

ANNUAL REPORT



FETAKGOMO TUBATSE LOCAL MUNICIPALITY

“Developed Platinum city for a sustainable Human settlement”.

2018/2019

General Information

1. Executive Committee

No.	Surname & Initials	Designation
1.	Cllr. Mamekoa R.S	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 and Tourism
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. Mogofe A	Deputy Portfolio Head: Corporate services
9.	Cllr. Kgwedi J.L	Deputy Portfolio Head: Infrastructures and Technical Services
10.	Cllr. Kupa R.B	Deputy Portfolio Head: Budget and Treasury

2. Address

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4. Acronyms

No	Abbreviations	Abbreviations in full
1	AFS	Annual Financial Statement
2	AG	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	Occupational Health and Safety Act
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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Chapter: 01

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1. Mayor's foreword



Her Worship the Mayor

Cllr. Phala N.T

Section 121 (1) read with (2) of Municipal Finance Management Act (MFMA) 56, 2003 mandate municipalities and municipal entities to prepare each financial year an Annual report with the following purposes:

- i. provide record of activities of the municipality or municipal entity during the financial year to which the report relates;
- ii. Provide a report on municipal performance against the budget of the municipality or municipal entity for that financial year; and
- iii. To promote accountability to the local community for decisions made throughout the year by the Municipality or Municipal entity.

When developing this report the requirements of National treasury guideline on Annual report has been considered. The National Treasury guideline requires that the Annual report to consist of six chapters and 21 appendices depending on the powers and functions of the municipality.

a. Vision

The vision of Fetakgomo Tubatse Local Municipality (**LIM 476**) is **“Developed Platinum city for a sustainable Human settlement”**.

b. Key policy developments

In response to the National Development plan outcome for local government “**A responsive, accountable, effective and efficient local government system**”, the Municipality has during its strategic planning session at Bela Bela resort developed the strategic objective per key performance area as highlighted in the table below.

Table/figure 01: Municipal Priority areas and strategic objectives

Priority Area	Key Performance Area	Strategic Objectives
Spatial Rationale	Spatial Rationale	To promote integrated human settlements
Organizational Development	Municipal Transformation & organizational Development	To build municipal capacity by way of raising institutional efficiency, effectiveness and competency
Access to Basic Services	Basic Services Delivery & Infrastructural Development	To facilitate for basic services delivery and infrastructural development / investment
Job Creation	Local Economic Development	To create an environment that promotes growth, development thereby facilitating job creation and inequality poverty.
Financial Viability	Financial Viability and Management	To improve overall municipal financial management
Good Governance	Good Governance & Public Participation	To promote a culture of participatory and good governance

c. Key Service Delivery Improvements made

The following key Service delivery improvements were achieved in the financial year under review:

Table/Figure 02: Service delivery improvement

NO	Service provided	Improvement made
1.	Access bridges and roads	<p>1.1. Access bridges completed</p> <p>1.1.1. Lefahla Access bridge</p> <p>1.2. Access roads/internal streets completed</p> <p>1.2.1. Tukakgomo access road</p>

NO	Service provided	Improvement made
		<p>1.2.2. Strydskraal Community halls internal street</p> <p>1.2.3. Nkoana Community halls internal street</p> <p>1.2.4. Nchabeleng Community halls internal street</p> <p>1.2.5. Seroka Community halls internal street</p> <p>1.2.6. India Community halls internal street</p>
2.	Provision of Free Basic Electricity (FBE)	<p>Municipality is providing free basic electricity to its indigent households. In 2018/19 financial year an average 5226 households benefited from this service. Since 2016/17 financial year to date FBE beneficiaries has been decreasing. From 2017/18 to the 2018/19 financial years, FBE beneficiaries decreased by 421 households from 5647 to 5226. In 2016/17 and 2017/18 financial years, the FBE beneficiaries decreased by 2849 from 8496 households in 2016/17 to 5647 households in 2017/18 financial years. This decline in FBE beneficiaries is worrisome to the municipality considering its economic status. A task team lead by Technical services and Budget and Treasury departments involving ward councillors and their ward committees is established to engage in FBE registration campaign to lobby more indigent in the indigent register.</p>
3.	Waste Removal	<p>Number of households which benefited from waste removal in 2016/17 financial year has increased from 4913 households to 11741 in 2017/18 financial year. The numbers remained the same in</p>

NO	Service provided	Improvement made
		2018/19 financial year. In addition to weekly waste removal service which is mostly benefiting urban households municipality has extended the service to rural areas by placing skip bins in strategic areas in the municipality. This approach has helped in decreasing number of illegal dumping areas and has also improved municipal health and cleanness.
4.	Skills Development Programmes	<p>The municipality has provided financial support to its employees and needy learners who wanted to upgrade their education status. 19 employees and 10 financially needy learners were provided with internal and external bursaries respectively.</p> <p>On the same attitude of knowledge and skill acquisition municipality has trained 51 councillors on the following fields study: 4 in CPMD and 47 in Integrated councillor induction</p>
5.	Building Plans	41 building plans were approved in the financial year under review. 24 building plans were less than 500m ² and 17 building plans were greater 500m ² in size.
6.	Local Farmers and Cooperatives support	<p>6.1. Two Agric projects namely: Basadi Re Maatla and Mabuke ke bophelo were sustained in 2018/19 financial year;</p> <p>6.2. Two new projects were supported namely: Itapise multipurpose co - operative and Baroka farming.</p> <p>6.3. Two Agricultural projects linked with local market namely: Ratehu linked with</p>

NO	Service provided	Improvement made
		choppies; African Premier farm linked with Choppies and Burgersfort Game
7.	Local Business Skills Support	<p>Four Workshops/Training were facilitated as follows:</p> <p>7.1. Pre-Formation workshop for cooperatives owned by people living with disabilities on 20/07/2018;</p> <p>7.2. SEDA Business Breakfast on 05/09/2018;</p> <p>7.3. Entrepreneurship skill training workshop on 15 /01/2019 ; and</p> <p>7.4. ESD Workshop on 07/02/2019:</p>
8.	Mentorship Support for Youth, Women & People with Disabilities SMMEs	<p>8.1. Two women SMME supported with farming inputs namely: Basadi Re Maatla Project and Mokee Business Enterprise.</p> <p>8.2. One Youth SMME supported with farming inputs namely: Grass to Grace Cooperative.</p>
9.	Rehabilitation of Apel Recreation Park	Apel Recreation Park is rehabilitated
10.	Sports, Arts and culture programmes	<p>5- Sport, Arts and culture programmes implemented as follows:</p> <p>10.1. Literacy Awareness</p> <p>Conducted on the 23 August 2018 at Nyaku sport ground ward 32;</p> <p>10.2. Literacy Outreach</p> <p>Conducted on 3/09/2018 at Mohlarutse high school</p> <p>10.3.Farm Sport Day</p> <p>Farm sport was conducted on the 08/12/2018 Motsepula</p>

NO	Service provided	Improvement made
		<p>10.4. Sport, Arts and Culture Indaba</p> <p>The Indaba was held on the 2nd and 9th March 2019 at Apel and Burgersfort respectively.</p> <p>10.5. Library Week</p> <p>The event was held as follows:</p> <p>(a) On 11/03/2019 was held at Leolo High School;</p> <p>(b) On 12/03/2019 was held at Mmiditsi High School;</p> <p>(c) on 13/03/ 2019 was held at Ntabane Secondary School; and</p> <p>(d) On 14/03/2019 was held at Highlands College</p>

d. Public Participation

Municipalities are required by section 152 (e) of the Constitution of the Republic of South Africa to regularly consult their communities on matters of community 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.

e. Future municipal projects /plans

The following are future municipal projects/plans as per adopted 2019/20 IDP:

Table/Figure 04: Future municipal projects/plans

Project No.	Project/Programme	Performance Indicator	2020/21 Targets	Budget & Target		Overall Total	source	Wards	Villages
				2020/21	2021/22				
BSDI/D 1	Leboeng Access Road - Phase 2	% Progress in Construction of Leboeng Access Road – Phase 2	100% progress in construction of the Leboeng Access Road – Phase 2	R 35 000 000	R0.00	R 35 000 000	MIG	01 and 26	Leboeng
BSDI/D 2	Magakala access bridge and access road	% Progress in Construction of the Magakala Access bridge and access roads	100% Progress in Construction of the Magakala Access bridge and access roads	R 49 000 000	R0.00	R 49 000 000	MIG	14	Magakala
BSDI/D 3	Mashung Internal streets (Nchabeleng, Nkoana and Apel)	% progress in Construction of Mashung Internal streets	5% Progress in Construction of Mashung Internal streets	R 26 000 000	R 18 460 000	R 44 460 000	MIG	36	Mashung
BSDI/D 4	Ga-Debeila to Mohlaletse	% progress in Construction of Ga-Debeila to	5% progress in Construction of Ga-	R 15 000 000	R 25 500 000	R 40 500 000	MIG	03,36	Ga-Debeila and Mohlaletse

Project No.	Project/Programme	Performance Indicator	2020/21 Targets	Budget & Target		Overall Total	source	Wards	Villages
				2020/21	2021/22				
	internal Streets	Mohlaletse Internal streets	Debeila to Mohlaletse Internal streets						
BSDI//05	Free Basic Electricity	# of Indigent households receiving FBE	9000 Indigent households receiving FBE	R 6324 000	R 666 5496	R 12 989 496	OWN	All	All villages
BSDI/D6	Electrification of households	# of households electrified	1162 households electrified	R 44 100 000	R 32 000 000	R 76 100 000	INEP	13,5,2 5.20	Mashamthane north & south and Phelindaba Phase 2
BSDI/07	Operation Mabone	# of outstanding operation Mabone project households to be electrified	1394 outstanding operation Mabone project households to be electrified	R 44 100 000	R 32 000 000	R 96 100 000	Own	1, 5, 13, 19	Taung, Praktiseer X 3 and 11, Kutollu, koppie, mandela east and west, Barcelona, Maputle and Dibakwane

Project No.	Project/Programme	Performance Indicator	2020/21 Targets	Budget & Target		Overall Total	source	Wards	Villages
				2020/21	2021/22				
BSDI/08	Strydkraal A to Thobehle internal streets	% Planning Strykraal A to Thobehle Internal streets	100% Planning of Strykraal A to Thobehle Internal street	R0.00	R 27 482 840	R 27 482 840	OWN	37	Strydkraal A and Thobehle
BSDI/09	Re-gravelling and Roads maintenance	# of rural roads re rehabilitated	2 rural roads rehabilitated	R 2108 000	R 222 1832	R 4 329 832	OWN	All	Different villages
		Turnaround time in fixing potholes from the identified date	15 working days Turnaround time in fixing potholes from the identified date						
		# of road maintenance reports generated	4 road maintenance reports generated						
BSDI/10	Maintenance of Traffic lights	Turnaround time in fixing traffic light from the date observed	5 working days Turnaround time in fixing traffic light from the date observed	R 1054 000	R 1110916	R 2 164 916	OWN	Ward 18 and 13	Praktiseer and Burgersfort

BSDI/1 1	Maintenance of streetlights and high mast lights	Turnaround time in fixing street lights and high mast light from date reported	15 working days Turnaround time in fixing street lights and high mast light from date reported	R 1 581 000	R 1 666 374	R 3 247 374	OWN	All	All villages
BSDI/1 2	Radingwana to Sekhukhune College internal street	% Planning of Radingwana to Sekhukhune Internal streets	100% progress in facilitating development of Burgersfort stadium	R0.00	R 1 000 000	R 1 000 000	OWN	38	Radingwana
BSDI/1 3	Fetakgomo municipal facilities internal streets (strydkraal,)	% planning of Fetakgomo municipal facilities internal streets	100% Planning of Fetakgomo municipal internal streets	R 5 500 000	R0.00	R 5 500 000	OWN	36	Strydkraal
BSDI/1 4	Fetakgomo municipal facilities internal streets (Mphanama)	% planning of Fetakgomo municipal facilities internal streets	100% planning of Fetakgomo municipal facilities internal streets.	R 6 000 000	R0.00	R 6 000 000	OWN	37	Mphanama

BSDI/1 5	Planning of Mapodile internal Street upgrading	% of designs for Mapodile internal Street upgrading	100% of designs for Mapodile internal street upgrading completed	R 1 000 000	R0.00	R 1 000 000	Own	2	Mapodile
BSDI/1 6	Installation of engineering services Burgersfort Ext 54,	% progress in installation of engineering services Burgersfort Ext 54	100% progress of engineering services installed in Burgersfort Ext 54	R 65 000 000	R 65 000 000	R 130 000 000	Own	18	Ext 54
BSDI/1 7	Planning of Mabocho (Thabakhulwane) internal Street	% Progress designs for Mabocho (Thabakhulwane) internal Street	100% of designs for Mabocho (Thabakhulwane) internal street completed	R 200 000	R 200 000	R 400 000	Own	30	Mabocho (Thabakhulwane)
BSDI/1 8	Feasibility Study for Mashifane Steel Bridge	% Progress in conducting feasibility study for Mashifane steel bridge	100% progress in conducting feasibility study for Mashifane	R 200 000.00	R0.00	R 200 000	Own	18	Mashifane

			steel bridge completed						
BSDI/19	Planning of Alverton internal Street upgrading	% Progress in upgrading Alverton internal Street	100% Progress in upgrading Alverton internal street	R 200 000	R 200 000	R 400 000	Own	23	Alverton
BSDI/20	Facilitation of Alternative roads to ease traffic Congestion Burgersfort	% Progress facilitation of Alternative roads to East traffic Congestion Burgersfort	100% facilitation of Alternative roads to East traffic congestion Burgersfort	R 1 000 000	R0.00	R 1 000 000	Own	18	Burgersfort
BSDI/21	Facilitation of new Burgersfort taxi ranks	% of facilitation of new Burgersfort taxi ranks	100% of facilitation of new Burgersfort taxi ranks	R0.00	R0.00	R0.00	Own	18	Burgersfort
BSDI/22	Development of Apiesdoring Regional Cemetery	Completion date in the development of Apiesdoring regional cemetery	30 June 2020 development of Apiesdoring regional cemetery completed	R300000	R0.00	R 3000 000	Own	31	Apiesdoring

BSDI/2 3	Facilitate the development of Burgersfort Stadium	% progress in facilitating development of Burgersfort stadium	100% progress in facilitating development of Burgersfort stadium	R0.00	R0.00	R0.00	Own	18	Burgersfort
BSDI/2 4	Radingwana to Sekhukhune College internal street	% Planning of Radingwana to Sekhukhune Internal streets	100% Planning of Radingwana to Sekhukhune Internal streets	R0.00	R 1 000 000	R 1 000 000	Own	38	Radingwana
BSDI/2 5	Fetakgomo municipal facilities internal streets (Strydkraal)	% planning of Fetakgomo municipal facilities internal streets	100% planning of Fetakgomo municipal internal streets	R 5 500 000	R0.00	R 5 500 000	Own	36	Strykraal
BSDI/2 6	Fetakgomo municipal facilities internal streets (Mphanama)	% planning of Fetakgomo municipal facilities internal streets	100% planning of Fetakgomo municipal facilities internal streets	R 6 000 000	R0.00	R 6 000 000	Own	37	Mphanama

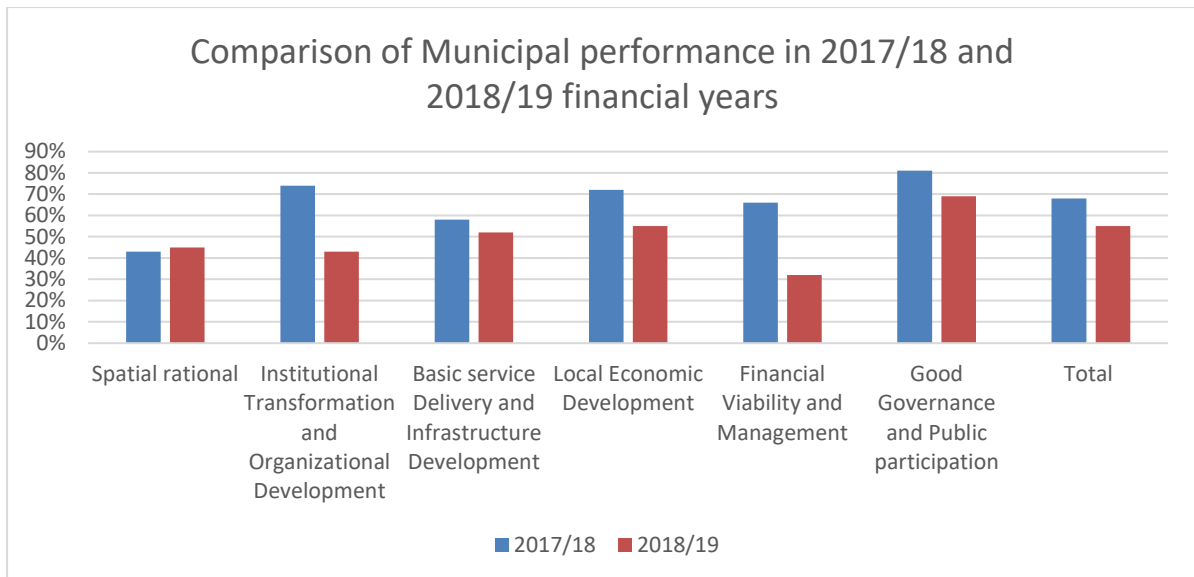
BSDI/2 7	Planning of Mapodile internal Street upgrading	% of designs for Mapodile internal Street upgrading	100% of designs for Mapodile internal Street upgrading completed	R 1 000 000	R0.00	R 1 000 000	Own	2	Mapodile
BSDI/2 8	Development of Nkwana Sports complex	% Progress in the development of Nkwana Sports complex	100% progress in the development of Nkwana Sports Complex	R5000 000	R0.00	R5000 000	Own	All	Nkwana

g. Conclusion

In the financial year under review the Municipality had 229 indicators to perform. By the end of financial year 125(55%) indicators are achieved and 104(45%) were not achieved. In comparison with 2017/18 annual performance of 68% achievement, the 2018/19 performance has drop by 13%. A comparison table for 2017/2018 and 2018/19 Annual performances is illustrated below

Table/Figure 05: 2018/19 Annual Performance Report

Key Performance Areas	2017/18	2018/19			
	%	Total KPIs	KPI achieved	KPI not achieved	%
Spatial rational	43%	20	9	11	45%
Institutional Transformation and Organizational Development	74%	28	12	16	43%
Basic service Delivery and Infrastructure Development	58%	25	13	12	52%
Local Economic Development	72%	31	17	14	55%
Financial Viability and Management	66%	34	11	23	32%
Good Governance and Public participation	81%	91	63	28	69%
Total	68%	229	125	104	55%



Key contributors to the dropped performance are the following:

1. Absence of the Speaker for a period of six months which led to none sitting of ordinary councils, as the results projects which needed council approval before implementation were not implemented;
2. Cash flow problem which led into withdrawal of some projects, reducing some targets and other projects been deferred to 2019/20 financial year;
3. Prolonged labour strike which took 35 days in the second quarter of the financial year; and
4. Resignations of CFO and suspension of Municipal Manager and Director Corporate services.

Towards the end of the financial year the situation improved as the council appointed the speaker and outstanding projects were able to serve in council; and the position of CFO was advertised.

We hope for better start and an improved municipal performance in the 2019/20 financial year.

Cllr. Phala N.T

The 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.

National Treasury guideline on the structure of Annual Report requires the Annual Report to have six chapters which are:

- (i) Chapter one: Mayor's foreword and executive summary;
- (ii) Chapter Two: Governance;
- (iii) Chapter Three: Service Delivery Performance (performance report part I);
- (iv) Chapter Four: Organizational development performance (performance report Part II);
- (v) Chapter five: Financial performance; and
- (vi) Chapter six: Auditor general audit findings

Lastly, the Annual report also comprises 21 annexures depending on the powers and functions of the municipality.

1.2.2. Recruitments

Two employees were appointed in the financial year under review.

1.2.3. Labour turn over

19 employees left the municipality under various reasons, including resignation, retirement and expiry of employment contract. Five (5) employees resigned; twelve (12) had their employment contract expired and three (2) retired.

On 15 November 2018 after the discovery of Municipal investment in VBS mutual bank, both Chief Finance Officer (Mr. Mardi F.M) and the accounting officer (Mrs. Busane N.P) were suspended pending the investigation into the matter. Mr Mapotsane D.P. and Mr. Gabaganenwe L.T. were both appointed acting CFO and Accounting officer respectively for period of three months.

In February 2019 after the expiry of acting period for both CFO and Accounting officer, the municipality was put under section 139 (1) (b) of the constitution. Mr. Mulenga S and Mrs. Ntshudisane M.J were deployed from the Province to support the municipality. The two were later on appointed as acting CFO and Acting Accounting officer respectively for a period starting from 15 February 2019 to 30 June 2019.

1.2.4. Training

Municipality has offered bursaries for 19 employees and 11 financially need learners to further their studies. 51 councillors are trained in CPMD (4) and integrated councillor inductions (47).

1.2.5. Performance management

Performance management system (PMS) in the municipality is still only at senior management level (section 54/56 managers). Cascading it down to other municipal staff is envisaged to start in 2019/20 financial year with level one managers.

Senior managers are assessed twice in a financial year. i.e. mid – year and annual individual performance assessment. The assessment is conducted as prescribed by municipal regulations on municipal manager and manager’s directly accountable to municipal manager 2006.

In the financial year under review the municipality has conducted a mid – year individual assessment to three senior managers namely: Director Shongwe K.F (Director for LEDT), director Mathebula M.A. (Director for Development Planning) and director Gabaganenwe L.T. (Director for Technical services). The other directors could not be assessed as they were less than six months in the positions as directors.

The annual individual performance assessment is scheduled to be conducted after Auditor General of South Africa has concluded auditing the municipality.

On quarterly basis the Mayor calls for quarterly performance reporting sessions (Exco – Lekgotla). Exco – Lekgotla is reporting session constituting of Executive committee members, Speaker, Chief whip, senior managers, Union representatives, communication units, PMS staff and council secretariat. Departments present their quarterly performance in line with departmental Service delivery and Budget implementation plan (SDBIP).

1.2.6. Capital projects

1.2.6.1. Access Bridges

The municipality has constructed one access bridge in the financial year under review, Lefahla Access Bridge. The project was completed by the end of the financial year. The bridge has improved accessibility in Lefahla village and learners could go to school and workers go to work even during raining days without fear of drowning the river.

1.2.6.2. Access road and internal streets

Municipality constructed two access roads namely: Tukakgomo and Leboeng access roads and five internal streets from the following community halls: Strydskraal, Nkoana, Nchabeleng, Seroka and India.

At the end of the financial year Tukakgomo access road was completed; Leboeng access road was at 75% completion and all internal streets were completed.

1.2.6.3. Sport complexes

The municipality was in the process of constructing two sport complexes in the financial year under review namely: Mapodile sport facilities phase 02 and Motodi sport complex. When the financial year ended Mapodile sport complex was at 60% completion and at Motodi sport complex was at site establishment stage.

1.2.6.4. Other projects

Other projects constructed in the 2018/19 financial year are Praktiseer licensing office and Praktiseer storm water drainage system. By the end of the financial year the construction of Praktiseer licensing office was at 85% and Praktiseer storm water drainage system was at 45% completion.

1.2.8. Implementation of A.G. Action plan

In 2017/18 financial year the municipality obtain qualified audit opinion from Auditor General of South Africa. 104 findings were raised against the municipality. By the end of the financial year 93 findings were resolved and eleven (11) were still outstanding. Most of the outstanding findings were to be addressed in the preparation of the Annual Financial statement and the Annual Performance report.

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 2019/20 financial year.

Thanks

Mrs. Ntshudisane M.J

Acting 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 Local Municipality are as follows:

- 1.3.1.1. Municipal planning;
- 1.3.1.2. Building regulations;
- 1.3.1.3. Local tourism;
- 1.3.1.4. Trading regulations;
- 1.3.1.5. Street trading;
- 1.3.1.6. Control of undertakings that sell liquor to the public;
- 1.3.1.7. Street lights;
- 1.3.1.8. Municipal roads;
- 1.3.1.9. Traffic and parking;
- 1.3.1.10. Municipal public transport;
- 1.3.1.11. Billboards and the display of advertisements in public places;
- 1.3.1.12. Local sport facilities;
- 1.3.1.13. Local amenities;
- 1.3.1.14. Refuse removal & refuse dumps;
- 1.3.1.15. Municipal cemeteries, funeral parlour and crematoria;
- 1.3.1.16. Public places; and
- 1.3.1.17. Municipal airports

1.3.2. Municipal Population

According to the 2011 Stats SA total population of the municipality was **429 470** and the households were **106 050** in 2011. According to 2016 community survey the population of the municipality was **490 381** and the households were **125 454** in 2016. Comparison of the two data demonstrate a population increase by 14% (60 911 people) and households increase of 18% (19 404 new households). The statistic makes Fetakgomo Tubatse local Municipality the highly populated Municipality in the Sekhukhune district Municipality.

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 status.

1.4. Service delivery Overview

Service delivery overview of the Municipality is depicted table/figure 06 below.

Table/Figure 06: Service delivery Overview

NO	KPAs	Achievements
1.	KPA1: Spatial Rational e	The following achievements were made in the financial year under review: 1.1. Land Use management (LUM) was adopted by council on 26 July 2018; 1.2. Development of Integrate Transport Plan (ITP) was at 26% completion when the financial ended. Inception and Status qua reports were generated 1.3. Housing sector plan was developed and approved by council by end of the financial year;

NO	KPAs	Achievements
		<p>1.4. Regarding Land tenure upgrade, the application was published for public comments;</p> <p>1.5. 41 building plans were approved when the financial year ended; 24 were of the size less than 500m² and 17 were greater than 500m²; and</p> <p>1.6. Building regulation by – law was adopted on 26 July 2018 and promulgated on 21 September 2018.</p>
2.	<p>KPA2: Municipal Transformation and Organizational Development</p>	<p>2.1. The municipality is housed in a leased building. A physical feasibility study was conducted in the financial year under review to check possibilities of the municipality having its own building. The municipality appointed DELTA Professional Valuer to conduct the study. The study was concluded by end of the financial year. The study reflected four possible options in order of priorities which are:</p> <p>(i) Option 01: Purchase, rehabilitation and upgrade of the existing building “Municipal Civic Offices”</p> <p>(ii) Option 02: Purchase alternative existing building “Marone Shopping Complex”</p> <p>(iii) Option 03: Upgrade existing municipal owned building “Old municipal Office”</p> <p>(iv) Option 04: Develop a new building on underdeveloped land “Apiesdoringdraai”</p> <p>After receipt of the study the municipality established a committee of four municipal employees to look into the viability of the study findings and report back to council. The committee is given until 15 November 2019 to report its findings to the Executive committee;</p> <p>2.2. The municipality submitted its Employment Equity plan to department of Labour on 15 January 2019;</p> <p>2.3. In terms of skill development: 19 employees and 10 learners were supported to further their studies through internal and external bursaries; 51 councillors capacitated through CPMD and Integrated Councillor inductions;</p>

NO	KPAs	Achievements
		<p>2.4. For health promote purpose municipal offices were fumigated on 8 June 2019; and</p> <p>2.5. 8/9 positions of senior managers (section 54/46 managers) were filled which include the position of the municipal manager when the financial year started, however the municipal manager and Chief Finance Officer were later in November suspended for irregular investing in VBS bank. The CFO then resigned from the municipality.</p>
3.	<p>KPA3: Basic Service Delivery and Infrastructure Development</p>	<p>3.1. Access roads, Access bridges and internal streets</p> <p>In the financial year under review the municipality constructed one access bridge at Lefahla village, two access roads and five internal streets leading to community halls. By the end of the financial year the Lefahla access bridge was completed; Tukakgomo access road as well was completed while Leboeng access road was at 75% completion.</p> <p>The five internal streets namely: Strydskraal, Nkoana, Nchabeleng, Seroka and India community hall internal streets were also completed.</p> <p>3.2. Sport complex/facilities</p> <p>Two sport complexes were in construction in 2018/19 financial year namely: Motodi and Mapodile sport complex/facilities. By the end of the financial year, Motodi sport complex was at site establishment stage. The construction of Mapodile sport facility phase 02 was at 60% completion, that is construction of sport field, combo court and ablution were completed</p> <p>3.3. Waste management</p> <p>11741 households in the municipality received weekly waste removal. Waste removal was also extended to rural areas where skip bins were placed in strategic areas in the municipality for waste harvesting. This approach has positively improved the cleanness of the municipal streets.</p> <p>3.4. Provision of Electricity</p> <p>The municipality do not have electricity provision licence. Electricity provision lies with ESKOM. A study</p>

NO	KPAs	Achievements
		<p>is conducted to assist the municipality to acquire such function.</p> <p>However, the municipality provides free basic electricity to its indigent citizen through the help of ESKOM. In the financial year under review 5226 households were able to collect their electricity token from ESKOM and the municipality paid for them.</p> <p>Four free basic electricity campaigns were held at Lerejane, Mohlaletse, Dresden and Bothashoek to encourage more households to register in the free basic electricity programme.</p> <p>The following villages were identified to benefit from the electricity programme (INEP) in the financial year under review: Dithabeng Bothashoek (278); Khalanyoni Bothashoek (214); Mashamothane North (60); Mashamothane South (106); Phelindaba Bothashoek (251). However, by the end of the financial year the projects were not started, but service providers were appointed to commence the work in the 2019/20 financial year.</p> <p>3.5. Water provision authority As indicated somewhere in the report the municipality is not water provision authority neither has electricity supply licence. These are critical services that are needed to improve lives of the community and revenue generation for the municipality. In the financial year under review two studies were conducted with regard of the abovementioned services. By the end of the financial year the two studies were concluded and submitted to council for adoption.</p> <p>3.6. Praktiseer storm water drainage The construction of Praktiseer storm water commenced in the 2018/19 financial year, by the end of the financial year it progress was recorded at 45% completion</p> <p>3.7. Praktiseer Licensing office</p>

NO	KPAs	Achievements
		<p>In the financial year under review the municipality was engaged in the renovation of Praktiseer licensing office. When the financial year ended the project was at 85% completion. A temporary licensing office is opened at Burgersfort municipal head to complement the Praktiseer one while still under construction.</p>
<p>4.</p>	<p>KPA4: Local Econom ic Develop ment</p>	<p>4.1. Supports provided to Agricultural projects</p> <p>4.1.1. Sustained Agricultural projects Municipality has sustained its support of providing agricultural inputs to two Agricultural projects, namely: Basadi re Maatla and Mabu ke bophelo.</p> <p>4.1.2. New projects Two new Agricultural projects were supported with Agricultural inputs namely: Itapise multipurpose coop and Baroka farming.</p> <p>4.1.3. Agricultural market linkages Two agricultural projects namely: Ratehu and African premier were linked with big supermarkets to sell their products. Ratehu was linked with Choppies and African Premier was linked with Choppies and Game at Burgersfort.</p> <p>4.2. Agricultural /Co – ops workshop facilitated Three Agricultural/Co – op workshops were facilitated to equip the small business with farming skills and knowledge at Burgersfort municipal chamber, Mahlashi and Tswelepele Agricultural office</p> <p>4.3. Agricultural support to special groups The municipality has supported two Agricultural projects which are owned by women and one owned by youths. Projects owned by women are Basadi re Maatla and Mokee business enterprise. Youth owned project is Grass to grace</p> <p>4.4. Promotion of tourism The municipality has promoted two tourism centres namely: Tjate and Potlake tourism sites. Tjate tourism site hosted 2018 Heritage day celebration and Potlake hosted tourism information awareness campaigns</p>

NO	KPAs	Achievements																																																																
5.	KPA5: Financial Viability	<p data-bbox="469 264 1390 331">5.1. <u>Financial Performance (Revenue)</u></p> <table border="1" data-bbox="469 331 1390 1245"> <thead> <tr> <th data-bbox="469 331 727 443">DESCRIPTION</th> <th data-bbox="727 331 991 443">Budget 2018/ 2019</th> <th data-bbox="991 331 1257 443">YTD</th> <th data-bbox="1257 331 1390 443">% spent</th> </tr> </thead> <tbody> <tr> <td data-bbox="469 443 727 510">Property rates</td> <td data-bbox="727 443 991 510">131 288 000</td> <td data-bbox="991 443 1257 510">112 261 968</td> <td data-bbox="1257 443 1390 510">86%</td> </tr> <tr> <td data-bbox="469 510 727 667">Refuse removal charges</td> <td data-bbox="727 510 991 667">18 819 000</td> <td data-bbox="991 510 1257 667">21 506 359</td> <td data-bbox="1257 510 1390 667">114%</td> </tr> <tr> <td data-bbox="469 667 727 779">Rental of facilities and equipment</td> <td data-bbox="727 667 991 779">388 000</td> <td data-bbox="991 667 1257 779">332 432</td> <td data-bbox="1257 667 1390 779">86%</td> </tr> <tr> <td data-bbox="469 779 727 891">Interest earned - external investments</td> <td data-bbox="727 779 991 891">932 000</td> <td data-bbox="991 779 1257 891">216 184</td> <td data-bbox="1257 779 1390 891">32%</td> </tr> <tr> <td data-bbox="469 891 727 1003">Interest earned - outstanding debtors</td> <td data-bbox="727 891 991 1003">16 068 000</td> <td data-bbox="991 891 1257 1003">5 389 225</td> <td data-bbox="1257 891 1390 1003">34%</td> </tr> <tr> <td data-bbox="469 1003 727 1081">Fines, penalties and forfeits</td> <td data-bbox="727 1003 991 1081">17 728 000</td> <td data-bbox="991 1003 1257 1081">620 322</td> <td data-bbox="1257 1003 1390 1081">3%</td> </tr> <tr> <td data-bbox="469 1081 727 1160">Licenses and permits</td> <td data-bbox="727 1081 991 1160">15 113 000</td> <td data-bbox="991 1081 1257 1160">7 321 229</td> <td data-bbox="1257 1081 1390 1160">48%</td> </tr> <tr> <td data-bbox="469 1160 727 1193">Others</td> <td data-bbox="727 1160 991 1193">1 863 000</td> <td data-bbox="991 1160 1257 1193">7 734 306</td> <td data-bbox="1257 1160 1390 1193">415%</td> </tr> <tr> <td data-bbox="469 1193 727 1245">Total</td> <td data-bbox="727 1193 991 1245">202 397 000</td> <td data-bbox="991 1193 1257 1245">155 382 025</td> <td data-bbox="1257 1193 1390 1245">77%</td> </tr> </tbody> </table> <p data-bbox="469 1312 639 1346">5.2. Grants</p> <table border="1" data-bbox="469 1379 1366 1771"> <thead> <tr> <th data-bbox="469 1379 799 1491">DESCRIPTION</th> <th data-bbox="799 1379 1142 1491">BUDGET 2018/ 2019</th> <th data-bbox="1142 1379 1366 1491">RECEIVED</th> </tr> </thead> <tbody> <tr> <td data-bbox="469 1491 799 1536">FMG</td> <td data-bbox="799 1491 1142 1536">4 115 000</td> <td data-bbox="1142 1491 1366 1536">4 115 000</td> </tr> <tr> <td data-bbox="469 1536 799 1570">EPWP Incentive</td> <td data-bbox="799 1536 1142 1570">2 035 000</td> <td data-bbox="1142 1536 1366 1570">2 035 000</td> </tr> <tr> <td data-bbox="469 1570 799 1603">INEP</td> <td data-bbox="799 1570 1142 1603">15 000 000</td> <td data-bbox="1142 1570 1366 1603">15 000 000</td> </tr> <tr> <td data-bbox="469 1603 799 1648">MIG</td> <td data-bbox="799 1603 1142 1648">49 412 000</td> <td data-bbox="1142 1603 1366 1648">47 342 000</td> </tr> <tr> <td data-bbox="469 1648 799 1682">MSIG</td> <td data-bbox="799 1648 1142 1682">1 055 000</td> <td data-bbox="1142 1648 1366 1682">1 055 000</td> </tr> <tr> <td data-bbox="469 1682 799 1727">MWIG</td> <td data-bbox="799 1682 1142 1727">50 237 000</td> <td data-bbox="1142 1682 1366 1727">4,566,000.00</td> </tr> <tr> <td data-bbox="469 1727 799 1771">TOTAL</td> <td data-bbox="799 1727 1142 1771">121 854 000</td> <td data-bbox="1142 1727 1366 1771">55 147 000</td> </tr> </tbody> </table>	DESCRIPTION	Budget 2018/ 2019	YTD	% spent	Property rates	131 288 000	112 261 968	86%	Refuse removal charges	18 819 000	21 506 359	114%	Rental of facilities and equipment	388 000	332 432	86%	Interest earned - external investments	932 000	216 184	32%	Interest earned - outstanding debtors	16 068 000	5 389 225	34%	Fines, penalties and forfeits	17 728 000	620 322	3%	Licenses and permits	15 113 000	7 321 229	48%	Others	1 863 000	7 734 306	415%	Total	202 397 000	155 382 025	77%	DESCRIPTION	BUDGET 2018/ 2019	RECEIVED	FMG	4 115 000	4 115 000	EPWP Incentive	2 035 000	2 035 000	INEP	15 000 000	15 000 000	MIG	49 412 000	47 342 000	MSIG	1 055 000	1 055 000	MWIG	50 237 000	4,566,000.00	TOTAL	121 854 000	55 147 000
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EPWP	2 035 000	2 035 000	100%																											
MWIG	50 237 000	0	0%																											
6.	<p>KPA6: Good Governance and Public Participation</p>	<p>6.1. Both risk management and Audit/Performance committees were functional in the 2018/19 financial year; both had four ordinary meetings each.</p> <p>6.2. Internal Audit frameworks reviewed in the financial year under review;</p> <p>6.3. The Municipality conducted risk assessments as follows:</p> <p>6.3.1. Strategic risk assessment held from 20th - 22 Feb 2019</p> <p>6.3.2. Operational Risk assessment held on 02 may 2019 and 03 - 06 June 2019;</p> <p>6.4. Anti – Fraud awareness campaign was held on 15 march 2019 at Burgersfort municipal Chamber ;</p> <p>6.5. Security awareness was conducted on the 15 March 2019.</p> <p>6.6. The Mayor approved 2019/20 SDBIP on 21 June 2019</p> <p>6.7. 2018/19 Mid - year performance assessment conducted on 14 March 2019;</p> <p>6.8. 2017/18 Draft Annual report was tabled in council on 28 February 2019 and its Oversight report was produced and adopted by council on 28 March 2019</p> <p>6.9. 2019/20 final IDP was tabled in council and adopted on 28 May 2019.</p>																												

NO	KPAs	Achievements
		<p>6.10. Customer Care Framework Reviewed by 30 June 2019</p> <p>6.11. IDP/BUDGET Public Participation was held from the 08th to 11th April 2019.</p> <p>6.12. Two ordinary and 18 Special councils were held in the financial year under review.</p> <p>6.13. SOLMA was held on 21 June 2019;</p>

1.5. Financial Health Overview

1.5.1. Municipal Revenue and Expenditure

Table /Figure 07: 2018/19 Municipal Revenue and Expenditure

NO	Details	Original Budget(R)	Adjusted Budget(R)	Actual(R)	Variances
1.	Total Revenue excluding capital receipts	670 072 840	684 764 027	606 571 708	78 192 319
2.	Total Operating Expenditure	579 793 96	541 543 591	556 029 439	-14 485 848
3.	Operating surplus / (deficit)	90 278 966	144 220 436	50 542 266	93 678 170

1.5.2. Financial ratios

Table/Figure 08: Financial ratios

N0	Details	2018/19
1.	Employee costs	39%
2.	Repair and Maintenance	0.42%
3.	Finance charges and Depreciation	21%

1.5.3. Capital Expenditure

Table/figure 09: Capital Expenditure

N0	Detail	2018/19
1.	Original Budget	181 186 100
2.	Adjusted Budget	167 448 536
3.	Actual	52 373 332

1.6. Organizational Development Overview

1.6.1. Organizational Development Performance

1.6.1.1. Staff establishment

In 2018/19 financial year the municipality organogram had 539 positions, 308 of them were filled and 231 were vacant which comprises 43% of the positions on the Organogram.

At senior management level, there were eight (8) positions. Three senior manager positions namely, CFO, Accounting officer and director Corporate services were vacant when 2018/19 financial year ended.

In terms of equity, the municipality has more male employees than female ones. 178 employees were male and 130 were female. On senior management level 63% (5 out of 8) of the management were males and 37% were female. In terms of gender distribution only two employees were white and were ladies, the entire workforce were

black. Five (5) of the 308 employees were living with disabilities and were all males.

1.6.1.2. Labour turn over

19 employees left the municipality under various reasons, including resignation, retirement and expiry of employment contract. Five (5) employees resigned; twelve (12) had their employment contract expired and three (2) retired. On 15 November 2018 after the discovery of Municipal investment in VBS mutual bank, both Chief Finance Officer (Mr. Mardi F.M) and the accounting officer (Mrs. Busane N.P) were suspended pending the investigation into the matter. Mr Mapotsane D.P. and Mr. Gabaganenwe L.T. were both appointed acting CFO and Accounting officer respectively for period of three months. In February 2019 after the expiry of acting period of both CFO and Accounting officer, the municipality was put under section 139 (1) (b) of the constitution. Mr. Mulenga S and Mrs. Ntshudisane M.J were deployed from the Province to support the municipality. The two were later on appointed as acting CFO and Acting Accounting officer respectively for a period starting from 15 February 2019 to 30 June 2019.

1.6.1.3. Local labour forum

The municipality had Local labour forum (LLF) which was established in November 2016. The LLF comprises 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 14 meetings were held, with two (2) been special meetings.

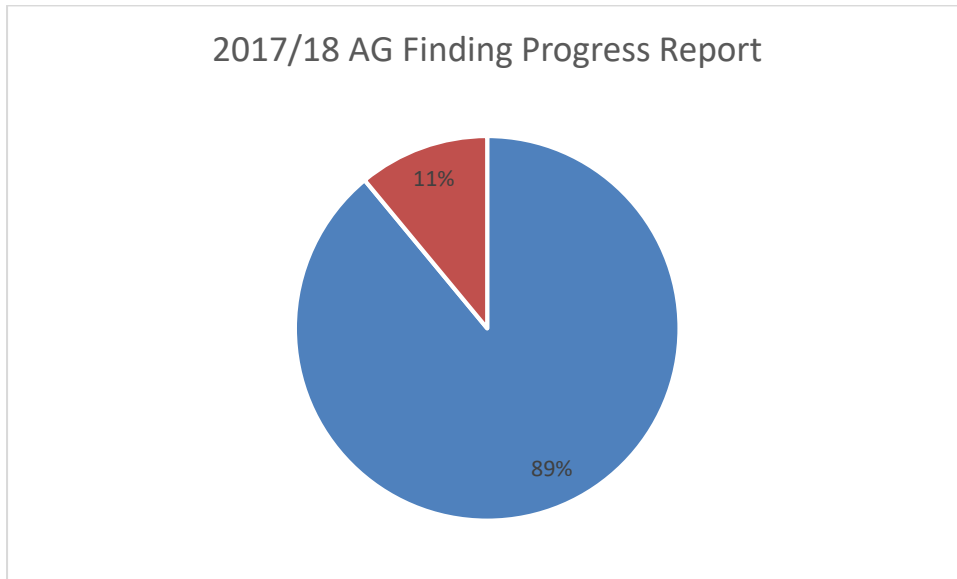
Two key issues which took much time of the LLF were placement of former Greater Tubatse Municipality which cause serious tension between the management and the labour union especially SAMWU from former Tubatse municipality ; and salary disparities between the employees of the former two municipalities. Salaries of former Greater Tubatse Municipality were higher than the salaries of their counterpart from former Fetakgomo municipality. When the financial year ended the two issues were still standing.

1.7. 2017/18 Auditor General Report

In 2017/18 financial year the municipality obtain qualified audit opinion from Auditor General of South Africa.104 findings were raised against the municipality. By the end of the financial year 93 findings were resolved and eleven (11) were still outstanding. Most of the outstanding

findings were to be addressed in the preparation of the Annual Financial statement and the Annual Performance report.

Chart 01: 2017/18 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 10: 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

Fetakgomo Tubatse Local Municipality (LIM476) is the largest local municipality in Sekhukhune district municipality with **39 wards**. It is third (**03**) largest municipality in the Limpopo Province after Thulamela and Polokwane Local Municipalities with **41** and **45** wards respectively. It has **77 councillors** of which **39** are ward councillors and **38** are proportionally elected councillors. There are also **12** traditional leader's representatives in the Council.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.2. Introduction: political and administrative Governance

The 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 presides over all executive committee meetings.

On quarterly basis the Mayor generates and submits reports to council while the Speaker takes care of all ward committees and public participations activities of the municipality.

2.3. Political Governance

2.3. 1. Introductions

As indicated somewhere above the political head of the Municipality is the Mayor. In the period under review the municipality had two Mayors, Cllr Phokane M.J who resigned in December 2018 and Cllr Phala T.N. who took over from Cllr Phokane until the end of the financial year.

2.3.2. Political Structures

2.3.2.1. The Mayor

After the 2016 local Government elections the municipality elected Cllr. Phokane M.J. to be its Mayor. Pursuant to the municipality's investment in VBS mutual bank, Cllr. Phokane M.J. resigned from his Mayoral ship position in December 2018. The council functions until 04 March 2019 without a Mayor. On the 04 March 2019 the then Speaker Cllr. Phala T.N. was then elected the Mayor. She hold the position until the end of the financial year.



Cllr. Phala T.N

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

Pursuant to the 2016 Local Government elections Cllr. Phala T.N. was elected the Speaker of Council. She held the position until 04 March 2019 when she was appointed the Mayor of the Municipality. The council operated from the 04 March 2019 until the end of the financial year with the position of the Speaker been vacant.

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 the 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

The municipality has ten Executive committee members including the Mayor. The nine Executive committee members are heads and deputy heads six portfolio committees. The following are the portfolio committees:

- (i) Corporate services,
- (ii) Budget and Treasury,
- (iii) Community services,
- (iv) Infrastructure Development & Technical services,
- (v) Development Planning and
- (vi) Local Economic Development and Tourism.

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



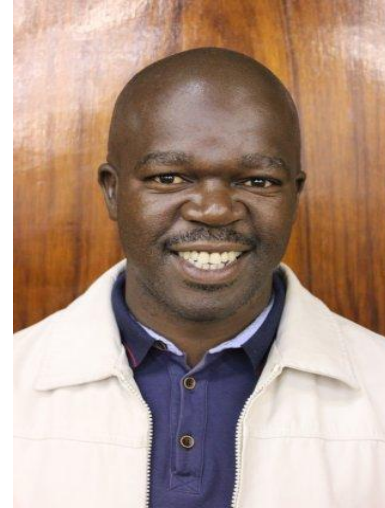
Cllr Mogofe A

D/Head: Corporate Services



Cllr Kupa J.V

D/Head: Budget & Treasury



Cllr Kgwedi L.J

D/Head: Infrastructure Development
And Technical Services

2.3.4. Councillors

Fetakgomo Tubatse Local Municipality has 77 councillors of which 39 are ward councillors and 38 are proportional representative councillors. The council is constituted by 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) 1 seat and Socialist Agenda of Dispossessed Africans (SADA) 1 seat.

2.3.5. Traditional Leaders in council

There are 38 traditional leaders in the municipal jurisdiction, however they are twelve (12) traditional leadership representative in the municipal council. Currently, eleven (11) 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 Ramaube S, Kgoshi Sekhukhune P.R, Kgoshigadi Dinkwanyane T.M, Kgoshigadi Kgoete S, Kgoshigadi Maisela S.M and Kgoshigadi Phasha T.M. The twelfth position remain vacant after the death of Kgoshi Phasha P.D.

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

On administrative level, the Municipal manager (Accounting Officer) is the leader of the administration. He/she provides guidance and advice to the political structures, political office bearers and officials of the Municipality. He/she is assisted by senior managers who are appointed by council.

The senior managers assist the accounting Officer in managing and coordinating the financial administration of the municipality. In 2018/19 financial year, Fetakgomo Tubatse Local Municipality had eight (8) section 54/56 managers' positions, which were: Municipal Manager, 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. Acting Municipal Manager

In 2018/19 financial year the accounting officer of the Municipality was Mrs. Busane N.P. She was appointed to the position in April 2018 after she has acted on it for a period of three months. Pursuant to the VBS mutual bank investment saga Mrs. Busane N.P and Mr. Maredi M. F(CFO) were suspended on 15 November 2018.

Mr. Gabaganenwe L.T. was then appointed to act in the position for a period of three months until February 2019. After February 2019 the municipality was put under section 139(b) of the constitution of South Africa and as the result Mrs. Ntshudisane M.J. was deployed by COGHSTA to support the municipality. She was later appointed the Acting Municipal Manager until the end of the financial year.



Mrs. Ntshudisane M.J

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 finance management legislations;
- Implements national and provincial legislations

2.4.2.2. Acting Chief Finance Office

As indicated above, Mr. Maredi Frank the acting CFO was suspended together with then municipal manager Mrs Busane N.P. emanating from investing municipal funds in VBS mutual bank. Mr. Mapotsane D.E. was then appointed to act on the position from November 2018 to January 2019. After expiring of the acting period of Mr. Mapotsane COGHSTA through section 139(b) of the constitution of the country deployed Mr. Mulenga Sasa with Mrs. Ntshudisane M.J as a supporting team to support the municipality. Mr. Mulenga was then appointed acting CFO of the municipality until the end of the financial year.



Mr. Mulenga S

Duties of CFO

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

2.4.2.3. Acting Director Corporate Services

Mr. Mashoeu M.D. is the director in Apel regional office. He was appointed to act on the position of director Corporate Services after council has suspended Mr. Phasha M.I. the then director corporate services after he was alleged to have fraud municipal recruitment processes for his position.

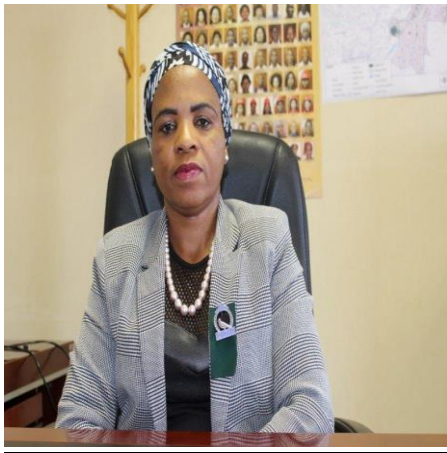


Mr. Mashoeu M.D

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

2.4.2.4. Director Community Services



Mrs. Magooa R.M.

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

2.4.2.6. 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

2.4.2.7. 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

2.4.2.8. Director Local Economic Development and Tourism



Ms Shongwe F.K

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

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

In 2018/19 financial year Fetakgomo Tubatse Local Municipality participated in various intergovernmental fora in both district and province levels. In the province the municipality formed part of Provincial Planning Forum, Provincial PMS forum, CFO Forum and Premier's Mayors Forum. Through knowledge obtained from these fora the Municipality has improved its planning and reporting performance.

District fora in which the municipality participated are Sekhukhune district PMS forums, District Back to basic forum, Municipal manager and CFO Fora 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 and the province.

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 11: Public participation forum

Nature of the Meeting	Purpose of the meeting	Date of the meeting	No. of councillors attended	No. Administrators	No. of community members	No. Issues raised 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	08 – 11 May 2019	38	45	662	15	9	SOLMA and 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	10	08	Quarterly mass meetings

Nature of the Meeting	Purpose of the meeting	Date of the meeting	No. of councillors attended	No. Administrators	No. of community members	No. Issues raised by community	No. Issues addressed	manner of feedback given to community
Annual Report	Review of the Annual Report by MPAC	25 - 27 March 2019	52	39	720	15	8	SOLMA and quarterly ward committee meetings
State of local Municipality address	To report last year performance and announce new projects to the public	21 June 2019	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 12: 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:

Figure/Table 13: Annual audit work done

NO	Risk base Audit	Statutory audit	Compliance audit
01	Local Economic Development	4 th Quarter 2017/18 Performance Management	1 st Quarter Internal audit follow up
02	Traffic management	1 st Quarter 2018/19 Performance Management	1 st Quarter Auditor General follow up
03	Human resource management	2 nd Quarter 2018/19 Performance Management	1 st Quarter Annual financial review
04	Sport , culture and Library management	3 rd Quarter 2018/19 Performance Management	2 nd Quarter Internal audit follow up
05	Waste management	Lost control management	2 nd Quarter Auditor General follow up
06	Project management and road and storm water	mSCOA management	Review of internal audit framework
07	Revenue management	Follow up on DORA	
08	Expenditure management		
09	Supply chain management audit		
10	Budget and Reporting		

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 senior managers 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 2018/19 financial year

Table/Figure 14: Top ten risks for 2017/18 financial year

Item No.	Risk name	Root cause	Action plan	Progress as at 30 June 2019
1.	Failure to acquire or build municipal offices.	*The lease contract for the municipal building is ending in 2020. * Poor planning, the option to buy shows that the property (will not be obtainable than R 130M and is more than its market value (R 43 814 000.00), No provision of extension.	Conduct feasibility study on the building or leasing of the new building.	Feasibility study conducted and the report is in place, awaiting for council approval.
2.	Leaking of confidential information	*The municipality does not have a proper system to safeguard confidential information or trace leakages to identify and act against culprits.	Enforcement of Consequence Management.	Draft record classification plan is developed
3.	Salary disparities	Former Fetakgomo employees' salaries were not equalised with the former Greater Tubatse Municipality however they are doing the same job.	Continuation of job evaluation audit (The process is at audit stage).	*Job evaluation process is complete, however salaries for both amalgamated municipalities' are still different (same position different salary).

Item No.	Risk name	Root cause	Action plan	Progress as at 30 June 2019
		<p>The municipality advertised and appointed new employees in financial year 2017/18 using former Greater Tubatse salary levels.</p> <p>The council did not adopt the salary structure for new municipality.</p>		
4.	Non adherence to approved Supply Chain Management Procurement Plans.	<p>Deviations from Supply Chain Management Policy and Procedures. *Non adherence with approved Bid Committee schedules.</p>	<p>. Ensure that all departments complete their procurement plan in time. Quarterly update/review of procurement plan.</p>	<p>Emails were forwarded to all managers to review their demand / procurement plan in line with adjusted budget, however none of them responded, and the non-compliance still taking place</p>
			<p>Circulation of declaration forms to all municipal officials and councillors.</p>	<p>*Circulation of declaration forms were circulated on the 26th February 2019.</p>

Item No.	Risk name	Root cause	Action plan	Progress as at 30 June 2019
			Engage Provincial/National Treasury to advice on the issue of false declarations by bidders.	Engagements with Nation Treasury done
5.	Awards to persons in the service of the state and close family members of persons in the service of state.	* Employees, close family members and persons in the service of the state did not submit their declarations of interest.	* Vetting/Screening of suppliers before appointment.	CSD utilised for screening of suppliers before appointment. If a supplier is blacklisted it appears on the CSD.
			CSD monitoring	*CSD utilised for screening of suppliers before appointment. If a supplier is blacklisted it appears on the CSD
6.	Theft and damage of municipal property	Insufficient security systems. Lack of loss control policy	Continuous monitoring of access control.	*Daily security access monitoring conducted. *Quarterly security monitoring reports in place. *Laptop registers in place. *Visitors registers in place.

Item No.	Risk name	Root cause	Action plan	Progress as at 30 June 2019
			Conduct anti-fraud & Corruption as well as security awareness workshops.	Anti-fraud & Corruption as well as security awareness workshops were held on the 15 th March 2019.
			Conduct Security appraisal audits.	*Security appraisal audit conducted in April 2019.
7.	Under performance of service providers.	*Service providers are not vetted or screened before their appointments. *Appointment of inexperienced service providers who do not have capacity to complete relevant project.	Continuous monitoring of sites and compilation of site visit report.	Continuous monitoring of sites and compilation of site visit report.
			Screening of service providers before the appointment.	Risk Management was engaged and the process is underway.
			Continuous monitoring with National Treasury central supplier database for non-compliance.	The National Treasury is monitored by SCM before processing any payments.

Item No.	Risk name	Root cause	Action plan	Progress as at 30 June 2019
8.	Loss of strategic development land.	*Land grabs *Politicisation of the move to expropriate without compensation. *Delays in demarcation of sites for development.	Demarcation of sites and township development.	*Township establishment application in place awaiting for council approval.
			Land audit.	*Draft land audit report in place and it will be submitted to council for noting.
			Finalise Land invasion Strategy.	*Draft Land Invasion Strategy in place awaiting for council approval.
9.	Uncoordinated land use	*Lack of coordination between tribal authorities/land authorities and Municipality. *Lack of Municipal Spatial Development Framework and Land Use Scheme.	Engagement of key stakeholders to assist in the speedy access of strategic located land parcels and provision of bulk services. E.g. Traditional leaders, Department of Rural Development and Land Reform (DRDLR), etc.	*Land use awareness conducted on the 15 th March 2019. *Meeting on provision of bulk services held 05 th March 2019.

Item No.	Risk name	Root cause	Action plan	Progress as at 30 June 2019
10.	Unethical behaviour and conduct	*Lack of proper induction programme and manual for new staff.	Conduct inductions for all new employees.	Inductions for EPWPS were conducted in the 3 rd quarter.

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 is 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 one (1) fraud and anti – corruption awareness campaign was held on 15 march 2019 at Burgersfort municipal Chamber

2.7.2.4. SUPPLY CHAIN MANAGEMENT

The municipality has a functional Supply Chain Management (SCM) unit. The Municipality 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 2018

In the financial year under review, three (3) 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 developed three (3) by-laws namely: Informal trading by – law, Waste management by – law; and Building regulation by – law, but due to their late completion they could not be gazetted in 2018/19 financial year. Gazetting is scheduled for 2019/20 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 2018/19 financial year the municipality uploaded the following documents on its website:

- i. Adverts for jobs;
- ii. Adverts for tenders;
- iii. Annual Performance Agreements;
- iv. Annual Report
- v. Budget and Budget related policies;
- vi. IDP
- vii. Public Participation process for the draft 2018/19 IDP/Budget under public notice

2.7.2.7. CLIENT SATISFACTION SURVEY ON MUNICIPAL SERVICES

The municipality conduct client satisfaction survey 2018/19 financial year. An action plan is developed to address the findings from the survey.

2.7.2.8. OVERSIGHT REPORT ON ANNUAL REPORT

According to section 127 (2) MFMA , Act 56 of 2003 the mayor of a municipality must, within seven months after the end the financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control. The 2017/18 Annual Report was tabled to Council in 15 February 2019 and recommended to MPAC for public scrutiny.

According to section 129 (1) MFMA, Act 56 of 2003, the council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the Annual Report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include statement whether the council-

(a) has approved the annual report with or without reservations;

(b) has rejected the Annual Report or

(c) has referred the annual report back for revision of those components that can be revised.

In the financial year under review, the municipal council approved its 2017/18 Annual Report on 28 March 2019 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 capacities 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 an electricity authority nor have licence to provide electricity to its communities. Electricity provision 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.

No new electrification project was implemented by the Fetakgomo Tubatse municipality in the financial year under review; however service providers were appointed to electrify the outstanding operation Mabone addendum. The addendum consist of to be 909 households electrified. The 909 households are divided into (Dithabeng Bothashoek 278; Khalanyoni Bothashoek 214; Mashamothane North 60; Mashamothane South 106; Phelindaba Bothashoek 251)

Table/Figure 15: Electrification of Households

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
# of households electrified(INEP)	1924	9009 households electrified (Mashamothane, Praktiseer and Bothashoek)	909 households electrified (Dithabeng Bothashoek 278; Khalanyoni Bothashoek 214; Mashamothane North 60; Mashamothane South 106; Phelindaba Bothashoek 251)	Target Not achieved Contractors for (Dithabeng; Khalanyoni; Mashamothane South; and Phelindaba) is appointed	Late appointment of Contractor	Expedite the construction progress on site
Budget (R)	R8 820 000	R15 000 000	R15 000 000	R0.00		
# of outstanding operation Mabone project households to be electrified	13 500	8163 outstanding operation Mabone project households to be electrified	225 of 8163 outstanding operation Mabone project households to be electrified	Target Not Achieved No household was electrified through Operation Mabone programme in the financial year	Unavailability of funds	Avail sufficient funds

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
Budget (R)	R120 000 000	R44 100 000	R5 000 000	R0.00		
Completion date of conducting feasibility study on capacity for electricity authority	New indicator	30 June 2019 feasibility study on capacity for electricity authority completed	30 June 2019 feasibility study on capacity for electricity authority completed	Target Achieved Draft feasibility study in place	None	None
Budget (R)	R0.00	R1 000 000	544 040	R0.00		

3.3.1. Free basic Electricity (FBE)

As indicated above Fetakgomo Tubatse Local Municipality do not have licence for provision of electricity. Electricity provision in the municipality is the competency of Electricity Supply Commission (ESKOM). Similarly, the provision of free basic electricity (FBE) in the municipality is done through ESKOM. On average 5226 households received FBE in 2018/19 financial year. This number has declined from 5647 households which benefited in the 2017/18 financial year. In an attempt to improve the situation four (4) FBE awareness campaigns were facilitated in the financial year under review as follows:

- (a) Lerejane on 19/09/2018
- (b) Mohlaletse Community hall on 07/12/2018
- (c) Dresden on 25/03/2019; and
- (d) Bothashoek Ward 20 on 27/06/2019.

Secondly, a number of FBE application forms were given to Ward Councillors to extend the awareness campaign to their communities. When the financial year ended the process was not concluded as some forms were not well completed and insufficient information provided. The forms were returned to owners for completion and provision of sufficient information.

3.4. WASTE MANAGEMENT (REFUSE COLLECTIONS)

The Municipality is providing weekly house to house refuse collections services in the proclaimed townships and farms as illustrated in the table below. A total of 11741 households benefited from service in 2018/19 financial year as depicted in the table below.

Figure/Table 15: Waste management

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 household's refuse collections, refuse collections are also conducted in business areas. In 2018/19 financial year 6 businesses centres in Apel, Burgersfort and Steelpoort also benefited from weekly refuse collection the services.

Thirdly, refuse collection service has been extended to rural areas. Number of skip bins are placed in strategic areas around the municipality for refuse collection. The Municipality has started earning fruits of its efforts; the number of illegal dumping has dropped and the municipality is clean.

Figure/table 16: Waste Management

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
# of households receiving weekly refuse removal services	New Indicator	11 741 households receiving weekly refuse removal services	11 741 households receiving weekly refuse removal services	Target achieved: (11 741 households receiving weekly refuse removal services)	None	None
# of businesses centres receiving weekly refuse removal services	New Indicator	6 businesses centres receiving weekly refuse removal services	6 businesses centres receiving weekly refuse removal services	Target achieved: (6 businesses centres receiving weekly refuse removal services)	None	none
Budget (R)	R0.00	R10 000 000	R16 443 820	R 15 606 861		
# of Closure Permit obtained	Burgersfort land fill site full	1 closure permit obtained	1 closure permit obtained	Target achieved 1 closure permit obtained	None	None
Budget (R)	R0.00	R5 100 000	R1 3332 672	R 1 332 672		

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
Completion date of purchasing of 80lt refuse bags(green and black colours)	New indicator	30 December 2018 80lt refuse bags(green and black colours) purchased	30 December 2018 80lt refuse bags(green and black colours) purchased	Target Achieved: 816 refuse bags purchased (300 green and 516 black colours)	None	None
Budget (R)	R0.00	R400 000	R138 034	R 115 034		
# of waste recycling training conducted	New indicator	4 waste recycling training conducted	3 waste recycling training conducted	Target Achieved: 3 waste recycling training conducted as follows: *on the 12/12/2018 at Municipal Chamber Burgersfort; and *on the 06 September 2018 at Burgersfort Civic Centre *13/02/2019 at Municipal Chamber Burgersfort.	None	None
Budget (R)	R0.00	R 100 000	R13 000	R 7 950		

3.5. Housing

Housing provision is the competency of Department Cooperative Government Human Settlement and Traditional Affairs (COGHSTA). Municipalities in the province only identify needy people who qualify for the RDP houses and submit their list to COGHSTA for approval and appointment of contractors to build the houses. In 2018/19 financial year COGHSTA allocated 850 RDP houses 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

Fetakgomo Tubatse Local Municipality is responsible for maintenance and construction of internal streets, access roads and access bridges.

(a) Access Bridge

In the financial year under review the municipality constructed one (1) access bridges namely Lefahla access bridge. The construction of this bridge commenced in 2017/18 financial year and was completed in 2018/19 financial year.

Table/Figure 17: 2018/19 Access bridges

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges/v ariation	Mitigation/Re commendatio n
% progress in construction of Lefahla access Bridge	40% work completed	60% progress in construction of Lefahla Access Bridge: *culvert & top slab (25%) *Road approaches (25%),	60% progress in construction of Lefahla Access Bridge: *culvert & top slab (25%) *Road approaches (25%),	<u>Target Achieved</u> The project is practically completed	None	% progress in construction of Lefahla access Bridge

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges/v ariation	Mitigation/Re commendatio n
		*Finishing (10%)	*Finishing (10%)			
Budget(R)	R 444 611	R10 072 026	R10 072 026	R 8 243 662		

(b) Access Roads and internal streets

Two access roads namely Tukakgomo and Leboeng access roads were constructed in 2018/19 financial year. When the financial year ended Tukakgomo access road was completed and Leboeng access road was at 70% completion.

Secondly, four internal streets were also constructed and completed by the end of the financial year. The table below depicts the situation by the end of the 2018/19 financial year.

Table/Figure 18: 2018/19 Access roads and internal streets

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
% progress in construction of Tukakgomo Access road	40% work Completed	60% progress in construction of Tukakgomo Access road *Sub base layer (10%) *Base layer (10%) *Stabilization (10%) * Kerbs (10%) * Road surfacing (10%) *road marks (10%)	60% progress in construction of Tukakgomo Access road *Sub base layer (10%) *Base layer (10%) *Stabilization (10%) * Kerbs (10%) * Road surfacing (10%) *road marks (10%)	<u>Target Achieved</u> The project is completed.	None	None

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
Budget(R)	R 4 118 251	R4 000 000	R4 000 000	R1 899 270		
% progress in construction of Leboeng Access Road	40% work Completed	60% progress in construction of Leboeng Access Road: Sub base layer (10%) *Base layer (10%) *Stabilization (10%) * Kerbs (10%) * Road surfacing (10%)	60% progress in construction of Leboeng Access Road: Sub base layer (10%) *Base layer (10%) *Stabilization (10%) * Kerbs (10%) * Road surfacing (10%)	Target Not Achieved: The project is at 35% completion. *Sub – base completed * Base layer completed	Project is moving at a low pace.	Project carried over to 2019/20 financial year

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
		*road marks (10%)	*road marks (10%)			
Budget(R)	R 6 036 345	R12 500 000	R10 500 000	R6 311 185		
% progress in Construction of the Strydskraal Community hall internal street	Service Provider appointed	100% progress in construction of Strydskraal Community hall internal street: *Mass excavation (30%) Sub base layer (10%) *Base layer (10%)	100% progress in construction of Strydskraal Community hall internal street: *Mass excavation (30%) Sub base layer (10%) *Base layer (10%)	Target Not Achieved Project is at 84% completion	Contractor suspended works due to municipal financial constraint	letter written to confirm payment of contractors in July 2019

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
		*Stabilization (10%) * Kerbs (10%) * Road surfacing (20%) *road marks (10%)	*Stabilization (10%) * Kerbs (10%) * Road surfacing (20%) *road marks (10%)			
Budget(R)	R0.00	R 2 000 000	R2 000 000	2 060 682		
% progress in Construction of the Nkoana Community hall internal street	Service Provider appointed	100% progress in construction of Nkoana Community hall internal street:	100% progress in construction of Nkoana Community hall internal street:	Target Achieved Project is at 100% completion	None	None

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
		*Mass excavation (30%) Sub base layer (10%) *Base layer (10%) *Stabilization (10%) * Kerbs (10%) * Road surfacing (20%) *road marks (10%)	*Mass excavation (30%) Sub base layer (10%) *Base layer (10%) *Stabilization (10%) * Kerbs (10%) * Road surfacing (20%) *road marks (10%)			

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
Budget(R)	R0.00	R 2 000 000	R2 000 000	1 454 017		
% progress in Construction of the Nchabeleng Community hall internal street	Service Provider appointed	100% progress in construction of Nchabeleng Community hall internal street: *Mass excavation (30%) Sub base layer (10%) *Base layer (10%) *Stabilization (10%) * Kerbs (10%)	100% progress in construction of Nchabeleng Community hall internal street: *Mass excavation (30%) Sub base layer (10%) *Base layer (10%) *Stabilization (10%) * Kerbs (10%)	Target Achieved Project is at 100%	None	None

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
		* Road surfacing (20%) *road marks (10%)	* Road surfacing (20%) *road marks (10%)			
Budget(R)	R0.00	R 2 000 000.00	R2000 000	1 350 515		
% progress in Construction of the Seroka Community hall internal street	Designs in place	100% progress in construction of Seroka Community hall internal street: *Mass excavation (30%) Sub base layer (10%)	100% progress in construction of Seroka Community hall internal street: *Mass excavation (30%) Sub base layer (10%)	Target Achieved Project is practically completed	None	None

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
		*Base layer (10%) *Stabilization (10%) * Kerbs (10%) * Road surfacing (20%) *road marks (10%)	*Base layer (10%) *Stabilization (10%) * Kerbs (10%) * Road surfacing (20%) *road marks (10%)			
Budget(R)	R0.00	R 2 000 000.00	R2000000	R2 050 223		
% progress in Construction of the India Community hall internal street	Service provider appointed	100% progress in construction of India Community hall internal street:	100% progress in construction of India Community hall internal street:	Target Achieved Project is 100% completion	None	None

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
		*Mass excavation (30%) Sub base layer (10%) *Base layer (10%) *Stabilization (10%) * Kerbs (10%) * Road surfacing (20%) *road marks (10%)	*Mass excavation (30%) Sub base layer (10%) *Base layer (10%) *Stabilization (10%) * Kerbs (10%) * Road surfacing (20%) *road marks (10%)			

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
Budget(R)	R0.00	R 2 000 000.00	R 2 000 000.00	2 028 121		

3.6.2. Road maintenance

The Municipality is responsible for the maintenance of both municipal roads and internal streets. The table below reflects amount of grading and pothole patch performed in 2018/19 financial year.

Table/Figure 19: Road maintenance Report

NO	Areas of work	Amount of work done
01	Grading per programme	79.4km
02	Grading for funerals	497.2km
03	Grading at disaster	43.5km
04	Grading for events	40.6km
05	Open space	124 450m ²
06	Potholes patched	792m ²

3.6.3. Traffic law enforcement

The Municipality conducted seven (08) Road safety campaigns in 2018/19 financial year as follows:

- (a) 23 /08/2018 at Rostock village
- (b) 08/12/2018 at Motsepula
- (c) 21/12/ 2018 at Ga - Kgwete in partnership with Twickenham Mine
- (d) 08/03/2019 at Calvin College
- (e) 13/03/2019 at Bonwankwe Primary School.
- (f) 18 April 2019 at R37 road corner Twickenham
- (g) 23/05/19 at Mosebu Primary school and
- (h) 24 May 2019 at Batau Primary School

3.6.4. Maintenance of Streetlights and traffic lights

Municipality developed its own service delivery standard for fixing faulty traffic and streets lights. The target is to fix all faulty traffic and street lights within 15 days turnaround time from the date the fault was identified or reported. The target of 15 days turnaround time for fixing faulty street and traffic lights was not achieved in the financial year under review due cash flow problems the municipality encountered.

3.7. COMPONENT C: Planning and Development

3.7.1. Integrated Development Plan (IDP)

According to section 25 (1) Municipal system Act, Act 32 of 2000 each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and Strategic Plan for the development of the municipality which—

- (a) Links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;
- (b) Aligns the resources and capacity of the municipality with the implementation of the plan;
- (c) Forms the policy framework and general basis on which Annual Budgets be based;

According section 34 of the same act, a municipal council—

- (a) Must review its integrated development plan—
 - (i) Annually in accordance with an assessment of its performance measurements in terms of section 4 i; and
 - (ii) To the extent that changing circumstances so demand; and
- (b) May amend its Integrated Development Plan in accordance with a prescribed Process.

The Municipality reviewed and adopted its 2018/19 IDP on 30 March 2018. The document was then taken through Public engagement from 02 to 08 May 2018. The final IDP is approved by council on 28 May 2018. The Mayor then presented the final projects to the public in his state of local municipal address (SOLMA) on 21 June 2019 at Moses Mabotha Hall at Apel.

3.7.2. Apiesdoorndraai township establishment (1000 erven)

The project of establishing a township at Apiesdoorndraai started in 2017/18 financial year. 70% of the project was completed by the end of 2017/18 financial year. In 2018/19 financial year the Municipality was able to perform 15% of the outstanding work which were publicising the township establishment application on Provincial Gazette and local paper which was Platinum Gazette; and issuing out the application to stakeholders for comments. Only ESKOM and Road Agency Limpopo (RAL) responded to the application. Their responds were positive towards the establishment of the township. The last outstanding activity was the tabling of the application in council for adoption. The application could not serve in council due to the absence of the Speaker who was later elected on the 8th August 2019.

3.7.3. Land Invasion Response Strategy

The Municipality is experiencing high level of land invasion. In 2017/18 financial year the Municipality started developing a strategy to counter the land invasion. The project could not be completed by the end of the financial year. By the end of the financial year at least 70% of the entire project was completed; and 30% were carried over to be completed in 2018/19 financial year. By the end of 2018/19

financial year the municipality could only completed 25% of the work and remain with 5% of the work not done which was the tabling of the strategy in council for adoption. The absence of the Speaker failed the project, hence that work was carried over to be completed when Speaker is appointed.

3.7.4. Development of Wall to Wall Land Use Scheme (LUS)

The project was 50% completion by end of the 2017/18 financial year. The project was then carried over to be completed in 2018/19 financial year. In 2018/19 financial year only 5% of the project was done which was the adoption of draft wall to wall LUS by council for public participation. The project was adopted by council on 27 June 2019 for public participation. By the time the project was adopted for public participation it was late for the municipality to start public participation, hence the project was carried over to 2019/20 financial year.

3.7.5. Rationalization of Spatial Development Framework (SDF)

Like the Wall to Wall LUS, SDF was 50% completed by the end of 2017/18 financial year. The Municipality scheduled to complete 30% of the remaining 50% by the end of 2018/19 financial which were: submission of draft SDF report to Council for adoption for public participation; conducting Public participation; production of final SDF report; and submission of the final SDF to council for approval. By end of the financial year only 5% work was done which was the adoption of draft SDF by council on 27 June 2019 for public participation to take place. The adoption was late for the Municipality to continue with public participation in the same financial year, hence public participation was carried over to 2019/20 financial year.

3.7.6. Land Use Management (LUM) and Building Regulations By-Laws

Two by – laws namely: Land Use management and Building regulations by – laws were developed and reviewed respectively. Both LUM By-Law and National Building Regulations by – laws were adopted by Council on the 26 July 2018 and promulgated on the 21 September 2018

3.7.7. Development of Burgersfort Ext 10 (Erf 479)

The project commenced in 2017/18 financial year and carried over to 2018/19 financial year. 40% of the project was completed by the end of 2017/18 financial year. The outstanding 60% of the project was scheduled to be completed in 2018/19 financial year. By the end of 2018/19 financial year only 35% progress was reached in the upgrading of Burgersfort Ext 10 Informal Settlement (Erf 479) which includes: Inception report/implementation plan (Project Execution plan); Comprehensive application; advertisement made on steel burgers (Local newspaper) and Provincial Gazette & Site notice and received comments from ESKOM and Road Agency Limpopo.

3.7.8. Development of Housing Sector Plan

Final Housing Sector Plan is in place and approved by Council.

3.7.9. Development of Integrated Transport Plan (ITP)

The development of Integrated Transport Plan is at 70%. 45% of the work was completed in 2017/18 financial year and 25% work done in 2018/19 financial year which are: appointment of panel of Town planning consultants on 12/12/2018 who will be utilized as and when required; Inception and status quo reports are in place.

3.7.10. Building Plans

There are two types of building plans that the municipality approves for stakeholders. The plans differ according to their sizes. There are those which are less than 500m² which municipalities are required to approve within 30 days from the day they were 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 73 building plans which are less than 500m²; 24 building plans approved within 30 days; 49 building plans not approved. Challenges were none compliance with building regulations and delays by clients to return their documents after advised of the outstanding information.

Regarding building plans greater than 500m², 24 building plans were received; 17 building plans approved and 07 not approved.

3.7.11. Job created through Municipal Initiatives

The municipality has created 4 239 job opportunities in 2018/19 financial year as depicted in the table below. The highest contributory initiative in job creation was CWP with 2 945 job crated and able to sustain 2 930 in the financial year under review. The number of women who benefited through CWP are 2 572. People living with disabilities benefited through EPWP (01) and CWP (09).

Table/Figure 20: Job created through Municipal Initiatives

Grant/ Incentive	Total Jobs Created	Jobs Sustained	New Jobs created/lost(+/-)	Youth	Males	Females	People with disability
EPWP	774	654	120	351	198	576	01
CWP	2945	2930	-15	736	373	2572	09
MIG	250	250	00	160	132	118	00
Equitable Share	150	00	150	100	90	60	00
Other grants	120	00	120	60	40	80	00
Total	4 239	3 834	375	1407	833	3406	10

3.7.12. Employees of Development planning Department

The department had 31 positions in the financial year under review; 13 posts were filled and 18 positions are vacant when the financial year ended.

3.7.13. Financial performance of Development Planning Department

Table/figure 21: Development planning departmental expenditure

Details	2018/19			
	Original Budget	Adjusted Budget	Actual	%
Expenditure:				
Employee cost	9 097 017	9 136 317	7 668 917	84%
Contracted Services	12 109 882	12 109 882	1 851 510	15%
Other	14 393 289	252 690,00	86 846,77	34%
Total operational expenditure	23 490 306	21 498 887	9 607 274,52	45%

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 it was difficult for the municipality to reach the set standard due to the cash flow problems the municipality experienced. The table below reflects on the Maintenance work the municipality embarked on within 2018/19 financial year.

Table/Figure 22: Maintenance of Municipal facilities

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
# of reports for full maintenance lease of vehicles, yellow machines and trucks	New indicator	4 - quarterly reports for full maintenance lease of vehicles, yellow	4 - quarterly reports for full maintenance lease of vehicles, yellow machines and trucks	Target Achieved: 4 - quarterly reports for full maintenance lease of vehicles, yellow machines and trucks	None	None

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
		machines and trucks				
# of reports for office rental	04 Quarterly Reports	4 quarterly reports for office rental	4 quarterly reports for office rental	Target Achieved 4 - quarterly reports for office rental produced	None	None
Budget(R)	R 18 936 130	R17 800 000	R22 798 799	R 18 287 907		
# of reports generated on conducting technical feasibility study on new office Accommodation.	New Indicator	4 - reports generated on conducting technical feasibility study on new office Accommodation	3 - reports generated on conducting technical feasibility study on new office Accommodation	Target Achieved: 3 - reports generated on conducting technical feasibility study on new office Accommodation	None	None
Budget (R)	R0.00	R1 000 000	R0.00	R0.00		

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
# of reports generated on refurbishment of municipal facilities (Praktiseer and Ohrigstad)	New Indicator	4 - quarterly reports generated on refurbishment of municipal facilities(Praktiseer and Ohrigstad)	4 - quarterly reports generated on refurbishment of municipal facilities (Praktiseer and Ohrigstad)	<u>Target Not Achieved</u>	Cash flow challenges	The project to be implemented in 2019/20 financial year
Budget (R)	R0.00	R500 000	R56 000	R24 055		
# of reports generated for purchase of office furniture	Office furniture's purchase	2 Reports generated for purchase of office furniture	2 Reports generated for purchase of office furniture	<u>Target Not achieved</u> : 1 report generated	Cash flow challenges	Furniture to purchase when cashflow problem is addressed
Budget (R)	R 234 1327	R500 000	R363 429	R436 226		

3.8.2. Library programmes

In 2018/19 financial year programme the municipality engaged in three library programme as illustrated in the table below:

Table/Figure 23: Library programmes

N0	Library Programme	Activities performed
1.	Literacy awareness	Literacy awareness was conducted on the 23 August 2018 at Nyaku sport ground ward 32;
2.	Literacy outreach	Literacy outreach was Conducted on 3/09/2018 at Mohlarutse
3.	Library week	Library week was celebrated as indicated below: 3.1. 11/03/2019 at Leolo High School 3.2. 12/03/2019 at Mmiditsi High School 3.3. 13/03/ 2019 at Ntabane Secondary School 3.4. 14/03/2019 at Highlands College

3.9. COMPONENT E: Environmental Protection

3.9.1. Beautification of Municipal Surrounding

Beautification of municipal surrounding was done as illustrated in the table below:

Table/Figure 24: Beautification of Municipal Surrounding

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
Completion date in the rehabilitation of Apel Recreational Park	New Indicator	30 June 2019 rehabilitation of Apel Recreational Park completed	30 March 2019 rehabilitation of Apel Recreational Park completed	Target Achieved Rehabilitation of Apel of recreation park completed	None	None
Budget (R)	R0.00	R 300 000	R0.00	R 401		
# environmental awareness campaigns	8	4 environmental awareness campaigns held	4 environmental awareness campaigns held	Target achieved 05 Environmental awareness campaign held :	None	None

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
				*23 August 2018 at Nyaku sports ground ward 32 * 12/12/2018 at Lepelle Kobeng (Ward 06) * 08/03/2019 In Burgersfort Town *22/03/2019 at Dithamaga Village * 16/05/2019 at Apel		
Budget (R)	R 514 305	R100 000	R5000	R0.00		
# of reports on Maintenance and Beautification	4	4 reports on Maintenance and Beautification of municipal gardens	4 reports on Maintenance and Beautification of municipal gardens	<u>Target Achieved.</u> 4 reports on Maintenance and	None	None

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges/v ariation	Mitigation/Recom mendati on
of municipal gardens				Beautification of municipal gardens		
Budget (R)	R 331 578	R100 000	R50 000	R 599.90		

3.9.2. Disaster Management

580 disaster materials which are 380 blankets and 200 sponges were purchased in 2018/19 financial year. The initial plan of the Municipality was to buy 2200 disaster materials, but due to cash flow problem which engulfed the Municipality the target was reduced to 680 disaster materials, which was also not achieved.

Table/Figure 25: Disaster management

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
# Of disaster relief material purchased	500 blankets and 270 sponge purchased	2200 disaster material purchased (1000 blankets, 1000 sponges and 200 tents)	680 disaster material purchased (430 blankets, 250 sponges)	<u>Target not Achieved</u> 380 blankets 200 sponge purchased	Cash flow problems	Project carried over to 2019/20 financial year
Budget (R)	R 241 042	R1000 000	R300 000	R127 900		
# of disaster advisory forum held	3	4 disaster advisory forum held	4 disaster advisory forum held	<u>Target Not Achieved:</u> 3 disaster advisory forum held * 18 September 2018 at Apel Regional Office	The 3 rd Quarter meeting failed because it clashed with the visit of the Deputy Minister of Rural Development	Municipality to stick its annual programme

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
				*11/12/2018 at Municipal Chamber * 30 April 2019	and Land Reform in the municipality	
Budget (R)	R0.00	R25 000	R10 000	R0.00		
Completion date for review and rationalization of Disaster Management Plan	New Indicator	31 December 2018 Completion date for review and rationalization of Disaster Management Plan	30 June 2019 Completion date for review and rationalization of Disaster Management Plan	<u>Target Not achieved:</u> Reviewed and rationalization of the disaster management plan completed	None sitting of Ordinary council due to absence of Speaker	Appointment of the Speaker to convene ordinary council sittings
Budget (R)	R0.00	R0.00	R0.00	R0.00		

3.9.3. Combating HIV/AIDS in the Municipal

Table/Figure 26: HIV/AIDS Programmes

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
#of Local Aids Council initiatives conducted	2	4 - Local Aids Council initiatives conducted - establishment of ward AIDS councils, -World AIDS day event; -Training of WAC -HIV Mainstreaming	1 - Local Aids Council initiatives conducted - establishment of ward AIDS councils,	Target achieved ward AIDS councils launched on 21/09/2018 at Thokwane sport ground,	None	None
Budget (R)	R 511 564	R320 000	R120 000	R 15 800.00		

3.10. COMPONENT F: SPORT AND RECREATION

3.10.1. Sports, Arts and Cultural Activities

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

Table/Figure 27: Art and cultural activities

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
# sport, Arts and culture programmes implemented	5	4 Sport, Arts and culture programmes implemented	4 Sport, Arts and culture programmes implemented	<p>Target Achieved:</p> <p>5- Sport, Arts and culture programmes implemented as follows:</p> <p>Literacy awareness: * conducted on the 23 August 2018 at Nyaku sport ground ward 32;</p> <p>Literacy outreach: Conducted on 3/09/2018 at Mohlarutse</p>	None	None

				<p>Farm sport day: Farm sport was conducted on the 08/12/2018 Motsepula</p> <p>Sport, Arts and culture Indaba: *Indaba held on the 2nd and 9th March 2019 at Apel and Burgersfort respectively.</p> <p>Library week events held as follows:</p> <ul style="list-style-type: none"> ✓ 11/03/2019 (Leolo High School.) ✓ 12/03/2019 (Mmiditsi High School) ✓ 13/03/ 2019 (Ntabane Secondary School) ✓ 14/03/2019 (Highlands College) 		
Budget (R)	R 124 489	R300 000	R50 000	R 15 900		

3.10.2. Staff component of Community Service Department

Community services department had 185 positions in the financial year under review; 115 positions were filled and 70 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 28: Financial Performance of Community Services

Details	2018/19			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
Expenditure:				
Employee cost	46 946 985	57 438 494	44 904 675,61	78%
Contracted Services	13 494 884	19 123 820	18 197 765,40	95%
Bad debt written off	2 767 796	2 767 796	R0.00	0%
Other	5 842 745	2 924 627	1 810 145,84	62%
Total operating expenditure	69 052 410	82 254 737	64 912 586,85	79%

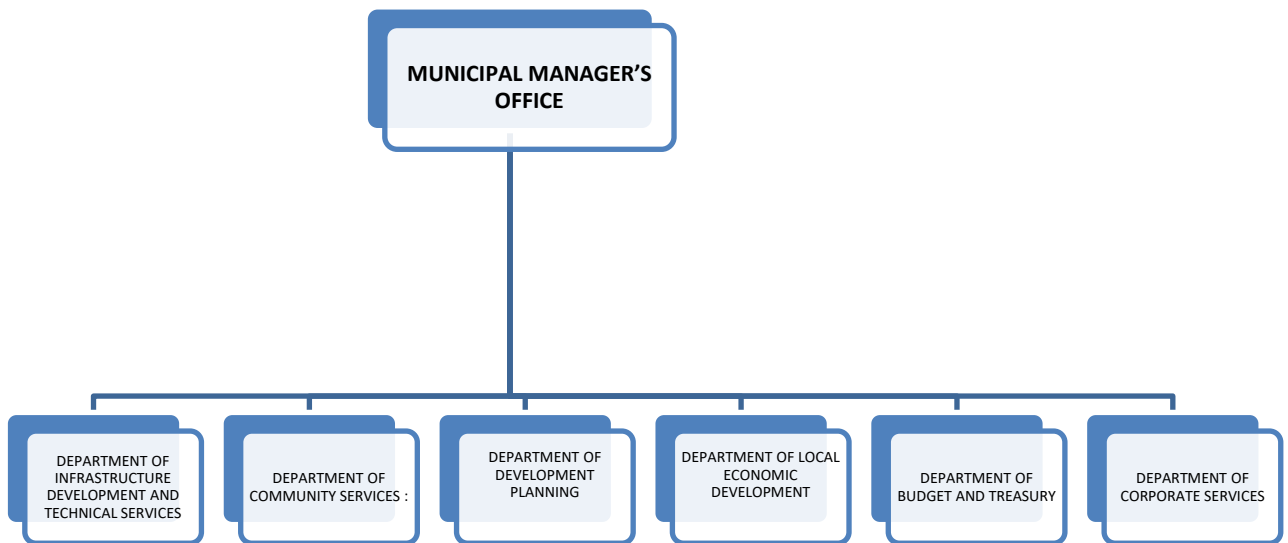
3.11. COMPONENT G: CORPORATE POLICY AND OTHER SERVICES

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 539 positions on its organogram; 308 are filled and 231 are vacant. In terms of equity, the municipality has more male employees than female ones. 178 employees were male and 130 were female. On senior management level 63% (5 out of 8) of the senior management positions are males and 37% are female. In terms of race distribution only two employees are white and are ladies, the entire workforce is black people. Five (5) of the 308 employees were living with disabilities and were all males.

3.11.1.2.2. Performance Management System

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 2018/19 financial year.

Table/Figure 29: Performance management

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 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 2019 2017/18 Performance Management framework reviewed	31 May 2019 2017/18 Performance Management framework reviewed	Target Not Achieved : The Framework is reviewed and submitted to council	None sitting of Ordinary councils due to lack Speaker	Appointment of the speaker
Budget (R)	R0.00	R0.00	R0.00	R0.00		
Completion date for Signing 2019/20 SDBIP by the Mayor	2017/18 SDBIP in place	28 June 2019, 2019/20 SDBIP signed off by the Mayor	28 June 2019, 2019/20 SDBIP signed off by the Mayor	Target Achieved: 2019/20 SDBIP approved by Mayor on 21 June 2019	None	None

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
Budget (R)	R0.00	R0.00	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	Target Achieved: 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	R0.00	R0.00	R0.00		
# of Exco – Lekgotla held	4	4 Exco – Lekgotla held	4 Exco – Lekgotla held	Target Achieved: 4 Exco – Lekgotla held *27 July 2018 *24/10/2018 at Apel Regional Office	None	None

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges/variation	Mitigation/Recommendation
				*24 January 2019 at Apel Regional office *17 April 2019		
Budget (R)	R 98 052	R100 000	R50 000	R 1680		
# of Performance Reports produced	6	6 Performance Reports produced	6 Performance Reports produced	Target Achieved: 6 Performance Reports produced	None	None
Budget (R)	R0.00	R0.00	R0.00	R0.00		
# of Formal Individual assessment conducted	0	2 Formal Individual assessment conducted	1 Formal Individual assessment conducted	Target Not achieved: 2018/19 Mid - year performance assessment conducted on 14 March 2019	Assessment report could not serve in council due to none sitting of Ordinary council because of the absent of the speaker	Appointment of the speaker
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 2018/19 financial year.

Table/Figure 30: Occupational Health and Safety

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges/v ariation	Mitigation/ Recommen dation
# of OHS audit conducted	01	01 OHS audit conducted	01 OHS audit conducted	Target not achieved	The OHS audit was planned for second quarter, but could not materialised due to labour strike in the second quarter	To be attended to in the 2019/20 financial year
Budget (R)	R0.00	R0.00	R0.00	R0.00		
# of reports produced on site inspection and monitoring	3 site inspection and monitoring of capital projects	4 - reports produced on-site inspection and monitoring of	3 - reports produced on-site inspection and monitoring	Target achieved:	None	None

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges/v ariation	Mitigation/ Recommendation
of Capital projects	reports produced	Capital projects	of Capital projects			
Budget (R)	R0.00	R0.00	R0.00	R0.00		
# of OHS committee meetings held	4 OHS committee meetings held	4 OHS committee meetings held	2 OHS committee meetings held	Target Not Achieved : 1 OHS Meetings held on: * 01/02/2019	OHS meeting arranged for 13 June 2019 cancelled due to quorum	Improve meeting coordination
Budget (R)	R0.00	R0.00	R0.00	R0.00		
# of medical surveillance conducted	1 medical surveillance conducted	1 medical surveillance conducted	1 medical surveillance conducted	Target not achieved : No medical surveillance conducted,	Delays in appointment of service provider	Medical surveillance to be done in 2019/20 financial year
Budget (R)	R 305 150	R300 000	R100 000	R120 890		
# of fumigation and pest control conducted in the	One fumigation and pest	4 fumigation and pest control	1 fumigation and pest control conducted in the	Target achieved:	None	None

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges/v ariation	Mitigation/ Recommendation
municipal facilities	control conducted	conducted in the municipal offices	municipal offices	Fumigation done on 08 June 2019		
Budget (R)	R 225 252	R400 000	R200 000	R 134 416		
# of COIDA returns of earnings (Compensation Fund) submitted to Compensation Commissioner	No COIDA returns submitted to commissioner	1 COIDA returns of earning(compensation fund) submitted to compensation commissioner	1 COIDA returns of earning(compensation fund) submitted to compensation commissioner	Target achieved : Meeting was held with the Commissioner on the 26/02/2019, and our invoice for 2016/2017 is R632,236.59	None	None
Budget (R)	R0.00	R600 000	R600 000	R 503 138		
# of Reports produced on replenishing of First Aid Kits	4 quarterly reports on replenishing first Aid kits produced	4 - Reports produced on replenishing of First Aid Kits	1 - Reports produced on replenishing of First Aid Kits	<u>Target not achieved</u>	First Aid Kits still in good condition therefore no need for refill	Replenishing of First Aid kits when due

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges/v ariation	Mitigation/ Recommendation
Budget (R)	R 134 280	R60 000	R60 000	R0.00		

3.11.1.2.4. Staff Component of Corporate Service Department

Corporate Services department in the financial year under review had 136 positions; 76 positions were filled and 60 were vacant.

3.11.1.2.5. Financial Performance of Corporate Service Department

Figure/Table 31: Financial performance of Corporate Services Department

Details	2018/19			
	Original Budget	Adjustment Budget	Actual	%
Expenditure:				
Employees	43 948 741	53 800 184	47 421 486,03	88%
Contracted Services	0.00	69 248 918,00	69 411 615,46	100%
Repairs and Maintenance	6 485 000	6 615 000,00	2 143 578,96	32%
Other Expenditure	91 638 034	31 970 681,00	27 702 678,48	87%
Total Operational Expenditure	142 071 774	161 634 795	112 985 582	99%

3.12. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

3.12.1. ICT Report

Table/Figure 32 ICT Report

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
Completion date for Review and implementation of Integration Network Connectivity	integrated network connectivity	30 October 2018 review and implementation of Integration Network Connectivity completed	30 October 2018 review and implementation of Integration Network Connectivity completed	<u>Target Achieved</u> Integration Network Connectivity completed	None	None
Budget (R)	R 531 619	R1 000 000	R1 000 000	R 1 021 749		
Completion date for Development and Implementation of DRP and Service continuity	DRP and Service Continuity Plan is developed	31 March 2019 DRP and Service Continuity developed and implementation	31 March 2019 DRP and Service Continuity developed and implementation	Target Not Achieved:	The plan was approved in 2017/18 financial year there	To reviewed as and when need raised

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
					was no need for review in 2018/19 financial year	
Budget (R)	R 832 160	R600 000	R600 000	R 1 149 906.		
Renewal of IT Software Licenses	Municipality have renewed its licences with Microsoft Inc.	31 December 2018 renewal of IT software licences completed	30 June 2019 renewal of IT software licences completed	Target Not Achieved:	Cash flow problem	To allocated fund in the new financial year 2019/20
Budget (R)	R 602 170	R900 000	R900 000	R 546 488		
Turnaround time for providing	5 workdays turnaround	5 workdays turnaround time	5 workdays turnaround time	Target Achieved:	None	None

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
support fixing IT Systems	time for providing support in fixing IT systems	for providing support in fixing IT systems	for providing support in fixing IT systems	5 workdays turnaround time for providing support in fixing IT systems		
Budget (R)	R 3 576 934	R2 500 000	R8 627 082	R 2 148 041		
Completion date for development of IT Master Plan	Old IT master plan in place	30 October 2018 IT Master plan Developed	30 October 2018 IT Master plan Developed	Target achieved IT Master plan Developed	None	None
Budget (R)	R 376 188	R250 000	R250 000	R0.00		
Leasing of Printing and Copies machine	Old lease expired	31st December 2018 Leasing of Printing and Copies machine done	30 June 2019 Leasing of Printing and Copies machine done	Target achieved: Leasing of Printing and Copies machine done	None	None

Performance Indicator	2017/18 Annual Performance	2018/19 Annual Target	2018/19 Adjusted Target	Annual Performance	Challenges /variation	Mitigation/ Recommendation
Budget (R)	R0.00	R800 000	R800 000	R618 915		

3.13. COMPONENT H: ORGANISATIONAL PERFORMANCE SCORECARD

The Municipality had 229 indicators to perform in the financial year under review, 125(55%) indicators were achieved and 104(45%) of them were not achieved. In comparison with 2017/18 annual performance of 68% achieved, the 2018/19 performance has decreased by 13%. A comparison table for 2017/2018 and 2018/19 Annual performance is illustrated below:

Table/Figure 33: 2018/19 financial year Organizational Performance

NO.	Key Performance Areas(KPAs)	2017/18 Performance	2018/19 performance			
			Annual Target	Targets achieved	Target not Achieved	%
01	Spatial Rational	43%	20	9	11	45%
02	Institutional Transformation and Organizational Development	74%	28	12	16	43%
03	Basic Service Delivery and Infrastructure Development	58%	25	13	12	52%
04	Local Economic Development	68%	31	17	14	55%
05	Financial Viability and Management	66%	34	11	23	32%
06	Good Governance and Public participation	81%	91	63	28	69%
	Total	68%	229	125	104	55%

CHAPTER 4:

ORGANIZATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

4.1. COMPONENT A: INTRODUCTONAL TO THE MUNICIPAL PERSONNEL

4.1.1. Introduction

Table/Figure 34: Municipal Personnel.

Departments	2018/2019			
	Approved Posts	Employees	Variance	Variance (%)
Municipal Manager	25	14	11	44%
Budget and Treasury	59	42	17	28%
Development and Planning	31	13	18	58%
Local Economic Development and Tourism	22	9	13	59%
Community Services	185	115	70	38%
Corporate Services	136	76	60	44%
Infrastructure Development and Technical Services	81	39	42	51%
Total	539	308(Including Senior Managers)	231	43%

4.1.2. Labour Turnover

The table below depicts labour turn over in the municipality in 2018/19 financial year

Table/figure 35: Labour turns over

Contracts expired	Resignations	Retirement	Deceased	Dismissal	New appointments
12	5	2	0	0	2

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 36: 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%	None	29/05/2017
2	Travel and subsistence policy	100%	None	29/05/2017
3	Bursary Policy	100%	None	29/05/2017
4	Secondment and acting in Higher position policy	100%	None	29/05/2017
5	Performance Management framework	100%	None	29/05/2017
6	Attendance and Punctuality policy	100%	None	29/05/2017
7	Overtime Policy	100%	None	29/05/2017
8	Recruitment, selection and appointment policy	100%	None	29/05/2017
9	Travel and out of pocket expenses policy for councillors	100%	None	29/05/2017
10	Training and development	None	100%	30/01/2018
11	Transport allowance policy	None	100%	30/01/2018

4.3. INJURIES, SICKNESS AND SUSPENSIONS

4.3.1. Injuries

Table/Figure 37: Injuries on duty

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

4.3.2. Sick Leaves

Figure/Table 38: 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) (T1 – T4)	107	0%	14	35	3,05	84147.86
Skilled (Levels 7-9)(T5 - T8)	265	24%	33	80	3.31	193949.60
Highly skilled production (levels 4 - 6) (T9 – T12)	826	62%	87	138	5.98	1 203 251.00

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
Highly skilled supervision (levels 1 - 3) (T13 – T17)	229	11.53%	26	47	4.87	584 035.90
MM and S57	5	0	2	8	0.62	12765
Total	1432	32.51	162	308	17.83	

4.3.3. Suspensions

Figure/Table 39: 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.	Municipal Manager	Irregular investment in VBS	15 November 2018	The employee resigned a day before hearing after a number of postponement	The employee resigned

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
2	Chief Finance Officer	Irregular investment in VBS	15 November 2018	The employee resigned immediately after being charged	The employee resigned

Figure/Table 40: 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
Municipal Manager	Irregular investment in VBS	The employee charged on 15 November 2018 and faced disciplinary hearing	12 September 2019 the employee resigned with effect from 30 September 2019
Chief Finance Officer	Irregular investment in VBS	The employee charged on 15 November 2018 and faced disciplinary hearing	The employee resigned immediately after been charged

4.4. COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.4.1. SKILL DEVELOPMENT AND TRAINING

Table/Figure 41 Skill Development and Training

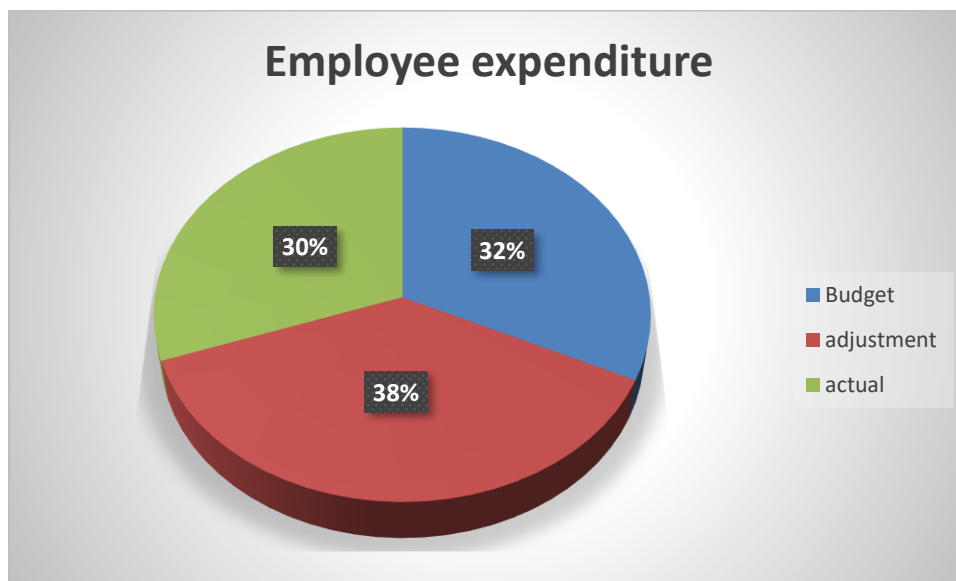
NO	Learning Programme	Number employees benefited
1.	Certificate Programme in Management Development	04
2.	Integrated Councillor Induction	47
3	Employee Bursary	19
4.	External Bursary	11

COMPONENT D: MANAGING WORKFORCE EXPENDITURE

4.5. EMPLOYEE EXPENDITURE

2018/19 financial year employee budget was R180 511 474 and adjusted to R211 476 367 during mid – year budget adjustment. When 2018/19 financial year ended the total employee cost was R202 557 757. The chart below depicts the picture.

Chart 03: Personnel Expenditure



CHAPTER 05:

FINANCIAL PERFORMANCE

COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

5.1. Statement of Financial Performance

Table /Figure 42: Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	23	21,525,370	14,711,629
Rental of facilities and equipment	24	322,432	347,964
Interest received (trading)		5,389,225	3,275,282
Licences and permits		7,321,229	10,456,806
Fees earned	26	620,322	452,592
Rental income		28,635	26,476
Other income		7,734,099	6,049,963
Interest received - investment		2,216,184	11,936,274
Fair value adjustments		1,060,000	-
Total revenue from exchange transactions		46,217,496	47,256,986
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	29	112,261,968	126,453,484
Property rates - penalties imposed	29	24,172,187	19,445,730
Transfer revenue			
Government grants & subsidies	31	421,268,210	429,294,679
Traffic fines	25	2,651,844	2,487,728
Total revenue from non-exchange transactions		560,354,209	577,681,621
		46,217,496	47,256,986
		560,354,209	577,681,621
Total revenue		606,571,705	624,938,607

Expenditure	(171,138,686)	(165,647,135)
Employee related costs	(31,419,072)	(29,636,730)
Remuneration of councillors	(116,921,366)	(114,125,306)
Depreciation and amortisation	(907,237)	(1,209,773)
Finance costs	(18,906,822)	(17,009,045)
Lease rentals on operating lease	(73,337,868)	(63,882,655)
Debt Impairment / (Reversal of Impairment)	-	(742,235)
Collection costs	(83,524,254)	(88,064,308)
Contracted services	(7,347,511)	(8,086,807)
Transfers and Subsidies	-	(243,169,120)
Other financial assets written off	-	(4,690,000)
Fair value adjustments	(514,623)	(534,537)
Inventories losses/write-downs	(557)	(205,856)
Loss on non-current assets held for sale or disposal groups	(52,011,443)	(165,194,073)
General Expenses		

Total expenditure	(556,029,439)	(902,197,580)
-------------------	---------------	---------------

Total revenue	--	
Total expenditure	606,571,705	624,938,607
Operating surplus/deficit	(556,029,439)	(902,197,580)
Surplus (deficit) before taxation	--	
Taxation	50,542,266	(277,258,973)
Surplus (deficit) for the year	--	
	50,542,266	(277,258,973)

5.2. Financial Performance of Operational Services

Description	2018/19			2018/19 Variance	
	Original budget	Adjusted budget	Actual	Adjusted Budget	Original budget
<u>Operational Costs</u>					
Corporate service Administration	161 719 795	162 219 778,97	135 586 179	84%	84%
Municipal Manager administration	16 371 548	16 371 538,46	7 166 342	44%	44%
Finance administration	110 043 305	110 043 292,61	51 003 165	46%	46%
Technical Services administration	104 501 069	75 876 053,21	33 759 257	44%	32%
Community services administration	82 254 737	109 824 703.70	63 067 179	57%	77%
Local Economic Development and Tourism	11 967 245	11 967 237,46	7 737 436	65%	65%
Development Planning	21 498 895	21 498 887	9 002 259	42%	42%
Executive Support	42 684 706	42 684 697	35 710 500	84%	84%
Total	526 706 240,76	550 486 188,70	343 132 321	62%	62%

5.3. Grants

Table/figure 43: Grants

Descriptions	2018/19			2018/19 variance	
	Original budget	Adjustment budget	Actual	Adjusted Budget	Original Budget
<u>Operational transfers and grants</u>					
Equitable Share	361 513 000	361 513 000	361 513 000	0%	0%
Municipal system improvement	1 055 000	1 055 000	1 055 000	0%	0%
MIG	82 638 000	49 411 000	47 341 514	49%	43%
INEP	15 000 000	15 000 000	5 031 818	66%	66%
Finance management grant	4 115 000	4 115 000	3 591 011	13%	13%
EPWP	2 035 000	2 035 000	2 035 000	0%	0%
MWIG	0	50 236 700	0	100%	100%

Descriptions	2018/19			2018/19 variance	
	Original budget	Adjustment budget	Actual	Adjusted Budget	Original Budget
Total	466 356 000	483 366 000	420 567 343	13%	10%

Table/Figure 44: Asset management

Asset 1			
Name	Praktiseer licensing offices		
Description	Construction of Praktiseer licensing offices		
Asset Type	Building infrastructure		
Key Staff Involved	PMU manager		
Staff Responsibilities	Monitoring of implementation and compliance		
Asset value	2018/19	2019/20	2020/2021
	2 000 000	500 000	1 000 000
Capital Implications	MIG		
Future Purpose of Asset	Promotion of road safety		
Describe Key Issues	Road safety		
Policies in Place to Manage Asset	Repair and Maintenance		

Asset 2			
Name	Fetakgomo 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	2018/19	2019/20	2020/2021
	5 000 000	12 000 000	20 000 000
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	Leboeng Access Road		
Description	Construction of access road at Leboeng		
Asset Type	Upgrading road Infrastructure		
Key Staff Involved	PMU manager		
Staff Responsibilities	Monitoring of implementation and compliance		
Asset value	2018/19	2019/20	2020/21
	12 500 000	18 000 000	16 853 564
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	Ga - Debeila to Mohlaletse Internal Street
Description	Construction of internal street at Ga- Debeila Mohlaletse
Asset Type	Upgrading road Infrastructure

Key Staff Involved	PMU manager		
Staff Responsibilities	Monitoring of implementation and compliance		
Asset value	2018/19	2019/20	2020/21
	1 500 000	2 500 000	6 000 000
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	2018/19	2019/20	2020/2021
	18 000 000	15 203 250	N/A
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 R9 300 000 and the end of the financial year R 2 367 600 was spent. The table below depicts the picture.

Table/figure 45: Repair and maintenance

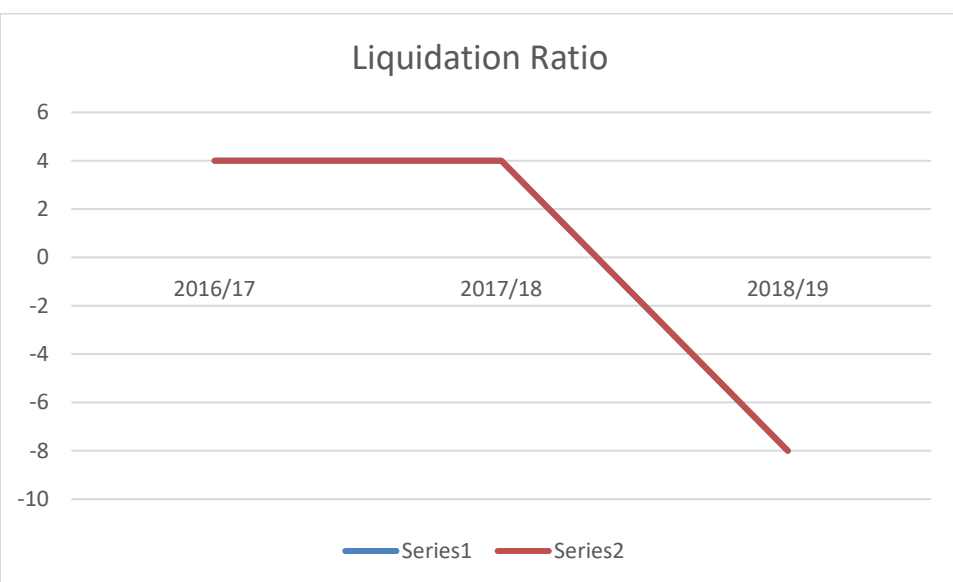
Descripti ons	2018/19			2018/19 variance
	Original Budget	Adjusted Budget	Actual	Variance
Repair and Maintena nce	9 300 000	9 300 000	2 367 600	6 932 400

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 2018/19 financial year the municipality had a liquidation ratio of -0.8

Chart 04: Liquidation Ratio

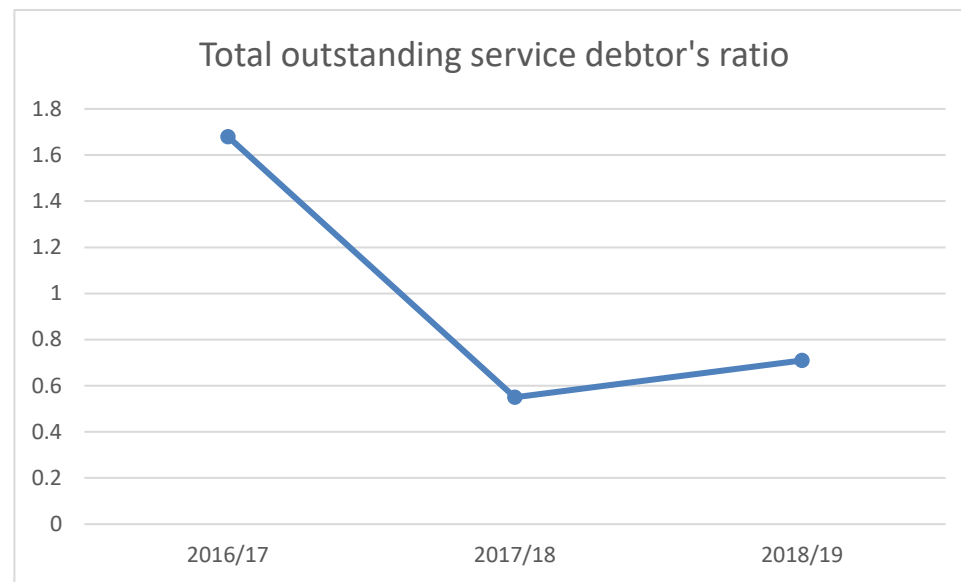


5.6.2. Total Outstanding Service Debtors' ratio

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 2018/19 financial year is 0,71

Chart 05: Total Outstanding Service Debtor's ratio



5.6.3. Employee Cost

The budget for employee cost of the municipality for the financial year under review was R180 511 474. The budget was adjusted to R211 476 367 during mid - year budget adjustment. Actual expenditure by the end of the financial year was R202 557 757 (96%) of the adjusted budget and (112%) of the original budget

Chart 06: Employee cost

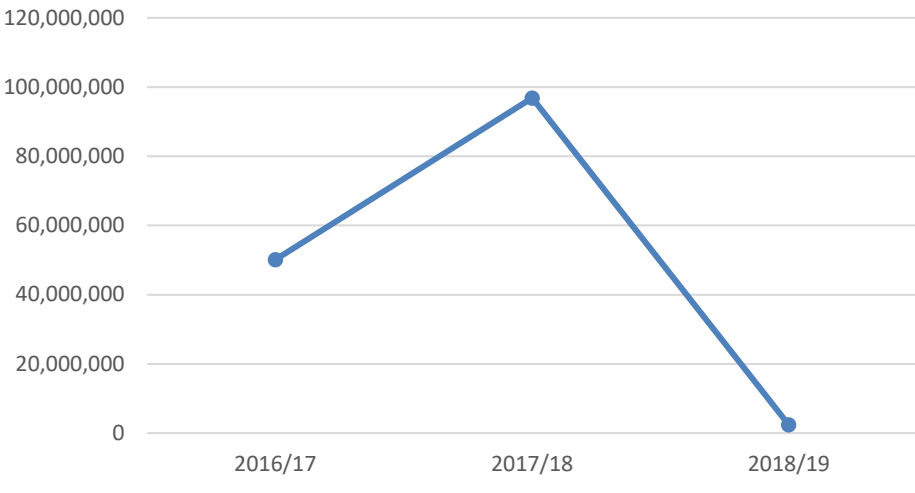


5.6.4. Repair and Maintenance

The municipality budgeted R9 300 000 for repair and maintenance and when the financial year ended R 2 367 600 was spent.

Chart 07 : Repair and maintenance

Repair and maintenance



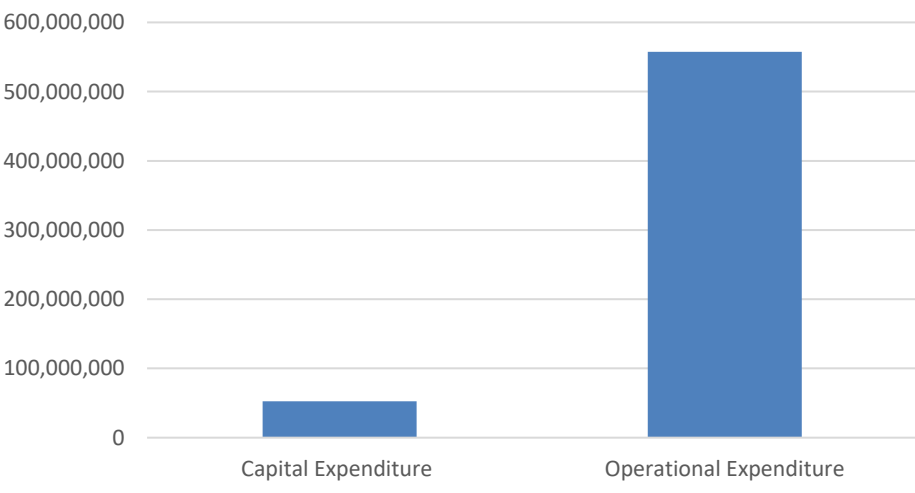
Component B: Spending against Capital Budget

The chart below compares the capital and operational expenditures of the municipality in 2018/19 financial years.

Figure/table 46: Capital expenditure v/s operational expenditure

Expenditure Type	% of Expenditure Budget	Original Budget	Adjustment Budget	Un-audited Full Year Total
Capital Expenditure	26%	181 186 100,00	167 448 536,20	52 373 332
Operating Expenditure	74%	526 706 240,76	555 514 259	557 436 047
Total expenditure	100%	707 892 340.76	722 967 795.20	609 809 379

Capital Expenditure 2018/19



5.7. Capital Spending on Five Largest Projects

Table/Figure 47: Capital spending on five largest projects

projects names	2018/19 financial year			Variance 2018/2019	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A – Lefahla Access Bridge	10 072 026	10 072 026	8 243 662	18%	18%
B – Tukagomo Access Road	4 000 000	4 000 000	1 899 270	5%	5%
C – Leboeng Access Road	12 500 000	10 500 000	6 311 185	50%%	39%
D – Motodi Sport Complex	18 000 000	18 000 000	5 811 480	68%	68%
E – Mapodile Sport Complex Phase 02	20 408 850	20 408 850	13 881 311	32%	32%

Name of Project - A	Lefahla Access Bridge
Objective of Project	Improve connectivity between villages
Delays	None
Future Challenges	None
Anticipated citizen benefits	120 000

Name of Project - B	Tukagomo Access Road
Objective of Project	Improve connectivity between villages
Delays	None
Future Challenges	None anticipated

Anticipated citizen benefits	600
------------------------------	-----

Name of Project - C	Leboeng Access Road
Objective of Project	Improve connectivity between villages
Delays	None
Future Challenges	None
Anticipated citizen benefits	600

Name of Project - D	Motodi Sport Complex
Objective of Project	promote sport and recreation
Delays	none
Future Challenges	none
Anticipated citizen benefits	2348

Name of Project - E	Mapodile Sport Complex Phase 02
Objective of Project	promote sport and recreation
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 48: 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 2018/19

5.8.2. 2018/19 MIG spending

The table below depicts the municipal spending on MIG.

Table/Figure 49: MIG spending

NO	Project Description	Household benefited	Status	Expenditure
1.	Lefahla access Bridge	3200	Completed	R8 243 662
2.	Mapodile sport complex phase 02	2409	92%	R14 853 136
3.	Motodi sport complex	1500	20%	R5 583 374
4.	Tubatse high mast light	2300	55%	R706 327
5.	Leboeng Access road	2496	70%	R6 167 146
6.	Construction of Praktiseer storm water drainage	3421	42%	R5 674 514

COMPONENT C: CASHFLOW MANAGEMENT AND INVESTMENT

5.9. Cash flow

Table/figure 50: Cash flow management

Figures in Rand	2019	2018 Restated*
Cash flows from operating activities		
Receipts	181,106,837	184,069,528
Sale of goods and services	483,366,700	429,294,679
Government Grant and subsidies	2,516,717	12,071,118
Interest income		
	666,990,254	625,435,325
Payments		
Employee costs	(202,557,757)	(195,283,866)
Suppliers	(299,375,464)	(557,155,914)
Finance costs	(907,237)	(1,212,773)
	(502,840,458)	(753,652,553)
Total receipts	666,990,254	625,435,325
Total payments	(502,840,458)	(753,652,553)
Net cash flows from operating activities	164,149,796	(128,217,228)
Cash flows from investing activities		
Purchase of property, plant and equipment	(72,623,478)	(70,780,997)
Proceeds from sale of property, plant and equipment	-	-
Net cash flows from investing activities	(72,623,478)	(70,780,997)
Cash flows from financing activities		
Repayment of other financial liabilities	(2,007,455)	(2,007,455)
Finance lease payments	(18,720)	(1,539,240)
Net cash flows from financing activities	(18,720)	(1,539,240)
Net increase/(decrease) in cash and cash equivalents	91,507,598	(200,537,465)
Cash and cash equivalents at the beginning of the year	3,609,379	204,146,844
Cash and cash equivalents at the end of the year	95,116,977	3,609,379

5.10. Borrowing and investment

Table/Figure 51: Borrowing and investment

Actual Borrowings 2018/19	
Instrument	2018/19
Long-Term Loans (annuity/reducing balance)	-
Long-Term Loans (non- annuity)	-
Financial Leases	18 720
Total	18 720

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 Budget and Treasury 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.

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.

5.13. 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.

2018/19 ANNUAL FINANCIAL STATEMENT

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2019

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	Local Municipality
Nature of business and principal activities	Municipality
Councillors list	MAYORAL COMMITTEE
The Mayor	Clr Phala TN
The Chief Whip	Clr Shoba MV
	MEMBERS OF EXCO
	Clr Maila EE-Head of Infrastructure Development & Technical Services
	Clr Mamogale MI-Head of Budget & Treasury (fulltime)
	Clr Pholwane MB-Head of Corporate Services (full time)
	Clr Moeng QM-Head of Development & Planning (part time)
	Clr Mashego RM-Head of Community Services (part time)
	Clr Hlatswayo BE-Head of Local Economic Development & Tourism (part time)
	Clr Kgwedi JL-Deputy Head Infrastructure development & Technical Services (part time)
	Clr Mogofe A-Deputy Head of Corporate Services (part time)
	Clr Kupa RB-Deputy Head of Budget & Treasury (part time)
	OTHER COUNCILLORS
	Clr Mogoane MK
	Clr Leshabane MG
	Clr Mphethi ND
	Clr Maphanga TP
	Clr Mojalefa LH
	Clr Makhubedu NR
	Clr Rantho LJ
	Clr Molapo NT
	Clr Ratsoma MJ
	Clr Diphofa DK
	Clr Phaladi RC
	Clr Gumede RT
	Clr Magabe MD
	Clr Mabelane MM
	Clr Makine MP
	Clr Radingwana MR
	Clr Maupa TT
	Clr Kgaphola MA
	Clr Khoza MR
	Clr Malakane OA
	Clr Mahlaba LM
	Clr Magane MT
	Clr Mahlake TV
	Clr Moshwane XE
	Clr Mphethi MM
	Clr Malomane KH
	Clr Lekwadi MI
	Clr Mokgotho LL

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2019

General Information

Clr Mamogale MF
Clr Malatji ML
Clr Maphakge MA
Clr Mosoma SE
Clr Makua LC
Clr Mariri ML
Clr Thobejane ML
Clr Mohlala SG
Clr Maisela RP
Clr Moifo KH
Clr Makua MJ
Clr Mashabela MN
Clr Ngwatla TJ
Clr Mahlakwana ME
Clr Lentsoana SA
Clr Malapane SS
Clr Makofane IT
Clr Mashile MD
Clr Makgopa IK
Clr Moagi SP
Clr Makola JV
Clr Mnisi HD
Clr Mamokgopa LD
Clr Molapo WS
Clr Seroka MC
Clr Madire ND
Clr Manale RE
Clr Radingwane TM
Clr Mokgalaka CR
Clr Mphogo KD
Clr Mohlala BJ
Clr Molapo TI
Clr Thwala CS
Clr Makofane NN
Clr Mohubedu PS
Clr Riba MR
Clr Selepe ME
Clr Kgoete MJ
Clr Mnisi FG
Clr Maruga TT
Clr Moropane TA
Clr Lewele MB

Grading of local authority

Grade 4

Chief Finance Officer (CFO)

Magoma MD

Accounting Officer

Magooa RM

Registered office

Fetakgomo Tubatse Local Municipality
1 Kastania Street

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2019

General Information

	Burgersfort
Business address	1 Kastania Street Burgersfort 1150
Postal address	P. O. Box 206 Burgersfort 1150
Bankers	Standard Bank Burgersfort
Auditors	Auditor General South Africa
Municipality number	Lim 476
Attorneys	Noko Maimela Incorporated Verveen Attorneys Mphokane Attorneys Machaba Inc ML Matema Inc Kgohlisha a Mamabolo Kgororeadira Mudau Mmakola Attorneys Rachoene Attorneys Mahowa Inc

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2019

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

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

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2019

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

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the 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 June 30, 2019 and, in the light of this review and the current financial position, she 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. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 7.

The annual financial statements set out on page 8, which have been prepared on the going concern basis, were approved by the on June 30, 2019 and were signed on its behalf by:

MAGOOA RM
Accounting Officer

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2019

Audit Committee Report

Report of the Auditor General

To the Provincial Legislature of Fetakgomo Tubatse Local Municipality



Auditor General South Africa

March 31, 2019

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2019

Accounting Officer's Report

The Accounting Officer submits her report for the year ended June 30, 2019.

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 of the municipality was 50,542,266 (2018: deficit 277,258,973).

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.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the Accounting Officer continue to procure funding for the ongoing operations for the municipality

3. Subsequent events

The Accounting Officer is not aware of any matter or circumstance arising since the end of the year.

4. Accounting policies

The annual financial statements 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 12 months and to the date of this report is as follows:

Name Nationality Changes

Ntshudisane MJRSA Appointed on 1 April 2019 to 30 June
2019

Gabaganenwe LRSA Appointed on 15 November 2018 to 1 April
2019

Busane NPRSA Appointed on 1 April 2018 to 15 November
2018

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2019

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 on 3 separate occasions during the financial period. The Audit Committee schedules to meet at least 4 times per annum.

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, 2019

Accounting Officer's Report

MAGOOA RM
Accounting Officer

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2019

Statement of Financial Position as at June 30, 2019

Figures in Rand	Note(s)	2019	2018 Restated*
Assets			
Current Assets			
Inventories	10	372,821	813,044
Receivables from exchange transactions	11&15	5,953,959	1,350,214
Receivables from non-exchange transactions	12&15	532,354	493,478
VAT receivable	13	9,060,294	39,986,096
Consumer debtors from exchange transactions	14	12,870,302	9,345,687
Consumer debtors from non-exchange transactions	14	71,894,598	55,281,175
Cash and cash equivalents	16	95,116,977	3,609,379
		195,801,305	110,879,073
Non-Current Assets			
Investment property	3	15,320,000	14,260,000
Property, plant and equipment	4	2,189,193,026	2,233,843,010
Intangible assets	5	32,900,725	46,546,000
Heritage assets	6	1,068,300	1,068,300
		2,205,614,226	2,249,243,856
Non-Current Assets		2,205,614,226	2,249,243,856
Current Assets		195,801,305	110,879,073
Total Assets		2,401,415,531	2,360,122,929
Liabilities			
Current Liabilities			
Other financial liabilities	19	1,081,903	1,079,902
Finance lease obligation	17	-	18,397
Operating lease liability	7	8,312,353	5,080,580
Payables from exchange transactions	21	81,112,908	147,201,158
Unspent conditional grants and receipts	18	142,439,357	80,000,000
Provisions	20	13,996,295	14,023,723
		246,942,816	247,403,760
Non-Current Liabilities			
Other financial liabilities	19	10,606,626	11,715,060
Operating lease liability	7	-	9,101,307
Employee benefit obligation	8	28,281,927	27,244,120
Provisions	20	16,365,808	15,982,591
		55,254,361	64,043,078
Non-Current Liabilities		55,254,361	64,043,078
Current Liabilities		246,942,816	247,403,760
Total Liabilities		302,197,177	311,446,838
Assets		2,401,415,531	2,360,122,929
Liabilities		(302,197,177)	(311,446,838)
Net Assets		2,099,218,354	2,048,676,091
Accumulated surplus		2,099,218,354	2,048,676,091

* See Note 48 & 47

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2019

Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	23	21,525,370	14,711,629
Rental of facilities and equipment	24	322,432	347,964
Interest received (trading)		5,389,225	3,275,282
Licences and permits		7,321,229	10,456,806
Fees earned	26	620,322	452,592
Rental income		28,635	26,476
Other income		7,734,099	6,049,963
Interest received - investment	27	2,216,184	11,936,274
Fair value adjustments	28	1,060,000	-
Total revenue from exchange transactions		46,217,496	47,256,986
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	29	112,261,968	126,453,484
Property rates - penalties imposed	29	24,172,187	19,445,730
Transfer revenue			
Government grants & subsidies	31	421,268,210	429,294,679
Traffic fines	25	2,651,844	2,487,728
Total revenue from non-exchange transactions		560,354,209	577,681,621
		46,217,496	47,256,986
		560,354,209	577,681,621
Total revenue	22	606,571,705	624,938,607
Expenditure			
Employee related costs	32	(171,138,686)	(165,647,135)
Remuneration of councillors	33	(31,419,072)	(29,636,730)
Depreciation and amortisation	34	(116,921,366)	(114,125,306)
Finance costs	36	(907,237)	(1,209,773)
Lease rentals on operating lease		(18,906,822)	(17,009,045)
Debt Impairment / (Reversal of Impairment)		(73,337,868)	(63,882,655)
Collection costs	37	-	(742,235)
Contracted services		(83,524,254)	(88,064,308)
Transfers and Subsidies	38	(7,347,511)	(8,086,807)
Other financial assets written off	30	-	(243,169,120)
Fair value adjustments	40	-	(4,690,000)
Inventories losses/write-downs		(514,623)	(534,537)
Loss on non-current assets held for sale or disposal groups		(557)	(205,856)
General Expenses		(52,011,443)	(165,194,073)
	39		
Total expenditure		(556,029,439)	(902,197,580)
		--	--
Total revenue		606,571,705	624,938,607
Total expenditure		(556,029,439)	(902,197,580)
Operating surplus/deficit		--	--
Surplus (deficit) before taxation		50,542,266	(277,258,973)
Taxation		--	--
Surplus (deficit) for the year		50,542,266	(277,258,973)

* See Note 48 & 47

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Annual Financial Statements for the year ended June 30, 2019

Statement of Financial Performance

Figures in Rand

Note(s)

2019

2018
Restated*

The accounting policies on pages 18 to 44 and the notes on pages 45 to 110 form an integral part of the annual financial Statements.

* See Note 48 & 47

Fetakgomo Tubatse Local Municipality

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Statement of Changes in Net Assets

Figures in Rand	Accumulated Surplus	Total net Assets
Opening balance as previously reported	2,454,276,756	2,454,276,756
Adjustments		
Correction of errors (Refer to Note 46)	(128,341,692)	(128,341,692)
Balance at July 1, 2017 as restated*	2,325,935,064	2,325,935,064
Changes in net assets		
Deficit for the year	(277,258,973)	(277,258,973)
Total changes	(277,258,973)	(277,258,973)
Restated* Balance at July 1, 2018	2,048,676,088	2,048,676,088
Changes in net assets		
Surplus for the year	50,542,266	50,542,266
Total changes	50,542,266	50,542,266
Balance at June 30, 2019	2,099,218,354	2,099,218,354
Note(s)		

* See Note 48 & 47

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Cash Flow Statement

Figures in Rand	Note(s)	2019	2018 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		181,106,837	184,069,528
Government Grant and subsidies		483,366,700	429,294,679
Interest income		2,516,717	12,071,118
		666,990,254	625,435,325
Payments			
Employee costs		(202,557,757)	(195,283,866)
Suppliers		(299,375,464)	(557,155,914)
Finance costs		(907,237)	(1,212,773)
		(502,840,458)	(753,652,553)
Total receipts		666,990,254	625,435,325
Total payments		(502,840,458)	(753,652,553)
Net cash flows from operating activities	43	164,149,796	(128,217,228)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(72,623,478)	(70,780,997)
Proceeds from sale of property, plant and equipment	4	-	-
Net cash flows from investing activities		(72,623,478)	(70,780,997)
Cash flows from financing activities			
Repayment of other financial liabilities		(2,007,455)	(2,007,455)
Finance lease payments		(18,720)	(1,539,240)
Net cash flows from financing activities		(18,720)	(1,539,240)
Net increase/(decrease) in cash and cash equivalents		91,507,598	(200,537,465)
Cash and cash equivalents at the beginning of the year		3,609,379	204,146,844
Cash and cash equivalents at the end of the year	16	95,116,977	3,609,379

* See Note 48 & 47

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Annual Financial Statements for the year ended June 30, 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved Budget	Adjustments	Final Budget	Actual amounts	Difference	Reference
			On comparable between final Basis budget and Actual			
Figures in Rand						
Statement of Comparison of Budget and Actual Amounts						
Revenue						
Revenue						
Service charges	11,683,188	9,823,171	21,506,359	21,525,370	19,011	N1
Rental of facilities and equipment	632,476	(244,500)	387,976	322,432	(65,544)	N2
Interest received (trading)	-	-	-	5,389,225	5,389,225	
Licences and permits	17,728,446	-	17,728,446	7,321,229	(10,407,217)	
Fees earned	280,632	-	280,632	620,322	339,690	N3
Rental income	28,635	-	28,635	28,635	-	
Other income	2,236,130	(681,824)	1,554,306	7,734,099	6,179,793	N4
Interest received - investment	12,209,920	(11,278,360)	931,560	2,216,184	1,284,624	N5 N6
Total revenue from exchange transactions	44,799,427	(2,381,513)	42,417,914	45,157,496	2,739,582	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	131,287,678	-	131,287,678	112,261,968	(19,025,710)	N7
Property rates - penalties imposed	26,151,753	-	26,151,753	24,172,187	(1,979,566)	N8
Transfer revenue						
Government grants & subsidies	465,301,000	18,065,700	483,366,700	421,268,210	(62,098,490)	N9
Fines, Penalties and Forfeits	2,532,982	7,000	2,539,982	2,651,844	111,862	N10
Total revenue from non-exchange transactions	625,273,413	18,072,700	643,346,113	560,354,209	(82,991,904)	
'Total revenue from exchange transactions'	44,799,427	(2,381,513)	42,417,914	45,157,496	2,739,582	
'Total revenue from non-exchange transactions'	625,273,413	18,072,700	643,346,113	560,354,209	(82,991,904)	
Total revenue	670,072,840	15,691,187	685,764,027	605,511,705	(80,252,322)	
Expenditure						
Personnel	(180,511,474)	(30,964,893)	(211,476,367)	(171,138,686)	40,337,681	N11
Remuneration of councillors	(31,624,976)		(31,624,976)	(31,419,072)	205,904	N12
Depreciation and amortisation	(68,759,000)		(68,053,680)	(116,921,366)	10,705,320	N13
Finance costs	(2,174,725)		(2,350,000)	(175,275)	(907,237)	N14
Lease rentals on operating lease	(17,800,000)		(22,798,799)	(18,906,822)	(4,998,799)	
Debt impairment	(47,767,796)		(47,767,796)	(73,337,868)	(25,570,072)	
Contracted Services	(130,374,208)	17,715,561	(112,658,647)	(83,524,254)	29,134,393	N15
Transfers and Subsidies	(5,000,000)		(7,778,226)	(2,778,226)	(7,347,511)	N16
General Expenses	(95,781,695)	(57,032,698)	(52,011,443)	38,748,997	5,021,255	N17 N18
Total expenditure	(579,793,874)	28,252,685	(551,541,189)	(555,514,259)	(3,973,070)	
	670,072,840	15,691,187	685,764,027	605,511,705	(80,252,322)	
	(579,793,874)	28,252,685	(551,541,189)	(555,514,259)	(3,973,070)	
Operating surplus	90,278,966	43,943,872	134,222,838	49,997,446	(84,225,392)	
Fair value adjustments	-	-	-	-1,060,000	1,060,000	
Inventories losses/write-downs	-	-	(514,623)		(514,623)	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Loss on non-current assets held for sale or disposal groups	-	-	-	-	(557)	(557)
	-	-	-	544,820	544,820	
	90,278,966	43,943,872	134,222,838	49,997,446	(84,225,392)	
	-	-	-	544,820	544,820	
Surplus before taxation	90,278,966	43,943,872	134,222,838	50,542,266	(83,680,572)	
Surplus/(Deficit) for the period	90,278,966	43,943,872	134,222,838	50,542,266	(83,680,572)	
	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	90,278,966	43,943,872	134,222,838	50,542,266	(83,680,572)	

N1 - The 24% difference is due to under budgeting of service charges during the 2018/19 financial year.

N2 - The 17% difference is due to some properties earmarked for generating revenue not been functional during the 2018/19 financial year.

N3 - The 59% difference is due to the ongoing construction of the Praktiseer Licensing centre resulting in under-collection of licensing and permits revenue.

N4 - Below 10% norm

N5 - The 138% difference is due to the municipality investing conditional grants in a call account yielding high interest.

N6 - Below 10% norm.

N7 - Below 10% norm.

N8 - The 13% difference is due to the internal reticulation grant been received during March, as a result the grant was not spent resulting in grant revenue not been recognised.

N9 - Below 10% norm

N10 - The 21% difference is due to salary parity and job placement not been implemented during the 2018/19 financial year.

N11 - Below 10% norm.

N12 - The 101% difference is due to depreciation being under-budgeted for during the 2018/19 financial year.

N13 - The 61% difference is due to finance costs been over-budgeted for during the 2018/19 financial year.

N14 - The 51% difference is due to a 50% amnesty given debtors with long outstanding balances resulting in debt impairment increasing.

N16 - The 50% difference is due to the municipality facing cash flow crisis which resulted in the operational expenditure being suspended.

N17 - Below the 10% norm

N18 - The 54% difference is due to the municipality facing cash flow crisis which resulted in the operational expenditure being suspended.

Fetakgomo Tubatse Local Municipality

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Annual Financial Statements for the year ended June 30, 2019

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 municipality.

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 is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables

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

Traffic Debtors

The traffic fines will be impaired when the probability of collecting the outstanding amount is uncertain. The traffic fine shall be assessed "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.

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Annual Financial Statements for the year ended June 30, 2019

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment of Consumer and other receivables

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 20 - Provisions.

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.

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Annual Financial Statements for the year ended June 30, 2019

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

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.

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

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

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

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

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

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

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

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.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

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.

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Accounting Policies

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 municipality; 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.

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.

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	4-25
Refuse Tankers	Straight line	5-25
Furniture and fixtures	Straight line	4-20
Motor vehicles	Straight line	5-15
Office equipment	Straight line	3-20
IT equipment	Straight line	3-20

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Accounting Policies

1.4 Property, plant and equipment (continued)

Infrastructure	Straight line	5-200
☑Roads and stormwater		5-150
☑Refuse		20-50
☑Buildings		20-100
Other property, plant and equipment	Straight line	
☑Specialist vehicles	5-25	
☑Other vehicles	5-25	
☑Bins and containers	3-15	
☑Spacialist plant and equipment	5-25	
☑Other plant and equipment	2-30	
☑Landfill sites	20-100	
☑Quarries	20-100	

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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 method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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 municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. 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 municipality or from other rights and obligations.

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

An intangible asset is recognised when:

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

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Annual Financial Statements for the year ended June 30, 2019

Accounting Policies

1.5 Intangible assets (continued)

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

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

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight line	3-10 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Intangible assets are derecognised:

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

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

1.6 Heritage assets

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

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

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1.6 Heritage assets (continued)

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

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

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

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

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

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

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

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

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1.6 Heritage assets (continued)

Subsequent measurement

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

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

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

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

Impairment

The municipality assesses 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.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

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

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

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').

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1.7 Financial instruments (continued)

- ☒ It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- ☒ It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

A financial asset is:

- ☒ cash;
- ☒ a residual interest of another entity; or
- ☒ a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

A financial liability is any liability that is a contractual obligation to:

- ☒ deliver cash or another financial asset to another entity; or
- ☒ exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- ☒ equity instruments or similar forms of unitised capital;
- ☒ a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or

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1.7 Financial instruments (continued)

- ☒ a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- ☒ the entity designates at fair value at initial recognition; or
- ☒ are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- ☒ derivatives;
- ☒ contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- ☒ combined instruments that are designated at fair value;
- ☒ instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Consumer debtors from exchange transactions	Financial asset measured at amortised cost
Consumer debtors from non-exchange transactions	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Loans	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

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1.7 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- ☒ a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- ☒ non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- ☒ Financial instruments at fair value.
- ☒ Financial instruments at amortised cost.
- ☒ Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

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1.7 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- ☒ the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- ☒ the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- ☒ the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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Accounting Policies

1.7 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

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.

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

Finance leases - lessor

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

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

Finance leases - lessee

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

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

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

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

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

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

1.9 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.

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1.9 Inventories (continued)

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

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

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

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

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

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

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

1.10 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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 used 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 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:

- ☐ the period of time over which an asset is expected to be used by the municipality; or
- ☐ the number of production or similar units expected to be obtained from the asset by the municipality.

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1.10 Impairment of cash-generating assets (continued)

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 used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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:

- ☒ the period of time over which an asset is expected to be used by the municipality; or
- ☒ the number of production or similar units expected to be obtained from the asset by the municipality.

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

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- ☐ its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- ☐ the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

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

The municipality 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 municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests 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 current 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 municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized 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.

1.12 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

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1.12 Employee benefits (continued)

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, incentive 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.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- ☑ as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the 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 benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive 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.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

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.

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Accounting Policies

1.12 Employee benefits (continued)

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.

1.13 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.

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1.13 Provisions and contingencies (continued)

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

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

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

Provisions are not recognised for future operating surplus (deficit).

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 45.

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

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

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

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

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

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date.

Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

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

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Accounting Policies

1.13 Provisions and contingencies (continued)

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.
- ☑ 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 and 1.11.

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.

1.14 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.

1.15 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.

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1.15 Revenue (continued)

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

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Accounting Policies

1.15 Revenue (continued)

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.

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

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest

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

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

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

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

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

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

1.16 Service charges

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

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Accounting Policies

1.16 Service charges (continued)

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 municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

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, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

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

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

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

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Accounting Policies

1.16 Service charges (continued)

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

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Accounting Policies

1.16 Service charges (continued)

Bequests

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

1.17 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.

1.18 Comparative figures

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

1.19 Unauthorised expenditure

Unauthorised expenditure means:

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

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 Fruitless and wasteful expenditure

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

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

1.21 Irregular expenditure

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

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

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

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.

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1.21 Irregular expenditure (continued)

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.

1.22 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

1.23 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.

1.24 Budget information

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

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

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

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

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

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

1.25 Related parties

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.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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Accounting Policies

1.25 Related parties (continued)

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

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

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

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

The municipality 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.

1.27 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

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.

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
☐ GRAP 34: Separate Financial Statements	April 1, 2020	Unlikely there will be a material impact
☐ IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	April 1, 2020	Unlikely there will be a material impact
☐ Directive 7 (revised): The Application of Deemed Cost	April 1, 2019	Unlikely there will be a material impact
☐ Guideline: Guideline on Accounting for Landfill Sites	April 1, 2099	Unlikely there will be a material impact
☐ Guideline: Guideline on the Application of Materiality to Financial Statements	April 1, 2099	Unlikely there will be a material impact
☐ Directive 13: Transitional Provisions for the Adoption of Standards of GRAP by Community Education and Training (CET) Colleges	April 1, 2019	Unlikely there will be a material impact
☐ GRAP 104 (revised): Financial Instruments	April 1, 2099	Unlikely there will be a material impact
☐ GRAP 35: Consolidated Financial Statements	April 1, 2020	Unlikely there will be a material impact
☐ GRAP 36: Investments in Associates and Joint Ventures	April 1, 2020	Unlikely there will be a material impact
☐ GRAP 37: Joint Arrangements	April 1, 2020	Unlikely there will be a material impact
☐ GRAP 38: Disclosure of Interests in Other Entities	April 1, 2020	Unlikely there will be a material impact
☐ Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme	April 1, 2019	Unlikely there will be a material impact
☐ GRAP 110 (as amended 2016): Living and Non-living Resources	April 1, 2020	Unlikely there will be a material impact
☐ GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	April 1, 2019	Unlikely there will be a material impact
☐ GRAP 7 (as revised 2010): Investments in Associates	April 1, 2019	Unlikely there will be a material impact
☐ GRAP 8 (as revised 2010): Interests in Joint Ventures	April 1, 2019	Unlikely there will be a material impact
☐ GRAP 18 (as amended 2016): Segment Reporting	April 1, 2019	Unlikely there will be a material impact
☐ GRAP 20: Related parties	April 1, 2019	Unlikely there will be a material impact

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2.	New standards and interpretations (continued)		
	☐ GRAP 32: Service Concession Arrangements: Grantor	April 1, 2019	Unlikely there will be a material impact
	☐ GRAP 105: Transfers of functions between entities under common control	April 1, 2019	Unlikely there will be a material impact
	☐ GRAP 106 (as amended 2016): Transfers of functions between entities not under common control	April 1, 2019	Unlikely there will be a material impact
	☐ GRAP 107: Mergers	April 1, 2019	Unlikely there will be a material impact
	☐ GRAP 108: Statutory Receivables	April 1, 2019	Unlikely there will be a material impact
	☐ GRAP 109: Accounting by Principals and Agents	April 1, 2019	Unlikely there will be a material impact
	☐ IGRAP 11: Consolidation – Special purpose entities	April 1, 2019	Unlikely there will be a material impact
	☐ IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	April 1, 2019	Unlikely there will be a material impact
	☐ IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	April 1, 2019	Unlikely there will be a material impact
	☐ IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	April 1, 2019	Unlikely there will be a material impact

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3. Investment property

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	15,320,000	-	15,320,000	14,260,000	-	14,260,000

Reconciliation of investment property - 2019

	Opening balance	Fair value adjustments	Total
Investment property	14,260,000	1,060,000	15,320,000

Reconciliation of investment property - 2018

	Opening balance	prior period error adjustments	Total
Investment property	49,488,215	(35,228,215)	14,260,000

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

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2018

3. Investment property (continued)

The fair values of investment property as measured or disclosed in the financial statements are based on a valuation by Stafford Leyds, an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

The determination of fair values was supported by market evidence, the location, type and condition of the property (land). The type of property, the zoning of the property, the location of the property, the highest and best use of the property and the size of the property are some of the factors that were taken into consideration when deciding on a correct valuation method. These are 3 basic valuation methods that were used in the valuation:

1) Direct Sales Comparison Approach

With this approach, consideration is made for sales of similar properties and related market data by comparing their recent sales information.

2) Income Capitalization Approach

This method entails the determination of the Net Annual Income for the subject property, which is then capitalized at an appropriate market related capitalization rate.

General industry practice is considered because of the nature of certain properties or lack of comparable market data.

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4. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	133,493,631	-	133,493,631	133,493,631	-	133,493,631
Buildings	60,857,992	(20,087,763)	40,770,229	89,788,747	(23,237,973)	66,550,774
Plant and machinery	36,030,100	(6,641,334)	29,388,766	47,577,812	(13,816,152)	33,761,660
Furniture and fixtures	10,554,802	(6,458,221)	4,096,581	11,583,162	(6,703,556)	4,879,606
Motor vehicles	9,517,613	(5,022,328)	4,495,285	9,517,613	(3,701,021)	5,816,592
Office equipment	2,623,233	(1,675,439)	947,794	2,623,233	(1,595,765)	1,027,468
IT equipment	10,903,473	(6,502,923)	4,400,550	8,974,292	(4,120,441)	4,853,851
Infrastructure	2,424,816,881	(657,346,429)	1,767,470,452	2,386,019,766	(556,346,155)	1,829,673,611
Community	118,782,320	(23,864,721)	94,917,599	118,784,520	(43,063,660)	75,720,860
Work In Progress	107,318,450	-	107,318,450	75,868,304	-	75,868,304
Other assets	2,367,260	(473,571)	1,893,689	2,356,906	(160,253)	2,196,653
Total	2,917,265,755	(728,072,729)	2,189,193,026	2,886,587,986	(652,744,976)	2,233,843,010

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Transfers received	Asset Gains	Reclassificati ons	Depreciation	Total
Land	133,493,631	-	-	-	-	---	-	133,493,631
Buildings	66,550,774	-	-	-	-	(22,440,486)	(3,340,059)	40,770,229
Plant and machinery	33,761,660	19,301	(1,184)	-	1,308	-	(4,392,319)	29,388,766
Furniture and fixtures	4,879,606	157,373	(106,186)	-	127,838	-	(962,050)	4,096,581
Motor vehicles	5,816,592	-	-	-	-	-	(1,321,307)	4,495,285
Office equipment	1,027,468	130,599	(77,290)	-	231,999	-	(364,982)	947,794
IT equipment	4,853,851	1,321,815	(175,051)	-	96,302	-	(1,696,367)	4,400,550
Infrastructure	1,829,673,611	-	(464,674)	39,509,644	-	-	(101,248,129)	1,767,470,452
Community buildings	75,720,860	-	(557)	-	-	22,440,486	(3,243,190)	94,917,599
Work in progress	75,868,304	70,959,790	-	(39,509,644)	-	-	-	107,318,450
Other assets	2,196,653	34,600	(24,246)	-	-	-	(313,318)	1,893,689
	2,233,843,010	72,623,478	(849,188)	-	457,447	-	(116,881,721)	2,189,193,026

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Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Reclassification	Disposals	Transfers	Prior period Depreciation error adjustments	Total
Land	212,796,709	8,632,555	-	-	-	-(87,935,633)-	133,493,631
Buildings	67,231,331	-	(687,979)	-	-	3,180,293 (3,172,871)	66,550,774
Plant and machinery	19,276,174	11,241,446	6,692,309	(50)	-	(46,737) (3,401,482)	33,761,660
Furniture and fixtures	5,439,716	399,431	-	(25,588)	-	- (916,913)	4,879,606
Motor vehicles	10,933,114	2,857,892	(6,692,309)	(77,101)	-	(34,210) (1,170,794)	5,816,592
Office equipment	1,204,533	120,480	-	(6,639)	-	- (290,906)	1,027,468
IT equipment	4,426,361	1,773,354	-	(126,460)	-	125,942 (1,345,346)	4,853,851
Infrastructure	1,852,952,616	-	-	-	88,142,867	(12,281,101) (99,140,771)	1,829,673,611
Community buildings	60,985,384	-	687,979	-	17,821,780	262,629 (4,036,912)	75,720,860
Work in progress	137,140,801	44,692,150	-	-	(105,964,647)	-	75,868,304
Other assets	1,404,716	1,063,689	-	(19,403)	-	- (252,349)	2,196,653
	2,373,791,455	70,780,997	-	(255,241)	-	(96,728,817) (113,728,344)	2,233,843,010

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4. Property, plant and equipment (continued)		
Other Information		
Expenditure relating to Electrification of Rural Communities under the jurisdiction of Fetakgomo Tubatse Municipality was included in Property, plant and equipment. The capital projects will be derecognised in the asset register upon completion of the projects and formal transfer to Eskom/District Municipality.		
work in Progress	9,575,814	3,837,726
Infrastrucuture	3,837,726	-
	13,413,540	3,837,726

Details of properties

IGRAP 18 DISCLOSURE ON LAND NOT RECOGNISED BY THE MUNICIPALITY

Municipalities shared and continue to share responsibility with provinces for the release of land for housing development, land use planning, and land use and building control. In terms of this responsibility, the Department of Human Settlement identified and repatriated land owned by the municipality to fulfil its mandate with respect to the delivery of houses. The location of the land is mainly farms in the following suburbs: Burgersfort in Mecklenburg, Burgersfort, Steel-port, Prakteseer Ohrigstad and Apel. Whilst the municipality has legal title to the land, it does not recognise the land because from the date of repatriation, the Department of Human Settlements is responsible for the subdivision, planning and urban development and the subsequent allocation of the built houses to beneficiaries. The Municipality has no right to control the land and is not involved in key decision making with respect to the use of this land.

In addition, several stands owned by the municipality in Mecklenburg, Burgersfort, Steel-port, Prakteseer, Ohrigstad and Apel has been illegally occupied and permanent structures put up by the invaders. Although the land is legally owned by the municipality, the municipality has no right to control as it cannot (a) directly use the land's future economic benefits or service potential to provide services to beneficiaries; (b) exchange, dispose of, or transfer the land; and/or (c) use the land in any other way to generate future economic benefits or service potential. The municipality therefore does not recognize such land in its financial statements as it does not have control over it.

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

5. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	224,093	(191,193)	32,900	224,093	(151,547)	72,546

Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Intangible assets	72,546	(39,646)	32,900

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5. Intangible assets (continued)				
Reconciliation of intangible assets - 2018				
	Opening balance	Transfers received	Amortisation (36,999)	Total
Intangible assets	47,954	61,591	(36,999)	72,546

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6. Heritage assets

	2019			2018		
	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 2019

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

Reconciliation of heritage assets 2018

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

7. Operating lease asset (accrual)

Non-current liabilities	-	(9,101,307)
Current liabilities	(8,312,353)	(5,080,580)
	(8,312,353)	(14,181,887)

8. Employee benefit obligations

Defined benefit plan

The actuarial valuation determined that the retirement plan was in a sound financial position.

The plan is a post employment medical benefit plan.

Post retirement medical aid plan

The employer's post-employment health care liability consists of a commitment to pay a portion of the pensioners' post-employment medical scheme contributions. This liability is also generated in respect of dependants who are offered continued membership of the medical scheme on the death of the primary member.

Fetakgomo is committed to paying subsidies broadly as follows:

- All new continuation pensioners (that are currently still in service) and their dependants will receive a 60% subsidy subject to the maximum (CAP) amount of R4,218.17 (per month per member) for the financial period from 1 July 2018.
- All existing continuation pensioners and their dependants will continue to receive a 60% subsidy subject to the maximum (CAP) amount of R4,218.17 (per month per member) from 1 July 2018 to 30 June 2019. That said, there are two continuation pensioners who receive a 100% subsidy.
- We have assumed that the subsidy would increase by 50% of long term CPI.

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Figures in Rand	2019	2018
8. Employee benefit obligations (continued)		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(27,244,120)	(24,637,311)
Current service cost	(2,801,916)	(2,337,248)
Interest cost	(2,589,181)	(2,401,268)
Benefits paid	722,781	863,547
Actuarial gains	3,630,509	1,268,160
	(28,281,927)	(27,244,120)
Net expense recognised in the statement of financial performance		
Current service cost	2,589,181	2,337,248
Interest cost	2,801,916	2,401,268
Actuarial (gains) losses	(3,630,509)	(1,268,160)
Settlement	(722,781)	(863,547)
	1,037,807	2,606,809
Calculation of actuarial gains and losses		
Actuarial (gains) losses – Obligation	(4,353,290)	(2,131,707)

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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8. Employee benefit obligations (continued)

Key assumptions used

Valuation method

In accordance with the requirements of GRAP25, the Projected Unit Credit method has been applied. The assumption underlying the funding method is that the employer's post-employment medical scheme costs in respect of an employee should be fully recognised by the time that the employee reaches fully accrued age. The valuation has been made with reference Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP25.

Assumptions used at the reporting date:

Discount rates used	10.86 %	10.22 %
Medical cost trend rates	8.66 %	8.52 %
Long term price inflation	7.16 %	7.02 %

It is the relative levels of the discount rate and health care cost inflation to one another that is important, rather than the nominal values. The assumption regarding the relative levels of these two rates is our expectation of the long-term average. GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The methodology of setting financial assumptions has been updated to be more duration specific. The discount rate was set by taking the average yields from the zero-coupon SA Government bond curve with a duration of between 15 and 20 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 27 June 2019 is 10.86% per annum, and the yield on the inflation-linked bonds of a similar term was about 3.45% per annum, implying an underlying expectation of inflation of 6.54% per annum $([1 + 10.86\%] / [1 + 3.45\%] - 1)$.

A healthcare cost inflation rate of 8.66% was assumed. This is 1.50% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary.

However, it is the relative levels of the discount rate and healthcare inflation to one another that is important, rather than the nominal values. We have thus assumed a net discount factor of 2.02% per annum $([1 + 10.86\%] / [1 + 8.66\%] - 1)$. This year's valuation basis is, therefore, stronger than the previous year's basis from a discount rate perspective.

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Figures in Rand	2019	2018
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9. LONG SERVICE AWARD

Fetakgomo Tubatse Local Municipality offers bonuses for every 5 years of completed service from 10 years to 45 years. Below are the benefits awarded to qualifying employees.

Completed service (Years)	Long Service Bonus Awards (% of Annual Salary)
10	4.0%
15	8.0%
20,25, 30, 35, 40, 45	12.0%

NB: A day of accumulated leave is worth 1/250 of the annual salary.

Long service accumulated leave must be taken within one year of receiving such leave or may be wholly or partially cashed. FTLM advised that in most cases, employees choose to exercise the option to wholly convert their accumulative leave bonus days into cash.

NET DISCOUNT RATE

The key assumptions used in the valuation, with the prior years' assumptions shown for comparison, are summarised below:

Assumption	30-Jun-2018	30-Jun-2019	
Discount rate		0.09	0.10
CPI		0.06	0.08
Salary increase rate		0.07	0.08
Net Discount Rate		0.02	0.03

10. Inventories

Land earmarked for sale or residential development	283	283
Consumables	372,538	812,761
	372,821	813,044

The municipality has recorded 2112 land properties which has either been alienated or the municipal intend to alienate under inventory at the current replacement cost of nil and/or nominal value(R1) as there are minimal chances that the land will be sold at the market prices. The valuation at R1/nil value is in line with the National Treasury's MFMA — Local Government Capital Asset Management Guideline GRAP 12, which states that land held for distribution or being developed for sale or distribution should be measured at the lower of cost or net realizable value (NRV) (except where being distributed at a nominal charge).

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Figures in Rand	2019	2018
11. Receivables from exchange transactions		
Other receivables	255,347	13,170
Staff debtors	5,698,612	-
Traffic licensing debtor	-	1,337,043
	5,953,959	1,350,213
12. Receivables from non-exchange transactions		
Traffic Fines	410,286	490,483
Other receivables	122,068	2,994
	532,354	493,477
<p>Included in receivables from non-exchange transactions is staff debtors of R5,698,612 in respect of municipal officials who participated in strike action, whereupon the "No Work No Pay Policy" was implemented to recover the days not worked from the officials.</p>		
13. VAT receivable		
VAT	9,060,294	39,986,096
14. Consumer debtors		
Gross balances		
Rates	262,973,526	220,619,279
Refuse	65,156,102	50,711,271
Other	98,798,854	71,257,091
	426,928,482	342,587,641
Less: Allowance for impairment		
Rates	(210,257,848)	(178,389,960)
Refuse	(52,285,800)	(41,365,589)
Other	(79,619,932)	(58,205,234)
	(342,163,580)	(277,960,783)

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Figures in Rand	2019	2018
14. Consumer debtors (continued)		
Net balance		
Rates	52,715,678	42,229,319
Refuse	12,870,302	9,345,682
Other	19,178,922	13,051,857
	84,764,902	64,626,858
Included in above is receivables from exchange transactions		
Refuse	12,870,302	9,345,682
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	52,715,679	42,130,931
Other	19,178,921	13,150,245
	71,894,600	55,281,176
Net balance	84,764,902	64,626,858
Rates		
Current (0 -30 days)	9,601,888	23,282,226
31 - 60 days	4,632,962	3,475,004
61 - 90 days	4,112,672	3,520,834
91 - 120 days	3,709,567	3,057,522
121 - 365 days	52,409,926	68,753,947
> 365 days	188,506,513	118,529,746
	262,973,528	220,619,279

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Figures in Rand	2019	2018
14. Consumer debtors (continued)		
Refuse		
Current (0 -30 days)	1,942,176	2,132,196
31 - 60 days	1,469,964	763,610
61 - 90 days	1,480,728	732,138
91 - 120 days	1,446,196	649,546
121 - 365 days	9,757,613	5,550,873
> 365 days	48,783,774	40,882,908
	64,880,451	50,711,271
Other (specify)		
Current (0 -30 days)	3,402,970	5,585,941
31 - 60 days	2,778,550	2,044,620
61 - 90 days	2,551,877	2,022,078
91 - 120 days	2,476,893	1,949,642
121 - 365 days	19,340,282	14,493,649
> 365 days	68,248,281	45,259,549
	98,798,853	71,355,479
Reconciliation of allowance for impairment		
Balance at beginning of the year	(277,960,783)	(230,990,818)
Contributions to allowance	(64,202,797)	(46,969,965)
	(342,163,580)	(277,960,783)

Consumer debtors pledged as security

None of the consumer debtors were pledged as security.

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Figures in Rand	2019	2018
15. Consumer debtors by customer group		
Gross balances		
Consumer debtors - Indigent	175,291	130,364
Consumer debtors - Government	191,114,193	165,937,616
Consumer debtors - Farms	20,984,322	17,334,598
Consumer debtors - Domestic	139,288,737	108,366,853
Consumer debtors - Churches	56,469	50,166
Consumer debtors - Business	67,285,616	49,740,249
Consumer debtors - Sundry	8,023,854	1,027,795
	426,928,482	342,587,641
Indigent		
Current (0 -30 days)	5,348	6,782
31 - 60 days	5,314	6,732
61 - 90 days	5,279	6,683
91 - 120 days	5,245	6,610
121days - plus	154,105	103,556
	175,291	130,363
Government		
Current (0 -30 days)	1,945,838	1,708,603
31 - 60 days	1,831,828	2,032,326
61 - 90 days	1,858,535	1,419,278
91 - 120 days	1,857,226	1,513,743
121days - plus	183,620,766	159,263,667
	191,114,193	165,937,617

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Figures in Rand	2019	2018
15. Consumer debtors by customer group (continued)		
Farms		
Current (0 -30 days)	338,930	125,124
31 - 60 days	216,528	9,698,675
61 - 90 days	215,647	94,901
91 - 120 days	240,944	95,075
121days - plus	19,972,273	7,320,823
	20,984,322	17,334,598
Domestic		
Current (0 -30 days)	4,547,927	3,601,872
31 - 60 days	3,913,633	4,327,413
61 - 90 days	3,402,247	2,384,373
91 - 120 days	3,388,141	2,327,563
121days - plus	124,036,789	95,725,632
	139,288,737	108,366,853
Churches		
Current (0 -30 days)	1,605	1,508
31 - 60 days	1,059	1,499
61 - 90 days	1,055	1,489
91 - 120 days	711	1,473
121days - plus	52,039	44,197
	56,469	50,166

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Figures in Rand	2019	2018
15. Consumer debtors by customer group (continued)		
Business		
Current (0 -30 days)	6,860,570	5,341,432
31 - 60 days	3,272,314	3,344,117
61 - 90 days	2,917,807	2,372,193
91 - 120 days	2,332,827	2,326,317
121days - plus	51,902,098	36,356,189
	67,285,616	49,740,248
Sundry		
Current (0 -30 days)	1,425,189	687,202
31 - 60 days	613,675	117,077
61 - 90 days	480,905	4,318
91 - 120 days	320,183	4,268
121days - plus	5,183,903	214,930
	8,023,855	1,027,795
Reconciliation of allowance for impairment		
Balance at beginning of the year	(277,960,783)	(230,990,818)
Contributions to allowance	(64,202,797)	(46,969,965)
	(342,163,580)	(277,960,783)
16. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	18,841,305	3,530,631
Other cash and cash equivalents	76,275,672	78,748
	95,116,977	3,609,379

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Figures in Rand	2019		2018	
16. Cash and cash equivalents (continued)				
The municipality had the following bank accounts				
Account number / description	Bank statement balancesCash book balances			
	June 30, 2019		June 30, 2018	
	4,259,5882,446,5244,259,5882,466,612			
FNB BANK - CHEQUE ACCOUNT - 565-500-22466	80,697	78,758	80,703	78,751
FNB BANK - CALL ACCOUNT - 616-550-0887	-	944,137	-	944,137
STANDARD BANK - BUSINESS ACCOUNT - 030164532	76,194,979	-	76,194,979	-
STANDARD BANK - CALL ACCOUNT - 38578492001	7,161,897	139,967	7,161,897	187,485
STANDARD BANK - CURRENT ACCOUNT - 330062891000	6,014,811	-	6,014,811	-
STANDARD BANK - CURRENT ACCOUNT - 30144841000	294,597	-	294,597	-
STANDARD BANK - CURRENT ACCOUNT - 3016453000				
Total	94,006,569	3,609,386	94,006,575	3,676,985
17. Finance lease obligation				
Minimum lease payments due				
- within one year			-	18,720
			-	18,720
less: future finance charges			-	(323)
Present value of minimum lease payments			-	18,397
Present value of minimum lease payments due			-	18,397
- within one year			-	18,397

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

The average lease term was 3-5 years and the average effective borrowing rate was 9% (2018: 9%).

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 note .

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18. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
FMG Grant	163,989	-
MIG Grant	2,070,486	-
INEP Electrification Grant	89,968,182	80,000,000
MWIG Grant	50,236,700	-
	142,439,357	80,000,000
See note 30 for reconciliation of grants from National/Provincial Government.		
19. Other financial liabilities		
At amortised cost		
DBSA LOAN 102904/1&2	10,916,093	11,717,165
Loan 102904/1 - Interest bearing at a rate of 10.415% per annum over a loan of 20 years.		
Loan 102904/2 - Interest bearing at a rate of 5% per annum over a loan of 20 years.		
DBSA LOAN 13585/102	772,437	1,077,797
Loan 13585/102 - Interest bearing at a rate of 5% per annum over a loan of 20 years.		
Total financial liabilities	11,688,530	12,794,962
Total other financial liabilities	11,688,530	12,794,962
Non-current liabilities		
At amortised cost	10,606,626	11,715,060
Current liabilities		
At amortised cost	1,081,903	1,079,902

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20. Provisions				
Reconciliation of provisions - 2019				
	Opening Balance	Movement	Utilised during the year	Total
Environmental rehabilitation	15,982,591	1,915,790	(1,532,573)	16,365,808
Leave accrual	14,023,723	(27,428)	-	13,996,295
	30,006,314	1,888,362	(1,532,573)	30,362,103
Reconciliation of provisions - 2018				
	Opening Balance	Additions	Prior Period Error	Total
Environmental rehabilitation	10,420,008	7,827,051	(2,264,468)	15,982,591
Leave accrual	11,190,742	2,832,981	-	14,023,723
	21,610,750	10,660,032	(2,264,468)	30,006,314
Non-current liabilities			16,365,808	15,982,591
Current liabilities			13,996,295	14,023,723
			30,362,103	30,006,314

Environmental rehabilitation provision

The Fetakgomo Tubatse Municipality landfill site was closed in 2019 as it was full. R1 532 573 was spent towards the landfill rehabilitation and closure costs in 2019 and the provision was utilised for this purpose.

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 R11 504 848 as at 30 June 2019.

Fetakgomo Tubatse Local Municipality

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Figures in Rand	2019	2018
21. Payables from exchange transactions		
Trade payables	36,778,092	111,193,289
Unallocated receipts	1,067	400
Accrued bonus	4,227,249	4,106,752
Retention creditors	20,090,509	18,994,157
Other payables	13,585,818	6,043,833
Consumer debtors in credit	6,430,173	6,862,727
	81,112,908	147,201,158

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Figures in Rand	2019	2018
22. Revenue		
Service charges	21,525,370	14,711,629
Rental of facilities and equipment	322,432	347,964
Interest received (trading)	5,389,225	3,275,282
Licences and permits	7,321,229	10,456,806
Fees earned	620,322	452,592
Rental income	28,635	26,476
Other income	7,734,099	6,049,963
Interest received - investment	2,216,184	11,936,274
Property rates	112,261,968	126,453,484
Property rates - penalties imposed	24,172,187	19,445,730
Government grants & subsidies	421,268,210	429,294,679
Fines, Penalties and Forfeits	2,651,844	2,487,728
	605,511,705	624,938,607
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	21,525,370	14,711,629
Rental of facilities and equipment	322,432	347,964
Interest received (trading)	5,389,225	3,275,282
Licences and permits	7,321,229	10,456,806
Fees earned	620,322	452,592
Rental income	28,635	26,476
Other income	7,734,099	6,049,963
Interest received - investment	2,216,184	11,936,274
	45,157,496	47,256,986

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Figures in Rand	2019	2018
22. Revenue (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue	112,261,968	126,453,484
Property rates	24,172,187	19,445,730
Property rates - penalties imposed		
Transfer revenue	421,268,210	429,294,679
Government grants & subsidies	2,651,844	2,487,728
Fines, Penalties and Forfeits		
	560,354,209	577,681,621
23. Service charges		
Refuse removal	21,525,370	14,711,629

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Figures in Rand	2019	2018
24. Rental of facilities and equipment		
Premises		
Premises	322,432	347,964
25. Fines, Penalties and Forfeits		
Municipal Traffic Fines	2,651,844	2,487,728
26. Licences and permits (exchange)		
Road and Transport	7,321,229	10,456,806
27. Other income		
Outdoor Advertisement	-	48,096
Sundry Income	967,672	3,483,254
Donation income - Asset Gains	463,793	2,518,613
Staff Recoveries	5,698,612	-
Donation in Kind	604,022	-
	7,734,099	6,049,963
<p>Donation in kind Included in Other income is Donations in kind of R604 022 in respect of the remuneration of two officials who were seconded by COGHSTA and Provincial Treasury to provide support to the municipality. An equivalent amount is included as an expense to the municipality.</p>		
28. Investment revenue		
Interest revenue		
Bank	2,216,184	931,973
Interest on investment	-	11,004,301
	2,216,184	11,936,274
	-	-
	2,216,184	11,936,274

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Figures in Rand	2019	2018
29. Property rates		
Rates received		
Property rates	22,967,088	27,818,984
Commercial	26,630,587	28,031,898
State	16,415,916	17,646,256
Small holdings and farms	4,271,766	14,162,871
Industrial properties	5,346,536	4,028,231
Mining properties	40,031,582	37,807,052
Less: Income forgone	(3,401,507)	(3,041,808)
	112,261,968	126,453,484
Property rates - penalties imposed	24,172,187	19,445,730
	136,434,155	145,899,214
Valuations		
Residential	2,998,592,000	2,998,592,000
Commercial	2,254,530,000	2,254,530,000
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

Fetakgomo Tubatse Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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29. Property rates (continued)

Valuations on land and buildings are performed every 4 years. The latest general valuation came into effect on 1 July 2016. 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.

30. Grants and subsidies paid

Other subsidies

Indigent Relief

7,347,511

8,086,807

Fetakgomo Tubatse Local Municipality

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Figures in Rand	2019	2018
31. Government grants and subsidies		
Operating grants		
Equitable share	361,513,000	332,955,879
Municipal Demarcation Transitional Grant	-	4,566,200
EPWP	2,035,000	1,279,000
FMG	3,951,011	4,045,077
MSIG	1,055,000	-
LG Seta - Training	340,867	-
	368,894,878	342,846,156
Capital grants		
Municipal Infrastructure Grant	47,341,514	90,886,692
Intergrated National Electrification Grant	5,031,818	-
	52,373,332	90,886,692
	368,894,878	342,846,156
	52,373,332	90,886,692
	421,268,210	433,732,848
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
All registered indigents receive a monthly 100% subsidy for rates and refuse, which is funded from the grant.		
MDTG		
Balance unspent at beginning of year	-	3,584,879
Current-year receipts	-	4,566,200
Conditions met - transferred to revenue	-	(4,566,200)
Balance returned to National Treasury	-	(3,584,879)
	-	-
Conditions still to be met - remain liabilities (see note 18).		

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
31. Government grants and subsidies (continued)		
FMG		
Balance unspent at beginning of year	-	77
Current-year receipts	4,115,000	4,045,000
Conditions met - transferred to revenue	(3,951,011)	(4,045,077)
	163,989	-
Conditions still to be met - remain liabilities (see note 18).		
Provide explanations of conditions still to be met and other relevant information.		
EPWP		
Current-year receipts	2,035,000	1,279,000
Conditions met - transferred to revenue	(2,035,000)	(1,279,000)
	-	-
Conditions still to be met - remain liabilities (see note 18).		
The grant is used for salaries of employees for the Extended Public Works Programme.		
MIG		
Balance unspent at beginning of year	-	585,523
Current-year receipts	49,412,000	85,863,000
Conditions met - transferred to revenue	(47,341,514)	(85,863,000)
Current-year receipts	-	(585,523)
	2,070,486	-
Conditions still to be met - remain liabilities (see note 18).		
This grant is for the implementation of projects approved by MIG.		
MSIG		
Current-year receipts	1,055,000	-
Conditions met - transferred to revenue	(1,055,000)	-

Fetakgomo Tubatse Local Municipality

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Annual Financial Statements for the year ended June 30, 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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31. Government grants and subsidies (continued)

	-	-
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Conditions still to be met - remain liabilities (see note 18).

Provide explanations of conditions still to be met and other relevant information.

INEP

Balance unspent at beginning of year	80,000,000	80,000,000
Current-year receipts	15,000,000	-
Conditions met - transferred to revenue	(5,031,818)	-
	89,968,182	80,000,000

Conditions still to be met - remain liabilities (see note 18).

Neighbourhood Development Grant

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

Conditions still to be met - remain liabilities (see note 18).

MWIG Grant

Current-year receipts	50,236,700	-
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Conditions still to be met - remain liabilities (see note 18).

Provide explanations of conditions still to be met and other relevant information.

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Figures in Rand	2019	2018
32. Employee related costs		
Basic	104,863,095	103,415,054
Medical aid - company contributions	8,357,658	6,665,727
UIF	575,593	653,899
Industrial council levy	44,004	33,581
Skills development levy	1,527,131	773,748
Leave pay provision charge	505,317	4,374,760
Other short term costs	76,173	58,800
Defined contribution plans	19,535,445	18,104,172
Travel, motor car, accommodation, subsistence and other allowances	1,221,246	698,712
Overtime payments	2,991,388	3,379,301
Long-service bonus provision	207,783	74,364
13th Cheques	6,245,745	3,355,745
Acting allowances	179,826	331,506
Car allowance	16,546,490	16,326,363
Housing benefits and allowances	1,691,080	1,388,406
Tellephone allowance	1,890,870	1,912,489
Other allowance	11,526	-
Standby allowance	-	47,893
Post Employment Health Care Benefit Current Cost	4,668,316	4,052,615
Remuneration of Municipal Manager		
Annual Remuneration	952,703	237,489
Acting Allowance	49,170	-
Leave Pay	-	221,185
Car Allowance	296,805	73,486

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Figures in Rand	2019	2018
32. Employee related costs (continued)		
Telephone Allowance	29,645	7,411
Travel Claim	32,234	25,812
Subsistence Allowance	-	640
Remote Allowance	49,831	12,458
Refund	1,068	664
	1,411,456	579,145
Remuneration of Chief Finance Officer		
Annual Remuneration	59,667	705,550
Acting Allowance	7,234	55,733
Telephone Allowance	2,450	29,400
Car Allowance	25,415	302,130
Travel Claim	29,659	3,813
Leave pay	86,313	-
Backpay	-	13,297
Refund	-	1,196
Remote Allowance	3,410	40,914
	214,148	1,152,033
Remuneration of Deputy Chief Financial Officer		
Annual Remuneration	470,395	908,260
Car Allowance	82,980	163,483
Telephone Allowance	14,923	29,400
Travel Claim	6,870	5,538
Subsistence Allowance	-	990
Bonus	77,229	77,229
Backpay	200,722	18,488

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Figures in Rand	2019	2018
32. Employee related costs (continued)		
	853,119	1,203,388
Director Regional Office		
Annual Remuneration	627,621	103,223
Car Allowance	168,000	28,000
Housing Allowance	43,936	7,323
Travel Claim	35,728	3,324
Telephone Allowance	29,400	4,900
Remote Allowance	35,391	5,898
Bonus	47,311	-
	987,387	152,668

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Figures in Rand	2019	2018
32. Employee related costs (continued)		
Remuneration of Corporate and Human Resources (Corporate Services)		
Annual Remuneration	814,861	666,525
Housing Allowance	108,000	91,451
Car Allowance	180,000	116,646
Leave Pay	-	178,249
Telephone Allowance	29,400	24,500
Travel Claim	6,231	15,907
Subsistence Allowance	384	854
Backpay	-	17,561
Remote Allowance	46,438	23,219
Bonus	-	66,125
Refund	5,000	-
	1,190,314	1,201,037
Remuneration of Community Services		
Annual Remuneration	592,568	680,262
Car Allowance	-	172,734
Travel Claim	-	59,142
Subsistence Allowance	-	1,006
Telephone Allowance	19,600	22,050
Remote Allowance	23,594	39,172
Backpay	-	16,300
Acting Allowance	-	125,460
Refund	-	1,390
Leave Pay	-	173,665
	635,762	1,291,181

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Figures in Rand	2019	2018
32. Employee related costs (continued)		
Remuneration of Director Technical Services		
Annual Remuneration	690,772	670,971
Backpay	-	16,431
Housing Allowance	72,000	75,333
Car Allowance	72,000	87,000
Remote Allowance	70,782	-
Bonus	56,838	-
Travel Claim	7,625	7,225
Telephone	56,350	-
	1,026,367	856,960
Remuneration of Director Economic and Planning		
Annual Remuneration	551,919	283,368
Bonus	-	55,692
Car Allowance	233,381	41,667
Backpay	-	19,630
Telephone Allowance	29,400	12,250
Travel Claim	7,235	1,021
Housing Allowance	60,000	-
Leave Pay	-	152,295
Remote Allowance	-	13,979
Subsistence Allowance	-	976
Remote Allowance	35,391	-
	917,326	580,878

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Figures in Rand	2019	2018
32. Employee related costs (continued)		
Remuneration of Chief Operating Officer		
Reallocation Allowance	-	101,525
Remuneration of Director Development and Planning		
Annual Remuneration	808,467	137,153
Car Allowance	70,000	22,528
Telephone Allowance	29,400	4,900
Housing Allowance	8,400	6,469
Travel Claim	14,401	-
Remote Allowance	35,391	2,949
Leave Pay	-	104,355
Bonus	-	70,113
	966,059	348,467

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Figures in Rand	2019	2018
33. Remuneration of councillors		
Mayor	568,791	867,245
Chief Whip	529,019	660,611
Mayoral Committee Members	3,573,953	4,791,248
Speaker	517,147	701,930
Councillors	26,230,162	22,615,696
	31,419,072	29,636,730

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.

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Figures in Rand

2019

2018

33. Remuneration of councillors (continued)

Remuneration of Mayor

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Figures in Rand	2019	2018
33. Remuneration of councillors (continued)		
Car allowance	201,449	206,633
Cellphone allowance	40,800	40,800
Travel claim	18,439	-
Salary	604,348	619,811
Data Allowance	3,600	-
	868,636	867,244
Remuneration of Speaker		
Car allowance	82,641	165,282
Cellphone allowance	20,400	40,800
Travel claim	67,902	-
Salary	247,923	495,847
Data Allowance	1,800	-
	420,666	701,929
Remuneration of Chief Whip		
Car allowance	156,502	154,953
Cellphone allowance	40,800	40,800
Travel claim	34,074	-
Salary	469,507	464,858
Data Allowance	3,600	-
	704,483	660,611

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Figures in Rand	2019	2018
33. Remuneration of councillors (continued)		
Remuneration of Councillors		
Car allowance	5,592,963	3,719,217
Cellphone allowance	2,702,452	2,316,717
Acting allowance	-	13,796
Travel claim	3,336,898	2,607,144
Salary and allowances	16,778,889	15,882,574
Foreign Subsistence Allowance	34,736	-
Data Allowance	264,723	-
Backpay	197,370	-
	28,908,031	24,539,448
34. Depreciation and amortisation		
Property, plant and equipment	116,881,720	113,835,958
Intangible assets	39,646	289,348
	116,921,366	114,125,306
35. Impairment of assets		
36. Finance costs		
Finance leases	323	10,343
Current borrowings	901,022	994,187
Other interest paid	5,892	205,243
	907,237	1,209,773

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Figures in Rand	2019	2018
37. Debt impairment		
Contributions to debt impairment provision	64,202,797	46,969,966
Traffic debtors written off	2,638,757	2,436,291
Bad debts written off	5,159,270	14,476,399
	72,000,824	63,882,656
38. Contracted services		
Presented previously		
Cash Collection Costs	652,474	655,135
Specialist Services	20,000	4,481,030
Security and Other Contractors	82,624,887	80,185,514
Contractors		
Catering Services	226,893	2,742,629
Presented previously	83,297,361	85,321,679
Outsourced Services	-	-
Consultants and Professional Services	-	-
Contractors	226,893	2,742,629
	83,524,254	88,064,308
mSCOA breakdown of Contracted Services:		
	2019	2018
CONTRACTED SERVICES	R	R
Consultants and Professional Services	41,401,464	38,985,194
Contractors	3,554,761	13,052,698
Outsourced Services	38,568,029	36,026,416
TOTAL	83,524,254	88,064,308
CONSULTANTS AND PROFESSIONAL SERVICES		
Business Advisory Services		

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Figures in Rand	2019	2018
38. Contracted services (continued)		
Accountants and Auditors	1,823,013	3,768,917
Board Member	401,431	761,380
Business and Financial Management	3,380,115	3,152,380
Commissions and Committees	41,973	29,353
Occupational Health and Safe	120,890	347,662
Town Planner	1,107,344	252,000
Total Business Advisory Services	6,874,764	8,311,693
Trading Services		
Electricity	2,767,931	3,472,781
Refuse Removal Services	15,606,861	15,157,495
Total Trading Services	18,374,792	18,630,276
Legal Services		
Legal Cost Advice & Litigation	16,151,907	12,043,225
CONTRACTORS		
General Services		
Electrical	1,003,962	819,144
Employee Wellness	42,783	208,860
Pest Control & Fumigation	134,416	225,252
Stage & Sound Crew	6,000	184,200
Total General Services	1,187,161	1,437,456
Maintanance Services		
Inspection Fees	3,695	8,211
Maintenance Of Buildings & Facilities	633,843	1,731,906
Maintenance Of Equipment	1,354,546	2,115,412
Maintenance Of Unspecified Assets	12,038	530,992
Traffic & Street Lights	363,478	7,228,721
Total Maintanance Services	2,367,600	11,615,241

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Figures in Rand	2019	2018
38. Contracted services (continued)		
OUTSOURCED SERVICES		
Business and Advisory Services		
Human Resources	9,450	20,905
Professional Staff	1,180,000	349,661
Project Management	1,689,878	1,007,971
Research & Advisory	232,000	549,532
Valuer	20,000	4,481,030
Total Business and Advisory Services	3,131,328	6,409,099
General Services		
cash collection	652,474	655,135
Catering Services	226,893	2,742,629
Cleaning Services	73,069	134,280
Clearing & Grass Cutting Services	32,928	1,724,259
Personnel & Labour	398,346	2,674,928
Total General Services	1,383,710	7,931,229
Trading Services		
Security Services	34,052,991	21,686,087

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Figures in Rand	2019	2018
39. General expenses		
Allowances traditional leaders	231,000	241,500
Advertisements	69,344	1,175,059
Auditors remuneration	8,836,587	7,214,276
Bank charges	307,899	474,405
Consulting and professional fees	614,165	1,627,448
Entertainment	291,919	1,326,066
Hire	393,773	2,191,659
Insurance	1,156,104	2,463,781
IT management	10,880,179	8,423,955
Promotions and sponsorships	2,459,769	1,653,558
Magazines, books and periodicals	3,930	427,245
Fuel and oil	1,852,039	3,654,514
Printing and stationery	991,627	2,381,254
Protective clothing	337,596	237,698
Repairs and maintenance	-	92,279,525
Royalties and licence fees	146,941	63,203
Subscriptions and membership fees	2,096,399	97,048
Telephone and fax	2,511,859	2,743,940
Training	233,947	1,614,346
Travel - local	4,005,412	12,389,441
Skills development program	52,252	932,025
Special programs	2,721,659	3,657,736
Ward committee	4,486,000	6,047,086
Implementation of FMG grant	-	1,923
Hawker's fees	604,022	-
Other expenses	6,734,968	11,403,252

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
39. General expenses (continued)		
Rent of equipment and offices	(7,947)	472,130
	52,011,443	165,194,073
40. Other financial assets		
Impairment of VBS Investments		
At the beginning of the year	-	72,347,736
Add: Capital invested during the year	-	160,000,000
Add: Interest earned during the year	-	10,909,262
Less: Provision impairment	-	(243,256,998)
	-	-
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.		
41. Fair value adjustments		
Investment property (Fair value model)	1,060,000	(4,690,000)
Other financial liabilities		
<input checked="" type="checkbox"/> Other financial assets (Held for trading)	-	-
<input checked="" type="checkbox"/> Fair value through profit or loss	-	-
	1,060,000	(4,690,000)
42. Auditors' remuneration		
Fees	8,836,587	6,374,398
Consulting	-	839,878
	8,836,587	7,214,276

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43. Cash generated from (used in) operations		
Surplus (deficit)	50,542,266	(277,258,973)
Adjustments for:		
Depreciation and amortisation	116,921,366	114,125,306
	-	-
Fair value adjustments-investment property	(1,060,000)	4,690,000
Loss on disposal of assets	557	205,856
Asset gains	-	(2,518,613)
Finance costs	(907,237)	(1,212,773)
Debt impairment / (Reversal of Impairment)	73,337,868	63,882,655
Movements in operating lease assets and accruals	(5,677,217)	(3,398,968)
Movements in retirement benefit assets and liabilities	1,037,807	2,606,809
Actuarial gains/losses	355,789	8,395,564
Changes in working capital:		
Inventories	440,223	481,186
Receivables from exchange transactions	(4,603,746)	(13,183)
Other receivables from Consumer debtors	(93,475,912)	(69,526,299)
Other receivables from non-exchange transactions	(38,877)	1,244,129
Payables from exchange transactions	(66,088,250)	35,831,681
VAT	30,925,802	7,008,909
Unspent conditional grants and receipts	62,439,357	(12,760,514)
	164,149,796	(128,217,228)

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44. Commitments		
Authorised capital expenditure not completed		
Already contracted for but not provided for		
☑ Capital Expenditure	84,239,302	81,531,240
<hr/>		
Total capital commitments		
Already contracted for but not provided for	84,239,302	81,531,240
<hr/>		
Authorised operational expenditure		
Already contracted for but not provided for		
☑ Operational Expenditure	94,214,969	48,229,943
<hr/>		
Total operational commitments		
Already contracted for but not provided for	94,214,969	48,229,943
<hr/>		
This committed expenditure relates to plant and equipment and will be financed existing cash resources and grants.		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	25,274,327	25,403,069
- in second to fifth year inclusive	-	25,274,327
	25,274,327	50,677,396

Fetakgomo Tubatse 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 R1 650 563 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.

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45. Contingent Assets and Liabilities

Litigation is in the process against the municipality relating to a dispute with a competitor who alleges that the municipality has infringed patents and is seeking damages of -. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely, and the case should be resolved within the next two years.

Contingent assets

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:

Description	2019	2018
1. Mopicon Construction 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 R3,000,000.	3,000,000	2,571,001
2. Matladi Family Trust vs GTM and Developers. The Matladi Family Trust has interdicted development on the Leeuwvallei farm, which is mainly the CBD of Burgersfort Town. The implication is that all development projects in town will come to a halt. The possible financial exposure is R540,000.	540,000	-
3. Edward Baleni Property Consultants vs FLM. A dispute by Edward Baleni 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 any liability and has lodged a counterclaim for an amount paid for services not rendered. The financial exposure is R2,591,350.	2,591,350	2,591,350
4. Bernard Nchabeleng vs FLM. Mathibe Bernard Nchabeleng is claiming 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
5. FM Maluleka Inc vs FRM. The municipality's legal representative is claiming 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	878,494
6. Thwala vs. FTLM & Mokwatedi Tlou. The plaintiff has lodged a claim against the municipality due to an accident caused by the employee while in the line of duty. Thwala alleges that the employee was negligent. The possible financial exposure is R73,000.	73,000	-

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Figures in Rand	2019	2018
45. Contingent Assets and Liabilities (continued)		
7. CN Rabada vs FTLM. Former employee CN Rabada challenged the municipality's decision to dismiss her. The employee was awarded reinstatement and back pay of R1 482 652.84. The municipality has since appealed the decision. The possible financial exposure is R1 482 652.84.	1,482,653	-
8. Harlequinne Duck Properties vs. FTLM. The Plaintiff is suing the Municipality for delictual damages allegedly suffered as result of Municipal failure to comply with the agreement to exchange properties entered into around 2009 for the amount of R 29 000.000.00. The matter is at the exception stage of pleadings. The financial exposure is R29,000,000.	29,000,000	-
9. Loncon Developments (Pty) Ltd vs GTM. Loncon is suing the Municipality for failing to protect a land which was reserved for RDP Houses construction. The 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 000 000.	89,000,000	89,000,000
10. 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 was to follow later. When the budget allocation did not materialize, Thushanang Construction sued the municipality for incurring extra costs without reimbursement. The possible financial exposure is R614 919. The case was settled out of court by the municipality during the 2018/19 financial year.	-	615,000
11. Munsoft (Pty) Ltd vs GTM. The Greater Sekhukhune District Municipality appointed Munsoft (Pty) Ltd to assist local municipalities under its jurisdiction to compile annual financial statements. Munsoft alleges that it was asked to provide additional services by Greater Tubatse Municipality costing R3,000,000 which were not part of its mandate by the district municipality. The possible financial exposure is R3,000,000	3,000,000	-
12. Elizabeth J.A Joubert, Roelf Joubert vs GTM. The Joubert family members applied to have residents of Dresden evicted from their farm. The financial exposure is currently not possible to ascertain.	-	-
13. 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 exposure is R95,000,000.	95,000,000	95,000,000
14. Bawelile Consulting v GTM. Bawelile Consulted has applied to interdict the municipality from implementing the electrification programme in rural villages. The court has been asked to review the appointment of Volt Consulting Engineers using designs by Bawelile Consulting. The possible financial exposure is impossible to ascertain at this stage.	-	-

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45. Contingent Assets and Liabilities (continued)		
15. GTM vs Mosoma ON. 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.	950,000	1,319,798
16. GTM v N.A Koko. Noko NA brought a review application in the labour court against the municipality. The review was dismissed and the respondent has since appealed the decision.	955,621	-
17. Sebesho Caiphus vs FTLM. The former mayoral driver is suing the municipality for unfair dismissal. The possible financial exposure is R754 706.	754,706	754,706
18. E.H Hassim vs FTLM. EH Hassim obtained a default judgment against the municipality due to an unsigned cession agreement made with main contractor. The municipality has settled the case during the 2018/19 financial year.	-	1,034,619
20. Mams Architecture v FTLM. The construction company breached its contract with the municipality by failing to rectify defects on the civic hall. As a result the municipality withheld a retention payment. The possible financial exposure is R157 604.	157,604	157,604
22. MS Mtomboti vs FTLM. MS Mtomboti was dismissed by the municipality for failing to disclose his criminal record when he was hired. He appealed his dismissal at the Labour Court and the municipality is opposing his appeal. The possible financial exposure could not be determined.	-	-
23. Mogodi RR & others vs FTLM. The employees are challenging the municipality for unfair labour practices as a result of placement of former GTM employees. The arbitration is on favour of the employees and the employer is bound to comply with the award. The possible financial exposure could not be determined.	-	-
24. Thamaga & others vs FTLM. Salary disparities affecting former Fetakgomo employees. The matter was referred to lawyers of the complainants to enforce, the Municipality appointed a law firm to defend the matter. The possible financial exposure could not be determined.	-	-
25. EPWP Contractors vs FTLM. Former employees whose contracts were not renewed by the municipality initiated arbitration processes against the municipality, arguing that their contracts should have been renewed. The commissioner ruled in their favour however the municipality is appealing the ruling. The possible financial exposure cannot be determined.	-	-
26. GTM vs Marathi Inc. The main contractor appointed by GTM failed to pay their subcontractor and the subcontractor obtained judgement against GTM. The financial exposure is 614,214.	-	614,214
	227,973,428	195,126,786

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46. Related parties		
Relationships		
Accounting Officer		Refer to Accounting Officer's report note
Councillors		Refer to note 32
Directors		Refer to note 31
<p>The Directors and Councillors are related parties and their transactions are included in note 31 and 32. 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.</p> <p>Councillors and Directors are related parties and their transactions are included in the notes to the financial statements.</p>		
Compensation to accounting officer and other key management		
Defined contribution plans	62,664	92,697

47. Prior period errors

1. The 2018 inventory balance was not updated to reflect the results of the 2018 financial year end stock count, resulting in overstatement of inventory by R534,537 and surplus for the year by the same amount.

2. 2018 supplier invoices amounting to R1 253 775 were not accrued for in the 2017-18 financial year, and the post-year end payments to the suppliers were incorrectly processed against the accumulated surplus vote. This resulted in payables being understated by R1 253 775, Input VAT by R162 884 and operating expenditure by R1 090 891 during the 2018 financial year.

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Figures in Rand	2019	2018
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47. Prior period errors (continued)

3. The municipality has written off land which it had no control of. Land was also transferred to investment property and 106 properties was transferred to inventory at the nominal value of R1. The net effect on the prior year land balance is a reduction of R88 909 660.

4. A correction amounting to R125 942 was processed to adjust the amount of finance lease assets.

5. A Hino Horse and a trailer with a total amount of R1 767 046 were previously not recorded in the prior financial year were capitalised. Graders and a TLB with a total amount of R2 343 262 were written off. The net effect of the adjustments to Plant and equipment is R46 737.

6. Buildings donated by the Sekhukhune District Municipality amounting to R2 343 262 were previously not recorded in the fixed assets register. An adjustment of R2 343 262 was processed to record the buildings.

7. The DBSA loan balance and 2017 interest on loans were overstated by R62 441 as at 30 June 2019.

8. The EPWP unspent conditional grant liability balance from 2016 was set off against the 2017 equitable share but was not reversed in the financial records. The EPWP unspent conditional grant liability balance and accumulated surplus was therefore overstated by R46 037.

9. Properties amounting to R35 880 000 were incorrectly included in both the land and investment property registers in 2018. Furthermore, these properties do not meet the recognition criteria of investment property, thus investment property and accumulated surplus were overstated by R35 880 000.

10. 177 properties earmarked for residential development in an invaded area in Mucklenburg amounting to R6 170 000 were incorrectly included in the investment property register in 2018, therefore investment property was overstated by R6 170 000, accumulated surplus overstated by R6 169 823 and inventory understated by R177.

11. Previously derecognised investment property amounting to R15 300 000 per the 2017 investment property register were reinstated from accumulated surplus.

12. Previously unrecorded investment properties were fair valued as at 30 June 2018 resulting in a downward fair value adjustment of R4 690 000.

13. Unexplained adjustments amounting to R853 511 were processed against investment property in 2018 resulting in understatement of investment property and accumulated surplus by R853 511.

14. A 2018 supplier invoice amounting to R28 612 was not accrued for in the 2017-18 financial year. This resulted in payables being understated by R28 612, and operating expenditure by R28 612 during the 2018 financial year.

15. Long outstanding suspense balances amounting to R982 690 were written against accumulated surplus off with council resolution as investigations conducted could not establish how the balances arose.

16. Praktiseer Testing Centre and municipal staff house amounting to R898 060 were previously not recorded in the fixed asset register. An adjustment of R837 031 was processed to record the buildings.

17. Burgersfort ERF89, Park facilities with the carrying amount of R262 828.86 was previously not recorded in the Community Assets register. An adjustment of R262 828.86 was processed to record the park.

18. Furniture and office equipment disposed through an auction during 2017-18 financial year was not recorded in the asset register. A total of R17 040 was processed to record the disposal.

19. An adjustment of R1 022 623 was processed to recognize the understatement of Apel Culverts transferred from WIP in the prior years.

20. Land amounting to R406 000 was duplicated in the ledger. An adjustment of R406 000 was recorded in the ledger.

21. An adjustment for overstatement of the old landfill was incorrectly processed as R2 760 054 instead of R1 380 027, resulting in PPE (Land) and accumulated surplus being understated by R1 380 027.

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47. Prior period errors (continued)

22. A Hino Horse was erroneously recorded in the asset register with the value of R42 000. The carrying amount of R34 210 was written off from the register and the correct amount was recorded under Plant and Machinery.

23. Net amount of R8 291 726 was incorrectly recorded in the Investment Property account instead of accumulated posting to accumulated surplus (-R13 412 509) and work in progress (R5 120 782). The correction in work in progress was subsequently made against the accumulated surplus in the prior year. This resulted in the amount recorded in investment property and accumulated surplus misstated by R8 291 726. A correcting journal was recorded as a prior year adjustment.

24. Dirt roads with the carrying amount of R13 303 724 were written off as they do not meet the definition of roads as per the asset infrastructure asset management guidelines.

25. Retention for Radingwana Sports Complex, Bathonohle Investments cert 3(R21 851.01) and Oghstad Sports Complex, Mapidadi (R6 410.09) were not recorded in the prior year retention ledger, resulting in understatement of Retention liability by R28,261.10 and overstatement of accumulated surplus by R28,261.10.

26. 2018 pension liability of R51 974 was not recorded in the correct financial year, resulting in understatement of payables and employee related costs by R51 974.

27. Two investment properties in Burgersfort Extension 5 with a fair value of R3 650 000 were previously recorded as land, resulting in overstatement of land by R3 650 000 and understatement of Investment property by the same amount

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

(982,689.70)

Statement of financial position		
Inventory	-	(534,254)
Payables from Exchange Transactions	-	(2,345,312)
Input VAT	-	162,884
Property, Plant and Equipment	-	(96,745,858)
Environmental rehabilitation provision	-	2,264,467
Other Financial Liabilities (DBSA loans)	-	62,441
Unspent Conditional Grants (EPWP)	-	46,037
Investment properties	-	(35,228,215)
Accumulated surplus	-	128,341,692

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Figures in Rand 2019 2018

47. Prior period errors (continued)

Statement of financial performance

Inventory writedown/losses	-	537,534
General expenses	-	1,119,503
Finance costs	-	(62,441)
Fair value losses	-	(4,690,000)
Other income	-	(2,518,613)
Employee related costs	-	51,974
Depreciation and amortisation	-	132,021

48. Prior-year adjustments

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

Statement of financial position

2018

	Note	As previously Reported error	Correction of error	Restated
Inventories	10	1,347,298	(534,265)	813,033
Payables from Exchange Transactions		(144,855,842)	(2,345,312)	(147,201,154)
VAT Receivable		39,823,212	162,884	39,986,096
Investment Property		49,488,215	(35,228,215)	14,260,000
Property, Plant and Equipment		2,330,588,364	(96,745,354)	2,233,843,010
Environmental rehabilitation provision		(18,247,059)	2,264,467	(15,982,592)
Other financial liabilities		(12,857,403)	62,441	(12,794,962)
Unspent Conditional Grants		(80,046,035)	46,035	(80,000,000)
Accumulated Surplus		(2,454,305,390)	128,341,692	(2,325,963,698)
		(289,064,640)	(3,975,627)	(293,040,267)

Statement of financial performance

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Figures in Rand	2019	2018		
48. Prior-year adjustments (continued)				
2018				
	Note	As previously Reported error classification 165, 595, 16251, 974-	Correction of Re- Reported error classification	Restated
Employee related costs				165,647,136
Property rates		(129,495,292)	-	3,041,808
Inventory losses/write-downs			534,537	-
Finance costs		1,212,774	(62,441)	59,440
Remuneration of Councillors		31,842,800	-	(2,206,070)
Depreciation		114,125,307	132,021	-
Other Income		(3,531,349)	(2,518,613)	-
Fair value losses			4,690,000	-
Repairs and maintenance		96,847,088	-	(96,847,088)
Contracted services		50,758,060	-	37,306,249
General expenditure		105,428,907	1,119,503	58,285,962
Deficit for the year		432,783,457	3,946,981	(359,699)
				436,370,739

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48. Prior-year adjustments (continued)

Reclassifications

The following reclassification adjustments occurred:

Repairs and maintenance and General expenses

The 2018 Repairs and Maintenance amount of R96,847,088 was removed from the face of the Statement of Financial Performance and reclassified as part of General expenses and accordingly disclosed in Note 36 (General Expenses). This is an effect of mSCOA on GRAP disclosure, which no longer requires Repairs and Maintenance to be disclosed as a separate line item on the Statement of Financial Performance.

Cash and cash equivalents

A reclassification adjustment of R1,196,427 was processed from Other Cash and Cash Equivalents to Bank Balances to correct the misallocation of the amount between balances disclosed in the 2018 final audited annual financial statements.

Councillors' Remuneration and Travel Expenses

A reclassification adjustment of R2,206,070 was processed from Councillors' Remuneration to General Expenses (Travel - Local). This amount was incorrectly disclosed under Councillors' Remuneration in the 2018 final audited annual financial statements.

Finance Costs and Other Expenses

A reclassification adjustment of R59,440 for DBS loan interest was processed from General Expenses (Other Expenses) to Finance Costs. This amount was incorrectly disclosed under General Expenses in the 2018 final audited annual financial statements.

Rates received and Other Expenses

A reclassification adjustment of R3 041 808 for Property rates rebates was processed from General Expenses (Other Expenses) to be set off against Property Rates Revenue. This amount was incorrectly disclosed under General Expenses in the 2018 final audited AFS.

Contracted services and other expenses

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48. Prior-year adjustments (continued)

A reallocation adjustment of R37,306,248 was processed from General Expenses to Contracted Services to take into account the Treasury guidelines on mSCOA disclosure of contracted services.

Receivables from non-exchange transactions (Other receivables) and Payables from exchange transactions (Consumer debtors in credit)

A reallocation oadjustment of R432,555 was processed from Receivables from non-exchange transactions (Other receivables) to Payables from exchange transactions (Consumer debtors in credit) to correct mapping of the Consumer debtors in credit votes in the financial statements.

Payables from exchange transactions (Other Payables) and Payables from exchange transactions (Consumer debtors in credit)

A reallocation adjustment of R12,955 was processed from Payables from -exchange transactions (Other Payables) to Payables from exchange transactions (Consumer debtors in credit) to correct mapping of the Consumer debtors in credit votes in the financial statements.

49. Risk management

Financial risk management

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

Liquidity risk

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

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

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49. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality 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 assets exposed to credit risk at year end were as follows:

Financial instrument	2019	2018
Receivables from exchange transactions	1,592,390	1,350,214
Receivables from non-exchange transactions	6,532,603	493,478
Consumer debtors	85,080,224	64,626,858
Cash and cash equivalents	140,297,843	3,609,379

Market risk

Interest rate risk

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

50. Going concern

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the Accounting Officer continues to procure funding for the ongoing operations for the municipality. This was made possible due to the following:

1. A financial recovery plan, including cost containment measures, was implemented by seconded officials from Coghsta and Provincial Treasury which assisted in ameliorating the financial crisis arising from loss of significant investments to VBS.
2. Grants have been appropriated in the DORA in favour of the municipality, which will ensure operational sustainability of the municipality.

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51. Unauthorised expenditure		
Opening balance	300,893,769	3,221,843
Less amount written off by Council	(300,893,769)	-
Incurring current year	4,087,039	297,671,926
	4,087,039	300,893,769

Included in the 2019 unauthorised expenditure are non-cash items amounting to of R188 921 366 (depreciation and amortisation R116 921 366 and Debt impairment R73 337 868).

52. Fruitless and wasteful expenditure		
Opening balance	37,075,817	31,261,375
Incurring current year	5,345,448	1,787,436
Prior period error adjustment	-	4,027,006
Less: Amounts written off	(10,546,734)	-
	31,874,531	37,075,817

Included in the above amounts is rental payments of R5,345,448 (Prior years: R26,529,084) for the municipal building that were above the market-related amounts as the municipality was overcharged. The matter is under investigation.

Prior period error:

Balance previously reported	8 759 298
Adjustments	22 502 077
Balance restated as at 01 July 2017	31 261 375
Incurring in current year	1 787 436
Balance as at 01 July 2018	33 048 811
Adjustments	4 027 006
Balance restated as at 01 July 2018	37 075 817

53. Irregular expenditure		
Opening balance	193,694,565	114,103,302
Prior period error adjustment	-	2,286,161
Add: Irregular Expenditure - current year	146,691,663	77,305,102
Less: Amounts written off	(191,408,404)	-
	148,977,824	193,694,565

Analysis of expenditure awaiting condonation per age classification

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53. Irregular expenditure (continued)		
Details of irregular expenditure – current year		
	Disciplinary steps taken/criminal proceedings	
Rastawoman	Currently under investigation	392,000
SLM Engineering	Currently under investigation	1,532,572
Popopo & sons/ Preservation Trading JV	Currently under investigation	4,660,783
Bauba Marumo Waste	Currently under investigation	2,138,532
Ingwe Waste Management	Currently under investigation	5,098,457
Reliable Accountants	Currently under investigation	1,118,928
Mok Development	Currently under investigation	536,220
Mabotwane Security Services	Currently under investigation	7,229,943
Mashcorp	Currently under investigation	1,933,774
Loge Construction	Currently under investigation	43,434,377
Simunye Fleet Management	Currently under investigation	2,039,993
ET Tshipota Electrical Contractors	Currently under investigation	652,907
Mphemahlo Risk Services	Currently under investigation	4,294,152
Tubatse Security Services	Currently under investigation	2,956,681
Brown Dogs Security Services	Currently under investigation	9,260,692
Mabotwane Security Services	Currently under investigation	10,349,941
BCX	Currently under investigation	7,111,296
G4S	Currently under investigation	285,917
Afrika Youth Consortium	Currently under investigation	3,505,500
TT Properties	Currently under investigation	8,520,340
FBN Consulting	Currently under investigation	1,764,900
Engnet Consulting	Currently under investigation	1,489,158
Precious Affinity Holdings	Currently under investigation	793,436
KF Phetla Projects	Currently under investigation	1,748,133
I Phasha	Currently under investigation	606,885

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
53. Irregular expenditure (continued)		
Madadeni Projects	Currently under investigation	13,200
Boikgantsho Investments	Currently under investigation	10,000
Mokapa	Currently under investigation	2,000
Media 24	Currently under investigation	469,190
BCX	Currently under investigation	5,345,708
Vodac Ltd	Currently under investigation	1,614,899
Work Dynamics	Currently under investigation	29,149
Kimru IT Logix	Currently under investigation	12,794
Future Business Consulting	Currently under investigation	8,395
Mphela Mokwena Holdings	Currently under investigation	14,950
Matladi Thabang Projects	Currently under investigation	250,262
WJJ Projects	Currently under investigation	1,180
Khari Group	Currently under investigation	355,172
Malope a Mogoshi Trading and projects	Currently under investigation	24,490
Bauba Marumo Waste Management	Currently under investigation	1,012,105
Loge Construction	Currently under investigation	7,206,392
		146,691,663
Prior Period Error - Irregular expenditure		-
An adjustment was made for the following 2018 irregular expenditure was omitted in the 2018 audited AFS:		
Afrika Youth Consortium		442,240
Engnet Consulting		641,000
I Phasha		1,202,921
		2,286,161

Fetakgomo Tubatse Local Municipality

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Annual Financial Statements for the year ended June 30, 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
54. Additional disclosure in terms of Municipal Finance Management Act		
Audit fees		
Opening balance	6,416,084	7,509,462
Amount paid - current year	(2,644,502)	(7,509,462)
	3,771,582	-
VAT receivable		
Opening balance	-	46,995,006
Total claimed from SARS during the year	-	33,268,970
Total amount received during the year	-	(40,440,764)
	-	39,823,212
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.		
SALGA Fees		
Opening balance	2,011,579	2,011,814
Amount paid - current year	(2,011,579)	(2,011,814)
	-	-
PAYE and UIF		
Opening balance	28,860,610	11,089,603
Amount paid - current year	(28,860,610)	(11,089,603)
	-	-
Pension and Medical Aid Deductions		
Opening balance	30,341,776	26,161,143
Amount paid - current year	(30,341,776)	(26,161,143)
	-	-

Fetakgomo Tubatse Local Municipality

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Annual Financial Statements for the year ended June 30, 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
54. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Councillors' arrear consumer accounts		
The following Councillors had arrear accounts outstanding on June 30, 2019:		
June 30, 2019	Outstanding more than 90 days	Total
Councillor MP Makine	9,181	- 9,181
Councillor IT Makofane	31,205	- 31,205
	40,386	- 40,386

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipality Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident		
Emergency expenditures	103,341	2,561,334
Sole suppliers	627,835	51,816
Exceptional expenditures	150,573	647,574
	881,749	3,260,724

Fetakgomo Tubatse Local Municipality

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Annual Financial Statements for the year ended June 30, 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018	
55. Deviation from supply chain management regulations			
<p>Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.</p> <p>Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements.</p>			
Purpose	Appointed company	Reason	Amount
Fault finding and fixing all the distribution boxes at the municipal civic centre offices.	Segwata Trading and Projects (Pty) Ltd (3 quotations)	The procurement was urgent due to possible risk to life and infringement of property, natural environment or constitutional rights.	50,025
Repairs and maintenance of municipal motor grader (CHF 638 L)	Bell (1 quotation)	Maintenance warranty	29,897
Class stationary material	Mindmuzik Media Pty (Ltd) (1 Sole service provider quotation)		3,996
Printing and publication of building regulations as required by law.	Government Printing Works Sole service provider (1 quotation)		36,821
Supply and installation of new software and cameras	Workshop Electronics (1 quotation)	Sole service provider	29,095
Annual renewal of OrgPlus software renewal	KIMRU-IT (1 quote)	Sole service provider	6,397
Printing and publication of building regulations as required by law	Government Printing Works Sole service provider (1 quotation)		99,871
Repairs service and maintenance for motor grader (DMR 433 L)	Bell (1 quotation)	Sole service provider	61,689
Repairs and maintenance of municipal grader (CTK 048 L) including replacement after 2000 svc hours	CAT (1 quotation)	Sole service provider	93,958
Service of municipal Bell TLB (DTN 344 L)	Bell (1 quotation)	Sole service provider	12,697
Service & calibration of B grade vehicle testing equipment (Mabopo vehicle testing station)	Workshop Electronics (1 quotation)	Sole service provider	21,459
Replacement of Steelpoort Testing Station equipment s and calibration service	Workshop Electronics (1 quotation)	Sole manufacturer and supplier of Millitron devices already installed.	108,209
Study material for Maduwana T	Van Schaik Bookstore (1 quotation)	The full package of the books can only be found at Van Schaik bookstore.	3,991

Fetakgomo Tubatse Local Municipality

(Registration number Lim 476)

Annual Financial Statements for the year ended June 30, 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018	
55. Deviation from supply chain management regulations (continued)			
Matladi Thabang Project (1 The service was urgent since the		53,316	
Repairs of Bell Motor grader (DMR 436 L) quotation)service provider discovered			
additional problems with the			
grader while performing other			
repairs			
Truvelo Manufacturer (1Sole provider		14,355	
Calibration of three ProLaser speed			
machines			
quote)			
Caseware license	Caseware Africa	Sole service provider	68,232
Service fee for mSCOA votes on Payday	Payday Software (1	Sole service provider	37,168
software	quotation)		
			731,176

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June
2010

	Current year	Current year	Variance	Explanation of Significant Variances greater than 10% versus Budget
	2018	2018		
	Act. Bal.	Adjusted		
	Rand	budget	Rand	Var
	Rand	Rand		
Revenue				
Sale of goods	-	-	-	(Explanations to be recorded)
Sale of goods in agricultural activities	-	-	-	-
Rendering of services	-	-	-	-
Rendering of services in agricultural activities	-	-	-	-
Property rates	-	-	-	-
Service charges	21,525,370	-	21,525,370	-
	-	-	-	-
	-	-	-	-
Sales of housing	-	-	-	-
Construction contracts	-	-	-	-
Royalty income	-	-	-	-
Rental of facilities and equipment	322,432	-	322,432	-
Interest received (trading)	5,389,225	-	5,389,225	-
Dividends received (trading)	-	-	-	-
Agency services	-	-	-	-
	-	-	-	-
	-	-	-	-
Licences and permits	7,321,229	-	7,321,229	-
	-	-	-	-
Municipal Revenue UD1	-	-	-	-
Municipal Revenue UD2	-	-	-	-
	-	-	-	-
	-	-	-	-
Miscellaneous other revenue				
Administration and management fees received	-	-	-	-
Fees earned	620,322	-	620,322	-
Commissions received	-	-	-	-
Royalties received	-	-	-	-
Rental income	28,635	-	28,635	-
Discount received	-	-	-	-
Recoveries	-	-	-	-
Other income 1	-	-	-	-
Other income 2	-	-	-	-
Financial instruments - Fee income	-	-	-	-
Other income - (rollup)				
Other farming income 1	7,734,099	-	7,734,099	-
Other farming income 2	-	-	-	-
Other farming income 3	-	-	-	-
Other farming income 4	-	-	-	-
Other farming income	-	-	-	-
Other income 3	-	-	-	-
Interest received - investment	2,216,184	-	2,216,184	-
Interest received - other	-	-	-	-
Dividends received	-	-	-	-

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June
2010

	Current year		Variance	Explanation of Significant Variances greater than 10% versus Budget
	2018	Current year Adjusted budget		
Expenses				
Personnel(171,138,685)	-	(171,138,685)	-	
Manufacturing --	-	-	-	
Employee costs				
Remuneration of(31,419,071) councillors	-	(31,419,071)	-	
Administration-	-	-	-	
Transfer payments-	-	-	-	
Depreciation(364,982)	-	(364,982)	-	
Impairment(116,516,737)	-	(116,516,737)	-	
Amortisation(39,646)	-	(39,646)	-	
Impairments-	-	-	-	
Reversal of impairments-	-	-	-	
Finance costs(907,237)	-	(907,237)	-	
Debt Impairment(73,337,868)	-	(73,337,868)	-	
Collection costs-	-	-	-	
Repairs and maintenance-	-	-	-	
- Manufacturing expenses	-	-	-	
Repairs and maintenance-	-	-	-	
- General	-	-	-	
Repairs and maintenance-	-	-	-	
- General	-	-	-	
Bulk purchases-	-	-	-	
Contracted Services(83,524,254)	-	-	-	
Transfers and Subsidies(7,347,511)	-	(83,524,254)	-	
Cost of housing sold-	-	(7,347,511)	-	
General Expenses(70,918,264)	-	-	-	
Other (taken out of- General expenses)	-	(70,918,264)	-	
Other (taken out of- General expenses)	-	-	-	
Other (taken out of- General expenses)	-	-	-	
Other (taken out of- General expenses)	-	-	-	
Other (taken out of- General expenses)	-	-	-	
Other (taken out of- General expenses)	-	-	-	
	(555,514,255)	-	(555,514,255)	-
Other revenue and costs				
Gain or loss on disposal of assets and liabilities	-	-	-	-
Gain or loss on exchange differences	-	-	-	-
Fair value adjustments	1,060,000	-	1,060,000	-
Gains or losses on biological assets and agricultural produce	-	-	-	-
Income from equity accounted investments	-	-	-	-
Gain or loss on disposal of non-current assets held for sale or disposal	(557)	-	(557)	-

groups

Fetakgomo Tubatse Local Municipality

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June
2010

	Current year		Variance	Explanation of Significant Variances greater than 10% versus Budget
	2018	Current year Adjusted budget		
Taxation	-	-	-	-
Discontinued operations	-	-	-	-
	1,059,443	-	1,059,443	-
Net surplus/ (deficit) for the year	(509,297,316)	-	(509,297,316)	-

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 2017/2018 financial statement

In 2017/18 financial year the municipality obtain Qualified audit Opinion from Auditor General of South Africa

COMPONENT B: 2018/19 AUDITOR GENERAL OPINION

6.3. 2018/19 AUDITOR GENERAL OPINION

Report of the auditor-general to the Limpopo provincial legislature and Council Fetakgomo Tubatse Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Fetakgomo Tubatse Local Municipality set out on pages ... to ..., which comprise statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, 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 2019, and its financial performance and cash flows for the year then ended in

accordance with South African standard of Generally Recognised Accounting Practice (SA Standard of GRAP) and the requirements of the Municipal Finance Management Act of South Africa (Act No. 56 of 2003) (MFMA) and Division Of Revenue Act of South Africa (Act No.1 of 2018) (DORA)

Basis for qualified opinion

Property, plant and equipment

3. The municipality did not recognise all land which meets the definition of property, plant and equipment in accordance with GRAP 17, *property, plant and equipment*, as the municipality did not maintain adequate records of land owned. I was unable to determine the full extent of the understatement of property, plant and equipment as it was impracticable to do so.

Consumers debtors from non-exchange transactions

4. GRAP 104, *Financial Instruments* requires the municipality to first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and then collectively for financial assets that are not individually significant. Impairment provisions calculated by the municipality were understated by R50 580 360 as business debtors that are not able to settle the outstanding amount were not subjected to impairment in accordance with GRAP 104. Consequently, consumer debtors from non-exchange transaction are overstated by R50 580 360 and impairment provision is understated by the same amount

Consumer debtors from exchange transactions

5. GRAP 104, *Financial Instruments* requires the municipality to first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and then collectively for financial assets that are not individually significant. Impairment provisions calculated by the municipality were understated by R9 123 276 as business debtors that are not able to settle the outstanding amount were not subjected to impairment in accordance with GRAP 104. Consequently, consumer debtors from exchange transaction are overstated by R9 123 276 and impairment provision is understated by the same amount

Revenue from non-exchange transactions

6. The municipality did not recognise all revenue in accordance with GRAP 23, *Revenue from non-exchange transactions*. Not all properties within the municipal jurisdiction were billed property rates. Consequently, revenue from non-exchange transactions was understated by R40 399 290 and consumer debtors from non-exchange transactions was understated by the same amount.
7. I identified a difference of R8 949 035 between the revenue from non-exchange transactions as per the statement of financial performance and the underlying accounting records. The effect on the financial statements was that revenue from non-exchange transactions were understated by R8 949 035 and accumulated surplus was overstated by the same amount

Expenditure

8. I was unable to obtain sufficient appropriate audit evidence that management properly accounted for expenditure incurred due to the status of the accounting records and non-submission of information to support expenditure that was processed through debit orders and journals. I was unable to confirm expenditure incurred by alternative means. Consequently, I was unable to determine whether any adjustments to contracted services expenditure amount stated at R83 524 254 and general expenses amount stated at R52 011 443 were necessary.
9. The municipality did not have adequate systems in place to maintain records of expenditure incurred. I identified expenditure amounting to R5 821 712 relating to previous financial year that was recorded in the accounting records as current year expenditure. Consequently, expenditure was overstated by R5 821 712 and accumulated surplus was understated by the same amount

Irregular expenditure

10. The municipality did not include particulars of irregular expenditure in the notes 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 (SCM) requirements, which resulted in irregular expenditure of R146 691 633. 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 of 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 R148 977 824 (2018: R193 694 565) in the financial statements.

Commitments

11. I identified a number of contracts which were still effective as at 30 June 2019 that were not disclosed as commitments in the financial statements, additionally the amounts for commitments for other contracts were incorrectly calculated. 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 R178 454 271 (2018: R129 761 183) as it was impracticable to do so.

Contingent liabilities

12. The municipality did not have adequate systems in place to maintain records of claims against the municipality. I identified a difference of R147 307 681 between the amount confirmed and the amount disclosed in note 45 to the financial statements for contingent liabilities. Consequently, the contingent liabilities balance was understated by R147 307 681

Contingent assets

13. The municipality did not have adequate systems in place to maintain records of claims by the municipality. I identified a difference of R254 139 016 between the amount

confirmed and the amount disclosed in note 45 to the financial statements for contingent assets. Consequently, the contingent assets balance was understated by R254 139 016

Context for the opinion

14. 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.
15. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as 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 codes.
16. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

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

Restatement of corresponding figures

18. As disclosed in note 52 and 53 to the financial statements, the corresponding figures for 30 June 2018 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2019

Underspending of the conditional grants

19. As disclosed in note 18 to the financial statements, the municipality underspent conditional grants by R142 439 357

Fruitless expenditure

20. As disclosed in note 52 to the financial statements, the municipality incurred fruitless and wasteful expenditure amounting to R5 345 448 in the 2018-19 financial year and R26 529 084 relating to previous years identified in the current year due to overpayments of rental amounts on leased property.

Unauthorised expenditure

21. As disclosed in note 51 to the financial statements, the Municipality incurred unauthorised expenditure amounting to R4 087 039 due to exceeding of the approved budget.

Other matters

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

Unaudited disclosure notes

23. 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.

Unaudited supplementary schedules

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

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 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 2018-19:

development priorities	Pages in the annual performance report
KPA 3: Basic Service Delivery and Infrastructure Development	93 – 158
KPA 4: Local Economic Development	159 – 182

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 3 – Basic Service Delivery and Infrastructure Development

Reported achievement not supported by sufficient and appropriate audit evidence

34. 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.

Performance indicator	Planned performance target	Reported performance achievement
Turnaround time in fixing potholes from the identified date	15 working days	Potholes fixed within 9 days
Turnaround time in fixing traffic lights from the date observed	5 days turnaround time in fixing traffic lights from the date observed	Target not achieved
Turn around in fixing street lights and high mast light from the date reported	15 days turn around in fixing street lights and high mast light from the date reported	Target not achieved
% progress in Construction of the Nkoana Community hall internal street	100% Completion	Target Achieved Project is at 100% completion
% progress in Construction of the Nchabeleng Community hall internal street	100% Completion	Target Achieved Project is at 100% completion

35. In addition, sufficient appropriate audit evidence could not be provided for the reported achievement of the indicators and targets listed above. This was due to the municipality not keeping a register for routine maintenance. We were 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.

Various Indicators

Reported achievement did not agree with supporting evidence

36. The achievement for various targets reported in the annual performance report did not agree with the supporting evidence provided for audit, as per table below:

Indicator description	Planned performance target	Reported achievement	Supporting Evidence
%Progress in the construction of Mapodile Sports Complex Phase 2	100%	60%	31%
Number of houses receiving FBE	8000	5226	7202
%Progress in the construction of Praktiseer Licencing Office'	100%	85%	75%
%Construction in Strydskraal community internal street	100%	84%	65%
Number of FBE campaigns held	4	4	3

Number of high mast lights installed

Indicator not well-defined

37. The planned target for this indicator was not specific in clearly identifying the nature and required level of performance and was not measurable.

Performance indicator	Planned performance target
Number of high mast lights installed	10 high mast lights energized

Development priority 04 – Local Economic Development

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

Other matters:

39. I draw attention to the matters below.

Achievement of planned targets

40. Refer to the annual performance report on pages x to x to... for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph(s) x to x of this report.

Adjustment of material misstatements

41. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 04: Local Economic Development of programme. As management subsequently

corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

42. 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.

Financial statements, performance and annual reports

43. 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 identified by the auditors in the submitted financial statements were not adequately corrected, which resulted in the financial statements receiving a qualified audit opinion.

Procurement and contract management

44. Contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act, (Act no.5 of 2000) and Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
45. 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.
46. Awards were made to providers whose directors / principal shareholders were in the service of other state institutions, in contravention of MFMA 112(j) and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).
47. 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). Similar non-compliance was also reported in the prior year.
48. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. This non-compliance was identified in the procurement process for the Tubatse high mast lights in rural villages.

Expenditure management

49. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

50. Payments were made from the municipality's bank account without the approval of the accounting officer, as required by section 11(1) of the MFMA.
51. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, as required by section 65(2)(b) of the MFMA.
52. 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 SCM requirements.
53. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R5 345 448, as disclosed in note 52 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by overpayments made on the lease of municipal offices.
54. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R6 331 266, as disclosed in note 51 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by exceeding the approved budget

Revenue management

55. An effective system of internal control for debtors / revenue was not in place, as required by section 64(2) of the MFMA.
56. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

Conditional grants

57. The Integrated 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 1 of 2018).

Other information

58. 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 and. 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 the auditor's report.
59. 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.

60. In connection with our audit, our 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 our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Internal control deficiencies

61. 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 a qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
62. There was no detailed review of the financial statements and the annual performance report, resulting in several misstatements not identified and corrected.
63. 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.
64. The municipality did not establish an IT governance framework that supports and enables the business, delivers value and improves performance.
65. The basic accounting principles of daily and monthly accounting and reconciling have not been implemented.
66. Supply chain management processes were inadequate resulting in irregular expenditure.
67. The municipality did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
68. 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.
69. 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.

Polokwane

30 November 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

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	84%	16%
2.	Phokane	Maudu Johannes	Full time	Mayor	ANC	56%	44%
3.	Shoba	Makgalema Vicent	Full time	Chief whip	ANC	72%	28%
4.	Maila	Edwin Eddie	Full time	Portfolio head Infrastructure Development and Technical Services	ANC	60%	40%
5.	Moeng	Queen Malekgale	Part time	Portfolio head Development Planning	ANC	52%	48%
6.	Pholwane	Maakgalake Beneilwe	Full time	Portfolio head Corporate services	ANC	88%	12%

No.	Surname	Full Names	Full time/Part time	Committee allocated	Ward and/or party representing	% council meetings attendance	% Apologies for non-attendance
7.	Mashego	Raisibe Maria	Part time	Portfolio head Community services	ANC	96%	4%
8.	Mamogale	Magatane Isaac	Full time	Portfolio head Budget and Treasury	ANC	100%	0%
9.	Hlatswayo	Buti Ephraim	Part time	Portfolio head Local Economic development and Tourism	Ward 06/ANC	48%	52%
10	Kgwedi	Joseph Lethabile	Part time	Deputy Portfolio head infrastructure development and Technical Services	DA	56%	44%
11.	Mogoane	Mogaleadi Kgothatso	Part time	Deputy Portfolio head Corporate services	EFF	28%	72%
12.	Makola	Joseph Verwoerd	Part time	Deputy Portfolio head Budget and	EFF	60%	40%

No.	Surname	Full Names	Full time/Part time	Committee allocated	Ward and/or party representing	% council meetings attendance	% Apologies for non-attendance
				Treasury and District representative			
13.	Mnisi	Fonda Gerry	Part time	MPAC, District representative	EFF	64%	36%
14.	Mabelane	Motsebeng Morussia	Part time	MPAC, ward councillor and district representative	Ward 01 /ANC	92%	8%
15.	Makine	Molelekwa Patrick	Part time	Rules, Ethics, Petition & public participation	Ward 02/ ANC	88%	12%
16.	Radingwana	Maroale Release	Part time	LED&T and District representative	Ward 03/ANC	88%	12%
17.	Mamogale	Malebotse Frans	Part time	Corporate Services and Name change committee and District representative	Ward 04/ANC	96%	4%

No.	Surname	Full Names	Full time/Part time	Committee allocated	Ward and/or party representing	% council meetings attendance	% Apologies for non-attendance
18.	Maupa	Thabang Thomas (Deceased)	Part time	LED&T	Ward 05/ANC	52%	48%
	Lewele	Motlabaile Bennet	Part time	LED&T	Ward 05/ANC	20%	The councillor Joint Council after death of Councillor MaupaT.T
19.	Riba	Mashego Rebotile	Part time	Community Services	Ward 07/ANC	80%	20%
20.	Mohubedu	Putaneng Simon	Part time	Rules, Ethics, Petition & public participation	Ward 08/ANC	76%	24%
21.	Malakane	Oshaletjeng Angelina	Part time	Community Services	Ward 09/ANC	80%	20%
22.	Mahlaba	Lucy Marema	Part time	Rules, Ethics, Petition & public participation	Ward 10/ANC	96%	4%

No.	Surname	Full Names	Full time/Part time	Committee allocated	Ward and/or party representing	% council meetings attendance	% Apologies for non-attendance
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	96%	4%
25.	Moshwana	Xikhwane Emily	Part time	LED&T	Ward 13/ANC	84%	16%
26.	Makofane	Ntsabolane Nelly	Part time	Development Planning	Ward 14/ANC	100%	0%
27.	Kgaphola	Mpho Andries	Part time	Corporate services and District representative	Ward 15/ANC	60%	40%
28.	Khoza	Maria Rinkie	Part time	Development Planning	Ward 16/ANC	88%	12%
29.	Mphethi	Maria Mahwiti	Part time	Development planning	Ward 17/ANC	96%	4%
30.	Ngwatla	Themba Jackson	Part time	Development planning	Ward 18/ANC	84%	16%
31.	Malomane	Kapudi Hamilton	Part time	Community Services	Ward 19 /ANC	96%	4%

No.	Surname	Full Names	Full time/Part time	Committee allocated	Ward and/or party representing	% council meetings attendance	% Apologies for non-attendance
32.	Lekwadi	Manyala Irene	Part time	Rules, Ethics, Petition & public participation	Ward 20 /ANC	92%	8%
33.	Mokgotho	Lisbeth Letlabolo	Part time	Technical services and District representative	Ward 21 /ANC	92%	8%
34.	Malatji	Mpho Lydia	Part time	Corporate services	Ward 22 /ANC	80%	20%
35.	Maphakge	Ranchiyeng Agnes	Part time	Budget & Treasury	Ward 23 /ANC	100%	0%
36.	Mnisi	Hluphi Dindi	Part time	Community Services	Ward 24 /ANC	92%	8%
37.	Mosoma	Senwabjala Elijah	Part time	Budget and Treasury	Ward 25 /ANC	80%	20%
38.	Molapo	Ntopi Trainer	Part time	Community Services	Ward 26 /ANC	80%	20%
39.	Makua	Lesotja Caiphus	Part time	Community Services	Ward 27 /ANC	80%	20%
40.	Rantho	Lekgemane Jim	Part time	Corporate Services	Ward 28/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
41.	Mariri	Mogudishetso Lenky	Part time	Development planning	Ward 29/ANC	92%	8%
42.	Thobejane	Motubatse Lot	Part time	Budget & Treasury	Ward 30/ANC	84%	16%
43.	Mohlala	Suzan Gaki	Part time	Budget and Treasury	Ward 31/ANC	96%	4%
44.	Maisela	Ramatsimele Philystus	Part time	Technical Services and District representative	Ward 32/ANC	52%	48%
45.	Selepe	Malope Elias	Part time	Technical Services	Ward 33/ANC	60%	40%
46.	Manale	Ramaabele Evlinah	Part time	LED&T and Name change committee	Ward 34/ANC	68%	32%
47.	Ratsoma	Meselane Justice	Part time	Technical Services	Ward 35/ANC	84%	16%
48.	Moifo	Khulong Hendrik	Part time	Budget and Treasury	Ward 36/ANC	64%	36%
49	Diphofa	Diphofe Klaas	Part time	Rules, Ethics, Petition & public participation	Ward 37/ANC	96%	4%

No.	Surname	Full Names	Full time/Part time	Committee allocated	Ward and/or party representing	% council meetings attendance	% Apologies for non-attendance
50.	Makua	Moloke John	Part time	MPAC and District representative	Ward 38/ANC	76%	24%
51.	Mashabela	Mphage Nelson	Part time	MPAC	Ward 39/ANC	44%	56%
52.	Mphethi	Ngwakwane Dorah	Part time	MPAC	ANC	92%	8%
53.	Phaladi	Raphahle Cathrine	Part time	MPAC and District representative	ANC	64%	36%
54.	Maphanga	Thato Promise	Part time	Budget and Treasury	ANC	92%	8%
55.	Gumede	Rose Thembisile	Part time	MPAC	ANC	100%	0%
56.	Maruga	Tlaishego Treggy	Part time	Corporate Services	ANC	68%	32%
57.	Mojalefa	Lerero Halindah	Part time	Development Planning	ANC	92%	8%
58.	Makhubedu	Ngwanyane Rhinah	Part time	LED & T	ANC	88%	12%
59.	Malapane	Sekatikele Surprise	Part time	Community Services and	EFF	56%	44%

No.	Surname	Full Names	Full time/Part time	Committee allocated	Ward and/or party representing	% council meetings attendance	% Apologies for non-attendance
				District representative			
60.	Moagi	Sophy Patricia	Part time	Community service	EFF	52%	48%
61.	Mamokgopa	Lethube Dolly	Part time	Technical Services and District representative	EFF	56%	44%
62.	Kgoete	Mokgotlane Judas	Part time	Technical Services	EFF	60%	40%
63.	Moropana	Tlapadi Alice	Part time	Corporate Services	EFF	64%	36%
64.	Madire	Nkehwane Delta	Part time	Development Planning	EFF	76%	24%
65.	Mogofe	Abigail	Part time	MPAC	EFF	48%	52%
66.	Thwala	Calvin Sipho	Part time	Development Planning	EFF	32%	68%
67.	Radingwane	Thembi Maatlale	Part time	LED&T	EFF	8%	92%

No.	Surname	Full Names	Full time/Part time	Committee allocated	Ward and/or party representing	% council meetings attendance	% Apologies for non-attendance
68.	Mphogo	Khutso Division	Part time	Rules, Ethics, Petition & public participation	EFF	64%	36%
69.	Kupa	Ramatsobane Breanda	Part time	Local Economic Development & Tourism	EFF	68%	22%
70.	Mokgalaka	Conny Ramabele	Part time	Budget and Treasury	EFF	56%	44%
71.	Makofane	Isaac Thabo	Part time	MPAC and District representative	DA	48%	52%
72.	Mashile	Mante Didi	Part time	Technical Services	DA	60%	40%
73.	Makgopa	Isaac Kapudi	Part time	Budget and Treasury	DA	84%	16%
74.	Mahlakwana	Makgoale Emma	Part time	Corporate Services	AZAPO	56%	44%
75.	Lentsoana	Setlogane Aaron	Part time	Rules, Ethics, Petition & public participation	COPE	720%	80%

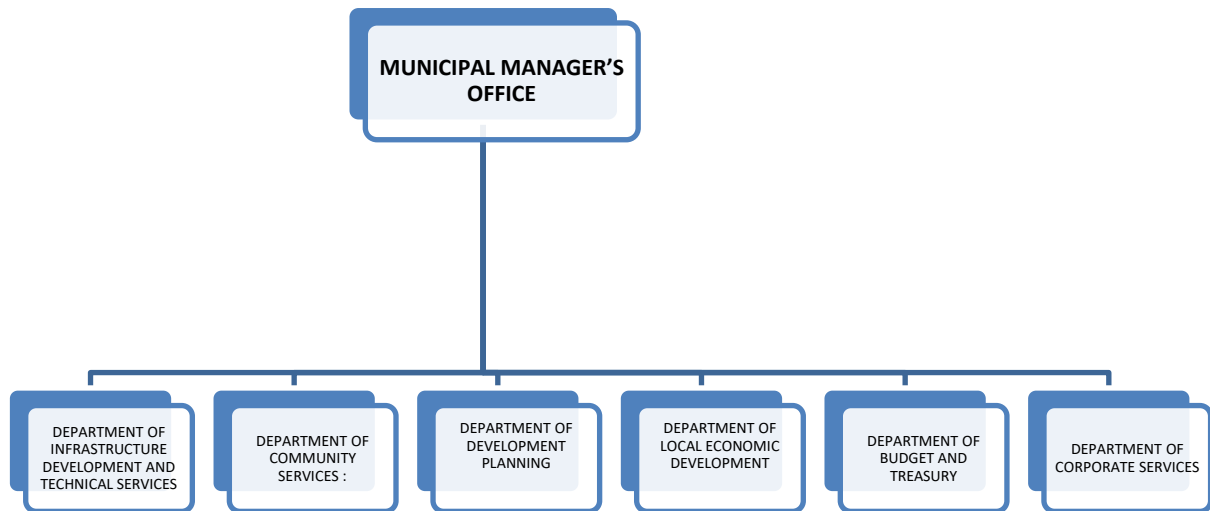
No.	Surname	Full Names	Full time/Part time	Committee allocated	Ward and/or party representing	% council meetings attendance	% Apologies for non-attendance
76.	Mohlala	Bonyana John	Part time	Local Economic Development & Tourism	PAC	48%	62%
77.	Molapo	Tjekane Itumeng	Part time	Technical service	SADA	88%	12%

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. Semenya 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: Powers and functions of the Municipality

Powers and functions of the Fetakgomo Tubatse Municipality are as listed below:

- 1.8.1.1. Municipal planning;
- 1.8.1.2. Building regulations;
- 1.8.1.3. Local tourism;
- 1.8.1.4. Trading regulations;
- 1.8.1.5. Street trading;
- 1.8.1.6. Control of undertakings that sell liquor to the public;
- 1.8.1.7. Street lights;
- 1.8.1.8. Municipal roads;
- 1.8.1.9. Traffic and parking;
- 1.8.1.10. Municipal public transport;
- 1.8.1.11. Billboards and the display of advertisements in public places;
- 1.8.1.12. Local sport facilities;
- 1.8.1.13. Local amenities;
- 1.8.1.14. Refuse removal & refuse dumps; (Refuse Management)
- 1.8.1.15. Municipal cemeteries, funeral parlour and crematoria;
- 1.8.1.16. Public places; and (with ftm but not in gtm)
- 1.8.1.17. 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	2
Ward 02	Makine	Molelekwa Patrick	Yes	12	12	1
Ward 03	Radingwana	Maroale Release	Yes	12	12	4
Ward 04	Mamogale	Malebotse Frans	Yes	12	12	2
Ward 05	Maupa	Thabang Thomas	Yes	12	12	4
Ward 06	Hlatswayo	Buti Ephraim	Yes	12	12	1
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	3
Ward 10	Mahlaba	Lucky Marema	Yes	12	12	3
Ward 11	Magane	Mpone Timothy	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 12	Mahlake	Tola Victor	Yes	12	12	4
Ward 13	Moshwane	Xikhwane Emily	Yes	12	12	3
Ward 14	Makofane	Ntsabolane Nelly	Yes	12	12	3
Ward 15	Kgaphola	Mpho Andries	Yes	12	12	4
Ward16	Khoza	Maria Rinkie	Yes	12	12	4
Ward 17	Mphethi	Maria Mahwiti	Yes	12	12	4
Ward 18	Ngwatle	Themba Jackson	Yes	12	12	2
Ward 19	Malomane	Kapudi Hamilton	Yes	12	12	1
Ward 20	Lekwadi	Manyala Irene	Yes	12	12	2
Ward 21	Mokgotho	Lisbeth Letlabolo	Yes	12	12	4
Ward 22	Malatji	Mpho Lydia	Yes	12	12	4
Ward 23	Maphakge	Ranchiyeng Agnes	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 24	Mnisi	Hluphi Dindi	Yes	12	12	4
Ward 25	Mosoma	Senwabjala Elijah	Yes	12	12	1
Ward 26	Molapo	Ntopi Trainer	Yes	12	12	4
Ward 27	Makua	Lesotja Caiphus	Yes	12	12	2
Ward 28	Rantho	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
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	2

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 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	127

Appendix G: Recommendation of the Municipal Audit Committee



FETAKGOMO TUBATSE
LOCAL MUNICIPALITY

**ANNUAL AUDIT COMMITTEE REPORT FOR
THE YEAR ENDING 30 JUNE 2019**

1. INTRODUCTION

We are pleased to present our Annual Audit Committee Report for the financial year ended 30 June 2019.

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.

2.2The MPAC, in discharging its responsibility, may make use of any information provided by the Audit Committee to avoid duplication of efforts.

2.3The 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 2018/19.

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 2018/2019 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 2018/19 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 satisfactorily 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 2018/19 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

The municipality has conducted its 2018/19 Mid-year performance evaluation on the 14 March 2019 and awaiting to conduct the final evaluation in February 2020 after the tabling of 2018/19 Annual Report in council.

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 2019

Appendix H: Long term contracts and Public Private Schedule

None

APPENDIX I: 2018/19 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.

2017/2018 SERVICE PROVIDERS PERFORMANCE REPORT

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/COMMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	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

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATION
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.	Tubatse Properties	Rental of Municipal Offices	Corporate Services	2010 (Lease of offices)	2020	R 1 555 000. (Monthly Rental)	Performance at level 3	None	None
05.	Telkom	Rental of telephone	Corporate Services	01/07/2014	On-going	Monthly rental	Performance at level 3	None	None
06.	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
07.	Ingwe Waste Management	Waste Collection at Praktiseer and Ohrigstad	Community Services	01/07/2017	30/06/2019	R 5 858 870.40	Performance at Level 3	None	None
08.	Ingwe Waste Management	Waste collection at Burgersfort town	Community Services	01/07/2017	30/06/2019	R 7 397 844.00	Performance at level 3	None	None
09.	BCM Didgisol cc t/a Ricoh	Rental of Multifunction Printers/Copiers	Corporate Services (IT Unit)	19/05/2017	31/07/2019	R5 128 171.77	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
10.	Bauba Marumo Waste Management	Waste Collection (Steelpoort)	Community Services	01/07/2017	30/06/2019	R 5 560 489.09	Performance at level 3	None	None
11.	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
12.	Bathobohle Investment	Radingwana Sports Facility	Technical	08/07/2016	N/A	R 6,212,299.34	The performance is at level 3	Artificial grass and some other pipe connections still have to be done, the delay is due to unavailability of funds.	None
13.	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. Designs are in place	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/MITIGATION
14.	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
15.	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	No work was allocated to the service provider this quarter	None
16.	Rasta Woman	Maintenance of High mast light within FTM for a period of 2 years as and when required.	Technical	13/11/2017	12/11/2019	Rates based	Performance at level 3	No work was allocated to the service provider this quarter	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/MITIGATION
17.	Colmab Electrical	Maintenance of High mast light within FTM for a period of 2 years as and when required.	Technical	13/11/2017	12/11/2019	Rates based	Performance at level 3	No work was allocated to the service provider this quarter	None
18.	Rasta Woman	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	No work was allocated to the service provider this quarter	None
19.	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	No work was allocated to the service provider this quarter	None
20.	Omnirisk Solution (Pty) Ltd	Proposal to provide Insurance	BTO	22/11/2017	30/11/2020	R 895 000.00	Performance level 3	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/MITIGATION
		brokering Services for FTM							
21.	Engnet Solutions	Review of GRAP Compliance for Immovable Assets & updating of immovable fixed assets for a period of three (3) years renewable annually	BTO	14/12/2017	31/12/2020	R 1322 400.00	Performance at level 3	None	None
22.	Melvin Margaret Enterprise	Supply and delivery of Laptops and desktop computers for a period of 36 months (3 years) renewable annually.	BTO	30/11/2017	N/A	Rates based	Performance at level 3	No work was allocated to the service provider this quarter	None
23.	Tshosha Trading	Supply and delivery of traffic uniform for a period of 36 months (3 years)	Community Services	12/02/2018	28/02/2021	Based on unit price	Performance level 3	None. No work was allocated to the service	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/MITIGATION
								provider this quarter	
24.	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
25.	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
26.	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
27.	Mphokane 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
28.	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
29.	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

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/MITIGATION
30.	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
31.	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
32.	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
33.	M.A. Ramontja 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 2	Poor collection	Will arrange a meeting with them
34.	MMakola Matsimela 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

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/MITIGATION
35.	Arkha Architect & Marumo JV	Planning, Designs & professional Management and supervision of Praktiseer Library	Technical	18/01/2018	N/A	14% of the construction amount	Performance at level 3	None	None
36.	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	Draft SDF was delayed to be submitted to council since October 2018	Currently busy with public participation
37.	Matete & Associates Consultants	Development of the Land use scheme	LED	29/01/2018	30/01/2019	R 900 600.00	Performance at level 3	Draft LUMS was delayed to be submitted to council since October 2018	Currently busy with public participation

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/MITIGATION
38.	Bali Engineering Consultants	Feasibility study to obtain electricity distribution licence	Technical	12/02/2018	N/A	R 961 020.00	Performance level 3. Final Report submitted , still have to be submitted to council	None	None
39.	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
40	MOK Development Consultant	Township Establishment on Apples Doorndraai 298K Lim 476	Dev	28/02/2018	29/02/2020	R 1 950 000.00	Performance at level 3	None	None
41.	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

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/ COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/ MITIGATION
42.	SLM Engineering Projects	Decommissioning of existing Burgersfort landfill site	Community Services	01/03/2018	N/A	R 5 056 253.85	Performance at level 3	None	None
43.	Mercy Civils & Khabani Logistics JV	Construction of Leboeng Access Road	Technical	06/02/2018	30/04/2019	R 12 289 473 .56	Performance Level 2	Slow progress on-site. Project is at 78% completion	Continuous monitoring of performance
44.	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
45.	Ronewa Travel Connexion	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
46.	NDH and ASV Tourism and Projects	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	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
		on as and when basis				20% -3 rd Year			
47.	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
48.	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
49.	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
50.	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. Project is at 85.5%	Delays in paying service providers	Financial recovery plan

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/MITIGATION
							completion		
51.	Techni Piano Development Strategists	Simultaneous Rezoning & Park Closure	ELD	31/05/2018	01/06/2019	R 220 600.00	Performance at level 3	None	None
52.	Marumo Consulting Engineers	Roads & Storm water Master Plan	Technical	31/05/2018	N/A	R 1045 380.00	Performance at level 3 (draft master plan submitted)	None	None
53.	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 2	Delays in delivery of statements to consumers due to delayed payments	Open an account with Post office
54.	Ngoti Development Consultants	Demarcation of sites- Dresden	ELD	31/05/2018	01/06/2019	R 482 457.00	Performance at level 3	The company is still	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/MITIGATION
								failing to get community resolution facilitated by Rural Development	
55.	Ngoti Development Consultants	Demarcation of sites- Mashilabela	ELD	31/05/2018	01/06/2019	R 578 949.00	Performance at level 3	The company is still failing to get community resolution facilitated by Rural Development	None
56.	Kipp Consulting Engineers	Makgakala Access Bridge and Road – Professional Service	Technical	04/06/2018	N/A	R 2 169 268.75	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
57.	Kipp Consulting Engineers	Magotwaneng Access Bridge & Access Road – Professional Services	Technical	04/06/2018	N/A	R 1 236 598.10	Performance at level 3	None	None
58.	Kipp Consulting Engineers	Ga-Debeila to Mhlaletse Internal Street – Professional Services	Technical	04/06/2018	N/A	R 2 081 446.71	Performance at level 3	None	None
59.	Kipp Consulting Engineers	Mashung Internal Street – Professional Services	Technical	04/06/2018	N/A	R 1 344 213.66	Performance at level 3	None	None
60.	Mothakge Phadima Construction	Construction of Ga-Nkwana Community Hall - Internal Street	Technical	11/06/2018	12/10/2018	R 2 284 841,77	Project practically complete	None	None
61.	Hillside Trading & Projects	Construction of India Community Hall -Internal Street	Technical	11/06/2018	12/10/2018	R 2 542 033,26	Project practically complete	None	None
62	Dimza Trading	Construction of Strydkraal	Technical	28/06/2018	29/10/2018	R 2 358 738,89	Project practically	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/MITIGATION
		Community Hall – Internal Street					y complete		
63	Mothakge Phadima Construction	Construction of Ga-Nchabeleng Community Hall – Internal Street	Technical	28/06/2018	29/10/2018	R 2 334 877.96	Project practically complete	None	None
64.	Engineerex (Pty) Ltd	Construction of new Burgersfort Landfill Site – Professional Service	Community Services	28/06/2018	N/A	N/A	Performance at level 3	None	None
65.	Enviroxcellence Services	Conduct Scoping and Environmental Impact Assessment for development of a cemetery	Community Services	27/06/2018	N/A	R 675 792.68	Project completed in April	None99iii ui	None
66.	Brightwave Building and Renovation	Construction of Seroka Community Hall Internal Street	Technical	27/06/2018	28/10/2018	R2 512 440.06	Project practically complete	None	None
67.	Loge Construction	Construction of Mapodile Sports	Technical	28/06/2018	29/12/2018	R 24 002 901.99	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
		Complex Phase2 within FTM					The project is at 73%		
68.	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	Performance at level 3. Draft feasibility study submitted	None	None
69.	Pinakle P 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	(Panel of consultants) –Work allocated on an as and when required basis	None	None
70.	Tladi and Associate Consulting Inc	Panel of Consultants for Auditing, Risk Management and Accounting Professional	BTO	28/06/2018	30/06/2021	N/A	(Panel of consultants)- Work allocated on an as and when	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/MITIGATION
		Services for a period of 3 Years.					required basis		
71.	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	(Panel of consultants) Work allocated on an as and when required basis	None	None
72.	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	(Panel of consultants) Work allocated on an as and when required basis	None	None
73.	SEMPRO Consulting	Panel of Consultants for Auditing, Risk Management and Accounting Professional Services	BTO	28/06/2018	30/06/2021	N/A	(Panel of Consultants) Work allocated on an as and when	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/MITIGATION
		for a period of 3 Years.					required basis		
74.	Cathu Consulting Inc	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	(Panel of Consultants) Work allocated on an as and when required basis	None	None
75.	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	(Panel of Consultants) Work allocated on an as and when required basis	None	None
76.	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	(Panel of Consultants) Work allocated on an as and when required basis	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/MITIGATION
77.	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	(Panel of consultants) Work allocated on an as and when required basis	None	None
78.	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	(Panel of Consultants) Work allocated on an as and when required basis	None	None
79.	Eskom	Completion of outstanding work for Operation Mabone – Dibakwane	Technical	11/06/2018	12/09/2018	R 2 958 752,96	Performance at level 2	Design completed. Construction not yet started	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/MITIGATION
80.	SAGIS Data CSI Projects CC	Integration of IDP & Social Labour Plans (For a period of 3 years)	LED	03/07/2018	N/A	R 4 200 000.00	Performance at level 3	None	None
81.	Maximum Profit Recovery (Pty) Ltd	VAT Recovery Services for a period of 36 Months	BTO	31/07/2018	01/08/2021	9.5 % of the money collected from SARS	Performance at level 3	None	None
82.	Uranus Consulting Engineers	Design and project management of electrification for 909 houses connections within FTM	Technical	30/08/2018	N/A	R 1 500 599.93	Performance at level 3	None	None
83.	Muteo Consulting Engineers	Panel of electrification engineering consultants for planning, design and project management in FTM	Technical	30/08/2018	31/07/2021	N/A	Panel of consultants. Work allocated on an as and when required basis	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/MITIGATION
84.	Uranus Consulting Engineers	Panel of electrification engineering consultants for planning, design and project management in FTM	Technical	30/08/2018	31/07/2021	N/A	Panel of consultants. Work allocated on an as and when required basis	None	None
85.	Volt Consulting Engineers	Panel of electrification engineering consultants for planning, design and project management in FTM	Technical	30/08/2018	31/07/2021	N/A	Panel of consultants. Work allocated on an as and when required basis	None	None
86.	ET Tshipota Electrical Contractors	Tubatse Highmast lights in rural villages and electrical connections	Technical	21/08/2018	20/12/2018	R4 900 000.00	Performance at level 2 The project is moving at slow pace (52%)	The project is moving at a slow pace which affects the expected timeframe	We had an intervention meeting with the contractor

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/MITIGATION
								es and deliverables by the municipality. 40 highmast lights already installed.	
87.	Mabotwane Security Services	Provision of physical security services at (Burgersfort to Penge (Cluster 1)	Corporate Services	01/10/2018	30/09/2021	R 1 149 993.46 pm	Performance at level 3	None	None
88.	Mphemahlo Risk Management	Provision of Physical security services at Driekop to Malogeng Land fill site (Cluster 4)	Corporate Services	01/10/2018	30/09/2021	R 477 128 pm	Performance at level 3	None	None
89	Tubatse Security Services	Provision of physical security services at Ohrigstad to Leboeng Cluster 3	Corporate Services	01/10/2018	30/09/2021	R 328 520,06 pm	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
90.	Brown Dogs Security Services	Provision of physical security services at Steelpoort & Apel - Cluster 2	Corporate services	01/10/2018	30/09/2021	R1 028 965,81 pm	Performance at level 3	None	None
91.	Sihle Civils & Projects Development JV Mvelase Thobs Construction & Projects	Construction of Motodi Sports Complex	Technical	01/11/2018	31/10/2019	R 32 649 159 .10	Performance level 2 (The project is at 25%)	Project moving at a slow pace	Constant monitoring of performance
92.	Tshepang Marketing Solutions	Events Management Service (Panel)	Corporate	05/12/2018	31/12/2021	N/A	Panel of Events management services	None	None
93.	Bauba Trading Enterprise	Marketing, Branding and media Advertising services (Panel)	Corporate	05/12/2018	31/12/2021	N/A	Panel of Marketing , branding and Media advertising services	None	None

NO	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/MITIGATION
94	Ditlotlo Trading Enterprise	Marketing, Branding and media advertising services (Panel)	Corporate	05/12/2018	31/12/2021	N/A	Panel of marketing, branding and media advertising services	None	None
95	Bush Land Developers	Panel of Consultants for Town Planning	Technical	12/12/2018	31/12/2021	N/A	Panel of consultants	None	None
96	Pfukani Kusile Consulting	Panel of Consultants for Town Planning	Technical	12/12/2018	31/12/2021	N/A	Panel of Consultants	None	None
97	Loge Construction	Construction of Praktiseer Stormwater	Technical	05/12/2018	30/06/2019	N/A	Performance level 3 (The project is at 45%)	None	None
98	SNE Development Consultant	Panel of Consultant for Town Planning	Technical	12/12/2018	31/12/2021	N/A	Panel of consultants	None	None

N0	COMPANY NAME	SERVICE/PROJECT	DEPARTMENT	APPOINTMENT/COMMENCEMENT DATE	END OF THE CONTRACT	TENDER AMOUNT	PERFORMANCE	CHALLENGES	INTERVENTIONS/MITIGATION
99	Marsh Corp 2008 (Pty) Ltd	Disaster Recovery Plan (DRP)	Corporate	23/11/2018	30/11/2021	R 34 487 202.50	Performance level 3	None	None
100	KF Phetla Projects	Electrification of Dithabaneng section	Technical	24/05/2019	24/09/2019	R4 522 557.92	Performance level 3	None	None
101	Precious Affinity Holdings	Electrification of Khalanyoni Section	Technical	24/05/2019	24/08/2019	R2 601 407.42	Performance level 3	None	None
102	Omphile Electrical and Construction	Electrification of Phelindaba Phase 1 in Bothashoek	Technical	24/05/2019	24/09/2019	R3 449 496.32	Performance level 3	None	None
103	KF Phetla Projects	Electrification of Mashamothane South Village	Technical	18/06/2019	18/09/2019	R1 738 628.68	Performance level 3	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
61.	Mamokgopa	Lethube Dolly	None

No.	Surname	Full Names	Disclosure
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 Siphon	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

Appendix K (ii): Revenue collection performance by source

Source	Collection (R)
Property rate	117 529 000
Service Charge	20 876 000
Rental of facilities and Equipment	332 000
Licences and permits	7 399 000
Interest on investment	300 000
Interest on debtors	29 561 000
Traffic fines	2 494 000
Government grants and subsidies	368 594 878
Other income	831 000
Total	547 916 878

Appendix L: Conditional Grants Received (Excluding MIG)

N0	Description	Budget	Actual income	Percentage %
1.	Equitable Share	361 513 000	361 513 000	100%
2.	FMG	4 115 000	4 115 000	100%
3.	EPWP Incentive	2 035 000	2 035 000	100%
4.	INEP	15 000 000	15 000 000	100%
6.	MSIG	1 055 000	1 055 000	100%
7.	MWIG	50 237 000	50 237 000	100%
	TOTAL	433 955 000	433 955 000	100%

Appendix M: Capital Expenditure

No	Project name	Budget	Adjusted Budget	Actual
01	MIG - MAPODILE SPORTS FACILITIES PHASE 2	20 408 850	12 971 681	13 881 311,26
02	MIG - MOTODI SPORTS COMPLEX	18 000 000	6 773 435	5 811 480,03
03	MIG-FETAKGOMO TUBATSE HIGHMAST LIGHTS	5 000 000	5 000 000	3 877 888,36
04	MIG - ACCESS BRIDGE-LEFAHLA	10 072 026	10 072 026	6 397 098,38
05	MIG - LEBOENGACCESSROAD	12 500 000	12 500 000	
06	MIG- CONSTRUCTION OF PRAKTISEER STORMWATER DRAINAGE	12 525 224	12 525 224	5 685 880,48
07	NCHABELENG COMMUNITY HALLS INTERNAL STREET(TRIBAL HALLS)	2 500 000	2 000 000	1 350 515,26
08	NKWANA COMMUNITY HALLS INTERNAL STREET(TRIBAL HALLS)	2 000 000	2 000 000	1 454 016,52
09	SEROKA COMMUNITY HALLS INTERNAL STREET (TRIBAL HALLS)	2 000 000	2 000 000	2 050 222,69
10	STRYDKRAAL COMMUNITY HALLS INTERNAL STREET(TRIBAL HALLS)	2 000 000	2 000 000	2 060 682,08
11	INDIA COMMUNITY HALLS INTERNAL STREET(TRIBAL HALLS)	2 000 000	2 000 000	2 028 120,64
12	CONSTRUCTION - TUKAKGOMO ACCESS ROAD	2 000 000	2 000 000	1 899 270,49
13	MAGAKALA ACCESS BRIDGE	4 000 000	-	1 046 577,03 -
14	MAGOTWANENG ACCESS BRIDGE	2 000 000	-	596 121,89 -
15	MASHUNG INTERNAL STREET	2 000 000	-	648 524,23 -
16	MOHLALETSE INTERNAL STREET	1 000 000	-	-
17	OPERATION MABONE	1 500 000	-	4 962 424,07

APPENDIX O: Capital Programme by project by ward current Year

N0	Project name	Budget and Target			Overall total	Wards N0	village
		2018/19	2019/20	2020/21			
1.	Township Establishment Hoeraroep	R2 000 000	N/A	N/A	R2 000 000	35,36, 37	Mashung, Mabopo
2	Aapiesdoorndraai township establishment (1000 erven	R 1 950 000	N/A	N/A	R 1 950 000	18 and 36	,Aapiesdoorndraai,
3	Formalization of informal settlements	R 800 000	N/A	N/A	R 800 000	31, 07, 19, 16, 37, 36, 38	Dresden, Mashilabele, Strkydkraal
4	Development of Burgersfort Ext 10 (Erf 479)	R 230 000	N/A	N/A	R 260 000	18	Burgersfort Ext 10
5	Development of a new Apiesdoringdraai municipal landfill site	1000 000	0.00	0.00	10 000 000	18	Apiesdoorndraai
6	Construction of Praktiseer licensing offices	2 000 000	500 000	1 000 000	3 500 000	13,30	Praktiseer

N0	Project name	Budget and Target			Overall total	Wards N0	village
		2018/19	2019/20	2020/21			
7	Development of transfer station	N/A	2000 000	1 000 000	6 000 000	16,29,37	Ngwaabe, Penge, Mphanama
8.	Development of regional cemeteries	1 500 000	500 000	0.00	2 000 000	36	Apel
9	Construction of Guardroom Burgersfort Recreational park	N/A	250 000	N/A	250 000	18	Burgersfort
10	Rehabilitation of Apel recreational Park	R300 000	N/A	N/A	R300 000	36	Apel
11.	Construction spray park at Burgersfort & Apel Recreational park	N/A	R1 000 000	N/A	1 000 000	18	Burgersfort
12.	Rehabilitation of Burgersfort Taxi Rank	N/A	R1 000 000	N/A	1 000 000	18	Burgersfort
13	Praktiseer Storm Water Drainage System	12 525 224	11 342 015	N/A	23 867 239	13,30	Praktiseer

N0	Project name	Budget and Target			Overall total	Wards N0	village
		2018/19	2019/20	2020/21			
14	Nchabeleng Community Halls internal street (Tribal Halls)	2 000 000	0.00	0.00	2 000 000	36	Ga-Nchabeleng
15	Nkoana community hall internal street (Tribal halls)	2 000 000	0.00	0.00	2 000 000	35	Ga-Nkoana
16	Seroka community hall internal street (Tribal halls)	2 000 000	0.00	0.00	2 000 000	38	Ga-Seroka
17	Stykraal community hall internal street (Tribal halls)	2 000 000	0.00	0.00	2 000 000	36	Strydkraal
18	India community hall internal street (Tribal halls)	2 000 000	0.00	0.00	2 000 000	35	India
19	Ga Radingwana to Sekhukhune College internal street	N/A	1 890 000	2 000 000	3 890 000	38	Radingwana
20	Fetagomo Municipal Facilities internal street – (Strykraal)	N/A	1 700 000	N/A	1 700 000	36	Strydkraal

N0	Project name	Budget and Target			Overall total	Wards N0	village
		2018/19	2019/20	2020/21			
21	Fetakgomo Municipal Facilities internal street – (Mohlaletse)	N/A	1 500 000	N/A	1 500 000	36	Mohlaletse
22	Fetakgomo Municipal Facilities internal street – (Mphanama)	N/A	1 500 000	N/A	1 500 000	37	Mphanama
23	Mapodile Sports Facilities Phase 2	20 408 850	N/A	N/A	20 408 850	2	Mapodile
24	Motodi Sports Complex	18 000 000	15 203 250	N/A	33 203 250	22	Ga-Motodi
25	Fetakgomo Tubatse High Mast Lights	5 000 000	12 000 000	20 000 000	37 000 000	All wards	All Villages
26	Tukakgomo Access Road	4 000 000	N/A	N/A	4 000 000	2	Mapodile
27	Lefahla Access Bridge	8 500 000	0.00	0.00	8 500 000	16	Lefahla
28	Leboeng Access Road	12 500 000	18 000 000	16 853 564	47 353 564	01 and 26	Leboeng
29.	Magakala Access Bridge and Access road	2 000 000	N/A	N/A	2 000 000	14	Magakala

N0	Project name	Budget and Target			Overall total	Wards N0	village
		2018/19	2019/20	2020/21			
30	Magotwaneng Access Bridge	2 000 000	N/A	N/A	2 000 000	39	Magotwaneng
31.	Mashung Internal Street	1 000 000	N/A	N/A	1 000 000	36	Mashung
32.	Ga - Debeila to Mohlaletse Internal Street	1 500 000	2 500 000	6 000 000	10 000 000	03,36	Ga-Debeila and Mohlaletse
33	Stykraal A to Thobehlale Internal Street	N/A	2 500 000	6 000 000	8 500 000	37	Strydkraal A and Thobehlale
34	Operation Mabone	44 100 000	32 000 000	40 000 000	116 100 000	1, 5, 13, 19	Taung, Praktiseer X 3 and 11, Kutollu, koppie, mandela east and west, Barcelona, Maputle and Dibakwane

N0	Project name	Budget and Target			Overall total	Wards N0	village
		2018/19	2019/20	2020/21			
35	INEP Electrification of households	15 000 000	9 600 000	19 200 000	43 800 000	13,5,2 5.20	Mashamuthane, praktiseer and Bothashoek

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, Mahlatssegwane 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

Ward	Construction of new school(s)	Schools needing renovation / upgrading	Schools needing extension of blocks
			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
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	Moroکه primary 3 blocks Ntwampe high 3 blocks Maepa primary 2 blocks Motloulela high 3 blocks Mohloping primary 3 blocks

Ward	Construction of new school(s)	Schools needing renovation / upgrading	Schools needing extension of blocks
			<p>Kgolane high 2 blocks</p> <p>Ledingwe primary 1 block</p> <p>Makwane high 3 blocks</p> <p>Malegodì primary 1 block</p> <p>Hlakanang pprimary 4 blocks</p> <p>Magobanya high 2 blocks</p>
15	Mashishi (mahlapa), Shakung ,Morapaneng, Ditwebeleng	Makofane primary,Moroleng primary,Shakung high, Mabje a kgoro, ,Tekanang sec,Masegodì 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
	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,Mosedì 1 block & hall, Selala primary admin block, hall & library,Ratanang library & hall,Mamogege

Ward	Construction of new school(s)	Schools needing renovation / upgrading	Schools needing extension of blocks
			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, Motlailane, Matshaile, Mahlahle, Morwakgwadi, Dipitsi & Legoleng
25	Mareseleng	There is a need for a school	Primary and Secondary School
	Mashifane	Primary school needed	
26	Leboeng primary, Banareng	Upgrading hall	n/a

Ward	Construction of new school(s)	Schools needing renovation / upgrading	Schools needing extension of blocks
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		Mabochoa 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

Ward	Construction of new school(s)	Schools needing renovation / upgrading	Schools needing extension of blocks
		Motjatjana Primary	Tlouputhi secondary
		Hlapogadi Primary	Ramoko Primary
			Kangaza secondary
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
	Strydkraal B primary	Phukubjane primary	
38	Mashilabele Primary and Secondary	Dinakanyane High	Seroka Primary
		Mankopodi Primary	Dinakonyane High
		Mashilabele Primary	Mankopodi Primary
		Mmotong Primary	Pakeng Primary
		Mohwaduba Secondary	Masehleng Primary
		Masehleng Primary	Mohwaduba Secondary
		Mashilabele Primary	
39	Hans Komane Secondary	Hans Komane	Maisela Primary
	Maisela Primary	Maisela Primary	Lerajane Primary
	Lerajane Primary	Lerajane Primary	Phutakwe secondary
	Phutakwe secondary	Phutakwe secondary	Mampuru Thulare Primary

Ward	Construction of new school(s)	Schools needing renovation / upgrading	Schools needing extension of blocks
	Mampuru Thulare Primary	Mampuru Thulare Primary	Maisela Primary
	Lerajane Ditlokwe	N/A	N/A
	Mokhulwane Ditlokwe	N/A	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.

Ward	Village	Clinic/mobile	If mobile state frequency of visit	Challenges/comments
	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 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	

Ward	Village	Clinic/mobile	If mobile state frequency of visit	Challenges/comments
	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, Maponong, 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
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

Ward	Village	Clinic/mobile	If mobile state frequency of visit	Challenges/comments
	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	Mobile	Once per week	n/a
19	Riba moshate	Clinic	n/a	Need for a Doctor
20	Bothashoek	Clinic	n/a	Challenge of the structure only 2 cubicles

Ward	Village	Clinic/mobile	If mobile state frequency of visit	Challenges/comments	
				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	a	Scheduled days not followed
	Maepa	Mobile	Once a week	a	Scheduled days not followed
	Maseven	Mobile	Once a week	a	Scheduled days not followed
	Makua	None	Once a week	a	Mobile needed
	Ratau	None	Once a week	a	Mobile needed
30	Oak city, Vodaville, Mountain view,	None	None	There is a need for a clinic as people	

Ward	Village	Clinic/mobile	If mobile state frequency of visit	Challenges/comments
	Town(kweledi), Extension1(Airport), Extension 11(Showground), Mapareng(Mabocho),Thab akhulwane (Mabocho), Lekgwareng (Mokobola), Mokobola (Morulaneng)			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
	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
	Mooilyk	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, Bogatladi, 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	
	India	None		

Ward	Village	Clinic/mobile	If mobile state frequency of visit	Challenges/comments
	Pelangwe	None		There is lack of medication in the clinics
	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
	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,

Ward	Village	Clinic/mobile	If mobile state frequency of visit	Challenges/comments
	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, Mokutung, Malaeneng, Makgalane, Mapareng Leboeng police station Leboeng Police station Makgalane, Mokutung, Mapareng, Makopung All villages
	2	Roads	
	3	Community hall	
	4	Library	
	5	Access Bridge	
	6	RDP	
02	1	Water	Longtil & Tukakgomo Ga-ragopola & Mahlakwena Phapong, Ga-ragopola & Mahlakwena Longtill Tukakgomo Longtill & other sections
	2	Primary Schools	
	3	Electricity	
	4	Police station	
	5	Storm Water Control	
	6	Extension of Mapodile Township	
03	1	Water	All village Mohlaletse clinic to maroteng via river Thete to ga-phasha Tswereng to ga-mmakopa Taxi rank to mapulaneng Mogohlwaneng Ga-phasha to ga-mmakopa Lerajane to tswereng Ga-mmakopa Taxi rank to thete high school Maebe and sekateng
	2	Bridges	
	3	Road	
	4	Cemeteries	
	5	Postal office	
	6	Sports complex	
04	1	Water, sanitation, road, bridges, electricity, access road, resevoir	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, Stasie, Mandela1&2, Mandela lepakeng & Crossong Mandela Lepakeng and crossing London, Stasie, Mandela1&2, Mandela lepakeng & Crossong
	2	London to Crossong	
	3	Access Bridges	
	4	Storm water drainage	
	5	Apolo lights	

Ward No		No.	Priority	Location
			Paving road at Madiseng main road	London, Pumping, Mandela 1&2, Crossong, Madiseng, Morewane Madiseng
06		1 2 3 4 5 6 7 8 9	Water Electricity RDP houses Library Police station Mobile clinic Graveling Tubatse F.M Sports ground	All villages
07		1 2 3 4 5 6 7 8	Schools Access Bridges RDP Houses Water & sanitation Electricity Library Job creation Access Roads & Maintenance	All villages
08		1 2 3 4 5 6	Tar road Yard water provision RDP Houses Electricity post connection Employment, Learnerships, Bursaries & EPWP Ward office & community hall	The whole ward Between Diphale & Seuwe
09		1 2 3 4 5 6	Water VIP toilets Road RDP Houses Waste Removal Community Hall	All villages
10		1 2 3 4 5 6	Electricity RDP Water Clinic High Mass Lights Toilets	Tjate, Tidintitsane, Ga-Mogatane, Maakgake, Dlthabaneng, Makgopa, Serafa, Madifahlane

Ward No	No.	Priority	Location
11	1 2 3 4 5 6 7 10	Electricity Roads Water & sanitation RDP Street Lights Access bridges Refuse Removal High Mass Lights	Garagopoal, Legabeng, Gamaroga, Morethe, Moeng, Molongwana, Digabane, Mooihoek, Sikiti, Moeng,
12	1 2 3 4 5 6	Water Electrician Roads Bridges High Mass Lights RDP & VIP Toilets	Komane, Mamphahlane, Ga-Mampuru, Hwashi Balotsaneng, Ga-Mamphahlane, Mahubane, Matimatjatji, Sehlaku Komane, Pitsaneng, Suncity-Lekgwareng, Sokutu-Motomelane, Phutinare-Ga-Mabilu 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	Electricity Water Sanitation Roads CWP Project	Twatwa, Semae, Hlololo, Natlela, Manyaka All villages All villages All villages Mahlokwane, Manyaka, Maapea

Ward No	No.	Priority	Location
	6	RDP Houses	All villages
18	1 2 3 4 5 6 7 8 9	Schools Tarred roads Relocation of Informal settlement Clinic RDP Houses Water Sports Facilities Community hall Streets & High Mass Lights	Burgersfort, Ga-Manoke, Appiesdoring
19	1 2 3 4 5 6	Water, RDP Houses High mast lights Roads Access bridge sanitation	All villages
20	1 2 3 4 5 6 7 8	Water Electricity Roads Streetlights RDP Houses Toilets High Mass Lights Community hall	Whole village Pologong Community hall
21	1 2 3 4 5 6 7	Road Water & Sanitation Schools MPCC Library Reservoir RDP Houses	Phefong, Tareaneng, Pidima, Sekopung, Taung, Montia, Moeding, Malaeneng,

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

Ward No.	Priority	Location
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
	Electricity	Majaditshukudu, makgwareng
	Clinic	Majaditshukudu
	Community hall	Paeng, majaditshukudu
25	Water, highmast lights, Internal Roads, RDP	B1 Mashamthane
	Water, electricity ext 8, internal roads, high mast lights	Mareseleng
	Water, internal roads, school, access bridge, highmast lights,	Madiseng
	Clinic, RDP, Police station, water, roads, highmast lights and electricity	Mashifane park
	Water, internal roads, school	
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

Ward No.	Priority	Location
	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	
	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, bogalatladi, mogolaneng and mohlalhaneng

Ward No.	Priority	Location
	Sanitation	Bogatladi B
	Electricity	Mafeane extension
	Roads	Regravelling of roads in all villages
	RDP houses	All villages
	Community halls	Malomanye, bogatladi, mashikwe, mabulela, mohlahlaneng, 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, Strykraal, Apel, Ga-Nkwana, Mooiplaas
37	Access roads and internal streets	All villages
	Refuse removal	
	High mast and streets lights	
	Tourism	Matebane (Iepellane dam),Mototolwaneng (kutukubje cave)
	Sports centre	Malaeneng, magagamatala, matlala and strydraal B
	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	Integrated sustainable rural	South African leaders putting aside narrow	Basic Service: Creating	Improve quality of information for budgeting and

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)
		human settlements.	development & sustainable human settlements	sectarian interests in favour of national interest and putting the country first.	Conditions for Decent Living	management decision making
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 municipal 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	Public Participation & Putting people first	Reduce the month/year end reconciliation processes and

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)
				inequality and promote social cohesion;		journals processed