2 748 034,72	New	None	None

APPENDIX J: Disclosure of Financial Interest

No.	Surname	Full Names	Disclosure
1.	Phala	Tlakale Naume	None
2.	Phokane	Maudu Johannes	None
3.	Shoba	Makgalema Vicent	None
4.	Maila	Edwin Eddie	None
5.	Moeng	Queen Malekgale	None
6.	Pholwane	Maakgalake Beneilwe	Mavumo Cooperative 25% Digolokwane PTY 50%
7.	Mashego	Raisibe Maria	MP Mashego Welding and Metal Works – for Husband
8.	Mamogale	Magatane Isaac	Bakgoni ba Nnete Project – for Son
9.	Hlatswayo	Buti Ephraim	Ellallahok Supplier – R25 000.00
10.	Kgwedi	Joseph Lethabile	None
11.	Mogoane	Mogaleadi Kgothatso	None
12.	Makola	Joseph Verwoerd	None
13.	Mnisi	Fonda Gerry	None
14.	Mabelane	Motsebeng Morussia	None
15.	Makine	Molelekwa Patrick	None
16.	Radingwana	Maroale Release	None
17.	Mamogale	Malebotse Frans	None
18.	Maupa	Thabang Thomas	Bamanage Investment & Project Pty (LTD)

No.	Surname	Full Names	Disclosure
			1. Accommodations at Riba cross, Bothashoek and Driekop = R 8 500 000.00 2. Restaurants at Riba cross = R 500 000.00
19.	Riba	Mashego Rebotile	None
20.	Mohubedu	Putaneng Simon	None
21.	Malakane	Oshaletjeng Angelina	None
22.	Mahlaba	Lucy Marema	None
23.	Magane	Mpone Timothy	None
24.	Mahlake	Tola Victor	None
25.	Moshwana	Xikhwane Emily	None
26.	Makofane	Ntsabolane Nelly	None
27.	Kgaphola	Mpho Andries	None
28.	Khoza	Maria Rinkie	None
29.	Mphethi	Maria Mahwiti	1. Crèche Mphemasedi = R12 000.00 per Annum 2. Social Development Pre-School = R 12 000.00 per Annum
30.	Ngwatla	Themba Jackson	None
31.	Malomane	Kapudi Hamilton	None
32.	Lekwadi	Manyala Irene	None
33.	Mokgotho	Lisbeth Letlabolo	None
34.	Malatji	Mpho Lydia	Taxi Business = R10 000.00
35.	Maphakge	Ranchiyeng Agnes	None
36.	Mnisi	Hluphi Dindi	None

No.	Surname	Full Names	Disclosure
37.	Mosoma	Senwabjala Elijah	None
38.	Molapo	Ntopi Trainer	None
39.	Makua	Lesotja Caiphus	Public Transport for Nephew
40.	Rantho	Lekgemane Jim	None
41.	Mariri	Mogudishetso Lenky	None
42.	Thobejane	Motubatse Lot	None
43.	Mohlala	Suzan Gaki	None
44.	Maisela	Ramatsimele Philystus	None
45.	Selepe	Malope Elias	None
46.	Manale	Ramaabele Evlinah	None
47.	Ratsoma	Meselane Justice	None
48.	Moifo	Khulong Hendrik	None
49.	Diphofa	Diphofe Klaas	None
50.	Makua	Moloke John	None
51.	Mashabela	Mphage Nelson	None
52.	Mphethi	Ngwakwane Dorah	None
53.	Phaladi	Raphahle Cathrine	None
54.	Maphanga	Thato Promise	None
55.	Gumede	Rose Thembisile	None
56.	Maruga	Tlaishego Treggy	None
57.	Mojalefa	Lerero Halindah	None
58.	Makhubedu	Ngwanyane Rhinah	None
59.	Malapane	Sekatikele Surprise	None
60.	Moagi	Sophy Patricia	None

No.	Surname	Full Names	Disclosure
61.	Mamokgopa	Lethube Dolly	None
62.	Kgoete	Mokgotlane Judas	None
63.	Moropana	Tlapane Alice	None (new - no file)
64.	Madire	Nkehwane Delta	None
65.	Mogofe	Abigail	None
66.	Thwala	Calvin Sipho	None
67.	Radingwane	Thembi Maatlale	None
68.	Mphogo	Khutso Division	None
69.	Kupa	Ramatsobane Breanda	None
70.	Mokgalaka	Conny Ramabele	None
71.	Makofane	Isaac Thabo	None
72.	Mashile	Mante Didi	Rooms (R4500) None for 2017/18
73.	Makgopa	Isaac Kapudi	None
74.	Mahlakwana	Makgoale Emma	None
75.	Lentsoana	Setlogane Aaron	None
76.	Mohlala	Bonyana John	None
77.	Molapo	Tjekane Itumeng	None

Appendix K: Revenue collection performance

Appendix K(i): Revenue collection performance by Vote

Description	Details	Amount
Tender Documents	Sale of tender documents	618835.32
Traffic Fines	Court Fees	134505.00
Photocopies and faxes	Copies and Faxes	2497.62
Planning and Development	Clearance certificate	24948.42
Traffic fines	Receipts/Payments	170170.00
Waste management	Refuse removal	6240.00
Road and Transport	Learners' licence application fee	875686.34
Road and Transport	Driver's licence application fee	3970094.14
Roads and Transport	Motor vehicle licences	14499353.01
Ad Hoc Rentals	Civic halls, community halls etc	27025.20
Library	Overdue books fine	17593.74
Community services	Cemetery and burials	47832.49
Planning and Development	Town Planning and servitudes	8839.46
Planning development and	Building plan approval	202616.31
Planning Development and	Fees for Land Usage	21795.54
Refunds	Third Party	48095.61
Planning and Development	Removal of restrictions	31366.11
Reversal	Merch job & control	216434.11
VAT Control	advertisements	100543.68

Description	Details	Amount
Road and Transport	Drivers licence certificate	11322150.33
	Valuation services	695.29
Road and Transport	Operator & pub drive permits	34609.40
	Plan printing and duplicates	93608.77

Appendix K (ii): Revenue collection performance by source

Source	Collection (R)
Property rate	129 495 292
Service Charge	17 852 067
Rental of facilities and Equipment	11 936 274
Licences and permits	10,456,806
Interest on investment	11 936 274
Traffic fines	2,487,728
Government grants and subsidies	429,294,679
Other income	36 883 489
Total	625 461 801

Appendix L: Conditional Grants Received (Excluding MIG)

N0	Description	Budget	Actual income	Percentage %
1.	Equitable Share	320,902,000.00	320,902,000.00	100%
2.	FMG	4,045,000.00	4,045,000.00	100%
3.	EPWP Incentive	1,279,000.00	1,279,000.00	100%
4.	INEP	-	-	0%
6.	MTDG	4,566,000.00	4,566,000.00	100%
	TOTAL	330 792 000	330 792 000	100%

Appendix M: Capital Expenditure

No	Project name	Budget	Adjusted Budget	Actual
01	UPGRADING GRADING WANASPORTS FACILITY.	1 666 001	1 666 001	583 044
02	MAPODILE SPORTS FACILITIES PHASE 2	3 178 850	6 003 000	165 958
03	MOTODI SPORTS COMPLEX	2 500 000	2 500 000	0.00
04	TUBATSE HIGH MAST LIGHTS	2 500 000	5 500 000	3 248 472
05	ACCESS BRIDGE-DITHAMAGA	7 317 695	5 962 407	6 115 686
06	ACCESS BRIDGE-TJATE	10 208 246	7 708 246	8 850 214
07	ACCESS ROAD-BOTHASHOEK	13 983 817	13 983 817	12 792 728
08	TUKAKGOMO ACCESS ROAD	1 500 000	4 713 181	4 118 251
09	ACCESS BRIDGE-LEFAHLA	1 500 000	4 500 000	444 611
10	THOKWANE ACCESS ROAD	6 000 000	10 000 000	13 031 350
11	LEBOENG ACCESS ROAD	4 083 792	7 974 217	6 036 345
12	ACCESS BRIDGE-GAMALWANE	1 500 000	14 500 000	8 850 214
13	ACCESS BRIDGE-MOROKADIETA	8 900 000	5 765 491	6 426 251
14	NCHABELENG/NKWANA/SEROKA STYKRALL/COMMUNITY HALLS INTERNAL STREET	4 000 000	4 000 000	0.00
15	MAGAKALA TO MAGOTWANA INTERNAL STREET	4 000 000	500 000	0.00
16	FETAKGOMO MUNICIPAL FACILITIES INTERNAL STREET	4 700 000	300 000	0.00
17	MASHUNG INTERNAL STREET	4 500 000	500 000	0.00
18	CONSTRUCTION OF PRAKTISEER STORMWATER DRAINAGE	4 000 000	4 000 000	0.00
19	STRYDKRRAL A TO THOBEHLALA INTERNAL STREET	4 500 000	300 000	00
20	RADINGWANA TO SEKHUKHUNE COLLEGE INTERNAL STREET	00	300 000	00
21	GA – DEBEILA TO MOHLALETSI INTERNAL STREET	2 835 000	300 000	00
22	ELECTRICITY AT MAMOGOLO	4 000 000	5 000 000	1 731 082
23	PRAKTISEER LICENSING OFFICE	2 000 000	4 976 526	1 821 744
24	PRAKTISEER LIBRARY	00	700 000	00
25	MAKUA LIBRARY	00	600 000	00

APPENDIX O: Capital Programme by project by ward current Year

N0	Project name	Budget and Target			Overall total	Wards N0	village
		2017/18	2018/19	2019/20			
1.	Dithamaga Access Bridge	R7 317 694.55	R0.00	R0.00	R7 317 694.55	31	Dithamaga
2.	Lefahla Access Bridge	R1 500 000	R8 572 025.80	R0.00	R10 072 025.80	16	Lefahla
3.	Ga – Malwane Access Bridge	R1 500 000	R6 000 000	R9 264 888	R16 764 000	05	Ga-Malwane
4.	Morokadieta Access Bridge	R8 900 000	R0.00	R0.00	R8 900 000	11	Morokadieta
5.	Tjate Access Bridge	R10 208 245.94	R5 000 000	R0.00	R15 208 246	08	Tjate
6.	Tukakgomo Access Road	R1 500 000	R6 800 000	R0.00	R8 300 000	02	Tukakgomo
7.	Thokwane Access Road	R6 000 000	R8 000 000	R3 597 654	R17 597 654	09	Thokwane
8.	Bothashoek Access Road	R13 983 817	R5 000 000	R0.0	R18 983 817	20	Bothashoek
9.	Leboeng Access Road	R4 083 791.55	R7 000 000	R9 000 000	R20 083 719.55	01	Leboeng

N0	Project name	Budget and Target			Overall total	Wards N0	village
		2017/18	2018/19	2019/20			
10.	Motodi Sport Complex	R2 500 000	R5 222 343.69	R12 982 232.17	R20 704 575.86	22	Ga – Motodi
11.	Mapodile sport facilities phase 2	R3 178 850	R5 000 000	R12 230 000	R20 408 850	02	Mapodile
12.	Radingwana Sport facilities phase 2	R1 666 001	R0.00	R0.00	R1 666 001	37	Radingwana
13.	Tubatse high mast light	R2 500 000	R15 000 000	R10 927 979.24	R28 427 979.49	Various Wards	Different wards
14.	Strydskraal/Nkoana/Seroka/Nchabeleng community halls internal street	R4 000 000	R5 000 000	R0.0	R9 000 000	37	Strydskraal/Nkoana/Seroka/Nchabeleng
15.	Magakala to Magotwana internal streets	R4 000 000	R3 000 000	R12 755 000	R19 755 000	14	Magakala and Magotwana
16.	Mashung internal street	R4 500 000	R0.00	R0.00	R4 500 000	36	Mashung

N0	Project name	Budget and Target			Overall total	Wards N0	village
		2017/18	2018/19	2019/20			
17.	Strydkraal A to Thobehale internal street	R4 500 000	R0.00	R0.00	R4 500 000	37	Strydkraal and Thobehale
18.	Radingwana to Sekhukhune college internal streets	R0.00	R0.00	R1 890 000	R1 890 000	38	Radingwana
19.	Fetakgomo municipal facilities internal streets	R4 700 000	R4 300 000	R0.00	R9 000 000	36	
20.	Ga – Debeila to Mohlaletse internal streets	R2 835 000	R0.00	R0.00	R2 835 000	03 & 36	Ga – Debeila & Mohlaletse
21.	Gavelling and Road maintenance	R60 000 000	R20 000 000	R21 400 000	R101 400 000	All wards	All villages and Towns
22.	INEP electrification	R10 000 000	R50 000 000	R40 000 000	R100 000 000	20,13,25	Dithabaneg, Khalanyoni, Mashamothe, ne, Phakaneng, Pheindaba,

N0	Project name	Budget and Target			Overall total	Wards N0	village
		2017/18	2018/19	2019/20			
23.	NDPG construction of walk ways	R8 500 000	R0.00	R0.00	R8 500 000	13& 30	Tswelepele & Riverside Praktiseer
24.	Construction of storm water drainage	R4 000 000	R2 000 000	R1 500 000	R7 500 000	All wards	All villages
25.	Electrification of Mamogolo Village	R4 000 000	R0.00	R0.00	R4 000 000	16	Mamogolo Village
26.	Construction of Ohrigstad sport complex phase 2	R2 000 000	R0.00	R0.00	R2 000 000	01	Ohrigstad
27.	Construction of Praktiseer Licensing Office	R2 000 000	R2 000 000	R0.00	R4 000 000	13	Praktiseer
28.	Fencing of Cemeteries with Palisade and provision of ablution facilities	R1 500 000	R2 000 000	R0.00	R3 500 000	All wards	Various villages

N0	Project name	Budget and Target			Overall total	Wards N0	village
		2017/18	2018/19	2019/20			
29.	Development of Regional Cemeteries	R1 000 000	R0.00	R0.00	R1000 000	18	Steelpoort

APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Schools Needing Extension of Blocks, Renovation / Upgrading and Construction (New)

Ward	Construction of new school(s)	Schools needing renovation / upgrading	Schools needing extension of blocks
1	Ohrigstad/ Maepa Sec. School	Mareolege Primary, Matlabong Primary, Mokutung Primary, Kgaola Secondary, Legabeng Primary, Mahlatsegwane Secondary, Laerskool Ohrigstad.	At maepa there is need for water and ablution facilities
2	Mahloakweng and Ga-Ragopola	Maelebe Primary School, and Shopyane Primary School need for upgrading	Maelebe
		need for upgrading	Shopyane and Kgahlanong
3	Moshiane Primary School	Thete High School	Maebe Primary School
		Mohlaletse High School	Peu Secondary School
		Maphuthe Primary School	Matleu Primary School
		Leganabatho Primary School	
		Matleu Primary School	
4	None	none	none
5	N/A	Morewane Primary School	Morewane Primary School Mogolo Sec School
6	Ngwanatheko, Mampuru, makopole, rehlahleng, nkokoane, mante, mashupje, kgoboko	Ngwanatheko	n/a
7	France village	Gowe primary	Tumishi primary, Bonwankwe school, Nakgwadi school
8	Diphale (Ga-malemane, Dipatji, Ga-Makhwae, Tsokung and Ga-mabilo)	Matladi-a-phaahla, Diketepe primary, Dihlabakela sec, Tswako primary	Hlahlana
9	N/A	N/A	Letolwane primary, Potoko high, Mahlo Mmutlane high
10	Primary schools at Djate, Monampane, Ga-Mongatane, Ga-makgopa, Serafa, Madifahlane and secondary at Ga-Mongatane	Djate primary, Mosego Sec, Monampane Primary, Lephenye Sec, Motlamotse primary, Teleki primary, Makgopa primary, Setlamorago primary and Diphala primary	Djate primary, Mosego Sec, Monampane Primary, Lephenye Sec, Teleki primary, Makgopa primary, Tshihlo Sec and Diphala primary

Ward	Construction of new school(s)	Schools needing renovation / upgrading	Schools needing extension of blocks
11	Sebope Primary School	2	2
	Maroga Primary School	6	2
	Maputle High School	2	3
	Maboeletsa primary School	2	2
	Maroka Dieta Primary School	1	2
	Molaka Primary School	N/A	2
12	Matholeni,Ratau	Marole secondary,Phuti Nare, Marole High school	Moruladilepe primary, Molaka primary
13	Madikiloshe Malepe, Segorong , Dr Selahle high	Bogwasha	Leolo ,bogwasha
14	N/A	Malegodi primary	Moroke primary 3 blocks Ntwampe high 3 blocks Maepa primary 2 blocks Motloulela high 3 blocks Mohloping primary 3 blocks Kgolane high 2 blocks Ledingwe primary 1 block Makwane high 3 blocks Malegodi primary 1 block Hlakanang pprimary 4 blocks Magobanya high 2 blocks
15	Mashishi (mahlapa), Shakung ,Morapaneng, Ditwebeleng	Makofane primary,Moroleng primary,Shakung high, Mabje a kgoro, ,Tekanang sec,Masegodi primary	Seoke primary, Mphogo primary Moila sec, Mabje a kgoro
16	1 Kgopanong	Masenyetse Primary	Masenyetse Primary
	1Maakubu	Manawe Sec School	Manawe Sec School
	1 Malepe	Kanama Sec School	Kanama Sec School
	1Maretlwaneng	Legathoko Sec and Pre-school	Legathoko Sec and Pre-school

Ward	Construction of new school(s)	Schools needing renovation / upgrading	Schools needing extension of blocks
	1Mamogolo	Makidi Sec & Mamogolo Primary	Makidi Sec & Mamogolo Primary
	1Motshana	Makgatagabotse Sec School	Makgatagabotse Sec School
	1Moraba	Kgakantshane Primary	Kgakantshane Primary
	1 Penge	Penge Primary	Penge Primary
17	N/A	Phogole ,Ntoshang ,Ratanang new school	Phogole 1 block & hall, Ntoshang 1 block & hall, Mosedi 1 block & hall, Selala primary admin block, hall & library, Ratanang library & hall, Mamogege library & hall, Mohlophe 1 block
18	Burgersfort ext10	Tubatse primary, Manoke high	Manoke high, Mafemane primary Ikhwezi primary
19	N/A	All schools	All school
20	Secondary school Bothashoek	Phaahla high, Tshwelopele primary, Mokgabudi primary, Madinoge primary, Mahlagaume primary	Phaahla high, Tshwelopele primary, Mokgabudi primary, Madinoge primary, Mahlagaume primary
21	N/A	Ntibaneng, moisele & Mafolo	Makofane, Ntibaneng, Mafolo & Kgomatlou
22	Taung & motodi	Taung high, Ntlaisheng primary, Tswetlane primary, Marota primary	Taung high, Ntlaisheng primary, Tswetlane primary, Marota primary
23	Nazareth Alverton primary and secondary school	Mashakwaneng ,Sedibeng, Maatserepe Primary	Lehlabile
24	Majaditshukudu, Makgopa	Matshaile, Mahlahle, Morwakgwadi, Dipitsi & Legoleng	Mashakwaneng, Mathafeng Mottailane, Matshaile, Mahlahle, Morwakgwadi, Dipitsi & Legoleng
25	Mareseleng	There is a need for a school	Primary and Secondary School
	Mashifane	Primary school needed	

Ward	Construction of new school(s)	Schools needing renovation / upgrading	Schools needing extension of blocks
26	Leboeng primary, Banareng	Upgrading hall	n/a
27	Kutululo need secondary school	Malekane primary	Ngwanathupane primary need 01 block and admin
28	n/a	Masha primary, Masago primary Ngwaabe sec, Ngwanangwato sec	Masha primary, Masago primary
29	Maphopha School	Upgrading hall	None
	Sengange H	Upgrading hall	None
	Shorwane H	Renovation	Extension of blocks
	Dikgageng P	Upgrading hall	Extension of blocks
	Mashego H	Upgrading hall	Extension of blocks
	Madiete P	Renovation	Extension of blocks
	Ntake P	Renovation	n/a
	Maaphoko P		
	Makgwale H		
	Nthule Pre School		
	Matladi Pre School		
	Maubane Day care		
	Magawane Pre School		
	Segopotse crèche		
	Motsetladi Pre School		
Maselatole Preschool			
Naledi crèche			
30	High school (Dark city	Kweledi Secondary	Koboti Primary
	Paepae High School		Thabane Primary
	Priamary School		Mabocha Primary
	Highschool (Extension 11)		Mokobela Primary
	Nkota High School		Kweledi secondary
	Sehloi Primary School		
31	Dresten, Makgemeng & Kopie need secondary schools	Magakantshe Primary	None
32	Seroletshidi secondary	Lebelo Primary	Nyaku Secondary
		Kwano Primary	Mogale Primary
		Morwaswi Secondary	Malegase Primary
		Makgalanoto Priamry	Modiadie Secondary
33	Mogabane	Selepe Primary	Sejadipudi Primary
		Lefakgomo secondary	Selepe Primary
		Manotoana Primary	Lefakgomo Secondary
		Motjatjana Primary	Tloupthuthi secondary
		Hlapogadi Primary	Ramoko Primary
		Kangaza secondary	

Ward	Construction of new school(s)	Schools needing renovation / upgrading	Schools needing extension of blocks
34	Makudu primary	Mphaaneng primary, Selebalo Sec, Serokolo Sec, Mafise primary, Phoko primary, Mafene primary	Bogalatladi primary, Serokolo Sec
35	Mphela Marumu	n/a	Extension
	Modimolle Primary	Renovation	Extension
	Idia Primary	Renovation	Extension
	Nkoana Primary	Renovation	Extension
	Maphotle	Renovation	Extension
36	Ngwanamala	Upgrading	Extention of office
	Tlakale	n/a	Extention of office
	Frank Mashile	n/a	Extention of office
	Madithame	Upgrading	n/a
	Moenyane	Upgrading	n/a
	Masha Makopole	N/A	Extention of office
37	Sepakapakeng Primary	Mphanama Primary	Mphanama Primary
	Matebana Primary	Makelepeng High	Makelepeng
	Magagamatala High school	Thobelahlale	Modipadi primary
		Phukubjane	Strydkraal B primary
38	Mashilabele Primary and Secondary	Strydkraal B primary	Phukubjane primary
		Dinakanyane High	Seroka Primary
		Mankopodi Primary	Dinakonyane High
		Mashilabele Primary	Mankopodi Primary
		Mmotong Primary	Pakeng Primary
		Mohwaduba Secondary	Masehleng Primary
39	Hans Komane Secondary Maisela Primary Lerajane Primary Phutakwe secondary Mampuru Thulare Primary Lerajane Ditlokwe Mokhulwane Ditlokwe	Masehleng Primary	Mohwaduba Secondary Mashilabele Primary
		Hans Komane	Maisela Primary
		Maisela Primary	Lerajane Primary
		Lerajane Primary	Phutakwe secondary
		Phutakwe secondary	Mampuru Thulare Primary
		Mampuru Thulare Primary	Maisela Primary
		Lerajane Ditlokwe	N/A
Mokhulwane Ditlokwe	N/A		

Health

Ward	Village	Clinic/mobile	If mobile state frequency of visit	Challenges/comments
1	Makopung	Mobile	Once in two weeks	There is a need for a clinic as people travel long distance to reach health services
	Makgalane	No	No	People travel six km to swarang clinic
	Ga Mabelane	Clinic	n/a	Over crowding
	Newstands	Clinic	n/a	Over crowding & lack of medicines
	Mapareng	Mobile	Once per month	
	Malaeneng	Mobile	Not reliable	People foot to Phiring clinic
	Mokutung	Mobile	Once per month	Far from clinic
	Ohrigstad	No clinic and mobile	n/a	Access clinic at Burgersfort clinic
	Maepa	No mobile and clinic	n/a	Access clinic Burgersfort clinic
2	Mapodile	Ga-Ragopola	Once a week	There is a need for central clinic as Mapodile Clinic is far from other villages
3	Ga-Mmakopa Badimong	Mobile	Once a week	There is a need for mobile to atleast 3days per week
	Tsereng(Pukubjane and Senthlane),	Mobile	Once a week	There is a need for mobile to atleast 3days per week
	Mapulaneng	Mohlaletse clinic	None	Clinic is not easily accessible especially old age people it is far and they pay transport.
	Ga- Phasha,	Mohlaletse clinic	None	Clinic is not easily accessible especially old age people it is far and they pay transport.
	Ga-Tebeila	Mohlaletse clinic	None	None
	Maroteng Tsate	Mohlaletse clinic	None	Clinic is not easily accessible especially old age people it is far and they pay transport.
	Selotsane, Molalaneng, Leswaneng,	Mohlaletse clinic	None	Clinic is not easily accessible especially old

Ward	Village	Clinic/mobile	If mobile state frequency of visit	Challenges/comments
				age people it is far and they pay transport.
	Matebeleng	Mohlaletse clinic	None	None
	Mogolwaneng,	Mohlaletse clinic	None	None
	Shushumela	Mohlaletse clinic	None	Clinic is not easily accessible especially old age people it is far and they pay transport.
	Maebe,	Mohlaletse clinic	None	None
	Ga-Matjie,	Mohlaletse clinic	None	None
	Makola	Mohlaletse clinic	None	None
	Lekgwarapeng	Mohlaletse clinic	None	None
	Rite	Mohlaletse clinic	None	Clinic is far from the village
	Sekateng	Mohlaletse clinic	None	None
4	Mpita, Matsianeng & Riba Cross	none	none	community travel long distance to the clinic
5	Mandela 122	None	None	Distance to Access Clinic
	Pomping	None	None	
	Polaseng	None	None	
	London	None	None	
	Stasie	Mobile	Daily	Crossing – R37
	Morewane	None	None	Distance
	Lepakeng	None	None	None
	Crossong	None	None	None
	Sedibaneng	None	None	None
	Madiseng	Mobile	Regularly	None
6	Dipolateng	clinic	n/a	n/a
7	Gowe, Kampeng, France, Hollong, Moihoek, Maпонong, Legononong, Boitumelo & Lekgwareng	All villages use Dilokong hospital	n/a	n/a
8	Seuwe	Matsageng clinic	n/a	Clinic does not operate 24 hours, community travel long distance to the clinic
9	Shakung	Mobile	n/a	A need for a clinic
	Thokwane	Mobile	n/a	n/a
10	Mashabela	Clinic	n/a	Road towards the clinic is slippery and thus inaccessible during rainy season
11	Makgopa	Mobile	Once a week	n/a

Ward	Village	Clinic/mobile	If mobile state frequency of visit	Challenges/comments
12	Swale	Clinic	n/a	No medical facilities
	Komane	Mobile	n/a	Road not properly maintained Shortage of staff at H.C. Boschoff Health Centre
13	Praktiseer, Ext 2-10 and 15; Tshwelopele Park; Ramaube	Clinic	n/a	Poor service Shortage of medication
14	Moroke	Clinic Mecklenburg	n/a	Staff not cooperating with the community
	magobading	Mobile	Once a week	n/a
	Habeng	Mobile	Once a month	n/a
	Moshira	Mobile	Once a month	n/a
15	Mashishi	Under construction by C.Trust	Thursday	Sometimes not coming
	Kgoete, masete, morapaneng & mphogo	No clinic or mobile	n/a	Travel long distance to access health facilities
	Shakung	mobile	Monday & Wednesday	Sometimes not coming during rainy seasons
	Ditwebeleng	mobile	Tuesday	n/a
16	Kgopaneng	Mobile	Once a week	Scheduled days not followed
	Maakubu	Mobile	Once a week	Scheduled days not followed
	Mokgotho	None	None	There a need for clinic
	Malepe	None	None	Mobile/ clinic needed
	Moretlwaneng	Clinic	N/A	None
	Mamogolo	None	None	Mobile is needed
	Lefahla	None	None	Mobile needed
	Motshana	Clinic	N/A	None
	Moraba	None	None	Revive mobile clinic
Penge	Hospital	N/A	Dysfunctional	
17	Ga-selala	clinic	n/a	Shortage of staff and medications Operate during the day only
	Ga-mahlokwane	mobile	Once a month	Community travel long distance to access clinic at Ga-selala
18	Burgersfort town	clinic	24hrs	A need for extension of the clinic
	Manoke	Mobile	Once per week	n/a

Ward	Village	Clinic/mobile	If mobile state frequency of visit	Challenges/comments
	Mobile			
19	Riba moshate	Clinic	n/a	Need for a Doctor
20	Bothashoek	Clinic	n/a	Challenge of the structure only 2 cubicles Does not operate 24 hours
21	Makofane & Motlolo	Clinic	n/a	n/a
22	Taung	Clinic	n/a	Shortage of water
	Makotaseng	Mobile	Once a week	Sometimes fails to come
	Matokomane	Mobile	Once a week	Sometimes fails to come
	Motodi	Clinic	n/a	n/a
23	Mafarafara,	Mobile	Once a month	There is clinic needed in the ward as there is no clinic.
	Alverton	Mobile	Once a month	
	Kgotlopong	Mobile	Once a month	
	Mahlatsi	Mobile	Once a month	
	Motlailan	Mobile	Once a month	
24	Paeng & Makgopa	Mobile	Once a week	n/a
25	Mareseleng	None	None	There is a need for clinic in all the villages
26	Rutseng, Ga-Nkoana, Banareng, Ga-moraba, Lepelle A&B, Tswenyane, Matshokgeng & Phiring	Clinic		Old people had to wait for long hours to be assisted, request for intervention by the department
27	Malekane, Kutullo,	Mobile	Once a week	All villages need mobile
28	Ga-Rantho	clinic	none	Shortage of nurses
29	Maphopha	Mobile	Once a week	Scheduled days not followed
	Maepa	Mobile	Once a week	Scheduled days not followed
	Maseven	Mobile	Once a week	Scheduled days not followed
	Makua	None	Once a week	Mobile needed
	Ratau	None	Once a week	Mobile needed
30	Oak city, Vodaville, Mountain view, Town(kweledi), Extension 1(Airport), Extension 11(Showground), Mapareng(Mabocha), Thabakhulwane (Mabocha), Lekgwareng (Mokobola), Mokobola (Morulaneng)	None	None	There is a need for a clinic as people travel long distance to access health service at ward 13 Gamanyake and Penge
31	Dresten and Makgemeng village	Mobile	Once a week	Need for a clinic

Ward	Village	Clinic/mobile	If mobile state frequency of visit	Challenges/comments
	Mangabane village	Mobile	Thursday	
32	Shubushubung	Mobile	Once a week	n/a
	Rostock	Mobile	Once a week	n/a
	Mahlabeng	Mobile	Once a week	n/a
	Tjibeng	Mobile	Once a week	n/a
	Moilyk	None	None	There is need for clinic and mobile and people travel long distances
	Ga-Mampa	None	n/a	There is a need for clinic or mobile as they access clinic at Ga-Phasha
	Seokodibeng	Mobile	n/a	There is a need for clinic or mobile at least twice a week
	Ledingwe	Mobile	n/a	n/a
33	Mogabane –shole		n/a	There is a need for clinic
	Selepe Moshate	Clinic	n/a	n/a
	Checkers	Clinic	n/a	n/a
	Swazi- mnyamane		n/a	There is a need for clinic
34	Mokgotho, Monametse, Sefateng, Mohlahlaneng, Bogalatladi, Mabulela, Maruping, Mogabane, Malomanye, Mphaaneng & Mashikwe	Mobile all villages Clinic at Sefateng	Once a week	People travel long distance to access clinic
35	Ga-Maisela	None	n/a	There is lack of medication in the clinics
	India	None		
	Pelangwe	None		
	Modimolle	None		
	Malogeng	None		
	Apel	Yes		
	Mapodi,	None		
	Maesela-Mahlabaphoko,	None		
	Mapulaneng,	None		
	Nkoana Moshate,	Yes		
Matheba(majane)	None			
36	Mooiplaas	None	n/a	There is a need for mobile clinic
	Strydkraal	Masha clinic	n/a	Closed and night
	Nchabeleng health Clinic			There is a need for Nchableng health Clinic to be converted to a hospital
37	Sepakapakeng	Mobile	n/a	Mobile clinic no longer adhering to schedule

Ward	Village	Clinic/mobile	If mobile state frequency of visit	Challenges/comments
	Moagagamatala,	Mobile	n/a	Accommodation is challenges
	Moshate	None	N/A	There only use Mphanama clinic
	seleteng	None	N/A	
	Matamong	None	N/A	
	Malaeneng	None	N/A	
	Mototolwaneng	None	N/A	
	Matebana	None	N/A	There is need for mobile clinic as they travel long distance
	Radingwana	None	N/a	There is a need for mobile clinic as they access clinic in Ikageng
	Ga-Mashabela	None	N/a	Mobile Clinic need
	Thanaseshu	Mobile	N/A	Mobile Clinic need
	Thobehlale	None	N/A	There is need clinic
	Ga-Matlala	None	N/A	There is need clinic and mobile
	Strydkraal B	None	N/A	There is a need for clinic or mobile
38	Ga-Seroka	Clinic	N/A	There is cracks inside the container,
	Manoge	-	N/A	There is a need for clinic and mobile
	Mashilabele	Mobile	On Thursday	The schedule is not followed accordingly as its been 3months without mobile clinic
	Phageng	-	N/A	N/A
	Ga-Mmela	Clinic	N/A	N/A
	Phahlamanoge	Clinic	N/A	N/A
	Masehleng	-	N/A	There is a need for mobile clinic
39	Lerajane Ditlokwe	Clinic	N/A	There is a need for health service in all villages
	Mokhulwane Ditlokwe	Clinic	N/A	

APPENDIX Q: SERVICE BACKLOG EXPERIENCED BY COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Ward No	No.	Priority	Location
01	1	Water	Ramakgai, Makgalane, Mokutung, Newstands, Mokutung, Newstands, Malaeneng,
	2	Roads	Mokutung, Malaeneng, Makgalane, Mapareng
	3	Community hall	Leboeng police station
	4	Library	Leboeng Police station
	5	Access Bridge	Makgalane, Mokutung, Mapareng, Makopung
	6	RDP	All villages
02	1	Water	Longtil & Tukakgomo
	2	Primary Schools	Ga-ragopola & Mahlakwena
	3	Electricity	Phapong, Ga-ragopola & Mahlakwena
	4	Police station	Longtill
	5	Storm Water Control	Tukakgomo
	6	Extension of Mapodile Township	Longtill & other sections
03	1	Water	All village
	2	Bridges	Mohlaletse clinic to maroteng via river Thete to ga-phasha Tswereng to ga-mmakopa Taxi rank to mapulaneng
	3	Road	Mogohlwaneng Ga-phasha to ga-mmakopa Lerajane to tswereng Ga-mmakopa Taxi rank to thete high school Maebe and sekateng
	4	Cemeteries	All ward
	5	Postal office	Ward 3
	6	Sports complex	Ward 3
04	1	Water, sanitation, road, bridges, electricity, access road, reservoir	All villages
	2	RDP Houses, Clinic, police station, community hall, street light, refuse removal, sports ground, training Centre, street name	
05	1	Paving main street from London to Crossong	London, Stasie, Mandela 1&2, Mandela lepakeng & Crossong
	2	Access Bridges	Mandela Lepakeng and crossing
	3	Storm water drainage	London, Stasie, Mandela 1&2, Mandela lepakeng & Crossong
	4	Apolo lights	London, Pomping, Mandela 1&2, Crossong, Madiseng, Morewane
	5	Paving road at Madiseng main road	Madiseng
06	1	Water	All villages
	2	Electricity	

Ward No	No.	Priority	Location
	3	RDP houses	
	4	Library	
	5	Police station	
	6	Mobile clinic	
	7	Graveling	
	8	Tubatse F.M	
	9	Sports ground	
07	1	Schools	All villages
	2	Access Bridges	
	3	RDP Houses	
	4	Water & sanitation	
	5	Electricity	
	6	Library	
	7	Job creation	
	8	Access Roads & Maintenance	
08	1	Tar road	The whole ward
	2	Yard water provision	Between Diphale & Seuwe
	3	RDP Houses	
	4	Electricity post connection	
	5	Employment, Learnerships, Bursaries & EPWP	
	6	Ward office & community hall	
09	1	Water	All villages
	2	VIP toilets	
	3	Road	
	4	RDP Houses	
	5	Waste Removal	
	6	Community Hall	
10	1	Electricity	Tjate, Tidintitsane, Ga-
	2	RDP	Mogatane, Maakgake, Dithabaneng, Makgopa, Serafa, Madi
	3	Water	fahlane
	4	Clinic	
	5	High Mass Lights	
	6	Toilets	
11	1	Electricity	Garagopoal, Legabeng, Ga-
	2	Roads	maroga, Morethe, Moeng, Molongwana, Digabane, Mooihoe
	3	Water & sanitation	k, Sikiti, Moeng,
	4	RDP	
	5	Street Lights	
	6	Access bridges	
	7	Refuse Removal	
	10	High Mass Lights	
12	1	Water	Komane, Mamphahlane, Ga-Mampuru, Hwashi
	2	Electrician	Balotsaneng, Ga-
	3	Roads	Mamphahlane, Mahubane, Matimatjatji, Sehlaku
	4	Bridges	Komane, Pitsaneng, Suncity-Lekgwareng, Sokutu-
	5	High Mass Lights	Motomelane, Phutinare-Ga-Mabilu

Ward No	No.	Priority	Location
	6	RDP & VIP Toilets	Mamphahlane,Swale,komana,molongwane,Balotsaneng, Difagate&Matimatjatji All villages
13	1 2 3 4 5 6	Old Age Hall Water Roads Sewerage system Library Recreation centre	Next to the Clinic
14	1 2 3 4 5 6	Water Electricity Access roads Sanitation RDP house Refuse removal	All villages
15	1 2 3 4 5 6	Water /Sanitation Roads RDP Electricity Community hall Clinic	All villages
16	1 2 3 4 5 6 7	Water Sanitation Sewerage Network Tarred Road RDP Houses Apolo Lights	Penge,Moraba,Maakubu,Kgopaneng Maretlwaneng,Maakubu,Kgopaneng Penge Mamogolo,Mokgotho,Lefahla Maakubu-Kgopaneng Penge,Mokgotho,Kgopaneng Motshana,Maakubu,Malepe
17	1 2 3 4 5 6	Electricity Water Sanitation Roads CWP Project RDP Houses	Twatwa,Semae,Hlololo,Natlela,Manyaka All villages All villages All villages Mahlokwane,Manyaka,Maapea All villages
18	1 2 3 4 5 6 7 8 9	Schools Tarred roads Relocation of Informal settlement Clinic RDP Houses Water Sports Facilites Community hall Streets & High Mass Lights	Burgersfort,Ga-Manoke,Appiesdoring
19	1 2	Water, RDP Houses	All villages

Ward No	No.	Priority	Location
	3	High mast lights	
	4	Roads	
	5	Access bridge	
	6	sanitation	
20	1	Water	Whole village
	2	Electricity	Pologong Community hall
	3	Roads	
	4	Streetlights	
	5	RDP Houses	
	6	Toilets	
	7	High Mass Lights	
	8	Community hall	
21	1	Road	Phefong, Tareaneng, Pidima, Sekopung, Taung, Montia, Moeding, Malaeneng,
	2	Water & Sanitation	
	3	Schools	
	4	MPCC	
	5	Library	
	6	Reservoir	
	7	RDP Houses	

Ward No.	Priority	Location
22	Access roads and Maintenance	All villages
	Access bridge	All villages
	Tar road	Motodi to taung
	Fencing of cemeteries	Taung and motodi
	Grading sports grounds	All villages
	Electricity	Taung (old)
	Postconnections	Motodi Moshate, Morena section, Stasie, Mafogo Mabelane section
	Extension of piped water	Ga-Matokomane
	RDP	Matokomane and Makotaseng
23	Water	All villages
	Clinic	All villages
	Tar road	All villages
	RDP Houses	Alverton and motlailana
	Electricity	All villages
	Sports ground	All villages
	Street lights	All villages
	Sanitation	All villages
	Fencing of cemetery	All villages
	Paving of streets	All villages
	Schools	Nazareth section
24	Water	Majaditshukudu, paeng
	RDP House	Makgopa, lebalelo
	Roads	Paeng, makgwareng

Ward No.	Priority	Location
	Electricity	Majaditshukudu, makgwareng
	Clinic	Majaditshukudu
	Community hall	Paeng, majaditshukudu
25	Water, highmast lights, Internal Roads, RDP Water, electricity ext 8, internal roads, high mast lights Water, internal roads, school, access bridge, highmast lights, Clinic, RDP, Police station, water, roads, highmast lights and electricity Water, internal roads, school	B1 Mashamthane Mareseleng Madiseng Mashifane park
26	Pavement	Rutseng, ga-moraba and ga-nkoana
	Fencing of cemeteries	Rutseng, ga-moraba and ga-nkoana, tswenyane, lepelle, banareng
	Water	Rutseng, ga-moraba and ga-nkoana, tswenyane, lepelle, banareng
	Sport facilities	Rutseng, ga-moraba and ga-nkoana, tswenyane, lepelle, banareng
	Street lights	Rutseng, ga-moraba and ga-nkoana, tswenyane, lepelle, banareng
	Transport	Rutseng, ga-moraba and ga-nkoana, tswenyane, lepelle, banareng
27	Street lights	All villages
	Network tower	Tsakane
	Library	Tsakane
	Pavement/ tar road	All villages
	Sanitation	All villages
	Post office	Ga-malekane
28	Electricity	Ga-rantho-mandela outline, ntswaneng section Ga-masha zone 5 and new stands outline
	Access roads	Ga-masha and ga-rantho
	Community hall and library	Ga-masha and ga-rantho
	High mast lights	Ga-masha and ga-rantho
	Recreational centre	Ga-masha and ga-rantho
	Old age or orphanage centre	Ga-masha and ga-rantho
29	Electricity	New stand, matsosho, makgwale, makua, ntake, maepa
	Bridges	Mampharafara, sengange, ratau, motsetladi, makua, ntswaneng, ntake
	High mast lights	Maphopha, makua, ntake, ratau, maepa, maseven
	Community hall	Ratau, makua, ntake, maseven
	Water reticulation	New stand, ratau, matsosho, maseven, makua, ntake, maepa
	Sports facilities	Wall villages needs soccer fields
30	Water and sanitation	All villages
	Roads and storm water	

Ward No.	Priority	Location
	Electricity	Extension 11, magabe park, vodaville, mapareng
	Job creation	All villages
	Education	
	Refuse removal	
31	Electricity	All villages
	Water	
	Roads	
	RDP Houses	
	Secondary school	
	High mast light	Mangabane,makgemeng, kopi, dresden
32	Water	All villages
	RDP houses	
	Electricity	
	Sanitation	
	Community hall	
	Network tower	
	Roads	
33	Upgrade D4180 from gravel to tar	From sefateng to seelane swazi mnyamane
	Water supply	Mogabane to swazi mnyamane
	Extension of school laboratories and libraries	Lefakgomo and tlou-phuthi secondaries
	Re-gravell access roads	All villages
	High mast lights	All villages selected hot spots areas
	RDP houses	All villages
34	Water	All villages,Drilling of new boreholes at monametse and mokgotho Salty water at sefateng, bogatladi, mogolaneng and mohlalhaneng
	Sanitation	Bogatladi B
	Electricity	Mafeane extension
	Roads	Regravelling of roads in all villages
	RDP houses	All villages
	Community halls	Malomanye, bogatladi, mashikwe, mabulela, mohlalhaneng, mogolaneng
35	Water	Ga-maisela India, Malogeng, Modimolle
	High mast light	Makgaleng Apel, pelangwe, modimolle, Mapodi
	Construction of new school	Nkotsane Apel, Modimolle
	Access road	All villages
	Clinic	Ga-maisela India, Pelangwe, Modimolle
36	Water,Electricity,Roads,RDP	Ga-Nchabeleng, Strdykraal, Apel, Ga-Nkwana, Mooiplaas
37	Access roads and internal streets	All villages
	Refuse removal	
	High mast and streets lights	
	Tourism	Matebane (IPELLANE dam),Mototolwaneng (kutukubje cave)
	Sports centre	Malaeneng, magagamatala, matlala and strydkraal B

Ward No.	Priority	Location
	Water	All villages
38	Water ,Roads & Bridges,Community Hall,Cemeteries,,Clinic,Sanitation,Housing	All villages
39	Bridge	Magotwaneng, Sekubeng
	Road	Ga-matsimela,Mokhulwane ss street Moshate to tjebane,Ditlokwe-mokhulwane Ga-manchidi to masehlaneng,Phutakwe high school
	water	Sekubeng, rite-new settlement, bofala/sekateng, lerajane, ditlokwe, magotwaneng, magabaneng,
	Regravelling of internal streets	All villages
	High mast lights	Lerajane bridge, sekubeng, makgaleng, lerajane-ditlokwe
	Clinic	In the ward

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

NONE

APPENDIX S: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA s71

NONE

APPENDIX T: NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT

FTLM Key Priority areas	FTLM Key Performance Area	FTLM (IDP) Development Objectives	Limpopo Development Plan (LDP) Key Pillars	National Development Plan (NDP) Key Pillars	Back to Basics Strategy Key Performance Areas	Municipal Regulations on Standard Chart of Accounts (mSCOA)
Access to Basic Services	Basic Services Delivery & Infrastructural Development	To facilitate basic services delivery and infrastructural development / investment	Infrastructure development	Building capabilities of the people and the state;	Basic Service: Creating Conditions for Decent Living	Improve measurement of the impact on service delivery and the community.
Job Creation	Local Economic Development	To promote economic development in the FTLM Municipal Area	Economic development and transformation	A developmental state capable of correcting historical inequalities and creating opportunities for more people while being professional, competent and responsive to the needs of all citizens;	Basic Service: Creating Conditions for Decent Living	Ensure alignment and implementation of the IDP as all expenditure, both capital and operating will be driven from a project.
Spatial Rationale	Spatial Rationale	To promote integrated human settlements.	Integrated sustainable rural development & sustainable human settlements	South African leaders putting aside narrow sectarian interests in favour of national interest and putting the country first.	Basic Service: Creating Conditions for Decent Living	Improve quality of information for budgeting and management decision making

FTLM Key Priority areas	FTLM Key Performance Area	FTLM (IDP) Development Objectives	Limpopo Development Plan (LDP) Key Pillars	National Development Plan (NDP) Key Pillars	Back to Basics Strategy Key Performance Areas	Municipal Regulations on Standard Chart of Accounts (mSCOA)
Organisational Development	Municipal Transformation & Organisational Development	To strengthen institutional efficiency and governance	Building a developmental and Capable State	Have South Africans be active citizens in their community and in the development of the country;	Building Capable Institutions and Administrations	Improve oversight functions by council as the required information will be tabled for policy decisions, tariff modelling and monitoring.
Financial Viability	Financial Viability	To improve overall financial management	Building a developmental and Capable State	A growing and inclusive economy with higher investment, better skills, rising savings and greater levels of competitiveness;	Sound financial management	Accurate recording of transactions therefore reducing material misstatements
Good Governance	Good Governance & Public Participation	To enhance good governance and public participation	Social cohesion and transformation	Unite all South Africans around a common programme to fight poverty and inequality and promote social cohesion;	Public Participation & Putting people first	Reduce the monthly/year end reconciliation processes and journals processed

