

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

ANNUAL

REPORT

2013/2014



ELIAS MOTSOLEDI LOCAL MUNICIPALITY



Annual Report 2013/2014

TABLE OF CONTENTS

DESCRIPTION	PAGE NO.
CHAPTER 1: Mayor's foreword and executive summary	
Component A: Mayor's foreword	10
Component B: Executive summary	12
1.1 Municipal Manager's overview	12
1.2 Municipal functions, population and environmental overview	13
1.3 Service delivery overview	17
1.4 Financial health overview	17
1.5 Organizational development overview	18
1.6 Workplace Skills Plan (WSP)	19
1.7 Statutory annual report process	20
CHAPTER 2: Governance	
Component A: Political and administrative governance	23
2.1 Political governance	23
2.2 Administrative governance	31
Component B: Intergovernmental relations	33
2.3 Intergovernmental Relations	33
Component C: Public accountability and participation	34
2.4 Overview of public accountability and participation	34
2.5 Public meetings	34
2.6 IDP participation and alignment	35
Component D: Corporate Governance	54
2.7 Risk management	55
2.8 Supply chain management	55
2.9 Website	57
2.10 Audit committee	57
CHAPTER 3 : Service delivery performance	
Component A: Basic Services	61
3.1 Electricity	61
3.2 Waste Management	61
3.3 Free basic services and indigent support	63
Component B: Roads transport	64
3.4 Transport overview	64
3.5 Performance on Roads	64
Component C: Planning and Development	69
3.6 Planning overview	69
3.7 Local economic development	70
Component D: Community and Social Services	72

DESCRIPTION	PAGE NO.
3.8 Libraries	72
3.9 Cemeteries	72
3.10 Safety and Security	73
Component I: Corporate policy offices and other services	73
3.11 Executive and Council	73
3.12 Human resources	74
3.13 Information Technology	74
Component J: Performance Report (Institutional Scorecard)	75
CHAPTER 4: Organizational Development Performance	
Component A: Introduction to the municipal personnel	101
4.1 Employee totals, turnover and vacancies	101
Component B: Managing the municipal workforce	103
4.2 Policies	103
4.3 Injuries, sickness and suspension	103
4.4 Performance management	103
Component C: Capacitating the municipal workforce	105
4.5 Skills development and training	105
Component D: Managing the workforce expenditure	106
4.6 Employee expenditure	106
4.7 Disclosure of financial interest	106
CHAPTER 5 : FINANCIAL PERFORMANCE	
Component A: Statement of financial performance	108
5.1 Statement of financial performance	108
5.2 Grants	112
5.3 Assets management	112
5.4 Financial ratios	113
Component B: Spending against capital budget	115
5.5 Capital Expenditure	115
5.6 Sources of finance	115
5.7 Capital spending on 5 largest projects	116
5.8 Basic service and infrastructure backlogs	117
Component C: Cash flow management and investments	119
5.9 Cash flow	119
5.10 Borrowing and investment	120
5.11 Public private partnership	121
Component D: Other financial matters	122
5.12 Supply chain management	122

DESCRIPTION	PAGE NO.
5.13 GRAP compliance	122
5.14 Service Providers Performance	123
CHAPTER 6: AUDIT GENERAL REPORT	
Component A: Auditor General Opinion of Financial Statements	129
6.1 Auditor General report 2013/2014	129
Component B: Auditor General's Opinion 2013/2014	139
6.2 Auditor General report 2013/2014	139
6.3 Municipal Manager and Chief Financial Officer's comments	139
6.4 Audit Committee's Comments	140
6.5 Audit Action Plan	141
APPENDICES	
Appendix A- Councillors, committee allocation and council attendance	161
Appendix B – Committees and committee purposes	165
Appendix C – Third tier administrative structure	165
Appendix D – Functions of municipality/entity	166
Appendix E – Ward reporting	167
Appendix F – Ward information	177
Appendix G – Recommendations of municipal audit committee 2013/2014	177
Appendix H- Long term contracts and public private partnerships	179
Appendix I – Disclosure of financial interests	180
Appendix J- Conditional grants received: excluding MIG	180
Appendix K- Capital programme by project 2013/2014	181
Appendix L- Capital programme by project by ward 2013/2014	181
Appendix M- Service connection backlog at schools and clinics	181
Appendix N – Service backlog experienced by the community where other sphere of government is responsible for service provision	182
Appendix O- Declaration of loans and grants made by the municipality	182
Appendix P- Declaration of returns not made in due time under MFMA S71	182
Oversight Report	183
Volume II - Audited Financial Statements	189

ACRONYMS

AG	: Auditor General
AFS	: Annual Financial Statements
ANC	: African National Congress
APC	: African People's Convention
AZAPO	: Azanian People's Organisation
CDW	: Community development worker
CFO	: Chief Financial Officer
CLLR	: Councilor
COGHSTA	: Department of Corporative Governance, Human Settlement and Traditional Affairs
COGTA	: Department of Corporative Governance and Traditional Affairs
COPE	: Congress of the People
CPMD	: Certificate Programme in Management Development
EMLM	: Elias Motsoaledi Local Municipality
DA	: Democratic Alliance
EPWP	: Expanded Public Works Programme
ESS	: Employee Self Service
EXCO	: Executive Committee
FBE	: Free Basic Electricity
FNB	: First National Bank
GIS	: Geographic Information System
GRAP	: General Recognized Accounting Practice
HR	: Human Resources
ICT	: Information Communication Technology
IDP	: Integrated Development Plan
INEP	: Integrated National Electrification Program
KM	: Kilometre
LGAAC	: Local Government Advanced Accounting Certificate
LUMS	: Land Use Management System
LGSETA	: Local Government Sector Education Training Authority
LED	: Local Economic Development
LIBSA	: Limpopo Business Support Agency
LLF	: Local Labour Forum
MIG	: Municipal Infrastructure Grant
MP	: Mpumalanga Party
MPAC	: Municipal Public Account Committee
MFMA	: Municipal Finance Management Act
MSA	: Municipal Systems Act
MTN	: Mobile Telecommunication Network
MFMP	: Municipal Finance Management Program

OHS	: Occupational Health and Safety
PAC	: Pan African Congress
PCGCM	: Professional Certificate in Government Communication and Marketing
PMS	: Performance Management System
SCM	: Supply Chain Management
SDBIP	: Service Delivery and Budget Implementation Plan
SDM	: Sekhukhune District Municipality
SEDA	: Small Enterprise Development Agency
SMME	: Small, Medium and Micro Enterprises
UIF	: United Independent Front / Unemployment Insurance Fund
WSP	: Work Skill Plan



VISION

A better life for all through service excellence

MISSION

The Elias Motsoaledi Local Municipality is committed to:

- Provide democratic and accountable governance for local communities
- Ensure provision of services to communities in a sustainable manner.
 - Promote social and economic development

CHAPTER 1

Mayor's Foreword and Executive Summary



COMPONENT A: Mayor's Foreword



Councillor Julia Mathebe
Mayor: Elias Motsoaledi Local Municipality

a. Vision

The vision statement of the municipality which serves as the blueprint for developmental programmes is ***“a better life for all through service excellence”***. In presenting this annual report it is imperative to note that this marks the mid-term accountability of the current council since 2011. It dawns upon the leadership that providing the complete account on the responsibilities conferred upon the entire municipality will always be a daunting task to the electorate.

This report is therefore intended to attest to the collective efforts of the administrative and political arms of the Municipality to progressively address the expectations of our people.

Introduction

It is a pleasure for me to present Elias Motsoaledi Local Municipality 2013/2014 Annual Report to our residents and other interested parties. The 2013/2014 annual report gives a detailed review of the municipality's activities on actual performance at the end of the fiscal year reporting on how the IDP and budget were implemented. It also describes the

work of the municipality in fulfilling its Constitutional mandate and in meeting its obligations as dictated by the applicable local government legislation. Despite the effects of the economic difficult times, the municipality continued to provide quality service delivery to our community.

b. Key Policy Developments

Council adopted a five year Integrated Development Plan (IDP) in 2011/12 which is a single, inclusive and strategic plan for the development programmes of the municipality. The IDP integrates and coordinates plans of the municipality. Council has also approved the budget for 2013/2014. The municipality is been identified as the provincial growth point and we are waiting for the province to finalise the provincial development plan to be able to develop the municipal development plan which is aligned to the provincial one. The Municipality's performance is measured by satisfying its key developmental objectives which are as follows:

- Ensuring sustainable and qualitative service delivery
- Improving Local Economy through revised LED strategy
- Achieving an unqualified audit opinion
- Facilitating and regularly updating the indigent register accurately
- Ensuring that monies owed to the municipality is collected
- Continuing to participate in programmes of HIV and AIDS, TB, Cancer through Local Aids Council (LAC)
- Improving Records Management System in terms of NARSA Act
- Ensuring that we employ and assist people with disabilities.
- Conducting Public Participation and ensure the functionality of all governance structures for accountability.
- Fast tracking the implementation of infrastructure projects
- Strengthening the relationship with the traditional leaders
- Creating job opportunities through the implementation of the EPWP

c. Key Service Delivery Improvements

The Municipality core service delivery functions are categorized into three: **Electricity, Access roads and waste management**. Municipality has two licensed landfill site in Groblersdal and Roosenekal and one transfer station in Hlogotlou. Municipality assisted 77 students with bursaries to pay for their registration fee to the total amount of R199 711.00. Municipality has created 361 jobs through EPWP projects. The municipality has launched programme for graveling of access roads to villages after the roads were badly affected by the heavy rains during January 2014. The total amount of R2,355,600.00 was utilized to fix the affected roads as it was a matter of urgency. The total capital budget of municipality was R59 996 000.00 and the actual expenditure was R54,228 million.

d. Public Participation

The municipality has 300 ward committees who conducted public meetings in their respective wards together with ward councilors and submit monthly reports to the Speaker. For the year under review three (03) wards (10,11,13) never held meetings nor submitted a report to speaker for the whole year. The Community is informed about the performance and challenges of municipality through public participation. A total of 30 public participation sessions were conducted through IDP process, where communities were given an opportunity to raise their needs to be incorporated in the revised IDP, and only prioritized and budgeted needs were incorporated in the reviewed IDP. There is a need for improvement in conducting public participation sessions so that they can be conducted every quarter to inform community members about the progress of the implementation of the IDP and the budget of the municipality.

it should be noted that the municipality in general experienced and operated under relatively stable environment for the period under review.

e. Future Actions

The municipality will proceed with the strategy used in the financial year 2013/2014 of saving on operational expenditure until the municipality is able to sustain itself financially to reduce the high reliance on grants. With the cutting of operational expenditure municipality will be able to improve service delivery through with its own funding projects. In the next financial year 2014/2015 we are intending to proceed with constructing roads. Even though the municipality has achieved its core mandates, we are aware that there are still service delivery challenges that lies ahead and we are working together in mitigating the challenges through:

- Appointing service providers for capital projects timely for implementation of projects to avoid the rollovers.
- Filling of key strategic funded positions within the required time.
- Implementing the retention policy in order to retain employees with scarce skills
- Implementing the revenue enhancement strategy
- Empowering and supporting the Co-operatives within our area

f. Agreements / Partnerships

There is no agreement or partnerships that municipality has entered into during the year under review.

g. Conclusion

I wish to thank all councillors, staff, residents, stakeholders, in particular rate payers for their contributions to pay for services. Together we strive to take our municipality from strength to strength.



J. L. MATHEBE
MAYOR

COMPONENT B: Executive Summary



R.M MAREDI
Municipal Manager

1.1 MUNICIPAL MANAGER'S OVERVIEW

The drafting, submission and dissemination of the Annual Report is regulated by Section 46 of the Local Government: Municipal Systems Act, Act. No. 32 of 2000 as amended (MSA) and Section 121 of the Local Government: Municipal Finance Management Act, Act No. 56 of 2003(MFMA).

Section 46 (1) of the MSA states that "a municipality must prepare for each financial year a performance report reflecting –

- (a) *The performance of the municipality and of each external service provider during the financial year;*
- (b) *A comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and*
- (c) *Measure taken to improve performance.*

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act (MFMA) 56 of 2003. Section 121 of the MFMA states that:

(1) Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

- (2) The purpose of an annual report is to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;*
- b. to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and*
- c. to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.*

Subsections (3) and (4) continue to prescribe the contents of the annual reports for both the municipality and municipal entities. During the oversight process, to which the draft Annual Report is subjected to, compliance with these legislative requirements is analysed.

This report records the progress made by the Municipality in fulfilling its objectives as reflected in the IDP, the Budget and the Service Delivery and Budget Implementation Plan. It also reflects on challenges and priorities for the 2013/2014 financial year. Chapter 12 of MFMA Section 121 (1) stipulates that every municipality must for each financial year prepare an annual report in accordance with this Chapter. EMLM has compiled the annual report to comply with legislation to give members of community and all stakeholders the performance of the municipality as to how the IDP and budget was implemented.

The municipality has constructed 5.6km of roads and has spent 88% of MIG as compared to the 100% spending of the previous financial year 2012/2013. Factors that contributed to the 88% spending are the late appointment of service providers and heavy rains that caused delay on the progress of the projects. Three electrification projects, two roads projects and two cemeteries projects have been rolled over to the next financial year 2014/2015. The rolled over's emanated from late appointment of service providers as we struggled to attract suitable service providers. All rolled over projects will be completed before the end of the financial year 2014/2015.

The municipality started the financial year with one vacancy for section 56 managers (corporate services) but during the course of the year, the vacancy rate increased to two due to resignation of Municipal Manager. Out of the two vacancy rate of section 56 managers' one (corporate services) was filled by the end of the financial year and one (municipal manager) was still vacant. We intend to reduce the vacancy rate of section 56 managers to zero in the next financial year 2014/2015. All Senior Managers concluded their performance agreements and quarterly performance reviews were conducted thereby allowing the preparation of quarterly reports to detect non-performance of the set targets, and implement corrective measures.

The Municipality conducted 2012/2013 individual annual appraisals to evaluate the performance of senior managers to determine if they qualify for performance bonuses. No performance bonuses were paid to senior managers as no one qualified for the bonus. During the financial year under review 2013/2014 individual midyear appraisals were conducted as a process to detect early warnings for unsatisfactory performance and come up with corrective measures. Training programmes were implemented to address the various skills gaps identified amongst the employees.

I owe my sincere appreciation to the Mayor, Executive Committee, entire council members and my management team colleagues for the support and guidance they provided for me in coordinating this accountability report for the year under review.

A handwritten signature in black ink that reads "R.M. Maredi".

R.M MAREDI
MUNICIPAL MANAGER

1.2 MUNICIPAL FUNCTIONS, POLULATION AND ENVIROMENTAL OVERVIEW

Elias Motsoaledi Local Municipality is situated in Groblersdal area in Limpopo province. The municipality is in North East of Pretoria and is situated approximately 32 km from Loskop Dam, 100 km north of Bronkhorstspuit, 80 km northwest of Witbank (Emalahleni), and 25 km south of Marble Hall. Accessibility is mainly via the R25 road, which links the area with Oliver Tambo International Airport in Johannesburg; and via the N11 with Witbank.

The municipality is the second largest within Sekhukhune District Municipality (SDM) which comprise of a total of five local municipalities. Sekhukhune District Municipality is the second poorest District among South Africa's 13 nodal points identified as poor and requiring careful developmental measures. The Municipality comprises of an estimated 62 settlements most of which are villages, R293 areas and the Groblersdal Town. The municipality consists of 30 Wards and 60 Councillors and it is a category B municipality which shares the Executive and Legislative authority with Sekhukhune District Municipality (Category C) within whose area it falls. The municipality is established to perform the following functions:

Table 1

Schedule 4 Part B	Schedule 5 Part B
<ul style="list-style-type: none"> • Air pollution • Building regulations • Child care facilities • Electricity and gas reticulation • Local tourism • Municipal planning • Municipal public transport • Municipal public works • Storm-water management systems in built-up areas • Trading regulations 	<ul style="list-style-type: none"> • Billboards and the display of advertisements in public places • Cemeteries, funeral parlours and crematoria • Cleansing • Control of public nuisances • Control of undertakings that sell liquor to the public • Facilities for the accommodation, care and burial of animals • Fencing and fences • Local sport facilities • Municipal parks and recreation • Municipal road • Public places • Refuse removal, refuse dumps and solid waste disposal • Street trading • Street lighting • Traffic and parking

1.2.1 Population group

According to Stats SA, 2011 the population has increased to 249 363 and 97,9% of the population is African.

Table 1: The table below illustrates the population growth

Population	2011	2001
Males	115503	90655
Females	133860	130992
Total	249 363	221647

Source: Stats SA, Census 2011

Table 2: The table below illustrates population groups within the municipality

Group	Percentage
Black African	97,9%
Coloured	0,1%
Indian/Asian	0,2%
White	1,6%
Other	0,2%
TOTAL	100%

Source: Census 2011, Stats SA

Table 3: Population group and description of household heads

Population group	Females	Male	Total
Black African	31,422	26,924	58 630
Colored	32	55	87
Indian or Asian	99	150	161
White	597	917	1 208
Other	134	144	165
Total	32,284	28,190	60251

Source: Stats SA, Census 2011

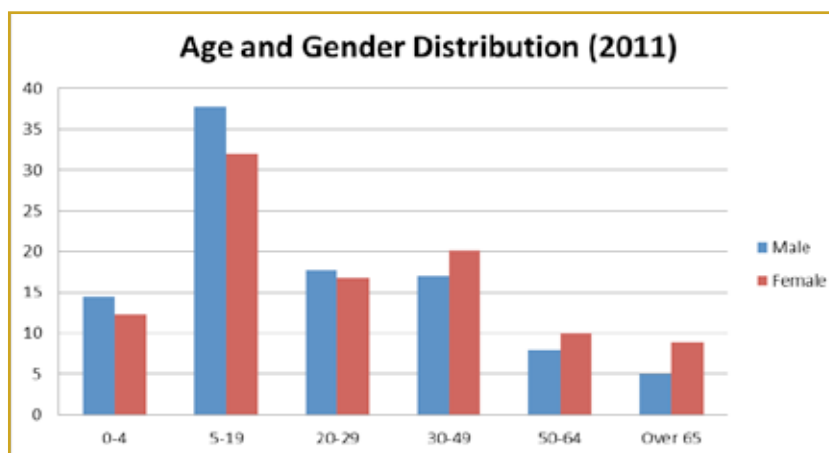
Table 4: Economic profile (employment)

Economic Indicators	
Employment Category	Percentage
Employed	57,1%
Unemployed	42,9%
Total	100%

Source: Stats SA Census 2011

- There are more females 53.7% than males 46.3% within the Municipality.
- The Municipal population is characterised with a large segment of youth (under 19 years) which comprises of 47.9% of the total population.

Based on the age structure breakdown of the Municipality, it is evident that the population is “young”, which is prevalent in a developing country. With the “young” age structure, increased pressure will be on the delivery of Housing, Social Facilities and Job Creation within the Municipality.

Table 5: Age and Gender distribution

Source : Stats SA Census 2011

Table 6: Different languages that are spoken within the municipality

Language	Percentage
Afrikaans	1,8%
English	1,3%
IsiNdebele	14,9%
IsiXhosa	0,4%
IsiZulu	8,8%
Sepedi	58,6%
Sesotho	2%
Setswana	6,1%
Sign Language	0,2%
SiSwati	1,5%
Tshivenda	0,4%
Xitsonga	2,6%
Other	1%

Table 7: Marital status within the municipality

Group	Percentage
Married	18%
Living together like married partners	3,5%
Never married	73,6%
Widower/Widow	4,2%
Separated	0,3%
Divorced	0,3%

Source: Stats SA Census

Table 8: Age structure

Age	2011	Percentage	2001	Percentage %
0-14	89 772	36%	88 659	40%
15-65	142 136	57%	119 689	54%
65+	17 455	7%	13 296	6%
Total	249 363	100	221 647	100%

Source: Stats SA 2011 and 2001

Table 9: age structure

Age	Males	Females
0-4	6,7%	6,6%
5-9	5,8%	5,9%
10-14	5,7%	5,4%
15-19	6%	5,9%
20-24	4,9%	4,9%
25-29	3,3%	4%
30-34	2,5%	3,1%
35-39	2,1%	2,8%
40-44	1,7%	2,4%
45-49	1,6%	1,6%
50-54	1,4%	2%
55-59	1,2%	1,8%

Source: Stats SA Census 2011

Table 10: tenure status within EMLM

Tenure status	2011
Rented	5,828
Owned but not yet paid off	1,658
Occupied rent-free	16,506
Owned and fully paid off	33,324
Other	2,934
Total	60,251

Source: Stats SA Census 2011

Table 11: Natural resources within EMLM

Natural Resources	
Major Natural Resource	Relevance to Community
Minerals	Economic empowerment and job creation
Dam	Agricultural use and consumption
Caves	Tourist attraction (Roossenekal)
Land	Agricultural and human settlement

1.3 SERVICE DELIVERY OVERVIEW

The municipality provides three core functions which is construction of access roads, electricity and waste management services. EMLM is licensed to provide electricity only in Roosenekaal and Groblersdal and other villages are Eskom licensed. A total of 95875 households have access to basic electricity and 900 households receive free basic electricity. Approximately 97.5% of the municipality population has access to electricity.

The municipality provides waste management services that include waste collection, street cleaning, clearing of illegal dumping, and waste disposal. Regular solid waste collection service is provided to business, institutions and households within the jurisdiction of the municipality. Waste collection from residential premises is carried out on a weekly basis and bi-weekly from business premises. Housing function is provided by the Department of Corporative Governance, Human Settlement and Traditional Affairs. Water and sanitation is provided by Sekhukhune District municipality. Reliance on other sectors departments for services impose is a major challenge to the municipality.

The municipality is responsible for 100% access to local roads which include all streets in town, townships and villages. It ensures regular maintenance of roads with the objective of addressing specific needs. The majority of municipal roads are gravel roads. For the year under review 5.6 km of new roads were constructed.

1.4 FINANCIAL HEALTH OVERVIEW

1.4.1 BUDGET AND REVENUE COLLECTION

EMLM is a rural municipality with high volume of the outstanding consumer debts. This lead to financial burden with non and/or under-payment for services. Municipality has however developed the Revenue Enhancement Strategy to address this challenge since the outstanding debt affects the cash-flow status of the municipality.

The Municipality had a total revenue budget of R317, 199 million that was adjusted downwards to R303,926 million for the 2013/14 financial year. The actual revenue realized is R291, 228 million and this resulted in under-performance variance of R12, 699 million. All gazetted grants and subsidies amounting to R200, 474 million were received during the financial year under review and they contributed a major portion of the total revenue base of the municipality. The transfers and subsidies comprised of R57, 036 million that is both capital and operating conditional grants and R 143,438 million is unconditional grant (i.e. equitable share).

The total revenue billed on service charges and property taxes i.e. (property rates, electricity and refuse removal) amounted to R77, 070 million that is higher than that of 2012/13 that amounted to R57, 437 million. Motor vehicle licenses and fines contributed R 6, 366 million to the total revenue collected which also shows an increase as compared to R4, 846 million that was realized in 2012/13 million financial year. The municipality still depends on grants and subsidies as opposed to internally generated revenue and this poses a concern. Municipality invested funds in the financial institutions and the investments yielded income totalling R3, 064 million that shows a very good and sound financial management practice.

1.4.2 EXPENDITURE

The original budget for operating expenditure was R291, 068 million that was adjusted upwards to R292, 597 million and the actual expenditure thereof is R265,892 million. This reflects an under-spending variance of R26, 705 million that is partly attributed to budgeted vacant positions. Cognizance should be taken that the expenditure includes non-cash movement pertaining to depreciation and asset impairment amounting to R32, 612 million as well as debt impairment amounting to R10, 245 million. The major portion of operating expenditure is in relation to employee related cost that had original budget of R99, 612 million and the budget was adjusted downwards to R99,451 million and the actual expenditure thereof is R87,153 million.

Table 12: Summary of financial overview

Financial Overview – 2013/2014			
R'000			
Details	Original Budget	Adjustment Budget	Actual
Grants	200,474	200,474	191,601
Taxes, levies and tariffs	83,905	73,635	77,070
Other	33,220	29,817	22,557
Sub-Total	317 199	303 926	291 228
Less Expenditure	291 068	292 597	265,892
Net Total	26,131	11,329	25,336

Table 13: Operating ratios

Operating Ratios	
Detail	%
Employee Costs	33%
Repairs & Maintenance	3%
Finance Charges & Depreciation	12%

Table 14: Total capital expenditure

Total Capital Expenditure (R'000)		
Detail	2012/13	2013/14
Original Budget	57,412	59,996
Adjustment Budget	57,412	71,842
Actual	47,355	54,228

1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

1.5.1 HUMAN RESOURCES OVERVIEW

Human resource services for the municipality are reasonably effective and efficient, and relatively meet the expectations of the community at large. The department is responsible for attracting skilled workforce, motivating workforce to perform the required tasks and continuous capacity building of personnel. Municipality had 353 employees. 09 employees resigned for advancement of their career path including the Municipal Manager, Legal Advisor and Chief Internal Auditor. Their departure left the municipality with 03 critical vacant

positions which were not filled by the end of the financial year. For the year under review municipality succeeded in filling 01 critical post of the Director Corporate Services which was vacant for more than a year.

Table 15: Staff Turnover

Description	Total
Terminations	0
Contract ended	0
Retention	0
Death	4
Retirements	7
Resignation	9
Total number of vacancies	14
Total number of employees	353
Total post on the organogram	367

1.5.2 COMMITTEES

The following committees were established in strengthening human resource management:

- Training committee
- OHS committee
- Local labour forum.

1.5.3 BURSARIES

EMLM assisted 77 students with registration fees at registered institutions to the value of R199 711.00 which is an increase from R121 590.00 paid during the previous financial year for 37 students. Preference was given to students from poor family backgrounds. The following are the adjudication committee member who adjudicates applications as per approved policy.

- Chairperson for community services portfolio committee
- Exco member for finance department
- Exco member for corporate services department
- Director community services
- Human resource department

1.6 WORKPLACE SKILLS PLAN (WSP)

Municipality has developed the WSP for the year under review and it was submitted to LGSETA by June 2014. Municipality received R 137 318.54 mandatory grants in the form of rebates from the LGSETA for 2013/14 financial year.

Auditor General's Report

The Audit finding for the 2013/2014 financial year was a qualified opinion; refer to attached report on chapter 6. The basis for the qualified opinion is due to property, plant and equipment and aggregation of immaterial uncorrected misstatements. Municipality obtained qualified audit opinion for the previous three years (2011/2012, 2012/2013, 2013/2014). Even though there is no improvement in audit opinion as compared to

financial year 2012/2013 there is an improvement on the basis for qualified opinion as the issues/ findings have reduced from 07 for the financial year 2012/2013 to 02 in financial year 2013/2014. Audit action plan is in place as a corrective measure for improvement on the findings.

Basis for qualified opinion

NO	2012/2013	2013/2014
1.	Property, plant and equipment	Property, plant and equipment
2.	Aggregation of immaterial uncorrected misstatements	Aggregation of immaterial uncorrected misstatements
3.	Intangible assets	
4.	Irregular expenditure	
5.	Investment property	
6.	Contingent asset	
7.	Value added tax	

1.7 STATUTORY ANNUAL REPORT PROCESS FOR 2013/2014

Table 16: Statutory Annual Report Process

No	Activity	Date	Responsibility
1	Finalise 4 th quarter report for previous financial year	30 July 2014	Management / Municipal Manager
2	Submit draft annual report to internal audit and Auditor General	29 August 2014	Municipal Manager
3	Audit/Performance Committee considers draft annual report of municipality	27 August 2014	Municipal Manager
4	Mayor tables the unaudited annual report	28 August 2014	Mayor
5	Municipality submits draft annual report, including the consolidated annual financial statements and the performance report, to the Auditor General	29 August 2014	Municipal Manager
6	Auditor General assesses draft annual report, including the consolidated annual financial statements and performance data	31 August –28 November 2014	Auditor General
7	Municipalities receive and start to address the Auditor General's comments	28 November 2014	Municipal Manager
8	MPAC Committee assesses the annual report	02-03 March 2015	MPAC Chairperson
9	Mayor tables annual report and audited financial statements to council, complete with the Auditor General's Report	23 January 2015	Mayor
10	Audited annual report is made public and representation is invited	30 January 2015	Municipal Manager
11	Council adopts oversight report	31 March 2015	Council

No	Activity	Date	Responsibility
12	Oversight report is made public	01 April 2015	Municipal Manager
13	Oversight report is submitted to relevant provincial councils	07 April 2015	Municipal Manager

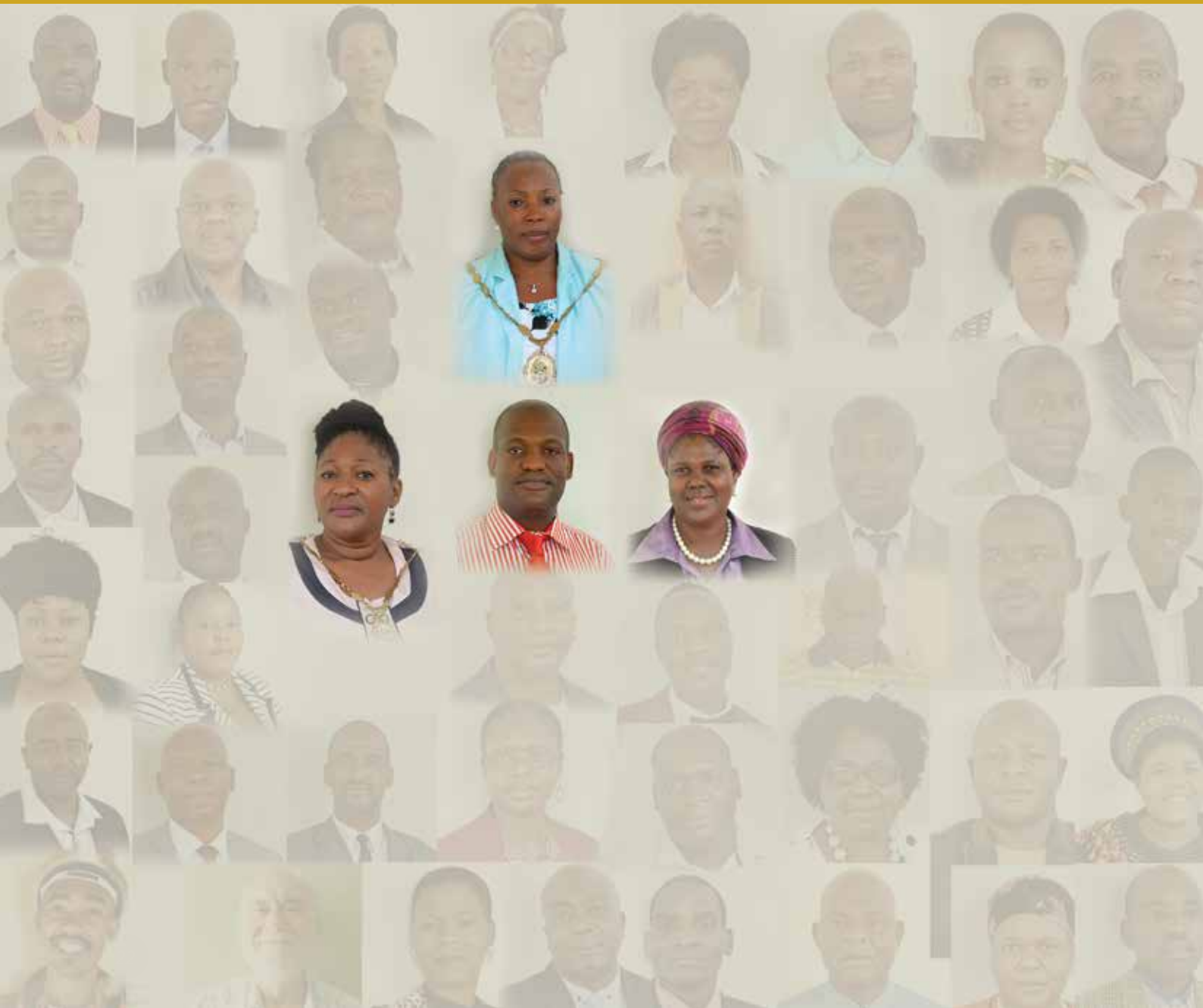
It is also a compliance issue to meet the deadlines, as non-compliance will result in a negative audit opinion for the municipality. Meeting deadlines also assists with receiving feedback, comments and inputs from relevant stakeholders, and helps with rectifying mistakes whilst learning good practice at the same time.

The alignment of IDP, budget and the performance system is important, as the three documents are the strategic documents of the municipality. They serve as a guiding tool to determine whether the municipality is working towards achieving its set goals and objectives, while using the budget in the correct manner, so as to avoid wasting public funds. This is done through the performance management, where there will be quarterly reporting about the performance of the municipality and whether the budget is still aligned to the set objectives, or if it is being spent on something that is not helping achieve set objectives and goals. Performance management helps to give an early indication of non-performance, and allows for the taking of corrective measures as soon as possible.



CHAPTER 2

Governance



COMPONENT A: Political and Administrative Governance

Introduction

The Constitution section 151 (3) states that the council of municipality has the right to govern on its own initiative, the local government affairs of the local community. EMLM Council comprises of the political and administrative components responsible for decision-making and implementation respectively. The Mayor is the political head of the Institution and the Speaker is the head of council. The Municipality has all the powers assigned to it in terms of the Constitution as well as relevant national and provincial legislations. The municipality has the authority to take any possible actions to effectively exercise powers assigned to it.

2.1 Political governance

Council established Section 79 committees which provides general oversight and monitor the activities in the municipality over both the administrative and executive arms of the municipality. This section 79 Committees are chaired by independent councillors other than members of executive committee. The following committees were established:

- Executive Committee (EXCO)
- Municipal Public Accounts Committee (MPAC)
- Programming committee
- Corporate services Portfolio committee
- Infrastructure services Portfolio committee
- Financial services Portfolio committee
- Community Services Portfolio committee
- Development planning Portfolio committee
- Strategic Management Portfolio committee

The Mayor is the Political Head of the Municipality. The Speaker is a full-time councillor and takes responsibility for the running of council meetings. The Office of the Council-Whip is established to create synergy and to maintain discipline among councillors from various Political Parties. The Role of the Council-Whip covers both the political and administrative domains of council with emphasis on the political aspect. The Council-Whip deals with the well-being and particularly attendance of all councillors. The Council meetings are governed according to the approved rules of order. At the beginning of the financial year 2013/2014, municipality had 60 councillors and during the year one Councillor (Cllr Matsepe C.D) resigned from council which reduces the number of councillors to 59 and the number of party representatives to 29 by the end of the financial year. The resignation of Councillor Matsepe C.D left a vacancy in the political party of DA which was not filled by the end of the financial year. The council comprises of 6 political parties namely: ANC, DA, COPE, AZAPO, MP and APC. 30 Councillors are party representatives and 30 are ward Councillors. In order to enhance good governance and accountability, Municipality adopted separation of powers model which separated legislative arm from executive arm.

This is in line with the governance approach that seeks to put in place an independent oversight mechanism to ensure that democracy is deepened and that effective public service delivery takes place to benefit EMLM communities Council has established section 79 committees to play oversight role and monitor the work of the executive and administration.

The established Committees are aligned to administrative departments of the municipality and are chaired by non-executive councillors. MPAC committee is also in place and performs its duties as per approved annual work programme. MPAC is an oversight committee which comprises of non-executive councillors, with the specific purpose of providing oversight over the executive functionaries of Council to ensure good governance the municipality. MPAC recommends to council.

Municipality has 53 part-time Councillors and 7 full-time Councillors. There is a good relationship between councillors as they work cooperatively to achieve the set goals of the municipality. Every year there is a schedule of meetings that is approved by council, in order to ensure that all committees meet regularly to discuss administrative, performance and service-delivery issues. All councillors participate in various committees established in the municipality, and attendance of council meeting is always good as no council meeting was postponed due to absence of quorum. For the year under review council held 5 ordinary council meetings and 5 special council meetings.

Table 1: Committee annual meetings

Name of Meeting	Annual Target	Number of meetings convened	Number of meetings materialised	Total number of apologies received
Council committees				
Corporate Services	10	6	6	11
Strategic Department	11	5	5	6
Finance Department	11	8	8	15
Infrastructure Department	11	8	8	8
Development Planning	12	9	6	4
Community Services	12	3	3	3
Labour Forum	10	6	6	3
EXCO	7	7	7	6
Special EXCO	16	16	16	8
Council	4	5	5	40
Special Council	5	5	5	45
Programming	10	5	5	4
MPAC	4	3	2	1
SCM committees				
Specification	12	15	15	10
Evaluation	12	13	13	None
Adjudication	12	15	13	None

Table 2: EMLM Councillors information

Surname and Initials	Party	Ward no./ PR	Contact number	Gender
Cllr Alberts, R	DA	PR	082 332 3180	male
Cllr Buta, M.Z.	ANC	Ward 16	082 526 3304	male
Cllr Kabinie, R.S.A.	ANC	PR	082 525 6299	female
Cllr Kotze, J.P.	DA	Ward 13	082 332 2973	male
Cllr Lepota, T.J.	ANC	WARD 4	082 525 4213	male
Cllr Madihlaba, M.F.	ANC	PR	082 526 3996	male
Cllr Maepa, M.M.	AZAPO	PR	082 332 3179	male
Cllr Mahlangu, A.B.	ANC	PR	082 333 5092	female
Cllr Mahlangu, Julia	ANC	WARD 19	082 525 4889	female
Cllr Mahlangu, M.D.	ANC	WARD 3	082 525 4748	male

Surname and Initials	Party	Ward no./ PR	Contact number	Gender
Cllr Mahlangu, N.N.	ANC	WARD 23	082 525 4998	female
Cllr Mahlangu, T.S. (Speaker)	ANC	PR	082 495 1407	female
Cllr Mahlase, K.S.	ANC	WARD 1	082 525 4289	male
Cllr Malatji, M.N.	ANC	PR	082 332 8294	female
Cllr Malekane, M.S.	ANC	WARD 30	082 525 4059	male
Cllr Maloba, A.M.	MP	WARD 11	082 525 4299	male
Cllr Mamaila, D.S.	ANC	PR	082 495 0946	female
Cllr Marapi, M.S.	ANC	WARD 9	082 525 4170	male
Cllr Maselela, M.S.	MP	PR	082 525 4649	male
Cllr Masemola, E.M.	ANC	PR	082 333 7672	male
Cllr Mashifane, H.S.	ANC	WARD 15	082 526 0440	male
Cllr Mashilo, M.S.	ANC	WARD 25	082 495 1194	female
Cllr Matemane, W.M.	ANC	PR	082 495 0486	female
Cllr Mathale, S.M.	ANC	PR	082 526 4077	male
Cllr Mathebe, J.L. (Mayor)	ANC	PR	082 525 4688	female
Cllr Matjomane, G.D.	ANC	PR	082 525 4163	female
Cllr Matlala, M.S.	ANC	WARD 20	082 525 4388	male
Cllr Matsepe, T.S.	ANC	PR	082 412 7879	female
Cllr Matshipa, M.P.	ANC	WARD 18	082 525 4067	male
Cllr Matsomane, S.T.	COPE	PR	082 526 4089	female
Cllr Mehlaphe, S.H.	ANC	WARD 14	082 525 4056	female
Cllr Mhlanga, C.T.	MP	WARD 6	082 333 9115	male
Cllr Mkhaliphi, I	APC	PR	082 525 4948	male
Cllr Mmutle, T.N.	ANC	WARD 5	082 525 4223	male
Cllr Moganedi, V.V.	MP	PR	082 526 4048	female
Cllr Mogotji, F.M.	MP	WARD 10	082 525 4264	male
Cllr Mohlala, M.J.	ANC	WARD 27	082 559 7302	male
Cllr Mokgabudi, M.P.	ANC	PR	082 495 0793	male
Cllr Mokganyetji, M.T.	ANC	WARD 24	082 525 9797	male
Cllr Mokone, M.P.	MP	PR	082 525 4578	male
Cllr Molekwa, M. Freda	MP	PR	082 332 5081	female
Cllr Motau, O.E.	MP	PR	082 525 4267	male
Cllr Motlafe, M.G.	ANC	WARD 26	082 525 4508	female
Cllr Mzinyane, D.M.	ANC	WARD 8	082 527 0668	male
Cllr Nduli, M.E.	ANC	WARD 21	082 525 4140	male
Cllr Nkosi, S.F.	ANC	WARD 29	082 5264062	male
Cllr Ntuli, T.J.	MP	PR	082 526 4070	male
Cllr Phahlamohlaka, T.M. (Chief Whip)	ANC	PR	082 525 4154	male
Cllr Phala, M.L.	ANC	WARD 7	082 526 3982	male

Surname and Initials	Party	Ward no./ PR	Contact number	Gender
Cllr Phatlane, A.	ANC	WARD 2	082 525 4074	male
Cllr Pitje W.M	DA	PR	082 526 4277	Male
Cllr Podile, R.J.	MP	WARD 12	082 526 4055	male
Cllr Ramphisa, M.W.	MP	PR	082 525 4215	male
Cllr Skosana, J.J.	MP	PR	082 525 5324	male
Cllr Skosana, S.L.	ANC	PR	082 304 8018	female
Cllr Tladi, M.D.	ANC	WARD 28	082 526 0053	male
Cllr Tshoma, L.H.	ANC	WARD 22	082 304 8019	male
Cllr Tshoma, M.S.	ANC	WARD 17	082 304 8017	female
Cllr Tshoshane, M.	ANC	PR	082 332 2949	female

Executive committee members

Surname and Initials	Party	Ward no./ PR	Contact number	Gender
Cllr Alberts, R	DA	PR	082 332 3180	male
Cllr Lepota, T.J.	ANC	WARD 4	082 525 4213	male
Cllr Mahlangu, N.N.	ANC	WARD 23	082 525 4998	female
Cllr Masemola, E.M.	ANC	PR	082 333 7672	male
Cllr Mathebe, J.L.	ANC	PR	082 525 4688	female
Cllr Matjomane, G.D.	ANC	PR	082 525 4163	female
Cllr Mogotji, F.M.	MP	WARD 10	082 525 4264	male
Cllr Mohlala, M.J.	ANC	WARD 27	082 559 7302	male
Cllr Skosana, J.J.	MP	PR	082 525 5324	male
Cllr Tladi, M.D.	ANC	WARD 28	082 526 0053	male

Table 3: Section 79 portfolio committees

SECTION 79 COMMITTEES		
FINANCE	COMMUNITY SERVICES	INFRASTRUCTURE
1. Chairperson A.B Mahlangu	1. Chairperson Kabini RSA	1. Chairperson Mahlase K.S
2. Marapi M.S	2. Matemane M.W	2. Mathale S.M
3. Skhosana S.L	3. Mahlangu M.D	3. Mahlangu J
4. Mahlase K.S	4. Mashilo M.S	4. Motlafi M.G
5. Mzinyane D.M	5. Madihlaba M.F	5. Buda M.Z
6. Mashifane M.P	6. Nkosi S.F	6. Rakoena M.F
7. Mokone M.P	7. Motau O.E	7. Nduli M.E
8. Kotze J.P	8. Skhosana S.L	8. Mashifane M.S
9. Matsomane S.T	9. Ramphisa M.W	9. Matsomane S.T
10. Matsepe T.S	10. Mamaila D.S	10. Kotze J.P
11. Kgoshi Matsepe	11. Kgoshi Mahlangu	

SECTION 79 COMMITTEES		
STRATEGIC	CORPORATE	PLANNING
1. Chairperson Nduli Elias	1. Chairperson Buda M.Z	1. Chairperson Mzinyane DM
2. Mmutle T.N	2. Malatjie M.N	2. Tshosane M.K
3. Tshoma L.H	3. Phatlane A	3. Mamaila D.S
4. Maepa M.M	4. Tshoma M.S	4. Podile R.J
5. Pitje M.W	5. Ntuli T.J	5. Motau O.E
6. Matemane M.W	6. Mokgabudi M.P	6. Mashilo M.S
7. Kabini RSA	7. Mokganytjie T.M	7. Matsepe T.S
8. Matlafi M.G	8. Mhlanga C.T	8. Mahlangu J.
9. Marapi M.S	9. Mahlangu M.D	9. Malatji M.N
10. Malekane M.P	10. Mkhaliphi I	10. Tshoma L.H
		11. Kgoshi Rammupudu
RULES & ETHICS COMMITTEE	PROGRAMMING	MPAC
1. T.S Mahlangu	1. T.S Mahlangu	1. Chairperson Mehlape SH
2. Phahlamohlaka T	2. Phahlamohlaka T	2. Phala ML
3. Phatlane A	3. Phatlane A	3. Matlala MS
4. Masemola M.E	4. Masemola M.E	4. Maloba AM
5. Mhlanga C.T	5. Mkhaliphi I	5. Moganedi VV
6. Kgoshi Mathebe	6. Matsomane S.T	6. Matshipa MP
	7. Pitje M.W	7. Kgoshi Matlala
	8. Mhlanga C.T	



POLITICAL STRUCTURE



Mayor:
Cllr. Julia Mathebe

POWERS AND FUNCTIONS OF THE SPEAKER



Speaker
Cllr. Thoko Mahlangu

Powers and functions of Mayor as per section 52 of the Municipal Systems Act

- Provide general political guidance over the fiscal and financial affairs of the municipality.
 - In providing such general political guidance, may monitor and, to the extent provide in this Act, oversee the exercise of responsibilities assigned in terms of this Act to the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities
 - Must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget.
 - Must within 30 days of the end of each quarter submit a report to council on the implementation of the budget and the financial state of affairs of the municipality
 - Must exercise the other powers and perform the other duties assigned to the mayor in terms of this Act or delegated by council to the mayor
- To preside at meetings of the council where she is present;
 - To ensure that the council meets at least quarterly;
 - To ensure compliance with the code of conduct for councillors in the meetings of council and council's committees;
 - To maintain order during meetings of the council;
 - Ensure that the provisions in respect of privileges and immunities of councillors, as set out in section 28 of the structures act or any other applicable legislation, are adhered to.
 - To ensure that council meetings are conducted in accordance with the rules and orders of the council;
 - Determine the date and venue of ordinary council meetings;
 - To convene special meetings of the council at the venue determined by her and at the time set out in any request that such a meeting be convened in terms of section 29(1) of the Structures Act.

POWERS AND FUNCTIONS OF COUNCIL WHIP



Council Whip

Cllr. Tebogo Phahlamohlaka

- Oversees municipal strategies to link with the ruling party's manifesto
- Advises the speaker and mayor on the agenda of Council meetings
- Advises the speaker and the mayor of urgent motions in writing, prior to the commencement of the meeting
- Prepares for special debates on the state of the municipality address or budget address

EXECUTIVE COMMITTEE MEMBERS

Functions of executive committee as per delegation of powers

- to report to council on all decisions taken by it;
- oversee and monitor the implementation and enforcement of the municipality's credit control and debt collection policy and by-laws and the performance of the municipal manager in implementing the policy and by-laws;
- when necessary, evaluate or review the municipality's credit control and debt collection policy and by-laws, or the implementation of the policy and by-laws, in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedures;
- makes recommendations to council on proposed political structures of council;
- makes recommendations to council in respect of its legislative powers;
- gives political directions to executive management team;
- determine strategic approaches, guidelines and growth parameters for the draft budget including tariff structures;
- delegates powers in respect of any of its powers to the mayor;

EXECUTIVE COMMITTEE MEMBERS



Cllr. Matjomane D.G
Political head: Infrastructure



Cllr. Lepota T.J
Political head Corporate Services



Cllr. Mohlala M.J
Political head Community Services



Cllr. Masemola E.M
Political head Budget and Treasury



Cllr. Mahlangu N.N
Political head Development Planning



Cllr. Tladi M.D
Political head Strategic management



Cllr Skosana J.J
Exco member



Cllr F.M. Mogotji
Exco member



Cllr R. Alberts
Exco member

2.2 Administrative Governance

The Municipal Manager is the administrative head and act as an interlink between the politicians and the administration. Municipal Manager together with all staff members and councillors are responsible for implementing the IDP and Budget and monitoring the progress made to ensure that service is delivered to the people. The Accounting Officer also provides guidance to political office bearers and to all officials in the municipality. There is a good relationship between the Municipal Manager, administration and political office bearers.

All administrative issues that need intervention of council are referred to council for resolution. Municipality started the financial year with 01 vacancy for section 56 managers but in January 2014 the vacancy rate increased to 02 due to resignation of the Municipal Manager. At the end of the financial year 01 vacancy was filled (Director corporate services) and 01 was still vacant (Municipal Manager). The administrative components of municipality comprises of seven (7) directorates and 25 managers.

Table 4: EMLM management information

Designation	Initial And Surname	Gender
Acting Municipal Manager	Ms R.M Maredi	Female
Director: Strategic Management	Mr. M.M Kgwale	Male
Director: Corporate Services	Ms R.M Maredi	Female
Director: Infrastructure	Ms R.F Morudu	Female
Chief Financial Officer	Mr. M S Monageng	Male
Director: Community Services	Mr. K E Tshesane	Male
Director: Development Planning	Mr. W.N Phala	Male
Deputy Chief Financial Officer	Mr. R Palmer	Male
Manager: Budget and Treasury	Mr L. Sebelebetja	Male
Manager: Public Office Bearers	Mr. M M Mokganyetji	Male
Manager: Assets	Mr. G Marshall	Male
Manager: Communications	Mrs M Burger	Female
Manager: Supply Chain Management	Mr M Mthimunye	Male
Manager: Revenue	Mr B Mohlamme	Male
Manager: Hlogotlou	Mr. A Madiba	Male
Manager: Roossenekal	Mr. M F Mahlangu	Male
Manager: Motetema	Mr. C Masemola	Male
Manager: Human Resources	Mr. L. Mafiri	Male
Manager: Administration	Mr. G Ditshego	Male
Manager: ICT	Mr T. Mashaba	Male
Manager: Environmental services	Ms M Mokhulwane	Female
Manager: Expenditure	Mr. C Mtsweni	Male
Superintendent Roads Construction Unit	Mr. J Malaka	Male
Manager: Traffic	Mr. C Coetzee	Male
Manager: Roads	Mr. B Mkhonto	Male
Manager: Licensing	Mr. D. Manzini	Male

Designation	Initial And Surname	Gender
Manager: LED	Mr. M. Mathebe	Male
Manager: IDP	Mr. J Motha	Male
Manager: PMU	Mr H Mokgehle	Male
Manager: PMS	Ms P Mdluli	Female
Electrical Engineer	Mr K.K. Mametsa	Male
Chief Risk Officer	Mr K. Mathebe	Male
Town Planner	Mr B.O Sethojoa	Male

Below are faces for EMLM senior Managers

EMLM SENIOR MANAGERS



R.M MAREDI
Municipal Manager



Kgware M.M
Director Strategic



Mr W Phala
Director Planning



Morudu R.F
Director Infrastructure



Monageng M.S
Chief Financial Officer



Tshesane K.E
Director Community Services

COMPONENT B: Intergovernmental Relations

Introduction

There are platforms established to maintain relationship between all three spheres of government. The purpose of the platforms is consultation with various interest groups and all other key stakeholders to insure that sectoral issues and projects are well captured within the IDP of the municipality for implementation.

2.3 Intergovernmental relations

During the year under review MTN foundation donated 21 computers to Bosele School for the blinds to assist the students in improving their computer skills. EMLM and the Department of Woman, Children and Persons with disability were part of the event. The Mayor gave thanks to MTN for their initiatives as this will have a huge impact on the lives and studies of students living with disability. Municipality together with COGHSTA issued 159 title deeds to Motetema residence as the completion of ownership cycle. The owners were very happy because they will now be able to extend and renovate their homes as they have a legal proof that they are the official owners of the properties.

2.3.1 District intergovernmental structures

Section 24 of Intergovernmental Relations Framework Act 2005, establishes the district intergovernmental forum to promote and facilitate sound relations between the District and Local municipalities and the forum is chaired by District Mayor.

EMLM has a good relationship with Sekhukhune district municipality and all local municipalities within the district. There are different forums conducted by district where officials and politicians from local municipalities are invited to participate. The structures are as follows:

Table 5: District intergovernmental structures

Structures	Directorates	Establishment
EXCO Lekgotla	Mayor and Municipal Manager	Provincial
Municipal Manager's forums	Municipal Manager	Provincial and District
IDP forums	IDP Manager	Provincial and District
PMS forums	PMS Manager	Provincial and District
LED forums	LED Manager	Provincial and District

The above forums meet quarterly to discuss progress made on service delivery. The forums are facilitated by COGHSTA representatives and district officials. They are very fruitful forums, as members use this opportunity to share ideas and to learn from each other, in order to improve service delivery.

2.3.2 Provincial intergovernmental structures

Section 16 of Intergovernmental Relations Framework Act 2005, establishes the premier's intergovernmental forum to promote and facilitate sound relations between the Province and Local municipalities. EMLM has a good relationship with provincial structures, namely COGHSTA, the Premier's Office and the Provincial Treasury. The province coordinated various forums where it met with members from all municipalities in the province, in order to discuss service delivery issues. Members from COGHSTA, the Premier's Office and the provincial treasury also form part of those forums. The forums are:

- Provincial intergovernmental forum
- Premier/Mayor's forum
- Provincial monitoring and evaluation forum
- Provincial government communicators' forum.

The forums are very fruitful as any kind of question is clarified, and municipalities that lack capacity are identified and provided with all necessary support.

COMPONENT C: Public Accountability and Participation

Introduction

In terms of Municipal Systems Act section 51(b) requires a municipality to establish and organize its administration to facilitate a culture of accountability amongst its staff;

Section 6(i) states that a municipality must develop a system of municipal governance that compliments formal representative government with a system of participatory governance

Section 18 (i)(d) requires a municipality to supply its community with information concerning municipal governance, management and development.

2.4 Overview of public accountability and participation

Municipality uses different kinds of public participation, such as the Mayor's outreach, public meetings and IDP/PMS consultation, in order to promote the culture of accountability. During the year under review the Mayor of municipality in co-operation with Lateral Unions Company handed over two houses to two poor families who lived in mud houses for a very long time. The two houses were built by Lateral Unions Company after the mayor urged for their assistance in improving the lives of those families. Families which were assisted are Msiza family in sterckfontein village in ward 28 and Motau family in Tafelkop ward 17.

The family members shed tears of joy when they were handed over the keys for their homes and thanked the company and the municipality for their initiatives. The mayor also donated blankets to those families. As part of the outreach programme the mayor also visited community members of ward 30 in Roosenekaal to promote communication channel between the community and municipality. In that event municipality in partnership with FNB Groblersdal branch donated 2x 5000L of JoJo tanks to the community.

Municipality conducted Public participation in all 30 wards during the IDP consultation where members of the community attended in large numbers to raise their service delivery needs and they were provided with feedback or progress about projects and objectives that are set in the IDP. Community needs were incorporated in the reviewed IDP where they were prioritised based on the budget available. All Directors, Managers and other officials participated in this process in corporation with ward councillors and ward committees. The process of public participation has impacted positively on service delivery as municipality was given direction by community members as to what needs to be done for them. Municipality is accountable to its community and as the results there was a decrease in community protest during the year under review.

2.4.1 Communication, participation and forums

Communication is an important element of good governance. It is through communication that communities and other stakeholders are informed about the activities of the municipality, and thereby getting empowered to participate in the affairs of the municipality. EMLM Communities play a vital role to ensure accountability in municipal affairs. Council account to the community through established ward committee system and scheduled IDP/ Budget/ PMS community participation processes. The community participation processes have entrenched a culture of involving communities in decision making processes during the process and finalization of the IDP/Budget/PMS. Communities are continuously informed on municipal governance, management and development through the usage of the local media, website, and council sittings. There are different types of effective forums which assist in knowledge sharing to achieve set goals of municipality those forums are as follows:

- PMS forum
- IDP forum
- Budget steering committee

The forums hold meetings quarterly with high attendance rate to discuss service delivery issues and measures to improve performance. PMS and IDP forums are represented by Sekhukhune district municipal officials, local municipality's officials and provincial officials. Budget steering committee is represented by the Chairperson of Finance and all section 56 managers. Whatever decision is taken in those forums that affect community members, such decision are communicated to members of community through our communication channels .e.g. financial status of municipality and performance of municipality

2.4.2 Ward Committees

MLM has established ward committees in terms of Municipal Structures Act of 1998 and it has 300 ward committee members which is 10 members per ward. Ward Committees assist members of the community to participate in public meetings and take decisions that will take service delivery forward in our communities. . For the year under review three (03) wards (10,11,13) never held a meeting nor submit a report to speaker for the whole year.

2.5 Public meetings

The purpose of these meetings is to give feedback and account to the community on the implementation of the IDP/Budget of the municipality. They are further utilized as a platform to agree on community needs. During the year under review 28 public meetings were held in different wards .All public meetings held were beneficial. Minimum queries were raised by community members and those which are our municipal functions were clarified during the meeting e.g. electricity and refuse removal issues. Those issues raised which are not municipal function were referred to relevant sector departments and Sekhukhune district municipality e.g. water and housing.



PUBLIC MEETINGS									
Ward no	Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issues raised by community	Issue addressed (Yes/No)	Dates and manner of feedback given to community	
01	Community meeting	27/07/2013	01	00	146	Water, electricity, sanitation and school	Yes	Through community meetings, on electricity community memorandum was handed to the municipality.	
02	Ward committee meeting.	18/07/2013	01	00	8	Pension pay point	Yes	19/09/2013, ward committee meeting.	
03	Community meeting	17/02/2014	01	00	64	Patrol cars, school transport, speed humps and jojo tanks	No	None	
04	Ward committee meeting	13/11/2013	01	00	11	RDP, food parcels, unemployment and health problems.	Yes	Community consultation	
05	Community meeting	09/12/2013	01	00	53	Water circulation, speed humps,	Yes	through IDP consultation	
06	Community meeting	14/08/2013	01	00	125	Electricity, EPWP programme, graveyard and id's	Yes	Community consultation	
07	Community meeting	17/08/2013	01	00	50	Water leakages, roads and RDP	Yes	Community meetings	
08	Community meeting	06/07/2013	01	00	118	Roads, RDP houses, access roads, fencing of grave yard.	Yes	Community Meetings	
09	Community Meeting	08/05/2013	02	00	186	Tambo bus road, graveyard fencing, 8 high mass lights.	Yes	Community meeting	
10	None	None	00	00	00	None	-	None	

PUBLIC MEETINGS									
Ward no	Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issues raised by community	Issue addressed (Yes/No)	Dates and manner of feedback given to community	
11	Ward committee meeting,	13/08/2013	02	00	07	EPWP	Yes	Community consultation	
12	Community Meeting	12/08/2013	01	00	36	Water, electricity, RDP houses, toilets and road maintenance.	Yes	Community Meeting	
13	none	none	00	00	00	none	No	None	
14	Community meeting	04/01/2014	01	00	57	Water and roads	yes	Community meeting.	
15	Ward committee meeting	09/08/2013	01	00	07	School toilets, grader programme and EPWP	No	Ward committee meeting	
16	Ward committee special meeting	13/08/2013	01	00	08	Bore hole programme.	Yes	Ward committee Special meeting.	
17	Community Meeting	15/08/2013	01	00	28	Solar project, agriculture and regravelling	Yes	Community consultation	
18	Ward committee meeting	18/08/2013	01	00	07	EPWP programme	Yes	Ward committee meeting	
19	Ward committee meeting	17/08/2013	00	00	08	Road	Yes	Ward committee meeting.	
20	Formalisation of stadium view	27/07/2013	02	02	116	Presentation of service provider of stadium view	Yes	Community consultation	
21	Community Meeting	15/07/2013	01	01	216	Kgaphamadi pay point.	Yes	Community meeting.	

PUBLIC MEETINGS									
Ward no	Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issues raised by community	Issue addressed (Yes/No)	Dates and manner of feedback given to community	
22	Community Meeting	09/09/2013	01	00	144	Jojo tanks, electricity and FBE.	Yes	Community consultation	
23	Ward committee meeting	07/08/2013	01	01	00	EPWP programme	Yes	Ward committee meeting.	
24	Stakeholders meeting	13/08/2013	01	00	85	Regravelling programme, sports ground and nkosinathi creche	Yes	Stakeholders engagement	
25	Ward committee meeting	19/09/2013	01	00	07	Water, roads, electricity.	yes	Community meeting	
26	Ward committee meeting	16/09/2013	01	00	06	Bursaries, funeral cases	yes	Consultation to Municipal office for assistance	
27	Ward committee meeting	07/08/2013	01	00	06	Water supply, roads regravelling.	yes	Community meeting	
28	Community meeting	06/08/2013	01	00	97	water	yes	Community meeting	
29	Ward committee meeting	08/08/2013	01	00	09	EPWP and land crisis at Rangers	yes	Community meeting	
30	Community meeting	19/10/2013	01	01	146	Database for indigents, jobs	yes	Community participation meeting.	

WARD BASED MEETINGS

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 01	Cllr: Mahlase Kenneth	yes	20	17	10
	Ward Committees:				
	Mphela Armelia (Resigned)				
	Mahlangu Goodness				
	Matlou selinah				
	Gededzha Mavis,				
	Phahlane Helen				
	Matludi Cedrick				
	Kgalema Klaas				
	Kgomo Peter				
Ramphisa Linah					
Ward No 02	Cllr: Phatlane Banda	yes	02	02	00
	Ward Committees:				
	Mosoma Walter				
	Masombuka Naledi				
	Motau Rosina,				
	Mathabathe Mpho				
	Lebese Tebogo				
	Matsane Gladys,				
	Dunge Olga,				
	Ralekwe Dolly				
Phasha Solomon					
Phatlane Lucy					

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 03	Cllr:Mahliangu Mputsu Ward Committees: Malefahlo Mamotsepe Mokwane Matron Ditshogo Moses Malapela Frans Makau Hlakudi Mathebe Stephens Sithole Elsie Mohlala Margareth Simango Lebogang Hellen Maswanganyi	yes	03	02	00
Ward No 04	Cllr:Lepota Tseke Ward Committees: Mampuru Olivia Malemone Herman Moima Lizzy ,Mashabela Lucas Dwaba Lebogang Mashabela Dipuo Leshabane Janeth Malapela Kenneth Mphahlele Martha Aphane Francinah	yes	10	10	02

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 05	Cllr:Mimutle Thabo	yes	01	01	01
	Ward Committees:				
	Makgoleng William				
	Mokoena Moses				
	Motau Kholofelo				
	Leope Nelly				
	Rasegatie Robert				
	Mokwena Anna				
	Kutu Sarah,				
	Makolane Selomang				
	Mohlala Jameson				
Makweoane Agnes					
Ward No 06	Cllr:Mhlanga Chris	yes	04	04	00
	Ward Committees:				
	Ngwenya Zodwa				
	Mzizi David				
	Mahlangu Simon				
	Mashego Poppi				
	Ncongwane John				
	Mogola Johannah				
	Phokwane Nkosinathi				
	Moloi Zodwa				
	Mbonani Linda				

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 07	Cllr:Phala Lucas	yes	07	04	03
	Ward Committeees:				
	Mabelane John (Relocated) Replaced by Shadrack Mathebe				
	Mogajane Johannes				
	Mnisi Isaac				
	Mashego Petrus				
	Maseko Agnes				
	Mashishi Mpho				
	Sithole Themi				
	Magagula Lebogang				
	Mkhwanazi Mavis				
Mokgabudi Class					
Ward No 08	Cllr:Mzinyane Monica	yes	03	04	02
	Ward Committeee:				
	Moima Francinah				
	Magana Josephine				
	Ditshego Johannes				
	Makitia Brenda				
	Makua Spokes				
	Ntobeng Mavis				
	Mtshwene Merriam				
	Makitia Melfort				
	Seopela Fetsi				

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 09	Cllr:Marapi Maphahlane Ward Committees: Mathebe Violet Mahlangu Thembu Kgaladi Shila Nkosi Thamba Mankge Johannes (Resigned) Mongale Gladys Kgaladi Johannes Nkosi Nkosinathi Mathebe Florence	yes	08	04	02
Ward No 10	Selina Sekwani (Employed by EMLM) Cllr:Mogotji Motshela Ward Committees: Mathebe Makgatlle Phora Ntswaki Madisa Chipane Matlala Julia Mokone Shierly Mohlamonyane Patience Mohlamonyane Nelly Mohlamonyane Jan Makgane Edgar Madisa Kgadi	yes	00	00	00

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 11	Cllr: Maloba Matome Ward Committees: Mohlala Themba Kgaphola Virginia Mtshali Chris Phiri Dinah Mthombeni Bangiswane Mashiloane Don Mokoena Howard Mariri Wister Cekhu Dumani Madala Selinda (Employed by EMLM)	yes	00	00	00
Ward No 12	Cllr: Podile Ramabane Ward Committees Sefoloshe Penyane Makitla Alfred Phora Daniel Phora Mahlodi Ditshago Linky, Mathebe Kalodi Mohlamonyane Fridah Mohlamonyane Waitteville Mathabathe Granny Phorothle Thabiso	yes	06	07	04

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 13	<p>Cllr:Kotze Johan</p> <p>Ward Committees:</p> <p>Maroga Peter</p> <p>Rampedi Nancy</p> <p>Mellors Shaun</p> <p>Dinah Pochane</p> <p>Le Roux Juvena</p> <p>Synders Piet</p> <p>Rebecca Fakude</p> <p>Arno Schoombee</p> <p>Johannes Thulare</p> <p>Solomon Nonyane</p>	yes	00	00	00
Ward No 14	<p>Cllr:Mehiape Hlaole</p> <p>Ward Committees:</p> <p>Maleka Steven</p> <p>Ramodipa Enock</p> <p>Mashabela Phillemon</p> <p>Bogopa Botha</p> <p>Molwele Kgaugelo</p> <p>Makeke Mipilo</p> <p>Mokgwatsana Antonia</p> <p>Nkwana Rwadimane</p> <p>Mabuza Mami</p> <p>Mphahlele Mpho (Employed by EMLM) Replaced by Nkopodi Johannes</p>	yes	05	05	01

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 15	Cllr: Mashifane Hlekego Ward Committeees: Mtsheni Syria Maredi Jan Mahlangu Vusy Mokabane Esther Mokoana Boy Mokoana Alphrat Mogaela Salome (Resigned) Mnguni Nathi Mokoana Dorah (Resigned) Mohlanlo Dolly	yes	01	01	00
Ward No 16	Cllr: Buda Mido Ward Committeees Zulu Ben Ntuli Selina Mamaila Doctor Mashilangwako Josephine Mthweni Jan Mthimunye Maria Masilela Khennet Mthombeni Lucas Mtsweni Balise Mokoena Rose	yes	03	03	01

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 17	Cllr: Tshoma Salamidah	yes	07	07	00
	Ward Committees:				
	Nkadimeng Freddy				
	Kgarea Viniger				
	Malema July				
	Mampuru Francinah				
	Manyaka Lawrence				
	Tshigo Phindile				
	Malatjie Mkgadi				
	Monama Thomas				
	Madhlaba Motialepule				
Thipe Thabo					
Ward No 18	Cllr: Matshipa Mpoye	yes	01	01	00
	Ward Committees:				
	Mosotho Mooiman				
	Shaku Erick				
	Rakgalakane Jullie				
	Mosehla Rose				
	Mtshwene Shemeng,				
	Makua Nelson				
	Monareng Reginnah				
	Makua Petrus				
	Phetla Joyce				
Mogana Emmah					

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 19	Cllr:Mahlangu Julia	yes	08	11	06
	Ward Committees:				
	Mahlangu Caro				
	Skhosana Delisiwe				
	Msiza Meisie				
	Mahlangu Themba				
	Mashiga Nkosinathi				
	Mahlangu Elizabeth				
	Mokwana Mickie				
	Mahlangu Tolly				
	Digaota Jimmy				
	Chego Advocate				
Ward No 20	Cllr:Matlala Makhamise	yes	05	04	00
	Ward Committees:				
	Nkosi Monica				
	Chego Piet				
	Selepe Zephora				
	Zwane Zanele (Resigned)				
	Moloko Annah				
	Mokwana Thorwane				
	Maredi Debora				
	Machika Themba				
	Matlala Frida				
	Molomo Jaftha (Resigned)				

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 21	Cllr:Nduli Elias Ward Committees: Makeke George Radingoana Victor Tiase Selina Maphanga Nhlanhla Mashego Phillimon Mthombeni Elizabeth Khoza Dipuo Mthimunye Mavis Sekwane Manche,	yes	04	09	01
Ward No 22	Cllr:Tshoma Hlabishi Ward Committees: Matsepe Motialekgomo Mashiloane Mogale Moramaga Patric Lerobane Mamutle Lerutla Serolo Malaka Sheila Mealies Nebi Masehla Dineo, Moramaga Maphathagane	yes	14	16	07

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 23	Cllr:Mahlangu Nomsa Ward Committees: Skhosana Brandy Mphelane Kedibone Mthimunye Siphoh Mtweni Samson Seabi Elizabeth Mohlallo Mahlatse Madhlaba Milizon Mahlangu Elias Ntuli Lettie Mahlangu Annah	yes	07	08	04
Ward No 24	Cllr:Mokganyetji Mareme Ward Committees: Nkadimeng Bella Mokoana Molebaleng (Resigned) Replaced by Maria Skhosana Mdau Themba (Resigned) Replaced by Ester Mhlahlo Molapo Jeaneth Thobejane Setimo Mosofo Piet Tijane Rebone (Resigned) Replaced by Chego Lazarus Mathelele Pheladi Mmakau Daniel Ramogaoane Lucy (Resigned) Replaced by Thabang Nualungu	yes	10	14	08

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 25	Cllr:Mashilo Samaria Ward Committeees: Matsepe Kope Skosana Job Magaga Nhotse Masetlane Eric Lekala Reginah Motla Sinah Phetla Johannes Ratau Leah Motshana Jack Phala Florah	yes	08	09	02
Ward No 26	Cllr:Motlale Manthwaleng Ward Committeees: Mokwana Irine Namane Betty Maipushe Beauck Masemola Kagiso Mahlangu Edwin Matladi Morongwe Mokwena John Mpubane Lorrain Masekela Lindiwe Matladi Tshepho	yes	04	05	03

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 27	<p>Cllr: Mhloala Matime</p> <p>Ward Committees:</p> <p>Mohlala Jackson</p> <p>Machika Matholo</p> <p>Letuke Maihwana</p> <p>Tlaka Beauty</p> <p>Kabini Claudine</p> <p>Mohlala Johannes</p> <p>Tlaka Wiseman,</p> <p>Tshehla Andy</p> <p>Makua Martha</p>	yes	01	02	01
Ward No 28	<p>Cllr: Tladi Magatle</p> <p>Ward Committees:</p> <p>Maphupha Kenneth (Employed by EMLM)</p> <p>Maipushe Sekina</p> <p>Dikotope Jerren</p> <p>Makuwa Thusho</p> <p>Mashifane Maria</p> <p>Tshehla Lucia</p> <p>Tladi Patrick</p> <p>Makola Trevor</p> <p>Matuludi Eva</p> <p>Senamela Ramathabathe</p>	yes	02	03	01

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 29	Cllr:Nkosi Siphso	yes	02	03	00
	Ward Committees:				
	Nchabeleng Letsoko				
	Maleka Christina				
	Sekulane Clementine				
	Mashao David				
	Motsepe Enny				
	Mokgabudi Comfort				
	Raseroka Solomon				
	Kgonyane Virginia, Mathabatha Matsatsi Mahlangu Nini				
Ward No 30	Cllr:Malekane Mpho	yes	01	02	03
	Ward Committees:				
	Maabane Bongli (Resigned) Replaced by Emma Makua				
	Magolego Conny (Relocated) Replaced by Maria Sehlola				
	Maseko Zodwa				
	Madihlaba Losta,				
	Kobo Richard (Resigned) Replaced by Samuel Maredi				
	Makuwa John				
	Maphanga Elias (Employed by EMLM) Replaced by Jacqueline Makgeru				
	Sepodumo Shadrack (Resigned) Masha Joseph (Resigned) Kgopa Andries				

2.6 IDP PARTICIPATION AND ALIGNMENT

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



COMPONENT D: Corporate Governance

Overview of corporate governance

EMLM has a code of conduct and policies in place that served as guidance on how to execute our functions in a responsive manner. These documents are applicable to everyone in the municipality, as they set out rules, laws, customs and culture of the municipality. All officials, together with political heads, work collectively, guided by policies to deliver efficient service delivery to communities in order to achieve the vision and goals of the municipality

2.7 RISK MANAGEMENT

For the year under review 60% of identified risks were addressed. Risk management strategy was developed to manage or control fraud and corruption and it was approved by council. The risk committee was established for the first time and training was conducted to all members. Risks management training and awareness was conducted to all managers and directors for better understanding of risk. For the year under review no cases of fraud and corruption was received that warranted internal/external investigations

Top four risks identified:

- Theft
- Lack of Service Standard
- Unsafe and inaccessible roads
- The rightful beneficiaries of FBE not forth coming/considered

2.8 Public satisfaction survey

No public satisfaction survey was conducted due to lack of capacity and financial constraints to can outsource this service.

2.9 SUPPLY CHAIN MANAGEMENT

Municipality has SCM policy in place to minimize opportunities for fraud and corruption. There are SCM committees in place that are reviewable annually to ensure value for money in awarding of tenders. For the year under review 27 tenders were awarded.

Table 6: Information of SCM committees

Description	Number of meetings	Members of the committee	Functions
Bid specification committee	15	Led Manager Manager Traffic Manager PMU Legal Advisor Deputy CFO SCM Practitioner(Secretariat)	<ul style="list-style-type: none"> • Compile a proper and unbiased specification for a specific requirement • Ensure proper Terms of Reference are drawn up for the service required clearly indicating the scope of the requirements, the ratio between price and functionality, evaluation criteria as well as their weights and values • Ensuring availability of funds • Set ranges indicating breakdown of points, percentages as provided in the relevant sliding scales for the selected specified goals
Bid Evaluation committee	13	Director Infrastructure Manager SCM Public Office Bearer Manager Manager Expenditure Manager Assets SCM Practitioner(Secretariat)	<ul style="list-style-type: none"> • Evaluate the bids in accordance with the specifications for a specific procurement • Evaluate as per the set out point system and PPPFA • Evaluate each bidders ability to execute the contract • Check in respect of the recommended bidder whether municipal rates and taxes and municipal services are not in arrears • Submit to the adjudication committee a report and recommendations regarding the award of the bid or other related matter
Bid Adjudication committee	13	Director Community Services Director Strategic Acting Director Planning Chief Financial Officer Electrical Engineer Accountant Demand And Acquisition (Secretariat)	<ul style="list-style-type: none"> • Ensure that all necessary bid documents have been submitted • Ensure that disqualifications are justified and valid and accountable reasons / motivations were furnished for passing over bids. • Ensure that scoring has been fair, consistent and correctly calculated and applied; and bidder's declarations of interests have been taken cognizance of. • Make final awards or a recommendation to the Accounting Officer to make final award; or make another recommendation to the Accounting officer on how to proceed with the relevant procurement • Consider and rule on all recommendations /reports regarding the amendments ,variations, extension, cancellations or transfer of contracts awarded

By-Laws

No by-laws were developed for the financial year under review

2.9 WEBSITE

A municipal website is an integral part of a municipality's communication infrastructure and strategy. If managed effectively, it allows easy access to relevant municipal information, it serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance. The municipal website is www.eliasmotsoaledi.gov.za Municipality's website is available and functional to assist members of the community and fellow South Africans to access municipal information easily.

2.10 AUDIT COMMITTEE

The Audit Committee of the Municipality was established in terms of Section 166 of the Municipal Finance Management Act, Act 56 of 2003 effective 1 July 2012 for a period of two (2) years.

The Following three (3) members of the Audit Committee were appointed effective from 1 July 2012 and their term of contract came to an end on 30 June 2014:

- Adv SST Kholong (Chairperson)
- Mr. L.A.T Gafane
- Adv. R. Nke

EXCO Members evaluated the performance of the three members of the audit committee as mentioned above for the year 2013/2014 on 23 June 2014 and based on the performance assessment results the contracts of the three members were renewed for another year by Council. The Audit Committee as appointed by Council has five ordinary members. Two members as originally appointed during 2012 resigned and Council consequently appointed as their replacements two members with effect from 1st of August 2013. During the year under review 2013/2014 - 04 ordinary audit committee meetings and 06 special audit committee meetings took place.

Table 7: Audit Committee members

Surname and initials	Gender
Kholong S.T	Male
Gafane L.T	Male
Nke R	Male
Mbange B.L.L	Male
Mathabathe M.G	Male

Table 8: Attendance of meetings

NO	AUDIT COMMITTEE	ORDINARY MEETINGS					SPECIAL MEETINGS							
		1	2	3	4	Total	1	2	3	4	5	6	Total	
1	Adv. Kholong S.T	✓	✓	✓	✓	4	✓	✓	✓	✓	✓	✓	✓	6
2	Mr. Gafane T	✓	✓	✓	✓	4	✓	✓	✓	✓	✓	✓	✓	6
3	Adv. Nke R	✓	✗	✓	✗	2	✗	✗	✓	✓	✓	✓	✓	4
4	Mr. Mathabathe MG	✗	✓	✓	✓	3	✓	✓	✓	✗	✗	✓	✓	4
5	Mr. Mbange B	✗	✓	✓	✓	3	✓	✓	✓	✓	✓	✗	✓	5

Legend: ✓ -Present ✗ -Absent

Description	Number of meetings	Members of the committee	Functions
Bid specification committee	15	Led Manager Manager Traffic Manager PMU Legal Advisor Deputy CFO SCM Practitioner(Secretariat)	<ul style="list-style-type: none"> • Compile a proper and unbiased specification for a specific requirement • Ensure proper Terms of Reference are drawn up for the service required clearly indicating the scope of the requirements, the ratio between price and functionality, evaluation criteria as well as their weights and values • Ensuring availability of funds • Set ranges indicating breakdown of points, percentages as provided in the relevant sliding scales for the selected specified goals
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Bid Adjudication committee	13	Director Community Services Director Strategic Acting Director Planning Chief Financial Officer Electrical Engineer Accountant Demand And Acquisition (Secretariat)	<ul style="list-style-type: none"> • Ensure that all necessary bid documents have been submitted • Ensure that disqualifications are justified and valid and accountable reasons / motivations were furnished for passing over bids. • Ensure that scoring has been fair, consistent and correctly calculated and applied; and bidder's declarations of interests have been taken cognizance of. • Make final awards or a recommendation to the Accounting Officer to make final award; or make another recommendation to the Accounting officer on how to proceed with the relevant procurement • Consider and rule on all recommendations /reports regarding the amendments ,variations, extension, cancellations or transfer of contracts awarded

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2	Mr. Gafane T	✓	✓	✓	✓	4	✓	✓	✓	✓	✓	✓	✓	6
3	Adv. Nke R	✓	✗	✓	✗	2	✗	✗	✓	✓	✓	✓	✓	4
4	Mr. Mathabathe MG	✗	✓	✓	✓	3	✓	✓	✓	✗	✗	✓	✓	4
5	Mr. Mbange B	✗	✓	✓	✓	3	✓	✓	✓	✓	✓	✗	✓	5

Legend: ✓ -Present ✗ -Absent

CHAPTER 3

Service Delivery



COMPONENT A: Basic Services

3.1 ELECTRICITY

Elias Motsoaledi Local Municipality and Eskom are the main Electricity supply authority in our Municipality. EMLM have an Electricity License and supply electricity for both Roosenekal Town and Groblersdal .The Municipality rely on Eskom to supply all other areas within EMLM whereby mostly the challenge is capacity on the network as cert Speker

Thoko Mahlangu ain areas could not be electrified until Eskom upgrade the networks. Approximately (958750Hh) 97.5 % of households have access to Electricity and remaining (1441Hh) 2.5% is post connections, extensions and new developed areas. We have also benefited From DME through INEP to electrify areas like Waalkraal RDP, Moteti Liberty, Tafelkop Matshelapata, Dikgalopeng, Bapeding for the year under review 909 household were electrified.

We have also managed to implement smart metering projects in Roossekal. Its purpose is to reduce illegal connections and enforcing community members to pay their electricity bills as the system it reports as and when customers are not paying and it also reports when the system it's been tempered with. For that purpose, municipality is able to collect revenue in Roosenekaal as compared to previous years. The project will be rolled to Groblersdal town in the next financial year 2014/2015. We are also having those villages amongst other like Makwana, Monsterlus, New stands and others that are still without electricity and the processes are underway. We are also looking at other alternatives sources like Solar system to those communities that are living in poverty and deficient in this basic service..

Municipality provide free basic electricity to indigent families .During the year under review municipality targeted 1000 households to receive free basic electricity and only 800 households benefited. 12 high mast lights were installed in Elandsdoorn Township (04 Tambo square, 04 Walter Sisulu and 04 Elandsdoorn townships) through MIG funding. The purpose is to improve the lives of community members and eliminate the high rate of crime. Limited capacity of Eskom grid limits acceleration of electricity connections to more households in the municipal area. Illegal connections remain a threat to expanding access of electricity to all residents and communities.

Table 1: Employees in electricity unit information

Employees: Electricity Services					
Job Level task grades	2013/14				
	Employees	Posts	Employees	Vacancies (fulltime equivalentents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0				0%
4 - 6	04	06	04	02	33%
7 - 9	02	02	02	0	0%
10 - 12	04	05	04	01	20%
13 - 15	0	1	0	01	100%
16 - 18	01	01	01	0 8	0%
Total	11	15	11	04	20%

3.2 WASTE MANAGEMENT

Municipality provide waste management services to 3 proclaimed townships and 2 towns only. We are unable to extend the service to other villages due to lack of funds to buy resources. 10 skips has been placed at strategic places in some villages for refuse dumping in order to decrease high level of illegal dumping. The

available skips are not enough to cater for all villages as illegal dumping remains a serious concern to the Municipality and it causes environmental damage and health hazards.

Waste removal service is outsourced and it comprises of 22 employees. The service is provided once per week in proclaimed townships and twice in towns. The municipality has two licensed landfill sites in Groblersdal, Roosenekal and one transfer station in Hlogotlou Township. Refuse removal in Roosenekaal town is provided by municipal employees twice per week. Municipality also provide street cleaning and litter picking in Groblersdal town between 05h00 and 20h00. EMLM obtained second position in Sekhukhune District Greenest municipality competition.

Table 2: Level of service for households

Service Area/Suburb	Collection Day	Number of households	
		2012/2013	2013/2014
Roosenekal	Monday & Thursday	578	578
Groblersdal	Tuesday & Thursday	1300	1300
Hlogotlou	Wednesday & Friday	3220	3220
Tambo square & Elandsdoring Township	Wednesday & Friday	3338	3338
Motetema	Tuesday	1142	1142
TOTAL		9578	9578

Graph 1: Level of service for households

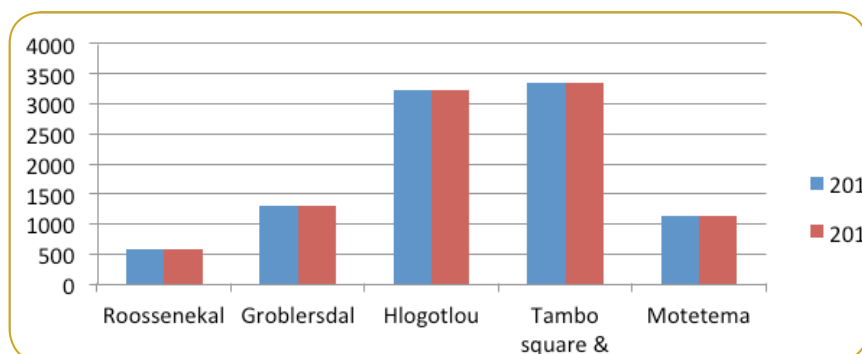


Table 3: Distribution of skips

Area	Number of containers
Capitec passage	1
Motetema	2
Tautes street	1
Canal Street next to Taxi rank	2
Van - riebeeck	2
Tafelkop	3
Sephaku next to the Library	2
Moteti along the main road	1
Luckau	1
Waalkraal	2

Table 4: Employees for Solid Waste Management Services

Employees: Solid Waste Management Services					
Job Level task grades	2012/13		2013/14		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 - 6	12	58	12	46	79.3%
7 - 9	07	10	07	03	30%
10 - 12	01	03	01	02	67%
13 - 15	01	01	01	0	0%
19 - 20	01	01	01	0	0%
Total	22	73	22	51	

3.3 FREE BASIC SERVICES AND INDIGENT SUPPORT

EMLM has an indigent policy in place which outlines qualifications to be registered as an indigent. Free basic electricity is the only benefit that municipality provides to indigents families. Out of 6207 indigents registered, only 1131 beneficiaries were configured by Eskom to qualify for free basic electricity. During the year under review 900 households benefited from free basic electricity. Municipality provides free basic electricity to both Eskom- and municipal-licensed areas. The current collection varies from month to month as not all the indigent's collect their free token. Municipality budgeted R57, 537,271.00 for free basic electricity and the expenditure amounted to R47, 393,458.34.

Graph 2: Free Basic Electricity beneficiaries



Table 5: Financial Performance 2013/14: Cost to Municipality of Free Basic Services Delivered.

Financial Performance 2013/14: Cost to Municipality of Free Basic Services Delivered R'000					
Services Delivered Actuals	2012/13	2013/14			
Services Delivered Actuals	Actuals	Original Budget	Adjustment budget	Actuals	Variance to Budget
Electricity	R 763	R2 000	R2 000	R 376	R 1624
Waste Management (Solid Waste)	R0	R0	R0	R0	R0
Total	R 763	R2 000	R2 000	R 376	R 1624

COMPONENT B: Road Transport

3.4 TRANSPORT OVERVIEW

EMLM has one mode of transport: road transport. Communities depend on buses, taxis and their own cars for transport. There is one company of buses within the municipality, namely Great North Transport. Most community members depend on buses as they are the cheapest mode of transport. Few community members depend on taxis and their own cars as mode of transport.

Buses are available in all 30 wards to commute people to their destination. Lot of the community members rely on bus services because of their accessibility to remote areas as compared to taxis that use main roads only. The service of the Great North Buses is available the whole day, for the entire week. There is also one PUTCO bus that transports people from Groblersdal to Pretoria. This service is available only in the morning and afternoon. The service helps many community members because it is cheap as compared to taxis. Municipality has no transport master plan and road master plan in place.

3.5 PERFORMANCE ON ROADS

Roads and Storm water are key Municipal functions. Most roads within the Municipality are in a state of decay, with provincial roads in dire need for resealing and surfacing. Gravel access roads which are also a challenge as they are inaccessible and easily washed away by heavy rains. Storm water channels being the major challenge to our roads and community within the municipality.

Due to unforeseen circumstances, municipal roads were badly affected by heavy rains during January 2014 and that affected the accessibility of roads to our villages. As the results the municipality launched an emergency intervention plan to ensure that our roads are put back to safer status for usage by our communities. Due to lack of budget for emergency relief, municipality sourced funds from other votes from various departments within the municipality. The total amount of R2, 355, 600.00 was sourced to be able to appoint 04 local contractors to fix the affected roads. The money was able to fix only 09 wards out of 30 wards. To proceed with the program more money was needed. The remaining roads will be taken care off in the next financial year

Municipality constructed 5.6km kilometres of new roads and 1.8 km project was rolled over to financial year 2014/2015 due to late appointment of service providers and heavy rains. On the repair and maintenance 1856m² of potholes were repaired and 7389 m of storm water maintained. The municipality has also extended the maintenance teams to accelerate its services to every ward through satellite offices. The challenge is on the plant and Machinery as nothing was procured in the year under review and the status of our machinery and plant have shown serious declined in terms of Performance.

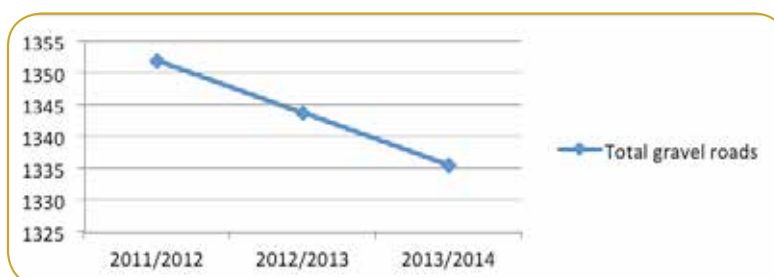
The long term strategy of the Municipality is to surface roads within the municipal area even though our Municipality relies on Grants for roads projects. Based on high road backlog different strategies are implemented, including preventative maintenance of the road Infrastructure whereby some of the roads like Monsterlus and Groblersdal were resurfaced. To improve accessibility to villages, 101.25km has been regavelled.

Table 6: Gravelled and asphalted roads

Gravel Road Infrastructure				
	Kilometres			
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to asphalt	Gravel roads graded / maintained
2011/12	1352km	6 km	17.2 km	560km
2012/13	1343.75 km	0km	8.25km	21.3 km
2013/14	1335.51	0KM	5.6KM	101.25km

Asphalted Road Infrastructure					
	Kilometres				
	Total roads (backlog)	New asphalt roads	Existing asphalt roads re-asphalted	Existing asphalt roads re-sheeted	Asphalt roads maintained
2011/12	1352.1km	17.2km	2km	560km	1352km
2012/13	1334.9km	8.25 km	0km	0km	0 km
2013/14	1335.51	5.6KM	0KM	6KM	6KM

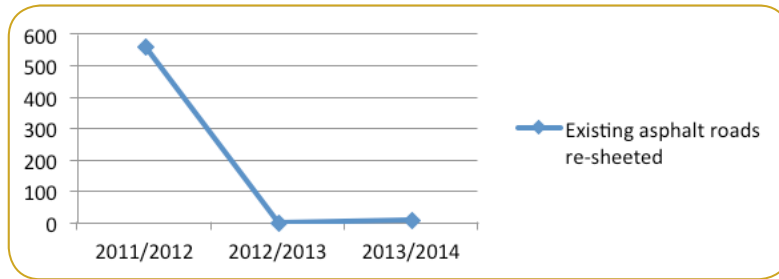
Graph 3: Total Gravel roads



Graph 4: Gravel roads graded/ maintained



Graph 5: Existing asphalt roads re-sheeted



Graph 6: Asphalt roads maintained

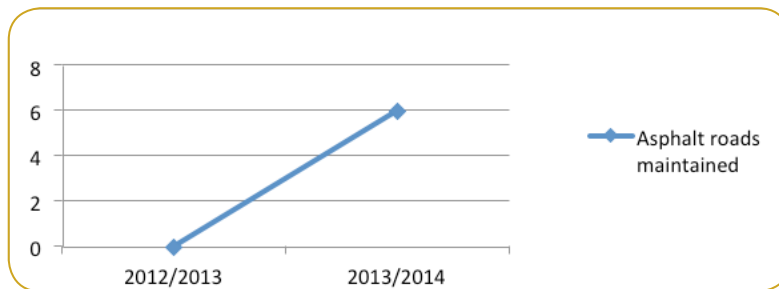


Table 7: Roads and stormwater services employees

Employees: Roads and stormwater services					
Job Level task grade	2013/14				
	Employees	posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 - 6	23	72	23	49	68.1%
7 - 9	01	05	01	04	80%
10 - 12	0	02	0	02	100%
13 - 15	2	02	02	0	0%
Total	26	81	26	55	67.9%

Table 8: Capital expenditure for road services

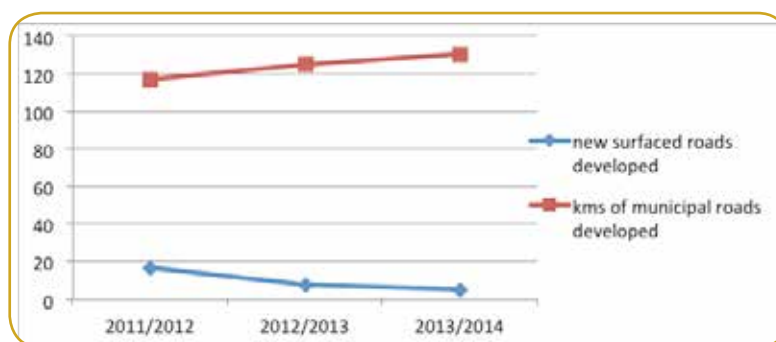
Capital Expenditure 2013/14: Road Services						
R' 000						
2013/14						
Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	source of funding
Total All						
Moteti A phase 2	R11,136	R11,396	R10,165	R971	R10,308	MIG funding
Monsterlus to Makgopheng phase 4	R9,433,	R9,882	R8,680	R752	R8,680	MIG funding
Kgoshi Mahlangu road	R3,000	R8,070	R5,642	(R2,642)	R5,642	MIG funding

Capital Expenditure 2013/14: Road Services						
R' 000						
2013/14						
Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	source of funding
Total All						
Laerdrift Bus route	R0	R1,440	R0	R0	R0	Internal funding
Walter Sisulu/ Tambo bus road	R2,000	R2,450	R2,149	(R149)	R2,040	MIG funding
Mpheleng bus road	R2,000	R2,116	R2,071	(R71)	R2,071	MIG funding
Nyakelang road phase4	R2,500	R4,500	R2,443	R56	R2,443	MIG funding

Table 8: Development of municipal roads

Development of municipal roads as required	new surfaced roads developed	km of municipal roads developed
2011/12	17.2km	117km
2012/13	8.25km	125.25km
2013/14	5.6km	130.85km

Graph 9: Development of municipal roads



3.5.1 MUNICIPAL INFRASTRUCTURE GRANT EXPENDITURE

Table 10: Municipal infrastructure grant expenditure

Municipal Infrastructure Grant (MIG)* Expenditure 2013/14 on Service backlogs						
R' 000						
Details	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustment Budget	
Infrastructure - Road transport						
<i>Roads, Pavements & Bridges</i>	R31 509	R36 398	R34 692	(R3 183)	R1 705	
<i>Storm water</i>	R0	R0	R0	R0	R0	
Infrastructure - Electricity						
<i>Generation</i>	R0	R0	R0	R0	R0	
<i>Street Lighting</i>	R3 990	R2 600	R2 734	R 1255	(R 133)	
Infrastructure - Other						
<i>Transportation</i>	R0	R0	R0	R0	R0	
<i>Gas</i>	R0	R0	R0	R0	R0	
Other Specify:						
Cemetries	R2 550	R2 550	R175	R2 374	R2 374	
Street Parking	R3 500	R0	R0	R3 500	R0	
Waste Management	R2 047	R2 047	R0	R2 047	R2 047	
Total	R43 596	R43 596	R34 063	R4 885	R4 885	



COMPONENT C: Planning and Development

3.6 Planning overview

Development unit is responsible for land use management, upholding building regulations to promote uniform standards in terms of building of structures as per the provision of the national building regulations and building standards act (103:1977). The department has been expanded to include GIS unit which will be responsible for data provision.

There are a number of development applications in the form of rezoning, subdivisions, consolidations, removal of restrictive conditions, township establishments that has been lodged with the local authority for assessment.

Table 11: Approved applications

Item No	Application
DP13/037	Application for a shopping centre on Portion 6 of farm Eensgevonden 199js
DP13/038	Special Consent application on farm Leeukraal 46 js
DP13/041	Rezoning and removal of restrictive conditions, erven 276, 1/277 Groblersdal Extension 2, Erven 967 & 968 Groblersdal Extension 9 and Township Establishment on portion 14 of farm Klipbank 26 js
DP13/042	Special Consent Application, Erf R/324 Groblersdal Extension 2
DP13/043	Subdivision of farm Tafelkop 120 js
DP13/046	Subdivision of the remainder of portion 7 of farm Luckau 127 js
DP13/048	Optical fibre capable
DP13/052	Land development application on a portion of portion 29 of farm Welverdiend 24 js
DP13/054	Rezoning of erven 126 and 127 Roosenekal
DP13/055	Rezoning of erf 148 Laersdrift
DP13/060	Rezoning of erf 129 Roosenekal
DP13/061	Rezoning of erf 62 Roosenekal
DP13/062	Permission to occupy on part of farm Eensgevonden 119 js
DP13/065	Requisition for more space: Erven 2,3,4 and 5 Walkraal Extension 1
DP13/067	Rezoning and removal of restrictive conditions, 1/292 Groblersdal extension 2
DP13/068	Subdivision of erf 172 Groblersdal Extension 1
DP13/069	Rezoning of 2/519 Groblersdal
DP13/070	Subdivision of erf 275 Groblersdal
DP13/071	Special Consent, erf 1/194 Groblersdal

Municipality has requested assistance from provincial departments in formalising some of the identified informal settlements within the municipal area such as portion 13 of farm Klipbank 26 js and Hlogotlou Stadium view. The informal settlement at Motetema has been delayed by a pending land claim by the Bakgaga ba Kopa which the municipality has currently managed to secure a consent letter from the claimants to proceed with the proposed development. There is an improved interaction between municipality and Traditional authorities as a means of remedying land issues between the two structures.

Municipality will also workshop traditional authority's regarding the prior promulgation of Land Use Management Systems (LUMS) as a measure to take care of the challenge relating to the unavailability of management tool in R188 and R293 areas. Furthermore, an informal settlement register has also been initiated in order to curb the challenge of mushrooming informal settlements within municipal area. Municipality owns properties that can be earmarked for future developments that may be beneficial to community members in areas declared growth points as per the Municipality's SDF.

CHALLENGES AND OPPORTUNITIES

Challenges

- Disposal of Municipal land by traditional authorities,
- No land use management tools,
- Poorly managed vacant sites,
- Inadequate business and industrial sites,
- Limited budget,
- Mushrooming of informal settlements,
- Poorly kept government owned properties,
- Inadequate infrastructure capacity in Groblersdal

Opportunities

- Agriculture potential
- Is a provincial growth point
- Is a host to strategic roads, i.e. the R25

Table 12: employees for planning services

Employees: Planning Services					
Job Level	2013/14				
	Employees (No)	Posts (No)	Employees (No)	Vacancies - fulltime equivalents (No)	Vacancies (% of total posts)
7 – 9	2	2	1	1	50%
10 – 12	1	1	1	0	0
13 – 15	1	1	1	0	0
16 – 18	1	1	1	0	0
Total	5	5	0	1	0.2

3.7 Local Economic Development

The Local Economic Development (LED) is an engine responsible for creating and foster a conducive environment for local businesses to thrive with the quest of boosting the economy at both micro and macro scale and eventually boosting jobs within the municipal area. The Mining sector has been active in terms implementing social labour plans which gave impetus to the process of creating jobs (Evraz Mapoches mine). For the year under review no jobs were created through LED initiatives. Tourism sector has also been boosted by the construction of the De –Hoop dam in Roosenekaal. At the end of the financial year the LED strategy was under review and it will be submitted to council in the next financial year 2014/2015.

Table 13: Jobs created through EPWP

Job creation through EPWP* Projects		
Year	EPWP Projects	Jobs created through EPWP Projects
	No	No
2012/2013	11	371
2013/2014	21	361

Table 14: employees for local economic development

Employees: Local Economic Development				
Job Level	2013/14			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
4 – 6				
7 – 9				
10 – 12	2	1	1	50%
13 – 15	1	1	0	0%
19 – 20				
Total	3	2	1	33%



COMPONENT D: Community and Social Services

3.8 Libraries

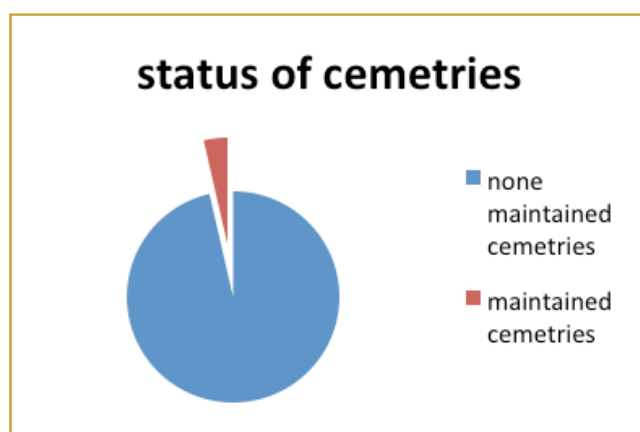
Municipality operates library services in Groblersdal and Roosenekal town only to improve the culture of learning. There is a new library constructed by the department of sports art and culture in Sephaku village and it is not operational as it is not yet officially opened by the department. Vast areas in the municipality remain un-serviced and this is problematic as literacy levels in those areas remain low.

Table 15: Employees for libraries

Employees: Libraries					
Job Level task grades	2013/14		Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	Employees	Posts			
	No.	No.	No.	No.	%
4 - 6					
7 - 9					
10 - 12	03	06	03	0 3	50%
16 - 18					
Total	03	06	03	0 3	50%

3.9 CEMETERIES

The municipality has a total number of 107 cemeteries and only 04 of them are well maintained which are: Groblersdal, Roosenekaal, Motetema and Hlogotlou. In these areas, the municipality prepares graves for community members, who in turn pay for the services rendered whereas in rural areas community members dig their own graves. Cemeteries in rural areas are without fencing and ablution facilities due to financial constraints. The municipality is responsible for cleaning and cutting grass in cemeteries as an when the service is required. The cemeteries that are maintained are those who are in townships areas only. There is a grave digging service in Groblersdal cemeteries only. In other wards, graves are dug by community members. Motetema cemeteries were fenced by Sekhukhune district municipality.



3.10 SAFETY AND SECURITY

3.10.1 Traffic

Municipality provides traffic services to enforce road traffic laws and promoting free flow of traffic. The service is limited only to Groblersdal and Roosenekaal town and other areas rely on the service provided by the province. Municipality works jointly with the province during busy times such as Easter holidays and Christmas holiday to manage traffic flow. 19 arrive alive campaigns were conducted to educate community members about law enforcement.

3.10.2 Licensing

Municipality provides licensing services with the total number of 14 officials and uses electronic writing method of learners' license called license pro. At the beginning we had challenges with the new electronic system as community members were resistant to the change from manual to electronic. By the end of the financial year the challenge was overcome as community members got used to the system. They later appreciated the system as it is user-friendly and 100% fair.

The table below provides licensing service data over the past two financial years:

Table 16: Learners licence information

Description	2012/2013.	2013/2014
number of learners application received	1867	1896
number of learners licence passed	990	857
number of learners licence failed	61	747

Table 17: Drivers licence information

Description	2013/2014
number of drivers licence application received	3141
number of drivers licence passed	2146
number of drivers licence failed	591

COMPONENT I: Corporate Policy Offices and Other Services

3.11 Executive and Council

Executive committee is the principal committee of the council which receives reports from the other committees of the council and which must forward these reports together with its recommendations to the council when it cannot dispose of the matter in terms of its delegated powers. The executive committee must identify the needs of the municipality, review and evaluate those needs in order of priority. The committee recommends to municipal council strategies, programmes and services to address priority needs through the integrated development plan and estimates of revenue and expenditure, taking into account any applicable national and provincial development plans.

The municipality comprises of three service delivery priorities which is the roads, waste management and electricity. The municipality is having 1352 kilometer of roads. Due to the vastness and rural nature of the municipality, priority is given to roads functions to ensure that internal roads are maintained for accessibility to community members for them to access municipal services. 5.6km of roads were completely surpassed through MIG grant.

Council resolved that each year the municipality must procure one yellow fleet to be able to sustain maintained roads as a measure taken to improve performance

3.12 HUMAN RESOURCE SERVICES

Human resource comprises of occupational health unit, labour relations unit and salaries unit. It is responsible for the recruitment processes, leave administration, disciplinary procedures, skills development, pay roll, ICT and labour relation issues.

3.13 INFORMATION TECHNOLOGY

EMLM has ICT unit in place with the total number of 07 officials and most of the services are outsourced. ICT unit is responsible for running daily, weekly, monthly data and backups. It ensures that municipal website is always functional and provides user support. There is a helpdesk where all IT related queries are forwarded through emails and Technicians will respond to those queries in sufficient time. ICT unit ensures that network is always available to all municipal applications such as Munsoft, emails, internet, payroll system and leave system for efficient and effective service delivery.

Table 18: Employees for ICT unit

Employees: ICT Services (how many employees on the listed task grades and vacancies)				
Job Level	2013/14			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
4 - 6	1	1	0	0%
7 - 9				
10 - 12	5	5	0	0%
13 - 15	1	1	0	0%
19 - 20				
Total	7	7	0	0%

Table 19: Capital expenditure for ICT unit

Capital Expenditure 2013/14: ICT Services					
R' 000					
Capital Projects	2012/13				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Hardware and software	R800	R1 331	R1 329	(R529)	R1 329

COMPONENT J: PERFORMANCE REPORT (INSTITUTIONAL SCORECARD)

Department of Development Planning											
Projects	KPI No	budget	Expenditure	strategic objectives	Key Performance Indicator	Baseline	Annual Target (13/14)	actual performance	reason for variance	Measurement Source/	measures taken to improve performance
										Evidence	Achieved
Municipal by-law	1	R 50,000.00	R 1,908.00	to create a requisite town planning conditions for growth and development	% accreditation of By-Laws enforcers	no by-law enforcers accredited	100% accreditation of By-Laws enforcers	33.3%, 1 By-law enforcers accredited	Changes in office that deals with accreditation.	none	Motivating the urgency of accreditation to the relevant office.
	2	R 0.00	R 0.00	to ensure the prevention of land invasion and mushrooming of informal settlement	no. of Housing chapters developed	no housing chapters in place	1 Housing chapter developed	1 Housing Chapter developed	None	Housing Chapter	none
Township establishment	3	R1,500 000.00	R 0.00	To create requisite town planning conditions for growth and development	% of Township establishment in Roosenekal	60% Township establishment (i.e. scoping report & preliminary lay out.	40% Township Establishment (i.e. approved SG Diagram)	No progress	Limited budget.	none	Realistic future budgeting.
	4				% township establishment Groblersdal	terms of reference in place	60% Township establishment.	No progress	None responsive of bidders.	none	re-advertisement
Building control	5	R 0.00	R 0.00	To create requisite town planning conditions for growth and development	No. of non-compliant buildings fined as per National Building Act and Regulations	17 fines issued for non-compliant	10 non compliance notices to be issued	20 Non-compliant Building Fines issued.	none	Copies of Building Fines issued.	none
	6	R 0.00	R 0.00	To create requisite town planning conditions for growth and development	No of land use applications processed.	123 application processed	120 application processed	28 Land Use applications processed.	only 28 land applications were received and processed	Land use applications register.	to reduce the target in the next financial year

Department of Development Planning												
Projects	KPI No	budget	Expenditure	strategic objectives	Key Performance Indicator	Baseline	Annual Target (13/14)	actual performance	reason for variance	Measurement Source/ Evidence		measures taken to improve performance
										Achieved	Not achieved	
tenure upgrading	7	R0.00	R0.00	To promote planned land uses for economic growth	% of upgraded land tenure: Hlogotlou	Feasibility Study in place.	40% tenure upgrading hlogotlou	20% Approved Lay-out Design by Coghsta & EMLM	reliance on COGHSTA	none	0%	wait for coghsta
	8	R0.00	R0.00	To promote planned land uses for economic growth	% of upgraded land tenure: Motetema	Feasibility Study in place.	20% tenure upgrading Motetema	10% Content letter form the claimants in place.	Land Claims by Bakgaga Bakopa.	none	Not achieved.	wait for land claim results
turnaround time for processing applications	9	R0.00	R0.00	to improve the provision planning information for economic and social growth	No. of days taken to approve/ disapprove rezoning and sub-division applications	90 days	90 days	90 days	none	Land use application register.	Achieved.	none
	10	R0.00	R0.00	to prevent informal settlement recurrence	% development of the prevention of informal settlement by-law	no by-law in place	100% development of the prevention of informal settlement by-law	20% Informal settlements management & control By-law developed & approved by Council for Public Participation.	Public participation meeting not convened.	none	Not achieved.	Expedition of the public participation process.
training of entrepreneurs	11	R0.00	R0.00	To ensure that entrepreneurs are self-sustainable	No. of entrepreneurs trained	SEDA/ LEDA conducts trainings for SMME's	100 Entrepreneurs to be trained	102 Entrepreneurs trained.	none	attendance register	Achieved.	none
	12	R0.00	R0.00	to mobilize strategic partnerships with private sector	No. of strategic partnerships initiated	1 partnership with Mapochs mine	4 mobilization of partnership initiated	0 mobilization of partnership initiated	reliance on other parties	none	not achieved	discontinuation of the KPI as is reliant on the third party

Department of Development Planning											
Projects	KPI No	budget	Expenditure	strategic objectives	Key Performance Indicator	Baseline	Annual Target (13/14)	actual performance	reason for variance	Measurement Source/	measures taken to improve performance
										Evidence	Achieved
reviewal of LED strategy	13	R300 000.00	R 297,038.59	To review the out dated LED strategy	% review of LED strategy	LED strategy in place	100% reviewal of LED strategy	90% LED Strategy Reviewed.	the KPI was budgeted for during budget adjustment and the appointment of service provider was done in the third quarter	none	the draft is available awaiting to serve in council in the next financial year
monitoring of social labour plan	14	R0.00	R0.00	to ensure effective monitoring of social responsibility programmes	No. of SLP monitored	1 Social Labour Plan in place	4 Social Labour Plan Monitored	4 Social Labour Plan Monitored	none	the evidence is not realistic	to provide reliable evidence
LED Forum	15	R0.00	R0.00	to ensure establishment of LED forum	% establishment of LED forum	none	100% establishment of the LED Forum	100% establishment of the LED Forum	none	roll call and terms of reference to the establishment	none
support to co-operatives and SMME's	16	R0.00	R0.00	To ensure effective allocation of resources by 2015	No. of SMME/Cooperative supported	none	20 SMME/Coops supported	26 SMME/Coops supported	none	attendance register and marketing broucher	none
Reviewal of Investment and Marketing Strategy	17	R0.00	R0.00	To develop municipal infrastructure investment plan and review marketing strategy by 2014	% of reviewed investment and marketing strategy	4	100% reviewed investment and marketing strategy	0% reviewed investment and marketing strategy	no budget	none	to be budgeted for in the next financial year
Development of retention and business expansion strategy	18	R0.00	R0.00	to develop retention and business expansion strategy	% Development of retention and expansion strategies	none	0% Development of retention and business expansion strategy	0% Development of retention and business expansion strategy	no budget	none	to be budgeted for in the next financial year

DEPARTMENT OF CORPORATE SERVICES												
Projects	KPI No.	Budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	Annual Target	actual performance	reason for variance	Measurement Source/Evidence	Achieved /not achieved	measures taken to improve performance
website update	1	R0.00	R0.00	to comply with legislative requirement	% updates done vs received documents	Municipal web-site available	100% updates	100% updates done on all received documents	no evidence	none	Achieved	to provide evidence
	2	R0.00	R0.00	to comply with legislative requirement	% submission of documents	Municipal web-site available	100% submission of documents	100% updates done on all received documents	no evidence	none	Achieved	to provide evidence
website maintenance	3	R100 000.00	R 22,717.80	to maintain and update website	% maintenance of website	Municipal web-site available	100% municipal website updated	100% update done on municipal website by SITA as per requests submitted	no evidence	none	Not Achieved	to provide evidence
soft ware licensing	4	R 700,000.00	R792 000	to comply with copyright law	% licensing of municipal software	no liscensed municipal software in place	100% licensing of municipal software	100% municipal software licensed	no evidence	Copies of software licenses	not Achieved	to provide evidence
IT disaster recovery plan	5	R1,200 000.00	R 753,297.28	to prevent disaster in affecting business continuity	% development of IT disaster recovery plan	no IT disaster recovery plan in place	100% development of IT disaster recovery plan	50% the draft IT disaster recovery plan in place	late appointment of service provider	none	not achieved	to fast track the process by the appointed service provider
IT MASTER PLAN	6	R1,000 000. 00	R 957,017.54	to analyse IT gaps identified	% development of IT master plan	no IT Master plan in place	100% development of IT master plan developed	100% IT Master plan developed	no evidence	Copy of Master Plan	Not Achieved	to provide evidence
website	7	R0.00	R0.00	develop disaster IT recovery strategy	% of office backup server room	IT unit functional	100% of office backup server room	100% Backup plan in place	no evidence	Backup report	Not Achieved	to provide evidence
network support and maintenance	8	R3,000 000.00	R1 741 666.67	To secure information on the network	% monitoring, maintenance and support to IT network	secured network up and running	100% safe, secured and accessible up and running network	80% Network Support and Mantanace	lack of capacity	none	not Achieved	to capacitate the unit

DEPARTMENT OF CORPORATE SERVICES

Projects	KPI No.	Budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	Annual Target	actual performance	reason for variance	Measurement Source/ Evidence	Achieved /not achieved	measures taken to improve performance
training of employee	9	R1 000 000.00	R 963,056	To Capacitate employees.	No. of employees to be capacitated as per training plan	WSP developed	30 employees capacitated	29 employees capacitated	none adherence to approved WSP	none	not achieved	to adhere to WSP and training plan
training of councillors	10	R1 000 000.00	R 963,056	To Capacitate councillors	No. of councillors to be capacitated as per training plan	WSP developed	60 councillors capacitated	19 Councillors capacitated	insufficient budget	none	not achieved	to ensure that budget is aligned to WSP and training plan
Compliance with Municipal by-laws	11	R0.00	R0.00	to provide and improve compliance to municipal regulatory environment	% compliance with municipal by-law	by-laws developed and approved by council	100% compliance with municipal by-laws	0% compliance with municipal by-law	Lack of capacity	none	Not achieved	Technical support to be solicited for by-laws review process
implementation of WSP	12	R 420,000.00	R 420,000.00	To ensure effective organizational development	% implementation of WSP	None	100% implementation of WSP	0% implementation of WSP	Training programmes and Budget allocated not aligned to WSP	none	Not achieved	Training skill audit to be conducted and WSP to be informed by teh skills audit report
declaration of interest	13	R0.00	R0.00	Declaration and disclosure of interests by councillors and officials	no. of councillors and officials declared their financial interests	policy in place	200 officials and councillors declared	0 councillors. 222 officials	none submission of councillors	none	not achieved	to engage speaker and municipal manager
Employee study assistance	14	R0.00	R0.00	to provide study assistance to employees	No of employees provided with study assistance	Study policy available	10 employees assisted	0 employees provided with study assistance	lack of budget	none	not achieved	the study assistance to be incorporated in the training budget
Recruitment of inexperienced graduates	15	R0.00	R0.00	to assist inexperienced graduates	no. of inexperienced graduates assisted	recruitment policy in place	15 inexperienced graduates assisted	13 inexperienced graduates assisted	lack of campaigning strategy	none	Not Achieved	to conduct campaigns and even advertise
local labour forums	16	R0.00	R0.00	To promote and maintain labour peace.	No. of local labour forum meeting held	Labour forum in place	12 meetings held	2 local labour forum meeting held	none adherence to approved program due to lack of items	none	not achieved	Adherence to approved program of meetings

DEPARTMENT OF CORPORATE SERVICES												
Projects	KPI No.	Budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	Annual Target	actual performance	reason for variance	Measurement Source/Evidence	Achieved /not achieved	measures taken to improve performance
filling of vacant post	17	R0.00	R0.00	Develop and implement filling of posts plan by 2014 to ensure compliance with employment equity	No. of positions filled	organizational structure in place	15 vacant post to be filled	3 vacant post to be filled	none	none	not achieved	none
employment equity	18	R0.00	R0.00	to provide requisite legal support	% review of Employment equity plan	employment equity plan in place	100% reviewal of employment equity plan	0% reviewal of employment equity plan	Lack of capacity	none	not achieved	Technical Support required for development of Equity Plan
litigation management	19	R0.00	R0.00	to provide requisite legal support	% litigation cost maintained as compared to the previous years	new indicator	20% reduction of costs	0% Reduction costs	Spending in excess of 25% due to disciplinary cases of senior managers	none	not achieved	proper management of disciplinary cases for senior managers
maintainance of accurate payroll informat	20	R0.00	R0.00	to maximize efficiency of payroll management	% accuracy on payroll information	payroll in place	100% accuracy on payroll information	100% accuracy on payroll information	insufficient evidence	none	Not achieved	to provide complete evidence
OHS	21	R 25,000.00	R 25,000.00	Effective and efficient management of workplace hazards by	% minimisation of workplace hazards	health and safety unit in place	100% minimisation of workplace hazards	100% minimisation of workplace hazards	not evidence	none	not achieved	to provide evidence
E-record management system	22	R0.00	R0.00	To improve e-record management	% use of e-record management system	E-record management system in place	100% use of e-record management system	0% use of e-record management system	Lack of Budget to Maintain and support the system	none	Not achieved	to provide budget in the next financial year
Management of fleet	23	R0.00	R0.00	to review the SLA on fleet management	% reviewal of the SLA	SLA in place	100% reviewal of the SLA	0% reviewal of the SLA	lack of capacity	none	Not achieved	to outsource the function
legal services	24	R0.00	R0.00	to provide requisite legal support	No. of cases received and resolved	Legal section in place	5 cases received and resolved	1 Case Finalised *Mariana Stofberg 1 Summons received *P.M Kabini/ EMLM & Tshesane	Lack of capacity	none	not achieved	to outsource the function

DEPARTMENT OF CORPORATE SERVICES

Projects	KPI No.	Budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	Annual Target	actual performance	reason for variance	Measurement Source/ Evidence	Achieved /not achieved	measures taken to improve performance
lease agreements and SLA	25	R0.00	R0.00	to provide effective management of all contracts	No of lease agreement and SLA reviewed	Contracts are in place	15 lease agreements and SLA reviewed	0 lease agreement and 0 SLA reviewed	lack of capacity	none	not achieved	to outsource the function
Air conditioning	26	R 200,000.00	R 165,899.50	To provide conducive working environment	% of air conditioners purchased/ maintained	100% of air conditioners maintained	100% air conditioners purchased/ maintained	100% air conditioners purchased/ maintained	no evidence	invoices of fixed air conditioners	not achieved	to provide evidence
Office furniture	27	R450 000.00	R 361,743.99	To provide conducive working environment	% office furniture purchased	100% furniture purchased	100% furniture purchased	0% furniture purchased	No new request for furniture received	none	not achieved	none
computers and printers	28	R1,331 000.00	R1,329 759.47	to ensure effective service delivery	no. of computers and printers purchased	7 laptops and 9 printers purchased	as and when the need arises	7 laptops, 8 desktop, 5 printers	no evidence	none	not achieved	to provide evidence
ward committee	29	R5,156 000.00	R2,569 034.19	To provide efficient functioning of wards	no. of ward committee's quarterly reports consolidated	4 reports submitted	4 reports submitted	4 ward committee's quarterly reports consolidated	no evidence	none	not achieved	to provide evidence
	30				no. of ward committees trained	300 ward committees trained	250 ward committees trained	30 ward committees trained	dependence on COGHSTA for the training	none	not achieved	to do the training in-house
customer care	31	R 0.00	R 0.00	To create a culture of accountability and transparency	no. Of customer care surveys conducted	1 customer care survey conducted by COGHSTA	1 customer care survey to be conducted	0 customer care survey conducted	no budget	none	not achieved	to request the budget in the next financial year
community complaints	32	R0.00	R0.00	To create a culture of accountability and transparency	% of responses to community complains received and resolved	100% responses to community complains	100% responses to community complains	100% of community complaints responded to	no evidence	none	Not achieved	to provide evidence

DEPARTMENT OF CORPORATE SERVICES

Projects	KPI No.	Budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	Annual Target	actual performance	reason for variance	Measurement Source/ Evidence	Achieved /not achieved	measures taken to improve performance
referral of service delivery queries	33	R0.00	R0.00	To create a culture of accountability and transparency	% Referral of service delivery queries raised through the Presidential and premier's hotline.	100% referral of service delivery queries to relevant sector departments	100% referral of service delivery queries to relevant sector departments	100% referral of service delivery queries referred to relevant department	no evidence	none	not achieved	to provide evidence
public participation	34	R0.00	R0.00	To ensure maximum community and stakeholders interaction	No of campaigns conducted	communication strategy developed and approved by council	2 campaigns to be conducted	0 campaigns to be conducted	lack of capacity	none	not achieved	to capacitate the unit
Speaker's Outreach Programme	35	R 525 000.00	R 500,369.07	to reach communities through outreach programmes	No. of Speakers Outreach programmes	none	4 Speakers Outreach programmes	2 speakers outreach	no formal programme	none	not achieved	to develop the programme
promoting the needs of special groups	36	R0.00	R0.00	To ensure that special groups needs are addressed	No. of special groups supported	special groups committee established and functional	3 special groups supported	3 special groups supported	no evidence	none	not achieved	to provide evidence

DEPARTMENT OF STRATEGIC MANAGEMENT

Projects	KPI No.	Budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	Annual Target	actual performance	reason for variance	Measurement Source/Evidence	Achieved / not achieved	measures taken to improve performance
cascading of PMS to line manager	1	R450,000.00	R 478,717.71	To ensure fully functional and compliant PMS (institutional and individual)	no. of activity plans signed by 1st quarter	PMS Framework developed and approved by council	All (24) line managers signed performance activity plan	0 activity plans signed by 1st quarter	none response by unions	none	not achieved	to wait for the new regulation for municipal staff
monitoring of performance	2	R 0.00	R0.00	To ensure fully functional and compliant PMS (institutional and individual)	No. of quarterly project progress report	4 quarterly reports	4 quarterly reports	4 quarterly project progress report compiled	none	4 quarterly reports	Achieved	none
PMS Framework	3	R0.00	R0.00	To ensure proper planning and monitoring of performance	% development /Reviews of PMS framework	PMS Framework in place	100% reviewed PMS framework	100% reviewed PMS framework	none	Reviewed PMS framework and council resolution	achieved	none
SDBIP	4	R0.00	R0.00	To ensure proper planning and monitoring of performance	% development of SDBIP	2012/2013 SDBIP in place	100% development of SDBIP	100% 2013/2014 SDBIP developed	none	2013/2014 SDBIP	achieved	none
Annual report	5	R0.00	R0.00	To provide members of the public about previous year's institutional performance	% development of annual report	2011-12 annual report in place	100% development of annual report	100% 2012/2013 annual report developed	none	approved 2012/2013 annual report and council resolution	achieved	none
performance agreements	6	R0.00	R0.00	To ensure proper planning and monitoring	No of signed performance agreements for section 56 managers	6 signed performance agreement	7 signed performance agreement	6 signed performance agreement	post for director corporate its been vacant for 11 months	6 signed performance agreements	achieved	to prepare the performance agreement for 2014/2015 for the director corporate as the post was filled in June 2004

DEPARTMENT OF STRATEGIC MANAGEMENT												
Projects	KPI No.	Budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	Annual Target	actual performance	reason for variance	Measurement Source/Evidence	Achieved / not achieved	measures taken to improve performance
individual performance reviews	7	R0.00	R0.00	To ensure proper planning and monitoring of performance	no. of individual performance reviews conducted	2 individual performance reviews conducted	2 individual performance reviews conducted	2 individual performance reviews conducted	none	2012/2013 annual performance report and 2013/2014 mid-year performance report and council resolution	achieved	none
alignment of IDP and organisational structure	8	R310,000.00	R 203,661.40	To align the organizational structure with the IDP and budget	% Alignment of the IDP and organisational structure	IDP and organisational structure available	100% alignment	100% alignment of IDP and organisational structure	none	2013/2014 IDP and organisational structure	Achieved	none
IDP Process plan	9	R0.00	R0.00	To ensure adoption of The IDP / Budget within the prescribed legal framework	% progress on the implementation of IDP process plan	2012/2013 IDP Process Plan available	100% compliance with 2013/2014 IDP process plan	100% implementation of IDP process plan	none	completed 2013/2014 IDP process plan	achieved	none
IDP REVIEWAL	10	R0.00	R0.00	To ensure adoption of The IDP / Budget within the prescribed legal framework	% review of the IDP	Approved IDP in place	100% reviewal of IDP	100% reviewed IDP	none	2014/2015 approved IDP	Achieved	none
MEC'S COMMENTS	11	R0.00	R0.00	to promote responsiveness on matters raised by MEC	% response to past year MEC's comments	2012-13 MEC's response in place	100% responses to past year MEC's comments	100% responses to past year MEC's comments	none	2013/2014 IDP	Achieved	None
community participation on IDP	12	R 0.00	R0.00	to ensure accountability and community involvement	No of IDP/ Budget public sessions held	2012/13 Public participation conducted	34 public participation meetings held	51 IDP/ budget public sessions held	none	attendance registers	achieved	none

DEPARTMENT OF STRATEGIC MANAGEMENT

Projects	KPI No.	Budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	Annual Target	actual performance	reason for variance	Measurement Source/Evidence	Achieved / not achieved	measures taken to improve performance
vision 2030	13	R 0.00	R0.00	to align municipal development plan with National development plan	% development of the plan	none	100% development of municipal development plan	0% development of vision 2013 municipal development plan	awaiting for provincial plan to be completed	none	not achieved	COGHSTA to complete the provincial plan
municipal branding / vehicles	14	R 315,000.00	R 0.00	to create an identifiable institution	No. of vehicles to be branded with permanent municipal logo	all municipal vehicles has temporary logo	5 vehicles to be branded	0 vehicles branded with municipal logo	no policy for corporate branding in place	none	not achieved	to develop the branding policy to be able to proceed with the branding

DEPARTMENT OF COMMUNITY SERVICES											
Project	KPI No.	budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	2013/2014 Annual Target	actual performance	reason for variance	Measurement Source/	measures taken to improve performance
										Evidence	Achieved Not achieved
recreation facilities	1	R 0.00	R 0.00	To maintain Parks, Open Spaces and Recreational Facilities by 2014	No. of parks and Open Spaces maintained.	3 Parks and open space maintained	16 Routine maintenance of parks and open space	16 Routine maintenance of parks and open space	None	Parks Maintenance register	Achieved none
Coordination of Sports, Arts and culture	2	R 0.00	R 0.00	To maintain local sports facilities	No. of stadia maintained	4 stadia maintained and cleaned	12 stadia maintained and cleaned	12 stadia maintained and cleaned	None	Stadia Maintenance register	Achieved none
Library facilities	3	R 0.00	R 0.00	To enhance education through the provision of educational facilities	No of people visiting and utilising the library	16000 people visiting and utilising the library	16000 people visiting and utilising the library	24345 people visiting and utilising the library	None	Library Visit Register	Achieved None
signing of happy letters	4	R 0.00	R 0.00	to ensure improvements of quality life	% signing of happy letters as per the completed houses in 2013/14	100% (819 happy letters signed)	100% happy letters signed	100% happy letters signed	None	happy letters register	Achieved None
maintenance and upgrading of waste management assets	5	R 0.00	R 0.00	to ensure upgrading of the available waste management assets by 2014	% waste management assets maintained and upgraded	refuse bins, transport and licenced land fill site	100% waste management assets maintained and upgraded	0% waste management assets maintained and upgraded	delays in SCM process	none	Not achieved SCM to fast track the process
maintenance of cemetery	6	R 0.00	R 0.00	To ensure protected, safe and sustainable environment for the future	No. of routine management of cemeteries (cutting of grass)	5 cemeteries regularly cleaned. Groblersdal, Motetema, Monsterlus, Roosenekal, Lusaka	5 routine maintenance of cemeteries	5 routine maintenance of cemeteries	None	Cemetery maintenance register	Achieved none

DEPARTMENT OF COMMUNITY SERVICES														
Project	KPI No.	budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	2013/2014 Annual Target	actual performance	reason for variance	Measurement Source/ Evidence		Achieved		measures taken to improve performance
										Achieved	Not achieved			
environmental awareness	7	R 0.00	R 0.00	To ensure that communities are conscience about environment	No. of Environmental awareness and Cleaning Campaigns held	3 Environmental Cleaning Campaigns conducted	4 environmental awareness and cleaning campaign	4 environmental awareness and cleaning campaign	None	Photo's and or attendance register	Achieved	None	None	
free basic refuse removal	8	R 0.00	R 0.00	To ensure provision of sustainable refuse removal service	no. of households with access to free basic refuse removal	2000 HH receiving the services	2250 HH in rural areas through bulk waste collection (skips)	2000 HH in rural areas through bulk waste collection (skips)	Limited number of skip bins	none	Not achieved	To procure additional skips	None	
free basic electricity	9	R 0.00	R 0.00	To identify Indigents according to Indigent Policy	no. of households with access to free basic electricity	829 registered households receiving FBE	900 households with access to free basic electricity	900 households with access to free basic electricity	None	Eskom report	Achieved	None	None	
Indigent Management	10	R 0.00	R 0.00	To update the indigent register for Free basic services (FBE, FBRR)	% update of indigent register	indigent register in place	100% Update of Indigent Register	0% updated indigent register	Lack of capacity	none	Not achieved	to engage with ward commitmess and ward councillors to assist	None	
waste management	11	R 0.00	R 0.00	To ensure Compliance to the waste disposal sites permit	% compliance with landfill sites permit	2 licenced landfill sites and one transfer station	construction and development of cells operationalization and maintenance of Groblersdal, Roosenekal and Hlogotlou transfer station	0% compliance with landfill sites permit	delays in SCM process	none	Not achieved	service provider will be on site as from 1st July 2014	None	
Climate change programmes	12	R 0.00	R 0.00	To adequately respond to climate change	No of programmes initiated	400 trees planted	2 programmes initiated	0 programme initiated	lack of capacity	None	Not achieved	To engage the district for assistance	None	
Integrated waste management plan (IWMP)	13	R 0.00	R 0.00	to develop Integrated Waste Management Plan	% developed Integrated Waste Management Plan	No Integrated Waste Management Plan	1 developed Integrated Waste Management Plan	0 developed Integrated Waste Management Plan	delays in SCM process	none	Not achieved	To fast track the SCM processes	None	

DEPARTMENT OF COMMUNITY SERVICES											
Project	KPI No.	budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	2013/2014 Annual Target	actual performance	reason for variance	Measurement Source/	measures taken to improve performance
										Evidence	Achieved Not achieved
arrive alive campaign	14	R 0.00	R 0.00	To conduct effective arrive alive campaigns to reduce road accidents	No. of arrive alive campaigns initiated	fully operational traffic law enforcement unit	36 arrive alive campaigns conducted	19 Arrive Alive campaigns were conducted	reliance on provincial programme	none	To perform the service in house
Disaster management	15	R 0.00	R 0.00	to ensure adequate compliance to existing norms and standards	No. of disaster awareness campaign held	disaster management officials appointed	12 disaster awareness campaign held	9 campaigns were conducted	personnel shortage	none	advertise vacant post
Municipal Health Service	16	R 0.00	R 0.00	to develop and approve a plan for providing municipal health services	% progress on signing and implementation on MOU with SDM	None	signing of MOU and office space for EHP	0% progress on signing and implementation on MOU with SDM	Sekhukhune district competency	none	Interact with district Municipality to fasttrack the Signing of MOU
Disaster management	17	R 0.00	R 0.00	To render efficient and effective Disaster Relief	% emergency relief cases responded according to norms and standards as approved by council	Disaster management unit	100% emergency relief cases responded to	100% emergency relief cases responded to	None	Assessment form	None
application for drivers license	18	R 0.00	R 0.00	To render efficient and effective Licensing services to the community members	% Learners Licence application received vs attended	Grade A DLTC	100% learner's licence application received vs attended	100% Learners Licence application received vs attended	None	Enatis report	None
	19	R 0.00	R 0.00		% of D/L application received vs. attended.	Grade A DLTC	100% drivers licence application received vs attended.	100% drivers licence application received vs attended	None	Enatis report	None

DEPARTMENT OF INFRASTRUCTURE

Project	KPI No.	budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	2013/2014 Annual Target	actual performance	reason for variance	Measurement Source/		Measures taken to improve performance
										Evidence	Achieved/Not achieved	
Electrification	1	R 0.00	R 0.00	To ensure eradication of Electricity backlog by Municipality 2014	No of households to be electrified by Municipality	58139 household electrified	800 households to be electrified	0 households to be electrified	Outstanding outages from Eskom	none	Not achieved	wait for Eskom to complete and the outages
Electrification	2	R 0.00	R 0.00	To ensure reduction of electricity losses	% reduction of illegal electricity connections	15% Electricity losses	100% reduction of illegal connections	50% reduction of illegal connections	no reliable system in place to measure the reduction	none	Not achieved	installation of smart meters system
Electrification	3	R 0.00	R 0.00	To ensure reduction of electricity losses	no. of reports of unaccounted electricity losses	none	12 reports of unaccounted electricity losses	0 reports of unaccounted electricity losses	No system in place to measure the losses	None	Not achieved	In the process of procuring the system to measure the losses
electricity	4	R 0.00	R 0.00	To support initiatives to improve service delivery.	no. of smart electricity meters installed in Groblersdal	451 smart electricity meters installed in Groblersdal	1000 smart electricity meters installed in Groblersdal	0 smart electricity meters installed in Groblersdal	we encountered challenges in completing feasibility study in time	none	Not achieved	The feasibility and pilot project report to be presented at Council
Road regraveling	5	R 0.00	R 0.00	to regravel connector and internal street	No. of km regravel road maintained	60km regravelled	80km regravelled and maintained	101.25km gravel road maintained	None	Maintenance report	achieved	None
Roads patchwork and pothole repair	6	R 0.00	R 0.00	To ensure that surfaced roads are properly maintained	No. of square meters of surfaced road maintained	1500 square meters road infrastructure	2000 square meters of surfaced road maintained	1856 square meters of surfaced road maintained	Insufficient human resources	none	Not achieved	To increase the number of human resources
road construction	7	R 0.00	R 0.00	To ensure safe and accessible roads to communities	No. of kilometres of gravel roads constructed.	20km gravel roads constructed	5 km gravel road constructed	0 km of gravel roads constructed.	none	limited resources on machinery	Not Achieved	to procure machinery

DEPARTMENT OF INFRASTRUCTURE

Project	KPI No.	budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	2013/2014 Annual Target	actual performance	reason for variance	Measurement Source/ Evidence		Achieved		Measures taken to improve performance
										Not achieved	Achieved	None	Evidence	
maintainance of bus and taxi rank	8	R 0.00	R 0.00	to ensure proper maintenance taxi rands and terminals by 2014	no. of raxi ranks and shelters maintained or erected	taxi/bus ranks available	2 ranks maintained	0 taxi ranks and shelters maintained or erected	Insufficient Capital resources	none	Not achieved	Not achieved	To register the project with MIG as a public facility for funding	
Transport Master Plan	9	R 0.00	R 0.00	To control and manage transport within Municipal Area	% development of transport master plan	0% transport master plan in place	100% development of Transport master plan	0% development of Transport master plan	The funds were relocated to other projects	none	Not Achieved	Not Achieved	to be budgeted for in the next financial year	
MIG SPENDING	10	R43,596,000.00	R 38,226,405.60	To ensure MIG funding is spent as per commitments	% Spending on MIG funds	100% MIG Spending for 2012/2013 allocations	100% MIG Spending	88% MIG spending	Under performance of one road project and Delays in two Cemeteries project and Land fill site due to Non responsive of Service Providers	none	Not achieved	Not achieved	To fast track appointment of service providers as projects were re-advertised	
Bulk water supply	11	R 0.00	R 0.00	to ensure provision of bulk water to all communities	Service level agreement signed with the district	Sekhukhune District Municipality as water supply authority	100% signed Service Level Agreement	100% signed Service Level Agreement	None	Signed Service Level Agreement	Achieved	Achieved	None	
Storm water controls maintainance	12	R 0.00	R 0.00	to maintain existing storm water control	No. of km storm water maintained	existing storm water infrastructure	1000m of storm water maintained	7389m of storm water maintained	None	Reports	Achieved	Achieved	None	
EPWP (job creation)	13	R 0.00	R 0.00	To improve job creation through Service Delivery Projects.	No. of job created through EPWP	231 job created	802 job created	361 job created	Non committed projects have impact on the job creation (non appointed projects)	none	Not achieved	Not achieved	To extend EPWP to maintenance projects	

DEPARTMENT OF INFRASTRUCTURE

Project	KPI No.	budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	2013/2014 Annual Target	actual performance	reason for variance	Measurement Source/		Measures taken to improve performance
										Evidence	Achieved/Not achieved	
Monsterlus to Mmakgopheng phase 4 construction of road (9.5km)	14	R 9,433,353.52	8,680,000.00	to improve state of municipal roads	% construction of Monsterlus to Mmakgopheng road phase 4 (2km)	100% construction phase 1,2,3 (7.5km) road in Monsterlus to Mmakgopheng	100% construction. Subbase, base and surfacing including stormwater	100% construction. Subbase, base and surfacing including stormwater	none	Completion certificate	Achieved	None
Moteti A Construction of Bus road(5km)	15	R 11,396,000.00	10,096,000.00	to improve state of municipal roads	% construction of Moteti A bus road phase 2 (2.0km)	100% construction of Moteti A bus road phase 1 (1.8km)	100% construction. Subbase, base and surfacing including stormwater	100% construction. Subbase, base and surfacing including stormwater	none	Completion certificate	Achieved	None
Groblerdsdal town Development of parking in at mark street. (2336.4m2)	16	R0.00	R 0.00	to develop and increase municipal parking	% construction of Groblersdal upstairs parking	existing pavement parking	100% construction of parking	0% construction of parking	Delays in implementation due to reallocation of funds	none	Not Achieved	To explore funding source as the project was not budgeted for in 2014/15 due to limited budget
Elandsdoorn/ Tambo development of Cemetery	17	R 1,275,000.00	R 199,000.00	To safeguard and ensure Management of cemeteries.	% construction development of cemetery	Lusaka cemeteries developed	100% Completion of construction(Palisade, guard house and abluotion facilities)	0% Completion of construction(Palisade, guard house and abluotion facilities)	Delays in appointment due to Non responsive of SP	none	Not Achieved	The project was readvertised and contractor just appointed in June
Hlogotlou development of Cemetery	18	R 1,275,000.00	R 0.00	To safeguard and ensure	% construction development of cemetery	existing cemeteries	100% Completion of construction(Palisade, guard house and abluotion facilities)	0% Completion of construction(Palisade, guard house and abluotion facilities)	Delays in appointment due to Non responsive of SP	Appointment letter	Not Achieved	The project was readvertised and contractor just appointed in June

DEPARTMENT OF INFRASTRUCTURE														
Project	KPI No.	budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	2013/2014 Annual Target	actual performance	reason for variance	Measurement Source/ Evidence		Achieved		Measures taken to improve performance
												Not achieved		
Groblerdal development landfill site	19	R 2,047,646.48	R 0.00	to improve solid waste management and its environmental impact.	% construction of landfill site	5% landfill site constructed	100% completion of construction (palisade, guardhouse and ablution facilities weigh bridge, high mast, cells	0% completion of construction (palisade, guardhouse and ablution facilities weigh bridge, high mast, cells	Delays in appointment due to Non responsive of SP	none	Not Achieved		The project was readvertised and in procurement process	
Elandsdoorn High mast lights	20	R 3,151,000.00	R 2,923,768.40	to provide safety to the community.	% Installation of high mast lights in elandsdoorn *Tambo 4 * Walter Sisulu 4*Elandsdoorn township 2	40% (4) high mast lights installed at Elandsdoorn	100%. Of 10 high mast lights installed *Tambo 4 * Walter Sisulu 4*Elandsdoorn township 2	100%. Of 12 high mast lights installed *Tambo 4 * Walter Sisulu 4*Elandsdoorn township 2	none	Completion certificate	achieved		none	
Road to Magoshi	21	R8,070 000.00	R 5,642,000.00	to improve state of municipal roads from gravel to surface / pave	% construction of Magoshi access road (Kgoshi Mahlangu 925m)	existing gravel road	100% construction of Magoshi access road (1.0km) subbase, base and surfacing including stormwater	80% construction of Magoshi access road (1.0km) subbase, base and surfacing including stormwater	Delays in material and under performance by contractor	none	Not achieved		Penalty letter issued to contractor	
Walter Sisulu Tambo construction of bus/ taxi route (6.5km)	22	R2,000 000.00	R 2,149,000.00	to improve state of municipal roads from gravel to surface / pave	% development of design report and tender documents	existing gravel road	100% design report and tender document	100% design report and tender document	none	Design Report	Achieved		none	
Mpheleng construction of bus road (3km)	23	R2,000 000.00	R 2,071,000.00	to improve state of municipal roads from gravel to surface / pave	% development of design report and tender documents	existing gravel road	100% design report and tender document	100% design report and tender document	none	Design Report	Achieved		none	

DEPARTMENT OF INFRASTRUCTURE

Project	KPI No.	budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	2013/2014 Annual Target	actual performance	reason for variance	Measurement Source/		Measures taken to improve performance
										Evidence	Achieved / Not achieved	
fencing of main office	24	R300 000.00	R 300,000.00	to improve state of municipal office	% construction of fencing of main office	dilapidated fencing	100% construction of fencing	100% construction of fencing	None	Completion Certificate	Achieved	None
Laersdrift roads	25	R1,440, 000.00	R 0.00	to improve state of municipal roads from gravel to surface / pave	% construction of roosenekal road	existing surfaced road	100% construction of Roosenekaal access road (1.0km) subbase, base and surfacing including stormwater	0% construction of roosenekal road	Delays in implementation due to reallocation of funds	none	Not Achieved	To explore funding for source as the project was not budgeted for in 2014/15 due to limited budget
Extension of Municipal offices (Mobile Offices	26	R 1,500, 000.00	R 0.00	To provide working space for Employees in the main offices	% construction of Mobile offices in the main office(24 offices)	Existing build up offices	100% construction of 24 mobile offices.	0% construction of 24 mobile offices.	Delays in appointment due to non responsive of Service provider and under budget	none	Not Achieved	The project to be rolled over and the scope to be reduced to the available budget
Nyakelang upgrading of road (300m)	27	R2,500 000.00	R2,363,000.00	To improve state of municipal roads	% construction of Nyakelang road (300m)	100% construction of Nyakelang road (300m)	100% construction. Subbase, base and surfacing including stormwater	100% construction. Subbase, base and surfacing including stormwater	None	Completion report	Achieved	None

DEPARTMENT OF FINANCE												
Project	KPI No.	budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	2013/2014 Annual Target	Actual Performance	Reason for variance	Measurement Source/ Evidence	Achieved	measures taken to improve performance
											Not achieved	
revenue enhancement	1	R0.00	R 0.00	To foster financial sustainability	% Revenue billed as compared to previous financial year	90% *residential *business *government *industrial *farms	95% *residential *business *government *industrial *farms	84% *residential *business *government *industrial *farms	The variance of 11%, there was in-balance of the financial system and valuation roll.	none	Not achieved	Up loading of valuation roll on the financial system.
turnaround time to complete valuation roll	2	R 800 000.00	R 734,500	to ensure compliance in terms of relevant legislation	No of Supplementary Valuation Roll completed	2012-13 valuation roll in place	1 supplementary valuation roll completed	1 supplementary valuation roll completed	None	Supplementary valuation roll	Achieved	None
reconciliations	3	R0.00	R 0.00	To ensure proper internal control	No. of reconciliations performed	108 reconciliation performed	108 *debtors *grants *investments *bank *salaries (suspend, interface) *Creditors *retention	94 reconciliation performed	Overtargeted	None	Not achieved	To reduce the target
assets verification	4	R840 000.00	R 0.00	Ensure compliance of assets management as per GRAP17	% assets verified	100% assets verified	100% assets verified	100% assets verified	None	Asset Register	achieved	None
compliance with GRAP 17	5	R0.00	R 0.00	to ensure compliance with prescribed accounting standards and legislation	% compliance to GRAP reporting framework be maintained	none	gazetted accounting standards. Compliant annual financial statement for 2013/2014	100% compliance to GRAP reporting framework be maintained	None	Asset register	Achieved	None
compliance with GRAP 16	6	R0.00	R 0.00	Ensure compliance of assets management as per GRAP16	% compliance to GRAP 16 (investment)	none	100% compliance with GRAP 16	100% compliance to GRAP 16 (investment)	None	Asset register	Achieved	None

DEPARTMENT OF FINANCE												
Project	KPI No.	budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	2013/2014 Annual Target	Actual Performance	Reason for variance	Measurement Source/ Evidence	Achieved	measures taken to improve performance
											Not achieved	
Compliance with GRAP 102	7	R0.00	R 0.00	Ensure compliance of assets management as per GRAP102	% compliance with GRAP- 102 (Intangibles)	100% compliance with GRAP 102	100% compliance with GRAP 102 (Intangibles)	100% compliance with GRAP 102 (Intangibles)	None	signed inventory report	Achieved	None
supply chain management	8	R0.00	R 0.00	To ensure alignment of policies To fully comply with Supply chain Regulation and Treasury guide on Procurement	No. of stock counts performed	12 stock counts performed	3 stock counts performed	3 stock counts performed	None	Stock count report	Achieved	None
supply chain management	9	R0.00	R 0.00		% development of procurement plans	no procurement plans in place	100% development of procurement plans	0% No procurement plan has been developed for the municipality.	none submission of procurement plan by departments	None	Not achieved	Continues communication with departments will be made to ensure submission
supply chain management	10	R0.00	R 0.00	to ensure compliance with SCM regulations	% of tenders finalized within three months	70% of tenders finalized within three months	100% of tenders finalized within three months	55/56=98% of tenders finalized within three months	The MM position was vacant and influenced the finalization of final awards	none	Not Achieved	To fastrack finalisation of awards by acting municipal manager
supply chain management	11	R0.00	R 0.00	training of service providers about SCM regulations	No. of trainings held with service providers	0 training provided for service providers	4 training of service providers	2 training of service providers about SCM regulations	poor planning	None	Not Achieved	To ensure that planning for training of service providers is done well in advance.
financial reporting	12	R0.00	R 0.00	To ensure fully compliant financial statements	Number of reports generated	28 reports generated *section 71(M) *section 66(M) *section 52 (Q)	28 *section 71(M) *section 66(M) *section 52 (Q)	24 reports generated	Overtargeted	None	Not achieved	To reduce the target

DEPARTMENT OF FINANCE												
Project	KPI No.	budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	2013/2014 Annual Target	Actual Performance	Reason for variance	Measurement Source/	Achieved	measures taken to improve performance
										Evidence	Not achieved	
budget	13	R0.00	R 0.00	To ensure compliance with prescribed legislation.	% completion of budget preparation processes	2012/2013 budget in place	100% Completion of budget preparation process	100% 2014/2015 budget completed	None	2014/2015 approved budget and Council resolution	Achieved	None
reviewal of finance policies and strategy	14	R0.00	R 0.00	To ensure alignment of policies to the relevant legislation(s)	No. of finance policies and strategies reviewed	2 policies reviewed	100% reviewed * investment policy* tariff policy *assets management policy* credit control and debt collection policy* SCM policy*budget policy*virement policy* property rates policy	10 budget related policies have been approved by council	None	Council resolution	Achieved	None
budget spending	15	R0.00	R 0.00	To ensure total spending on both operational and capital budget	% CAPEX and OPEX spending	100% expenditure	100% CAPEX and OPEX spending	64% CAPEX spent and 74% spent on OPEX	Capex - there has been a delay in site hand over to contractors Opex is attributed to budgeted vacant positions that were not filled and depreciation that is to be done on finalization of AFS	none	Not achieved	Capex - contractors will be appointed in advance and Opex - depreciation will be calculated monthly
Compliance with MFMA Regulations	16	R0.00	R 0.00	to ensure compliance with MFMA regulations	% compliance with MFMA regulations	100% compliance	100% compliance with MFMA regulations	100% compliance with MFMA regulation	None	SCM reports	Achieved	None

DEPARTMENT OF FINANCE												
Project	KPI No.	budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	2013/2014 Annual Target	Actual Performance	Reason for variance	Measurement Source/	measures taken to improve performance	
										Evidence	Achieved/ Not achieved	
Annual Financial Statements	17	R0.00	R 0.00	To ensure compliance with MFMA by 2014	% preparation of annual financial statements	AFS signed off by the Accounting Officer and submitted to the auditor	100% preparation of annual financial statements	100% Preparation of annual financial statements	None	Acknowledge of receipt	None	
audit opinion	18	R0.00	R 0.00	To ensure improved audit opinion	% reduction of matters raised by AG and non recurrence of matters raised	action plan in place	unqualified audit opinion with matters	36% reduction of matters raised by A-G	In appropriate responses to the matters raised by A-G	none	Not Achieved	Ensure timeous responses to the matters raised by the A-G.
credit and debt control management	19	R0.00	R 0.00	to achieve an acceptable level for taxes and levies each year	% decrease in doubtful outstanding debts	uncollected outstanding debtors	4% reduction of outstanding debtors	4% reduction of outstanding debtors	None	Age analysis	Achieved	None
Investments and financial resources mobilisation	20	R0.00	R 0.00	to mobilise financial resources and investment by 2014	% investments and financial resources mobilised	investment and financial resources available	60% investments and financial resources mobilised	308% investments and financial resources mobilised	None	investment report	Achieved	None

MUNICIPAL MANAGER' S OFFICE												
Projects	KPI No.	Budget	Expenditure	Strategic Objectives	Key Performance Indicator	Baseline	Annual Target	Actual performance	Reason for variance	Measurement Source/	measures taken to improve performance	
										Evidence	Achieved/ not achieved	
audit committee	1	R 0.00	R0.00	to provide effective coordination of internal audit process by 2014	no. of audit reports submitted to council	internal audit in place	4 reports to be submitted to council	1 Audit Committee Report to Council	only one report was submitted by the chairperson of the audit committee	none	Not achieved	Invitation was sent to the Audit Committee to report to Council

2012/2013 annual performance report

Number	Key performance area	Total number of KPIs	number of KPI's achieved	number of KPI's not achieved	performance percentage per KPA for 2012/2013
1	Spatial Rationale	6	0	6	0%
2	Municipal transformation and institutional development	30	15	15	50%
3	Local economic development	3	2	1	67%
4	Infrastructure and basic service delivery	41	26	15	63%
5	Financial viability and management	18	12	6	67%
6	Good governance and public participation	18	8	10	44%
	TOTAL	116	63	53	54.31

2013/2014 annual performance report

Number	Key performance area	Total number of KPIs	number of KPI's achieved	number of KPI's not achieved	performance percentage per KPA for 2013/2014
1	Spatial Rationale	10	3	7	30%
2	Municipal transformation and institutional development	42	13	29	31%
3	Local economic development	8	3	5	36%
4	Basic service delivery and Infrastructure development	46	19	27	41%
5	Financial viability and management	20	12	8	60%
6	Good governance and public participation	9	0	9	0%
	TOTAL	135	52	83	37%

Comparison of performance targets

Spatial Rational	
2012/2013	2013/2014
151 land use application processed	28 land use application processed
0 target achieved	3 target achieved
Municipal Transformation	
high rating of IDP	High IDP rating
02 vacant post of section 56 managers filled.	01 vacant post for section 56 managers filled
40 employees trained	29 employees trained
04 councilors trained	19 councillors trained
68 employees declared their financial interest	200 employees declared their financial interest
0 councillors declared their financial interest	0 councillors declared their financial interest
27 learners assisted with experiential training	13 learners assisted with experiential training
03 council meetings held	05 council meetings held
09 lease agreement reviewed	0 lease agreement reviewed
04 quarterly reports compiled	04 quarterly reports compiled
06 performance agreement signed	06 performance agreement signed
22 targets achieved	13 targets achieved
Basic Services	
9584 households with access to refuse removal	9584 households with access to refuse removal
800 households with free basic electricity	900 households with free basic electricity
37 learners were assisted with mayors bursary	77 learners were assisted with mayors bursary
03 road construction completed and 01 road design completed	5.6km of road construction completed
100% MIG spending	88% MIG spent
371 jobs were created through EPWP	361 jobs created through EPWP
32 target achieved	19 targets achieved
Local Economic Development	
02 targets achieved	04 targets achieved
Financial Viability	
10 targets achieved	14 targets achieved
Good Governance	
8 targets achieved	0 targets achieved

CHAPTER 4

Organisational Development Performance



COMPONENT A: Introduction to Municipal Personnel

4.1 Employees totals, Turnover and Vacancies

Municipality advertise vacant posts in the national print media and on the municipal website. Most internal staff does not apply for senior posts because of lack of experience and/or not meeting the minimum qualifications required for the post. The municipality assists officials by enrolling them at accredited institutions for capacity building, so that they can meet the requirements of advertised senior posts in future. The post for municipal manager was still vacant at the end of the financial year.

Table 1: employees for human resource services

Employees: Human Resource Services				
Job Level (task grades)	2013/14			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
10 – 12	05	05	0	0%
13 – 15	01	01	0	0%
16 – 18				
19 – 20				
Total	06	06	0	0%

Table 2: organisational structures information

Employees					
Description	2013/2014				
	Employees	Approved Posts	Employees	vacancies	Variance
	No.	No.	No.	No.	%
Electricity	15	20	15	5	
Roads	42	47	41	5	
Planning	3	10	3	7	
Local Economic Development	2	4	2	2	
Community services	136	192	136	56	
Environmental Protection	33	41	33	8	
Corporate Policy Offices and Other	121	152	152	31	
Sports and recreation	1	1	1	0	
Totals	353	467	383	114	

Table 3: Vacancy rate information

Vacancy Rate 2013/14			
Designations	*Total Approved Posts	*Variances (Total time that vacancies exist using fulltime equivalents)	*Variances (as a proportion of total posts in each category)
Municipal Manager	1	6 months	
CFO	1	0	
Other S57 Managers (excluding Finance Posts)			
Strategic Management	1	0	0
Development Planning	1	0	0
Community Services	1	0	0
Infrastructure	1	0	0
Corporate Services	1	0	0
Other S57 Managers (Finance posts)			
Manager Assets	1	0	0
Chief Audit Executive	1	5 Months	0
Senior management: Levels 13-15 (excluding Finance Posts)			
Chief Risk Management Officer(T15)	1	0	
Internal Auditor (T14)	1	0	0
Manager PMS (T15)	1	0	0
Manager Communication (T15)	1	0	0
Manager IDP (T15)	1	0	0
Manager Social Services	1	0	0
Manager Public Safety (T15)	1	0	0
Manager Licensing (T15)	1	0	0
Manager Motetema Service Delivery Point(T15)	1	0	0
Manager Hlogotlou Service Delivery Point (T15)	1	0	0
Manager Roosenekal Service Delivery Point(T15)	1	0	0
Manager Uitspanning Service Delivery Point(T15)	1	7 Months	
Electrical Engineer (T16)	1	0	0
Manager Electrical (T15)	1	3 Months	0
Manager PMU (T15)	1	0	0
Manager Road, Storm water & Maintenance (T15)	1	0	0
Manager Road Construction (T15)	1	0	0
Legal Advisor (T16)	1	1 Month	0
Manager Contract Management & Compliance(T15)	1	1 Year	0
Manager Executive Support (T16)	1	0	0
Manager Human Resource (T15)	1	0	0
Manager Council Support, Secretariat & Administration (T15)	1	0	0
Manager ICT (T15)	1	0	0

COMPONENT B: Managing The Municipal Workforce

4.2 POLICIES

The municipality has developed numerous policies as a guideline to all officials. The following policies were developed and reviewed during the year under review:

Table 4: Approved and reviewed policies

NO.	POLICY NAME	approved	reviewed	RESOLUTION NUMBER
1.	Travelling and subsistence policy			C14/08
2.	Staff promotion policy			C14/09
3.	Budget Policy			F14/18
4.	Asset Management Policy			F14/18
5.	Credit Control Policy			F14/18
6.	Indigent Management Policy			F14/18
7.	Investment and Cash Management Policy			F14/18
8.	Petty Cash Policy			F14/18
9.	Property Rates Policy			F14/18
10	Supply Chain Management Policy			F14/18
11	Virement Policy			F14/18

4.3 INJURIES, SICKNESS AND SUSPENSIONS

No officials were suspended from duty for financial or any kind of misconduct during the year under review.

Table 5: Cost of injuries on duty

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Average injury leave taken per employee	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	none	none	none	none	none
Temporary total disablement	none	none	none	none	none
Permanent disablement	none	none	none	none	none
Fatal	none	none	none	none	none
Total	0	0	0	0	0

4.4 Performance management

In EMLM, performance management is limited to Municipal Manager and Directors only. EMLM has conducted the 2012/2013 annual performance assessments for 04 Directors who signed the performance agreements and no Director qualified for performance bonuses. The 2013/2014 mid-year assessment was also conducted as a measure to detect poor performance at an early stage. Through the session, Directors

are offered an opportunity to state their challenges and be assisted by panel members based on those challenges in order to meet their set targets by the end of the financial year. During the year under review the following officials signed their performance agreements:

Table 6: Performance agreements

signing of performance agreement		
Officials	signed	not signed
Municipal Manager		
Director Strategic		
Chief financial officer		
Director community services		
Director Infrastructure		
Acting Director Planning Development		
Director Corporate services		✓ Resumed duty in June 2014



COMPONENT C: Capacitating The Municipal Workforce

4.5 Skills development and training

Municipality has a work skills plan that is utilised for capacity building of staff. Each department is requested to forward their training plans to corporate services in May each year, in order to be included in the WSP - which serves as a guide as to how many officials should undergo training in the next financial year. The plan is also used to determine the expenditure for training. For the year under review, 29 employees and 19 councillors received different training. The WSP and annual training report were submitted to LGSETA.

Municipality budgeted R1 000 000.00 for training and spent R717 095.00. The difference by end of financial year was R282 905.00. Municipality received R 137 318.54 mandatory grants in the form of rebates from the LGSETA. For the year under review municipality had a challenge with regard to finance officials who were enrolled for the MFMP and could not finish the programme due to the differences between the training provider and the facilitator.

Table 7: Training for officials

PROGRAMME	NO. OF OFFICIALS	MALES	FEMALE	STATUS
MFMP	15	10	5	not completed
CPMD	5	4	1	in progress
LGAAC	1	0	1	completed
PCGCM	3	3	0	completed
VIP	2	1	1	completed
Advanced report writing	3	2	1	completed
Total	29	20	9	

Table 8: training for councillors

PROGRAMME	NO. OF COUNCILORS	MALES	FEMALE	STATUS
Executive leadership management development programme	6	4	2	completed
Woman in local government master class leadership capacity development and operational excellence	2	0	2	completed
MELFMP	11	6	5	completed
TOTAL	19	10	9	

Table 9: Compliance with prescribed minimum competency levels

Prescribed minimum competency levels						
Description	A Total number of officials employed by municipality (regulation 14(4) (a) and (c))	B Total number of officials employed by municipal entities (regulation 14(4) (a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (regulation 14(4)(b)and (d))	Consolidated: total number of officials whose performance agreements comply with regulation 16 (regulation 14(4) (f))	Consolidated: total number of officials that meet prescribed competency levels (regulation 14(4)(e))
Financial officials						
Accounting Officer	Not applicable the post was vacant from January 2014 until the end of the financial year					
Chief Financial Officer	1	0	1	1	1	1
Senior Managers	1	0	1	1	0	0
Any other financial officials (managers)	5	0	5	5	0	3
Supply chain management officials	3	0	3	3	0	2
Heads of supply chain unit	1	0	1	1	0	1
Supply chain management senior managers	0	0	0	0	0	0

COMPONENT D: Managing The Workforce Expenditure

4.6 Employee expenditure

The municipality manages its workforce expenditure very well, as we have policies in place such as overtime policies, and travelling allowance policies, that are complied with before any expenditure can be incurred. EMLM has the organisational structure that is aligned to the IDP and budget, to ensure that all workforce expenditure has been budgeted for. The three documents - IDP, budget and organisational structure were approved by council.

4.7 Disclosure of financial interest

Disclosure forms are given to all officials and councillors at the beginning of the financial year for completion. For the year under review, 0 councillors and 222 officials completed their disclosure forms. No conflict of interest was identified

CHAPTER 5

Financial Information



INTRODUCTION

The Elias Motsoaledi Local Municipality strives to ensure an effective and efficient administration, and has provided the following components for discussion within this chapter:

- Component A: Statement of financial performance
- Component B: Spending against capital budget
- Component C: Other financial matters

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

Introduction to Financial Statements

The Elias Motsoaledi Local Municipality handed over the annual financial statements to the Auditor General Limpopo, as per the Municipal Finance Management Act, on 31 August 2014 for the financial year 2013/14. The aforesaid components of the financial statements discussed in detail below:

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Description R thousands	2012/13	Current Year 2013/14			2013/14 Variance	
	Audited Outcome	Original Budget	Adjusted Budget	Actual	Original Budget (%)	Adjustment Budget (%)
Financial Performance						
Property rates	17,900	34,000	23,725	20,449	39,85%	13,81%
Service charges	54,469	49,905	49,910	56,620	-13,46%	-13,45%
Investment revenue	5,062	630	3,130	3,064	-386,35%	2,11%
Transfers – operational	132,856	146,878	146,878	146,878	0,00%	0,00%
Other own revenue	13,550	32,190	26,687	19,490	39,45%	26,97%
Total Revenue (excluding capital transfers)	223,837	263,603	250,255	246,502	6,49%	1,50%
Employee costs	73,615	99,612	99,451	87,152	12,51%	12,37%
Remuneration of councillors	15,701	15,058	15,057	16,037	-6,50%	-6,50%
Depreciation & asset impairment	32,894	32,000	32,000	32,612	-1,91%	-1,91%
Finance charges	113	–	–	113	-	-
Materials & bulk purchases	46,120	60,658	60,266	49,691	17,96%	17,55%
Transfers and grants	2,483	3,066	3,066	2,287	25,40%	25,40%
Other expenditure	53,090	80,673	82,756	78,112	3,17%	5,61%
Total Expenditure	228,947	291,067	292,596	265,891	8,65%	9,13%
Surplus/(Deficit)	(5,110)	(27,465)	(42,342)	(19,389)	29,40%	25,40%
Transfers recog' – capital	35,223	53,597	53,671	44,723	16,56%	16,67%
Contributions recognised - capital & contributed assets	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	30,113	26,132	11,329	25,333	3,06%	123,61%
Share of surplus/ (deficit) of associate	–	–	–	–	–	–
Surplus/(Deficit) for the year	30,113	26,132	11,329	25,333	3,06%	123,61%

Description	2012/13	Current Year 2013/14			2013/14 Variance	
		Audited Outcome	Original Budget	Adjusted Budget	Actual	Original Budget (%)
Capital expenditure & funds sources						
Capital expenditure	47,355	59,996	71,842	54,228	9,61%	24,52%
Transfers recog' – capital	35,223	53,596	53,671	44,798	16,42%	16,53%
Public contr' & donations	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–
Internal funds	12,132	6,400	18,171	9,431	-47,35%	48,10%
Total sources of funds	47,355	59,996	71,842	54,228	9,61%	24,52%
Financial position						
Total current assets	65,801	39,124	150,258	92,033	-135,24%	38,75%
Total non-current assets	784,797	893,058	984,356	791,041	11,42%	19,64%
Total current liabilities	40,173	15,006	54,999	48,279	-221,74%	12,22%
Total non-current liabilities	25,923	29,532	40,000	68,657	-132,48%	-71,64%
Community wealth/Equity	784,502	887,644	1,039,614	766,138	13,69%	26,31%
Cash flows						
Net cash from (used) operating	58,196	74,426	143,026	66,914	10,09%	53,22%
Net cash from (used) investing	(51,471)	(58,896)	(68,842)	(51,323)	12,86%	25,45%
Net cash from (used) financing	1,106	266	510	4,322	-1524,6%	-747,39%
Cash/cash equivalents at year end	15,306	8,304	90,000	35,246	-324,46%	60,84%
Cash backing/surplus reconciliation						
Cash and investments available	15,306	8,304	90,000	35,246	-324,46%	60,84%
Application of cash and investments	-	-	-	-	-	-
Balance - surplus (shortfall)	15,306	8,304	90,000	35,246	-324,46%	60,84%
Asset management						
Asset register summary (WDV)	776,413	977,802	977,802	780,316	20,20%	20,20%
Depreciation & asset impairment	32,895	32,000	32,000	32,612	-1,91%	-1,91%
Renewal of existing Assets	4,000	3,000	16,553	9,499	-216,65%	42,61%
Repairs and maintenance	5,638	9,227	9,207	11,339	-22,89%	-23,15%
Free services						
Cost of free basic services provided	1,250	2,000	2,000	447	77,65%	77,65%
Revenue cost of free services provided	11,105	10,253	10,253	14,682	-43,20%	-43,20%
Households below minimum service level						
Water:	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–
Energy:	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–

Variations are calculated by dividing the difference between original/adjustments budget, by the actual

Standard Classification Description	Ref	2012/13	Current Year 2013/14			2013/14 Variance	
R Thousands		Audited Outcome	Original Budget	Adjusted Budget	Actual	Original Budget (%)	Adjustment Budget (%)
Expenditure - Standard							
Governance and administration		100, 312	165,531	166,012	158,356	4,33%	4,61%
Executive and council		40, 841	57,751	59,172	48,179	16,57%	18,58%
Budget and treasury office		31, 290	62,127	59,673	65,859	-6,01%	-10,37%
Corporate services		28, 182	45,653	47,167	44,317	2,93%	6,04%
Community and public safety		12, 808	19,740	18,221	14,162	28,26%	22,28%
Community and social services		2, 937	5,385	5,666	3,364	37,54%	40,64%
Sport and recreation		15	272	272	--	100,0%	100,0%
Public safety		9, 857	14,083	12,283	10,798	23,32%	12,08%
Housing		--	--	--	--	--	--
Health		--	--	--	--	--	--
Economic and environmental services		24,337	34,933	36,642	31,570	9,63%	13,84%
Planning and development		19, 175	11,335	11,293	10,273	9,37%	9,03%
Road transport		--	23,598	25,350	21,297	9,75%	15,99%
Environmental protection		--	--	--	--	--	--
Trading services		49,247	70,864	71,722	61,804	12,79%	14,52%
Electricity		44, 172	58,770	59,840	51,150	12,97%	14,52%
Water		--	--	--	--	--	--
Wastewater management		--	--	--	--	--	--
Waste management		8, 216	12,094	11,882	10,654	11,91%	10,33%
Other	4	--	--	--	--	--	--
Total Expenditure – Standard	3	184, 684	291,068	292,597	265,892	8,65%	9,13%

Variations are calculated by dividing the difference between original/adjustments budget, by the actual.

COMMENT ON FINANCIAL PERFORMANCE

Revenue

Property rates

The original budgeted for property rates for 2013/14 financial year was R34 million which was adjusted downwards to R23,7 million and the actual revenue generated is R20,450 million. This gave rise to an unfavourable variance of 13,81%.

Service charges

This is made up of service charges for electricity and refuse removal and the budget thereof was R49,905 that was slightly adjusted upwards to R49,910. The actual revenue generated was R56,621 that reflects over performance that reflects a favourable variance of 13,45%.

Investment revenue

The original budget for interest on investment was R630 thousand which was adjusted upwards to R3,130 million. The actual interest generated during the financial year is R3,064 million and this resulted in immaterial unfavourable variance of 2,11% based adjusted budget.

Transfer recognized - operational

This is revenue realized from both conditional and unconditional operating grants and subsidies including equitable share. The original budget thereof was R146,878 million and it was never adjusted during the 2013/14 financial year adjustments budget. All the operating grants were fully spent, hence 0,00% variance.

Other Income

Original budget for other income was R32,190 million and it was adjusted downwards to R26,687 million and only R19,490 million was realised and this resulted in an unfavourable variance of 26,97% based on adjusted budget.

EXPENDITURE

Employee related cost

The original budget was R99,612 million and it was slightly adjusted downwards to R99,451 million. The actual expenditure incurred is R87,152 million and this resulted in under-spending variance of 12,37% that is partly attributed to budgeted vacant positions that were not filled.

Depreciation and asset impairment

Provision was made in the budget for capital asset depreciation and impairment and the budget thereof was R32 million and it was not adjusted during the adjustments budget and the actual depreciation and impairment of assets is R32,612 million resulting in immaterial unfavourable variance of 1,91%.

Finance charges:

Finance cost was not budgeted for in 2013/14 financial year, however an amount of R113 thousand was incurred and included in the expenditure is interest charged on late payments that is disclosed in annual financial statements as part of fruitless expenditure.

Materials and bulk purchases

The major portion of this line item was mainly for purchase of electricity. The original budget thereof was R60,658 million and it slightly adjusted downwards to R60,266 million. The actual expenditure incurred is R49,691 million and this resulted in under-spending variance of 17,55% based on adjusted budget.

Transfers and grants – paid out

Transfers and grants refer to subsidies made to indigent and pensioners consumers. The subsidies were done in the form of special rebates on property rates and free basic electricity.

The original budget was R3,066 million and it remained intact after the adjustment budget and the actual expenditure incurred is R2,287 million and this resulted in under-spending variance of 25,40% based on both original and adjusted budget. The budget provision appear to be too little in the light of Equitable share allocation that amounts to R143,438 million since this is the source of funding thereof.

5.2 GRANTS

Description	2012/13	Current Year 2013/14			2013/14 Variance	
		R Thousands	Original Budget	Adjusted Budget	Actual	Original Budget (%)
RECEIPTS:						
Operating Grants						
National Government:	132, 856	132,856	132,856	132,856	0,00%	0,00%
Equitable share	129, 556	143,438	143,438	143,438	0,00%	0,00%
EPWP incentive	1, 000	1000	1000	1000	0,00%	0,00%
FMG grant	1, 500	1,550	1,550	1,550	0,00%	0,00%
MSIG grant	800	890	890	890	0,00%	0,00%
Total Operating Grants	117,174	146,878	146,878	146,878	0,00%	0,00%

COMMENT ON OPERATING TRANSFERS AND GRANTS:

All grants gazetted for 2013/14 financial year were received and cognizance should be taken that the above table does include capital grants. Nonetheless, all gazette capital grants were also received in full during the financial year.

All grants were received from national sphere of government and nothing was gazetted for receipt from the provincial government and the district municipality and/or any other source.

COMMENT ON CONDITIONAL GRANTS AND GRANTS RECEIVED FROM OTHER SOURCES:

No grants were received from other sources.

5.3 ASSET MANAGEMENT

Repairs and Maintenance Expenditure 2013/14						
Description	2012/13	Current Year 2013/14			2013/14 Variance	
		R Thousands	Original Budget	Adjusted Budget	Actual	Original Budget (%)
Asset Register Summary	776, 413	977,802	977,802	780,316	20,20%	20,20%
Depreciation & impairment	32,895	32,000	32,000	32,612	-1,91%	-1,91%
Capital projects	47,355	59,996	71,842	54,228	9,61%	24,52%
Repairs and maintenance	5,638	9,227	9,207	11,339	-22,89%	-23,15%

COMMENT ON ASSET MANAGEMENT:

The asset register value for 2013/14 was R776,413 million and the original budget thereof was R977,802 million that never adjusted during the adjustments budget and the actual book value as at end of 2013/14 financial year is R780,316 million.

The movement that affect the asset register was with regards to Depreciation and asset impairment that had an actual amount R32,612 million. Cognizance should be taken that this from budget point of view is

a non cash item (i.e. the movement did not have cash flow implication) and as a result it is pure financial accounting transaction.

In addition, capital expenditure amounting to R54,228 million and repairs and maintenance amounting to R11,339 million was incurred during the 2013/14 financial year.

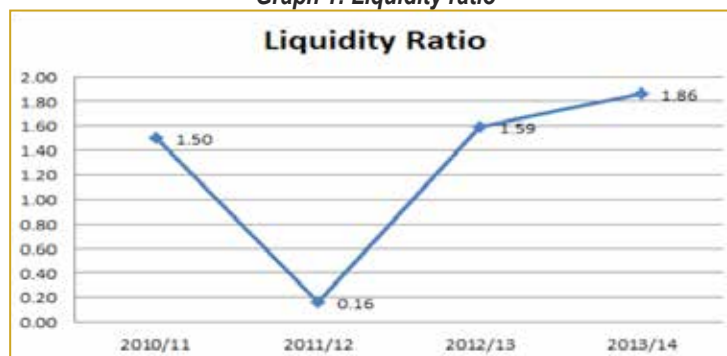
Repairs and Maintenance Expenditure 2013/14						
Description R Thousands	2012/13	Current Year 2013/14			2013/14 Variance	
	Audited Outcome	Original Budget	Adjusted Budget	Actual	Original Budget (%)	Adjustment Budget (%)
Repairs and maintenance expenditure	5, 638	9, 227	9, 207	11, 339	-22,89%	-23,15%

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The repairs and maintenance budget represent 3,17% of the total operating budget, 3,15% of the adjusted budget and 4,26% of the actual expenditure incurred on operating budget. A total of R11,339 million was spent, reflecting an overspending of 22,89% and 23,15% based on original budget and adjusted budget respectively.

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Graph 1: Liquidity ratio



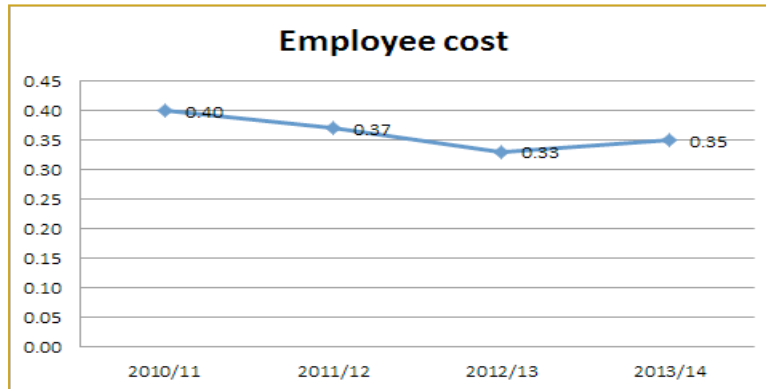
Liquidity Ratio – Measures the municipality’s ability to pay its bills, and is calculated by dividing the monetary assets by the municipality’s current liabilities. A higher ratio is better.

Graph 2: Outstanding Debtors to revenue



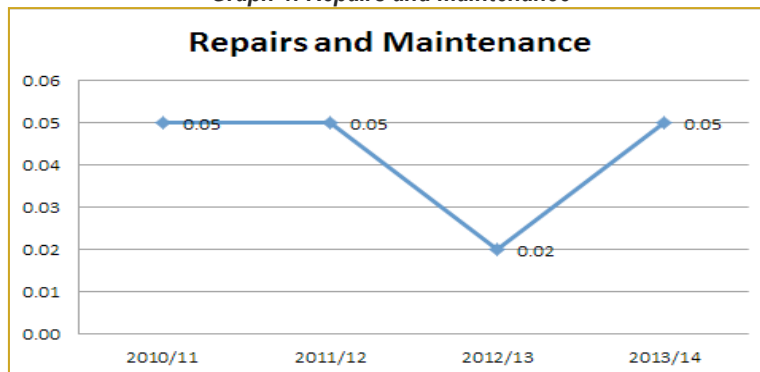
Outstanding Service Debtors to Revenue - Measures how much money is still owed by the community for electricity, waste removal and other services, compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors, by the total annual revenue. A lower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

Graph 3: Employee cost



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

Graph 4: Repairs and maintenance



Repairs and Maintenance - This represent the proportion of operating expenditure spent, and is calculated by dividing the total repairs and maintenance by total revenue excluding capital revenue.

COMMENT ON FINANCIAL RATIOS:

The municipality is in a process of improving its ability to spend the 8% threshold of operating expenditure for repairs and maintenance. Liquidity will also improve as the municipality has placed stringent internal controls over unnecessary expenditure, in order to improve the cash flow situation.

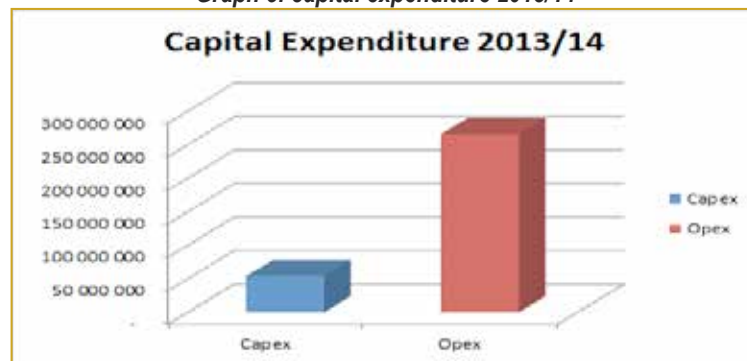
COMPONENT B: Spending Against Capital Budget

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction of projects that will have value lasting over many years. Capital expenditure is funded from grants and own revenue. Component B deals with capital spending, indicating where the funding comes from and whether the Municipality is able to spend the available funding as planned. In this component, it is important to indicate the different sources of funding as well as how these funds are spent.

5.5 CAPITAL EXPENDITURE

Graph 5: capital expenditure 2013/14



5.6 SOURCES OF FINANCE

Capital Expenditure – Funding Sources 2012/13 – 2013/14						
R'000						
Details	2012/13	2013/14				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance						
External loans						
Public contributions and donations						
Grants and subsidies	35, 223	53,596	53,671	44,798	16,42%	16,53%
Other	12, 132	6,400	18,171	9,431	-47,35%	48,10%
Total	47, 355	59,996	71,842	54,228	17,22%	24,52%
Percentage of finance						
External loans						
Public contributions and donations						
Grants and subsidies	74,38%	89,33%	74,71%	82,61%		
Other	25,62%	10,67%	25,29%	17,39%		
Capital expenditure						
Electricity	-	10,600	11,000	6,012	43,28%	45,34%
Street Lighting	-	3,990	2,601	2,735	31,46%	-5,14%
Roads and storm water	46, 488	31,509	47,338	41,573	-31,94%	12,18%
Landfill Site	-	2,047	2,047	-	100%	100%
ICT Equipment	-	800	1,406	1,404	-75,13%	0,12%

Capital Expenditure – Funding Sources 2012/13 – 2013/14						
R'000						
Details	2012/13	2013/14				
	Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Other	867	8,500	4,900	2,328	72,61%	52,49%
Total	47,355	59,996	71,842	54,228	9.61%	24,52%
<i>Percentage of expenditure</i>						
Electricity	0,00%	17,67%	15,31%	11,09%		
Street Lighting		6,65%	3,62%	5,04%		
Roads and storm water	98,17%	52,52%	65,89%	76,66%		
Landfill Site		3,41%	2,85%	0,00%		
ICT Equipment		1,33%	1,96%	2,59%		
Other	1,83%	14,17%	6,82%	4,29%		

COMMENT ON SOURCES OF FUNDING:

The original capital budget for 2013/14 financial was R59,996 million that was adjusted upwards to R71,842 million. The actual expenditure is R54,228 million and reflects an under-spending variance of R9,61% and 24,52% on original and adjusted budget respectively.

The budget was funded as follows:

Original budget – R53,596 million was funded by grants and R6,4 million was funded internally
Adjusted budget – R53,671 million was funded by grants and R18,171 million was funded internally
Actual expenditure – R44,798 million was funded by grants and R9,431 million was funded internally

5.7 CAPITAL SPENDING ON FIVE LARGEST PROJECTS

Capital Expenditure on Five Largest Projects*					
R'000					
Name of Project	Current Year			Variance Current Year	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment Variance (%)
A – Moteti Bus Route	11,136	11,389	11,100	0,32%	2,54%
B – Monsterlus to Makgopheng Rd	9,433	9,872	8,681	7,97%	12,07%
C - Road to Kgoshi Mahlangu	3,000	8,070	5,642	-88,07%	30,08%
D – Waalkraal Electrification	6,105	6,105	2,430	60,18%	60,18%
E – Hlogotlou S/W	-	4,000	3,504	-	12,40%
*Project with the highest capital expenditure in 2013/14					
Name of Project - A	Moteti A Phase3				
Objective of project	To improve municipal roads' infrastructure for socio-economic growth				
Delays	Yes				
Future challenges	None				
Anticipated citizen benefits	Job creation, skills transferred and improved road infrastructure				

Capital Expenditure on Five Largest Projects*					
R'000					
Name of Project	Current Year			Variance Current Year	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment Variance (%)
Name of Project - B	Monsterlus to makgopheng				
Objective of project	To improve municipal roads' infrastructure for socio-economic growth				
Delays	None				
Future challenges	None				
Anticipated citizen benefits	Job creation, skills transferred and improved road infrastructure				
Name of Project - C	Kgoshi Mahlangu road				
Objective of project	To improve municipal roads' infrastructure for socio-economic growth				
Delays	None Performance of Contractor				
Future challenges	Hard rock				
Anticipated citizen benefits	Job creation, skills transferred and improved town development				
Name of Project - D	Nyakelang bus road				
Objective of project	To improve municipal roads' infrastructure for socio-economic growth				
Delays	No				
Future challenges	The area has underground water and heavy unusual rainfall				
Anticipated citizen benefits	Job creation, skills transferred and improved road infrastructure				
Name of Project -E	Elandsdoorn highmast lights				
Objective of project	To improve municipal roads' infrastructure for socio-economic growth				
Delays	No				
Future challenges	Transformers for energise				
Anticipated citizen benefits	Job creation, skills transferred and improved road infrastructure				

COMMENT ON CAPITAL PROJECTS:

Municipality underperformed on capital projects as only 5.6km kilometres of new roads were constructed and 1.8 km of roads projects were rolled over to financial year 2014/2015 due to the late appointment of service providers and heavy rains. The underperformance affected also the MIG spending which decreased from 100% spending in financial year 2012/2013 to 88% in financial year 2013/2014. We looking forward to ensure that the same challenge does not occur again in the next financial year 2014/2015.

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS - OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

There is still huge backlog in terms of Basic Infrastructure that is Water and Sanitation which is implemented at District level. The backlog for Electricity is not that huge as most households have access to electricity.

Service Backlogs as at 30 June 2014 Households (HHs)				
	*Service level above minimum standard		**Service level below minimum standard	
	No HHs	% HHs	No HHs	% HHs
Electricity	57814	96%	2350	3.9%
Waste management				
Housing				

COMMENT ON BACKLOGS:

The electricity backlog is not that huge and the challenge is on the Eskom site as there is no network capacity for connections on some areas.

Roads and storm water as key function of the municipality is being implemented by MIG funds and own funding. The municipality has a serious backlog on roads and storm water and has challenges of resources and lack of funding to enable them to deal with the backlog.

There is a serious challenge on the maintenance backlog for roads and storm water and most of our roads are not accessible. There is a maintenance programme for gravel and dirt road and the challenge is that there are no sufficient resources of Machinery and plant to maintain the roads. The impact on the programme is not being realized.

Municipal Infrastructure Grant (MIG)* Expenditure 2013/14 on Service backlogs					
Details	Budget	Adjustment Budget	Actual	Variance	
				Budget	Adjustment Budget
Infrastructure - Road transport					
<i>Roads, Pavements & Bridges</i>	31,509	R36 398	R35 800	-13,62%	1,64%
<i>Storm water</i>	-	-	-	-	-
Infrastructure - Electricity					
<i>Generation</i>	-	-	-	-	-
<i>Street Lighting</i>	R3 990	R2 600	R2 734	31,46%	-5,14%
Infrastructure – Other					
<i>Transportation</i>	-	-	-	-	-
<i>Gas</i>	-	-	-	-	-
Other Specify:					
Cemetries	2,550	2,550	175	93,13%	93,13%
Street Parking	3,500	3,500	-	100%	0,00%
Waste Management	2,047	2,047	-	100%	100%
Total	R43 596	R43 596	38,710	11,21%	11,21%

COMPONENT C: Cash Flow Management and Investments

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The cash flow outcome presents the actual revenue and actual payments made during the year under review. Actual revenue realized should be differentiated from revenue billed because revenue billed does not portray the holistic financial position and performance of the municipality.

As a result, the cash flow outcome is presented on cash basis as opposed accrual basis of accounting.

Cash and cash equivalent of the municipality is made up of cash in the primary and PHP bank accounts and all the short term investment

Cash-Flow Outcomes				
Description	2012/13	Current Year 2013/14		
	Audited Outcome	Original Budget	Adjustment Budget	Actual
Cash-Flow From Operating Activities				
Receipts	259,981	317,599	243,622,000	291,225
Fines	791,600	1,200	673	1,666
Sale of goods and services	75,546	98,864	104,145	73,428
Government grants	168,079	200,474	200,474	191,601
Interest	5,061	4,450	8,150	10,231
Other income	4,782	7,111	9,712	4,699
Licences and permits	5,720	5,000,000	5,000,000	3,335
Payments	(201,785)	(243,173)	(185,628)	(224,312)
Employee costs	(88,331)	(99,612)	(99,451)	(87,153)
Finance charges	(113)			-
Suppliers	(113,341)	(143,561)	(86,177)	(137,159)
Net Cash From/(Used) Operating Activities	58,195	74,426	143,026	66,914
Cash Flow From Investing Activities				
Receipts				
Proceeds on disposal of PPE	9,071	(400)	1,000	-
Payments				
Capital Assets	(51,480)	(58,496)	(69,842)	(51,322)
Net Cash From/(Used) Investing Activities	(51,471)	(58,896)	(68,842)	(51,322)
Cash Flows From Financing Activities				
Receipts				
Short-term loans				
Borrowings long-term/refinancing				
Increase/(decrease in consumer deposits)	1,105	266	510	4,322
Payments				
Repayment of other financial liabilities				
Net Cash From/(Used) Financing Activities	1,105	266	510	4,322
Net Increase/(Decrease) in Cash Held	7,830	15,796	74,694	19,913
Cash/cash equivalents at the year beginning	7,475	(7,492)	15,306	15,334
Cash/cash equivalents at the year end:	15,306	8,304	90,000	35,247

COMMENT ON CASH-FLOW OUTCOMES:

Cash and cash equivalent at the beginning of the financial year was R15,306 million and the original and adjusted budget thereof was R8,304 million and R90 million respectively. The actual cash and cash equivalent as at end of the financial year is R35,247 million

Cognizance should be taken that the municipality is still dependent on grants since a major portion of revenue realized is made up of Transfer recognized (both operating and capital).

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

Actual Borrowings 2011/12-2013/14 R'000			
Instrument	2011/12	2012/13	2013/14
<u>Municipality</u>			
Long-term loans (annuity/reducing balance)	n/a	n/a	n/a
Long-term loans (non-annuity)	n/a	n/a	n/a
Local registered stock	n/a	n/a	n/a
Instalment credit	n/a	n/a	n/a
Financial leases	n/a	n/a	n/a
PPP liabilities	n/a	n/a	n/a
Finance granted by cap equipment supplier	n/a	n/a	n/a
Marketable bonds	n/a	n/a	n/a
Non-marketable bonds	n/a	n/a	n/a
Bankers acceptances	n/a	n/a	n/a
Financial derivatives	n/a	n/a	n/a
Other securities	n/a	n/a	n/a
Municipal Total	n/a	n/a	n/a
	n/a	n/a	n/a
<u>Municipal Entities</u>	n/a	n/a	n/a
Long-term Loans (annuity/reducing balance)	n/a	n/a	n/a
Long-term Loans (non-annuity)	n/a	n/a	n/a
Local registered stock	n/a	n/a	n/a
Instalment credit	n/a	n/a	n/a
Financial leases	n/a	n/a	n/a
PPP liabilities	n/a	n/a	n/a
Finance granted by cap equipment supplier	n/a	n/a	n/a
Marketable bonds	n/a	n/a	n/a
Non-Marketable bonds	n/a	n/a	n/a
Bankers acceptances	n/a	n/a	n/a
Financial derivatives	n/a	n/a	n/a
Other Securities	n/a	n/a	n/a
Entities Total	n/a	n/a	n/a

Municipal and Entity Investments 2011/12 - 2013/14			
R'000			
Investment type	2011/12 Actual	2012/13 Actual	2013/14 Actual
<u>Municipality</u>			
Securities - national government	–	–	–
Listed corporate bonds	–	–	–
Deposits –bank	7, 292	14, 051	14, 079
Deposits -public investment commissioners	–	–	–
Deposits -corporation for public deposits	–	–	–
Bankers' acceptance certificates	–	–	–
Negotiable certificates of deposit - Banks	–	–	–
Guaranteed endowment policies (sinking)	–	–	–
Repurchase agreements - Banks	–	–	–
Municipal bonds	–	–	–
Other	–	–	–
<u>Municipal Entities</u>			
Securities - National government	–	–	–
Listed corporate bonds	–	–	–
Deposits – Bank	–	–	–
Deposits - Public Investment Commissioners	–	–	–
Deposits - Corporation for Public Deposits	–	–	–
Bankers' acceptance certificates	–	–	–
Negotiable certificates of deposit- Banks	–	–	–
Guaranteed endowment policies (sinking)	–	–	–
Repurchase agreements – Banks	–	–	–
Municipal bonds	–	–	–
Other	–	–	–
Entities Sub-Total	–	–	–
Consolidated Total:	7, 292	14, 051	14,079

COMMENT ON BORROWING AND INVESTMENTS:

The Municipality did not have borrowing during the 2013/14 financial year, however the closing balance on Investments was R14,079 million.

5.11 PUBLIC-PRIVATE PARTNERSHIPS

PUBLIC-PRIVATE PARTNERSHIPS

Not applicable

COMPONENT D: Other Financial Matters

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

The financial statements for the 2013/14 present an irregular expenditure of 18,470 million as opening balance in the 2013/14 financial year and during the year, expenditure of R25,224 million was incurred. This leaves the municipality with overall irregular expenditure of R43,694 million that emanated from procurement of goods and services without fully following the supply chain management processes

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules and principles by which municipalities are required to abide by in preparing the financial statements. Successful GRAP compliance and implementation will ensure that municipal accounts are transparent, comparable and more informative to the users of the financial statements.



5.14 Service provider's performance

Project Name	Service Provider	Tender Amount	Period		Performance Good, fair, bad
			Commencement Date	Termination Date	
Supply and Delivery of Cartridges and Tones for 36 Months	BONGILEMASHUMI CC	As per Tender Rates: As and When Required	07/11/2012	06/11/2015	Good
Lease of Bakkies for a period of 36 Months	Fleet Africa (PTY) LTD	R 4 737.41 (per Vehicle)	13/11/2012	12/11/2015	Good
Supply and Delivery of Cleaning Materials and Tools	Mmirah Events and Functions	As per Tender Rates: As and When Required	16/10/2012	15/10/2015	Good
Short –Term Insurance	Lateral Unison Insurance Brokers	R 473 660.00	01/10/2012	30/09/2015	Good
Provision of ICT Networks and Support and Maintenance	Odirile IT Holdings	R 5 700 000.00	07/05/2012	06/05/2015	Fair
Mechanical Repairs of Municipal Heavy Machinery and Reactive Maintenance	Makgonatsohle Trading CONTRACT TERMINATED	R 1 500 000.00	01/05/2012	31/05/2015	Good
Standardisation of Projects and Contract Documentation and PMU services	BapediBopedi Projects CC	Max 5% Capital Budget	16/01/2012	15/01/2015	Fair
Tele-Communication Services	Nashua Mobile	R 32 261.00 (per Month)	01/07/2012	30/01/2015	Fair
Compilation of Valuation Roll 2012-2016	UNIQUECO	R 3 350 000	01/10/2011	01/10/2016	Good
Supply and Installation of Alarm Systems	Naspoti J&M Security Solutions	R 542 521.44	01/11/2011	30/10/2014	Fair
CCTV Cameras	Siyenza Holdings	R424 684.20	01 JULY 2011	30 /06/2014	Fair
Supply of Cold Asphalt	Lungisha Trading 88cc	Year 1; R67.50 per 25 kg; year 2: R77.70; year 3: R89.40		30/10/2014	Good
UPGRADING OF BUS ROUTE AT MATHULA STAND VILLAGE	JMV ORTHOSMART CONSULTING	AS PER THE RATES OF ECOSA	28 NOV 2012	30 OCT 2017	Fair
UPGRADING OF BUS ROUTE AT MOTETI C 1	TSHASHU CONSULTING	AS PER THE RATES OF ECOSA		30 JUNE 2014	Good

Project Name	Service Provider	Tender Amount	Period		Performance Good, fair, bad
			Commencement Date	Termination Date	
UPGRADING OF BUS ROUTE (8.5KM) FROM GRAVEL TO SURFACED (ASPHALT) ROAD AND STORM WATER CONTROLS AT KGAPHAMADI VILLAGE	SKY HIGH CONSULTING	AS PER THE RATES OF ECOSA	28 NOV 2012	30 OCT 2017	Good
UPGRADING OF MOGAUNG ROAD AT KGAPHAMADI VILLAGE	MTP INFRAStructure RESOURCES	AS PER THE RATES OF ECOSA	28 NOV 2012	30 OCT 2017	Good
UPGRADING OF MOTETEMA INTERNAL STREETS PH2	T2 TECH CONSULTING ENGINEERS	AS PER THE RATES OF ECOSA	28 NOV 2012	30 OCT 2017	Good
UPGRADING OF JJ ROAD AT ZAAIPLAAS VILLAGE	ONBOARD CONSULTING ENGINEERS (PTY) LTD	AS PER THE RATES OF ECOSA	28 NOV 2012	30 OCT 2017	Good
SUPPLY AND INSTALL SMART METERING IN GROBLERDAL AND ROOSENEKAAL	MAREDI TELECOMS & BROADCASTING	AS PER THE RATES PER CONNECTION	19 MARCH 2012	28 FEB 2015	Good
LEASING OF TWO RED LIGHT AND SPEED VIOLATION CAMERAS	KUYALUNGA TRAFFIC SOLUTIONS (PTY) LTD	R447 440.00 PER YEAR R650 PER HOUR EXPERT RATE R3.75 PER KILOMETERS	01 JULY 2012	30 JUNE 2015	Good
CONSULTANT FOR MAGOSHI ROADS	TLOU INTERGRATED TECH	R589 809.07	07 NOVEMBER 2012	06 NOV 2019	Good
CELL PHONE CONTRACTS	VODACOM SERVICE PROVIDERS	MONTHLY RATE	01 JULY 2013	30 JUNE 2015	
ADVERTISING SERVICES	BASADZI PERSONNEL	AS PER THE RATES	01 MARCH 2013	28 FEB 2016	Good
ADVERTISING SERVICES	MAGAUTA RECRUITMENT	AS PER THE RATES	01 MARCH 2013	28 FEB 2016	Good
ADVERTISING SERVICES	BUSI NTULI COMMUNICATIONS	AS PER THE RATES	01 MARCH 2013	28 FEB 2016	Good

Project Name	Service Provider	Tender Amount	Period		Performance Good, fair, bad
			Commencement Date	Termination Date	
SUPPLY AND INSTALLATION OF FLEET CONTROL SOLUTIONS (LEASE)	ALTECH NETSTAR FLEET SOLUTIONS	R481 187	01 JULY 2011	30 JUNE 2014	Good
ELECTRIFICATION OF VARIOUS VILLAGES WITHIN EMLM	AES CONSULTING JV MATLALA ELECTRICAL	R11 000 PER CONNECTION	06 AUGUST 2013	06 AUGUST 2016	Good
ELECTRIFICATION OF VARIOUS VILLAGES WITHIN EMLM	REFENTSE CONSULTANT / STANFORD M ELECTRICAL	R 11 000 PER CONNECTION	06 AUGUST 2013	06 AUGUST 2016	Good
ELECTRIFICATION OF VARIOUS VILLAGES WITHIN EMLM	NDLUNKHULU ENGINEERING CC	R 11 000 PER CONNECTION	06 AUGUST 2013	06 AUGUST 2016	Good
DEVELOPMENT OF BUSINESS PLANS ON CONSTRUCTION OF TAMBO /WALTERS SISULU VILLAGES	T.M KHOZA AND ASSOCIATES CONSULTING ENGINEERS	R 3 669 568.99	20 SEPTEMBER 2013	30 SEPTEMBER 2018	Fair
SUPPLY AND DELIVERY OF DIESEL AND PETROL	MOKWENA MOTORS T/A NONYANE MOTORS	MAXIMUM OF R 10 000 000.00OR 3 YEARS WHICH EVER COMES FIRST	01 OCTOBER2013	30 SEPTEMBER 2016	Good
SUPPLY AND LYING OF ASPHALT BASE SURPHASING AND DOUBLE SEAL TO ROADS PROJECTS	SOLY CONCRETE MIX CONTRACT TERMINATED	30mm=R 140 PER M ² 40mm=R85.00 PER M ² 50mm=R95.00 PER M ²	30 JULY 2013	30 JULY 2016	Good
PROVISION OF PROFESSIONAL / LEGAL SERVICE	<input type="checkbox"/> KHUMALO MASONDO ATTORNEYS <input type="checkbox"/> KGATLA INCORPORATED <input type="checkbox"/> MAKHUBELA ATTORNEYS	AS PER APPROVED HOURLY RATES	01 APRIL 2014	31 MARCH 2014	Good
PROVISION OF SECURITY SERVICES FOR A PERIOD OF 36 MONTHS	WENZILE PHAPHAMA TRADING & PROJECTS	R 556 764.47	01 JULY 20123	30 JUNE 2016	Good
SUPPLY AND LAYING OF ASPHALT BASE SURFACING AND DOUBLE SEAL TO ROADS PROJECTS FOR 36 MONTHS FIXED CONTRACT	N.J NKOSANA SURFACING (PTY) LTD	R 25 MILLION OR 3 YEARS WHICH EVER COMES FIRST	19 DECEMBER 2013	18 DECEMBER 2016	Good
DEVELOPMENT OF BUSINESS PLANS ON CONSTRUCTION OF MPHELENG ROAD	MUNEI CONSULTING & PROJECTS	R 1 001,368.32	28 OCTOBER 2013	27 OCTOBER 2018	Good

Project Name	Service Provider	Tender Amount	Period		Performance Good, fair, bad
			Commencement Date	Termination Date	
SUPPLY AND DELIVERY OF BLACK AND GREEN REFUSE REMOVAL BAGS FOR 36 MONTHS	MOJEKANA M.J CONSTRUCTION	BLACK : YEAR 1 – R160; YEAR 2: R 170; YEAR 3 – R 180 GREEN: YEAR 1 – R180; YEAR 2 – R 190; YEAR 3 – R200	11 DECEMBER 2013	10 DECEMBER 2016	Good
SUPPLY AND DELIVERY OF BLACK AND GREEN REFUSE REMOVAL BAGS FOR 36 MONTHS	MTHENGELWA TRADING & PROJECTS	BLACK: YEAR 1 – R 175; YEAR 2 – R185; YEAR 3 – R 195. GREEN : YEAR 1 – R210; YEAR 2 – R 220; YEAR 3 – R 235	11 DECEMBER 2013	10 DECEMBER 2016	Good
PRINTING AND POSTAGE SERVICES FOR CUSTOMERS	CAB HOLDINGS LIMITED	AS PER THE APPROVED RATES	1 APRIL 2014	31 MARCH 2016	Good
PROVISION OF DESIGN, PRINTING SERVICES & PROMOTIONAL ITEMS TO EMLM	BAUPA TRADING ENTERPRISE	AS PER APPROVED RATES	1 APRIL 2014	31 MARCH 2017	Good
PROVISION OF DESIGN, PRINTING SERVICES & PROMOTIONAL ITEMS TO EMLM	VISION PRINT (PTY) LTD	AS PER APPROVED RATES	1 APRIL 2014	31 MARCH 2017	Good
LEASING OF PHOTOCOPYING MACHINES FOR 36 MONTHS	DITIRO I.T RESOURCES & SERVICES	AS PER APPROVED RATES	1 MARCH 2014	28 FEBRUARY 2017	Good
SOLID WASTE MANAGEMENT SERVICES FOR 12 MONTHS	NOKENG / RURAL JV	R 3 420 000.00	01 NOVEMBER 2013	30 NOVEMBER 2014	Good
MICROSOFT LICENSING FOR EMLM	CHM VUWANI COMPUTER SOLUTION	R 4 268,756.88	28 MARCH 2014	27 MARCH 2017	Good



CHAPTER 6

Auditor General Report



Report of the Auditor-General

Elias Motsoaledi Local Municipality

30 June 2014

Report of the auditor-general to the Limpopo Provincial Legislature and the council on the Elias Motsoaledi Local municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Elias Motsoaledi Local Municipality set out on pages ... to ... which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act no 56 of 2003) (MFMA) and the Division of Revenue Act, 2013 (Act no. 2 of 2013) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion

Property, plant and equipment

6. The municipality did not adequately test for and recognise impairment on items of property, plant and equipment taking into account impairment indicators that existed at the reporting date as required by SA Standards of GRAP 21 *Impairment of non-cash generating assets*. Furthermore, the municipality did not properly assess the appropriateness of residual values and useful lives of items of property, plant and equipment as required by SA Standards of GRAP 17 *Property, plant and equipment*. I was unable to confirm the appropriateness of the valuation of property, plant and equipment by other means. Consequently I was unable to determine whether any adjustment relating to property, plant and equipment stated at R694 622 993 in the financial statements was necessary.

Aggregation of immaterial uncorrected misstatements

7. The financial statements were materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following items making up the statement of financial position and the notes to the financial statements:
- Receivables from exchange transactions reflected at R16 856 667 was understated by R3 943 105 (2013: R764 579).
 - Provision for long service leave and bonus reflected at R2 344 042 was understated by R495 934.
 - Payables from exchange transactions reflected at R33 320 406 was overstated by R785 307.
 - Consumer debtors from non-exchange transactions reflected at R14 559 351 was overstated by R3 941 701 (2013: R473 888).
 - Long term lease debtors reflected at R643 565 was overstated by R643 565.
 - The opening balance of the current year accumulated surplus reflected at R766 138 037 was overstated by R348 677.
 - The opening balance of the current year VAT Receivables reflected at R13 376 726 was overstated by R1 564 377

As a result, I was unable to determine whether any adjustment to these items was necessary.

Qualified opinion

8. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of Elias Motsoaledi Local Municipality as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with the SA standards of GRAP and the requirements of the MFMA and the DoRA.

Emphasis of matters

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

Restatement of corresponding figures

10. As disclosed in note 47 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of an error discovered during 2014 in the financial statements of Elias Motsoaledi Local Municipality at, and for the year ended, 30 June 2013.

Irregular expenditure

11. As disclosed in note 53 to the financial statements, irregular expenditure amounting to R25 224 038 (2013: R18 470 492) was incurred as a result of the municipality procuring goods and services without following supply chain management requirements.

Material impairments

12. The municipality had consumer debtors totalling R51 670 581 at 30 June 2014. The recoverability of R30 033 445 of the total debtors are doubtful.

Additional matters

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

Unaudited supplementary schedules

14. 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 thereon.

Unaudited disclosure notes

15. 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.

Report on other legal and regulatory requirements

16. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected development objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

17. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development objectives presented in the annual performance report of the municipality for the year ended 30 June 2014:
- Spatial rationale on pages xx to xx
 - Basic service delivery and infrastructure development on pages xx to xx

18. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
19. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information (FMPPI)*.
20. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
21. The material findings in respect of the selected development objectives are as follows:

Spatial rationale

Usefulness of reported performance information

22. Section 41(c) of the Municipal Systems Act, 2000 (Act no. 32 of 2000) (MSA) requires the integrated development plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 36% of the reported objectives, 64% of the reported indicators and 82% of the reported targets were not consistent with those in the approved integrated development plan due to a lack of proper systems and processes for performance management.
23. Section 25(2) of the MSA determines that an integrated development plan adopted by a municipal council may be amended in accordance with the process as prescribed per section 34 of the MSA, and that such a plan remains in force until an integrated development plan is adopted by the next elected council. Material changes were made to the development objectives, indicators and targets in the annual performance report, without following the process as prescribed in section 28 of the MFMA and without adoption by the municipal council. This was due to lack of review by the management and the internal audit unit.
24. The FMPPI requires the following:
 - Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 55% of the indicators were not well defined.
 - Performance indicators must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator/measure. A total of 100% of the indicators were not verifiable.
 - Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 55% of the targets were not specific.
 - Performance targets must be measurable. I could not measure the required performance for 73% of the targets.
 - The period or deadline for delivery of targets must be specified. A total of 27% of the targets were not time bound.
25. This was because management did not adhere to the requirements of the FMPPI due to a lack of proper systems and processes and technical indicator descriptions.

Reliability of reported performance information

26. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.
27. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to limitations placed on the scope of my work due to the absence of information systems and the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information.

Basic service delivery and infrastructure development

Usefulness of reported performance information

28. Section 41(c) of the MSA requires the integrated development plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 48% of the reported objectives, 57% of the reported indicators and 65% of the reported targets were not consistent with those in the approved integrated development plan due to a lack of proper systems and processes for performance management.
29. Section 25(2) of the MSA determines that an integrated development plan adopted by a municipal council may be amended in accordance with the process as prescribed per section 34 of the MSA, and that such a plan remains in force until an integrated development plan is adopted by the next elected council. Material changes were made to the development objectives, indicators and targets in the annual performance report, without following the process as prescribed in section 34 of the MFMA and/or without adoption by the municipal council. This was due to lack of review by the management and the internal audit unit.
30. The FMPPI requires the following:
 - Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 65% of the indicators were not well defined.
 - Performance indicators must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator/measure. A total of 80% of the indicators were not verifiable.
 - Performance targets must be measurable. I could not measure the required performance for 20% of the targets.
31. This was because management did not adhere to the requirements of the FMPPI due to a lack of proper systems and processes and technical indicator descriptions.

Reliability of reported performance information

32. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.
33. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to limitations placed on the scope of my work due to the absence of information systems and the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information.

Additional matters

34. I draw attention to the following matter:

Achievement of planned targets

35. Refer to the annual performance report on pages 2 and 3 to 28 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected development objectives reported in paragraphs 22 to 31 of this report.

Compliance with legislation

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

Annual reports and financial statements

37. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of current assets, liabilities, expenditure, disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

Strategic planning and performance management

38. The annual performance report for the year under review did not include measures taken to improve performance, as required by section 46(1)(a) of the MSA.

39. The municipality did not establish a proper performance management system, as required by section 38(a) of the MSA.

40. The adopted integrated development plan (IDP) did not reflect and identify the municipal council's vision for the long term development of the municipality and a financial plan, as required by sections 26 and 41 of the MSA, as well as *Municipal planning and performance management regulation 2(1)(c)*.

41. The local community was not afforded the opportunity to comment on the final draft of the integrated development plan (IDP) before adoption, as required by section 42 of the MSA and *Municipal planning and performance management regulation 9, 13(1), 13(4)(c) and 15(3)*.

42. Revisions to the service delivery and budget implementation plan were not approved by the council after the approval of the adjustments budget, as required by section 54(1)(c) of the MFMA.

43. The annual performance agreements for the municipal manager and all senior managers are not linked to the measurable performance objectives approved with the budget and to the service delivery budget implementation plan as required in terms of section 53(1)(c)(iii) of the MFMA and section 57(1)(b) of the MSA.

Budgets

44. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

Procurement and contract management

45. Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
46. Construction contracts were awarded to contractors that were not registered with the Construction Industry Development Board (CIDB), in accordance with section 18(1) of the Construction Industry Development Board Act, 2000 (Act no. 38 of 2000) (CIDB Act) and CIDB regulations 17 and 25(7A).
47. Construction projects were not always registered with the CIDB, as required by section 22 of the CIDB Act and CIDB regulation 18.
48. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
49. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.
50. Awards were made to providers who are in the service of other state institutions in contravention of MFMA 112(j) and SCM regulations 44. Similar awards were identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).
51. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, as required by SCM regulation 46(2)(e).

Consequence management

52. Unauthorised, irregular, fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.

Asset management

53. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Expenditure management

54. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, accounted for creditors and accounted for when payments made, as required by section 65(2)(b) of the MFMA.
55. Reasonable steps were not taken to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Revenue management

56. An adequate management, accounting and information system which accounts for revenue and debtors was not in place, as required by section 64(2)(e) of the MFMA.
57. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.

Human resource management

58. An acting municipal manager was appointed for a period of more than three months without the approval by the MEC for local government in contravention of section 54A(2A) of the MSA.
59. The director of Development Planning and Corporate Service was appointed without having met the prescribed minimum competency levels as required by section 56(1)(b) of the MSA.
60. Managers directly accountable to municipal managers were appointed without submitting proof of previous employment and disclosure of financial interests in contravention of regulation 4 of GNR 805.
61. The municipality did not submit a report on compliance with prescribed competency levels to the National Treasury and relevant provincial treasury as required by the *Regulations on Minimum Competency Levels, regulation 14(2)(a)*.
62. The annual report of the municipality did not reflect information on compliance with prescribed minimum competencies as required by the *Regulations on Minimum Competency Levels, regulation 14(2)(b)*.
63. Senior managers did not meet any of the prescribed competency areas as required by regulation 6 and 7 of the *Regulations on Minimum Competency Levels*.
64. Finance officials at middle management did not have the higher education qualification as required by regulation 8 and 9 of the *Regulations on Minimum Competency Levels*.
65. Supply chain management managers did not meet any of the prescribed competency areas as required by regulation 8 and 9 of the *Regulations on Minimum Competency Levels*.

Liability management

66. An adequate management, accounting and information system which accounts for liabilities was not in place, as required by section 63(2)(a) of the MFMA.

Internal control

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

Leadership

68. The municipality did not have sufficient monitoring controls to ensure the proper implementation of the overall process of planning, budgeting, implementation and reporting.
69. Adequate internal policies and procedures for performance information management and reporting were not developed and approved.

Financial and performance management

70. The municipality did not formulate and implement a record management policy and related procedures to ensure that all documentation is properly controlled.
71. Management did not implement the following daily and monthly controls as designed for the entity's business processes:
 - The municipality did not perform reconciliations between the general ledger and the fixed asset register due to a lack of skills.
72. The financial statements contained numerous misstatements that were corrected. This was mainly due to staff members not fully understanding the requirements of the financial reporting framework.
73. Design and implementation of formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information was not implemented.
74. Regular accurate and complete financial and performance reports that are supported and evidenced by reliable information were not adequately implemented.
75. The municipality did not adequately reconcile transactions related to inventory and property, plant and equipment. This is attributable to a lack of review and monitoring.

Governance

76. The internal audit function had capacity problems during the year under review and therefore did not complete all the relevant audits as per the internal audit plan.

Auditor-General

Polokwane

28 November 2014



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

COMPONENT B: Auditor General's Opinion

COMPONENT B: AUDITOR GENERAL'S OPINION 2013/2014

6.2 Auditor General's report 2013/2014

Auditor-General's Report on Financial Performance 2013/14	
Audit Report Status*:	Qualified Opinion
Non-Compliance Issues	Remedial Action Taken
As stipulated in the AGSA report	Audit action plan developed

Auditor-General's Report on Service Delivery Performance 2013/2014	
Audit Report Status:	Qualified Opinion
Non-Compliance Issues	Remedial Action Taken
As cited in the AGSA report	Audit action plan in place

6.3 MUNICIPAL MANAGER AND CHIEF FINANCIAL OFFICER'S COMMENTS.

AUDITORS REPORT 2013/2014 OF THE AUDITOR GENERAL TO THE ELIAS MOTSOLEDI LOCAL MUNICIPALITY

In terms of Section 126(1) of the MFMA the accounting officer of a municipality must:

"Prepare the annual financial statements of the municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor- General for auditing;"

The financial statement as on 30 June 2014 of the municipality was submitted to the Auditor General on the 31 August 2014.

In terms of section 126(3) (a) (b) of the MFMA the Auditor General must:

"audit those financial statements; and submit an audit report on those statements to the accounting officer of the municipality or entity within three months of receipt of the statements."

The Audit report for 2013- 2014 was submitted to the Accounting Officer on the 28 November 2014.

The Financial Statements as on 30 June 2014 of the municipality was submitted within two months of the financial year end to the Auditor General on the 31 August 2014.

Council takes note of the Audited Annual Financial Statements 30 June 2014.

The Auditor General Report 2014 was submitted to the Accounting Officer on the 28 November 2014.

The municipality has received a Qualified Audit Opinion for the financial year ended 30 June 2014 with a vast improvement on the previous financial year.

Council take note of the contents in the Auditor General report, Audit Action Plan developed to address issues raised by the AGSA and the Audited Financial Statements

6.4 AUDIT COMMITTEE COMMENT

The Audit Committee of the Municipality has considered the final AGSA Audit Report at the 2nd Ordinary Audit Committee meeting held on 26 January 2015.

Although the Municipality has received a Qualified Audit Opinion for the year 2013/2014 real progress has been shown in the reduction of matters that caused the basis for the qualified opinion and Management has improved in working with AGSA during the audit process.

The Audit Committee believes that through hard work during the financial year and ensuring that the action plan to improve the audit opinion is in place, practical and addresses the root causes of the findings by the AGSA the Municipality has a chance to an unqualified audit opinion.

Inclusive of the shortcomings that the Auditor General, the Audit Committee is focusing on the following matters to ensure that the municipality achieve its objectives:

- IT Governance;
- Risk Management;
- Performance Management;
- Capacity of Internal Audit



Audit Action Plan

MUNICIPAL MANAGER'S OFFICE

SECTION OF AUDIT REPORT		QUALIFIED, EMPHASIS OF MATTERS AND OTHER MATTERS	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	ACTION PLAN			RESPONSIBLE PERSON/S
				PROGRESS MADE	FURTHER ACTION REQUIRED	DUE DATE	
Part E: INTERNAL CONTROL	The internal audit unit did not follow up the implementation of internal and external audit recommendations to address audit findings.	The implementation of audit action plan to be monitored and reported to both MM and Audit Committee	Jan-15 Inclusion of the activity in the internal Audit Project plan	none	Quarterly	Manager: Internal Audit	

FINANCE

DIVISION/ PROGRAMME	SECTION OF AUDIT REPORT	QUALIFIED, EMPHASIS OF MATTERS AND OTHER MATTERS	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	ACTION PLAN		
				PROGRESS MADE	FURTHER ACTION REQUIRED	DUE DATE
Property, Plant and Equipment	Part A: Matters affecting the audit report	(7) The municipality did not adequately test for and recognise impairment on items of property, plant and equipment taking into account impairment indicators that existed at the reporting date as required by SA Standards of GRAP 21 Impairment of non-cash generating assets. Furthermore, the municipality did not properly assess the appropriateness of residual values and useful lives of items of property, plant and equipment as required by SA Standards of GRAP 17 Property, plant and equipment. I was unable to confirm the appropriateness of the valuation of property, plant and equipment by other means. Consequently I was unable to determine whether any adjustment relating to property, plant and equipment stated at R694 622 993 in the financial statements was necessary.	Activities to comply with provisions of Grap 17 and Grap 21	None Jan-15	Engage the AGSA for common understanding on the intervention of the finding and prepare for interim auditing of PPE prior to end of period auditing	30-Jun-15 CFO/Deputy CFO

FINANCE

DIVISION/ PROGRAMME	SECTION OF AUDIT REPORT	QUALIFIED, EMPHASIS OF MATTERS AND OTHER MATTERS	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	PROGRESS MADE		ACTION PLAN		
				Jan-15	Further Action Required	Due Date	Responsible Person/s	
								None
AFS	Part A: Matters affecting the audit report	<p>(6) The financial statements were materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following items making up the statement of financial position and the notes to the financial statements:</p> <ul style="list-style-type: none"> · Receivables from exchange transactions reflected at R16 856 667 was understated by R3 943 105 (2013: R764 579). · Provision for long service leave and bonus reflected at R2 344 042 was understated by R495 934. · Payables from exchange transactions reflected at R33 320 406 was overstated by R785 307. · Consumer debtors from non-exchange transactions reflected at R14 559 351 was overstated by R3 941 701 (2013: R473 888). · Long term lease debtors reflected at R643 565 was overstated by R643 565. · The opening balance of the current year accumulated surplus reflected at R766 138 037 was overstated by R348 677. · The opening balance of the current year VAT Receivables reflected at R13 376 726 was overstated by R1 564 377 	Correction of Misstatements	None	None	30-Apr-15	Manager Budget & Reporting / CFO	
				None	None	30-Apr-15	Manager Revenue	
				None	None	30-Apr-15	Deputy CFO	
				None	None	30-Apr-15	Deputy CFO/ Manager Expenditure	
				None	None	30-Apr-15	Deputy CFO/ Manager Revenue	
				None	None	30-Apr-15	Deputy CFO/ Manager Revenue	
				None	None	30-Apr-15	Deputy CFO	
				None	None	30-Apr-15	Deputy CFO/ Manager Expenditure	
				None	None	30-Apr-15	Deputy CFO/ Manager Revenue	
				None	None	30-Apr-15	Deputy CFO	
Revenue	Part B: Other matters	(10) The municipality had consumer debtors totalling R50 262 660 at 30 June 2014. The recoverability of R30 033 445 of the total debtors is doubtful	Debt collection vs Bad debt to be calculated and written-off against the provision	None	None	On-going	Manager Revenue	

FINANCE										
DIVISION/ PROGRAMME	SECTION OF AUDIT REPORT	QUALIFIED, EMPHASIS OF MATTERS AND OTHER MATTERS	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	PROGRESS MADE			ACTION PLAN			RESPONSIBLE PERSON/S
				Jan-15	FURTHER ACTION REQUIRED	DUE DATE	FURTHER ACTION REQUIRED	DUE DATE	RESPONSIBLE PERSON/S	
SCM	Part B: Other matters	(11)As disclosed in note 53 to the financial statements, irregular expenditure amounting to R25 224 038 (2013: R18 470 492) was incurred as a result of the municipality procuring goods and services without following supply chain management requirements.	Correction of Misstatements	None	None	30-Apr-15	None	Deputy CFO/ Manager SCM		
Expenditure	Part D: NON COMPLIANCE LEGISLATION	(47)An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred, accounted for creditors and accounted for when payments made, as required by section 65(2)(b) of the MFMA	SCM module (Munsoft) to be updated	None	On-site training for implementation of the updated module	30-Jun-15	Deputy CFO/ Manager Expenditure			
Expenditure	Part D: NON COMPLIANCE LEGISLATION	(48)Reasonable steps were not taken to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA	SCM systems improvement through the specialised financial audit to be undertaken with the technical support of the appointed service provider	Council supported the submission for sourcing the technical support	Periodic report on the support solicited	30-Jun-15	Municipal Manager / CFO			
Expenditure	Part D: NON COMPLIANCE LEGISLATION	(49)Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.	Creditors Payment Register to be updated, monitored and reporting monthly	Payments are made weekly (Thursday) pending the accuracy of the invoice	Monthly review	30-Jun-15	Manager Expenditure			
Assets	Part D: NON COMPLIANCE LEGISLATION	An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.	Uploading the information on assets on Munsoft	None	None	30-Apr-15	Manager Assets			

FINANCE

DIVISION/ PROGRAMME	SECTION OF AUDIT REPORT	QUALIFIED, EMPHASIS OF MATTERS AND OTHER MATTERS	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	ACTION PLAN			
				PROGRESS MADE Jan-15	FURTHER ACTION REQUIRED	DUE DATE	RESPONSIBLE PERSON/S
Revenue	Part D: NON COMPLIANCE LEGISLATION	An adequate management, accounting and information system which accounts for revenue and debtors was not in place, as required by section 64(2)(e) of the MFMA.	Uploading the information on Munsoft	None	None	30-Apr-15	Manager Revenue
Revenue	Part D: NON COMPLIANCE LEGISLATION	An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.	Uploading the information on Munsoft	None	None	30-Apr-15	Manager Revenue
Budget	Part D: NON COMPLIANCE LEGISLATION	Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA	Uploading the information on Munsoft	None	None	30-Apr-15	Manager Expenditure/ Budget
SCM	Part D: NON COMPLIANCE LEGISLATION	Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by Supply Chain Management (SCM) regulation 13(c).	Uploading the information on Munsoft	None	None	30-Apr-15	Manager SCM
SCM	Part D: NON COMPLIANCE LEGISLATION	Construction contracts were awarded to contractors that were not registered with the Construction Industry Development Board (CIDB), in accordance with section 18(1) of the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000) (CIDB Act) and CIDB regulations 17 and 25(7A).	Ensure that the CIDB status is verified on the date of evaluation	None	None	Monthly	Manager SCM
INFRA	Part D: NON COMPLIANCE LEGISLATION	Construction projects were not always registered with the CIDB, as required by section 22 of the CIDB Act and CIDB regulation 18.	Upload the projects for registration with CIDB	None	None	Monthly	Manager PMU. Director INFRA
INFRA	Part D: NON COMPLIANCE LEGISLATION	The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.	Report on contractor's performance	None	None	monthly	Manager PMU. Director INFRA/ Legal

FINANCE

DIVISION/ PROGRAMME	SECTION OF AUDIT REPORT	QUALIFIED, EMPHASIS OF MATTERS AND OTHER MATTERS	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	ACTION PLAN			
				PROGRESS MADE Jan-15	FURTHER ACTION REQUIRED	DUE DATE	RESPONSIBLE PERSON/S
Legal	Part D: NON COMPLIANCE LEGISLATION	The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.	Periodic contracts management reporting	None	None	monthly	Legal
SCM	Part D: NON COMPLIANCE LEGISLATION	Awards were made to providers who are in the service of other state institutions in contravention of MFMA 112(j) and SCM regulations 44. Similar awards were identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).	Ensure that the SOFTWARE is procured that will assist in vetting the providers that are in the Service of the state	None	None	On-going	Manager SCM
SCM	Part D: NON COMPLIANCE LEGISLATION	Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, as required by SCM regulation 46(2)(e).	Ensure that all Service Providers signed the MBD 4 forms and that steps be taken for all providers that made false declaration.	None	None	Monthly	Manager SCM/ CRO
SCM	Part D: NON COMPLIANCE LEGISLATION	Bidders for tenders above R10 million were not requested to submit annual financial statement as required by paragraph 21(d)(i) of the municipality's <i>Supply Chain regulations</i> .	Ensure that the Annual Financial statement are submitted before issuing out the appointment letter	None	None	On-going	Manager SCM
SCM	Part D: NON COMPLIANCE LEGISLATION	The municipality did not request and check, in respect of the recommended bidder, whether municipal rates and taxes and municipal service charges are not in arrears. This is contravention with paragraph 28(1)(c) of the municipality's <i>Supply Chain Regulations</i> .	Ensure that the municipal rates and taxes or proof of resident are set as the minimum requirements in the tender documents	None	None	On-going	Manager SCM

FINANCE

DIVISION/ PROGRAMME	SECTION OF AUDIT REPORT	QUALIFIED, EMPHASIS OF MATTERS AND OTHER MATTERS	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	PROGRESS MADE		FURTHER ACTION REQUIRED	DUE DATE	RESPONSIBLE PERSON/S
				Jan-15				
Budget	Part D: NON COMPLIANCE LEGISLATION	Unauthorised, irregular, fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(ii) of the MFMA.	Report any identified unauthorised, irregular, fruitless and wasteful expenditure incurred to council, NT	None	None	None	Quarterly	CFO/Deputy CFO
Expenditure	Part D: NON COMPLIANCE LEGISLATION	An adequate management, accounting and information system which accounts for liabilities was not in place, as required by section 63(2)(a) of the MFMA.	Implement Electronic Asset Register	None	None	None	28-Feb-15	Manager Assets
Service Level Agreements and Contracts	OTHER MATTERS EX.131	The Accounting officer must implement effective contract management that is compliant with MFMA.	Monthly Contract Reconciliation be performed and Signed	None	None	None	28-Feb-15	Legal/AO
INVENTORY	OTHER MATTERS EX.92, 214	The matter identified indicates a lack of monitoring over the management of fuel transactions and the periodic inventory counts.	Introduce measures to restrict and measure fuel issues.	None	None	None	28-Feb-15	Manager Assets
LEASES	OTHER MATTERS EX.83	The Chief financial officer did not ensure that the operating lease payments are sufficiently supported by the relevant signed contracts.	Compare and attach contracts of leases to lease payments	None	None	None	28-Feb-15	Accountant Expenditure / Manager Expenditure
Expenditure	OTHER MATTERS EX.139	The Accounting officer should ensure that economical amounts are paid towards pauper burials and that the funerals are sufficiently supported by the relevant supporting documentation. (Pauper burials)	Report must be received from Community Services Department that states burials are charged at minimum	None	None	None	28-Feb-15	Director Community Services / Manager Exp

FINANCE							
DIVISION/ PROGRAMME	SECTION OF AUDIT REPORT	QUALIFIED, EMPHASIS OF MATTERS AND OTHER MATTERS	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	ACTION PLAN			
				PROGRESS MADE	FURTHER ACTION REQUIRED	DUE DATE	RESPONSIBLE PERSON/S
				Jan-15			
SCM	OTHER MATTERS EX.151	Bid rigging , also referred to as collusive tendering, occurs when two or more competitors agree they will not compete genuinely with each other for tenders, allowing one of the cartel members to 'win' the tender. Participants in a bid rigging cartel may take turns to be the 'winner' by agreeing about the way they submit tenders, including some competitors agreeing not to tender. Bid rigging can take a variety of forms.	Ensure that the issue is raised during the briefing session and that the spread sheet is prepared in identifying members of companies that appears to be colluding	None	None	30-Apr-15	Manager SCM
Revenue	OTHER MATTERS EX.94	The Accounting officer did not ensure that the consumer deposit tariff for existing consumers increased annually to bring it in line with the approved rate.	Policy will be amended to ensure process be developed to increase deposits were lacking. Implement	None	None	On-going	Manager Revenue
Revenue	OTHER MATTERS EX.2	The Revenue Manager did not exercise adequate controls over the granting of extended settlement arrangement to consumers.	All arrangements be monitored by Revenue Section	All arrangements are finally reviewed and authorised by Revenue manager	None	On-going	Manager Revenue

FINANCE

DIVISION/ PROGRAMME	SECTION OF AUDIT REPORT	QUALIFIED, EMPHASIS OF MATTERS AND OTHER MATTERS	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	ACTION PLAN			
				PROGRESS MADE	FURTHER ACTION REQUIRED	DUE DATE	RESPONSIBLE PERSON/S
Revenue	OTHER MATTERS EX.2	In terms of paragraph 64(2)(a) of the Municipal Financial Management Act, 2003 (Act no. 56 of 2003), the accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that the municipality has effective revenue collection systems consistent with section 95 of the Municipal Systems Act and the municipality's credit control and debt collection policy. Contrary to the above, the municipality has been charging interest on overdue accounts for debtor accounts that have been closed/ are inactive. The municipality is charging interest on accounts that were closed from as early as the 2003 financial year. The recoverability of the interest income from the inactive debtors is questionable.	Run Process to ensure all inactive accounts drawing interest are identified and corrected.	None	None	On-going	Accountant Income / Manager Revenue
Revenue	OTHER MATTERS EX.14	The Revenue Manager did not perform reconciliations in order to ensure that all proceeds from the sale of prepaid electricity have been appropriately recorded in the municipality's financial records.		AUG, SEPT, OCT, NOV & DEC 2014 preformed and signed	Reviewed by Deputy CFO	On-going	Accountant Income / Manager Revenue
Revenue	OTHER MATTERS EX.18	The Chief Financial Officer did not review the tariff structure on the MunSoft to ensure that accurate tariffs and blocks are utilised to determine the sale amount for the electricity.	All tariff changes be checked and signing off	None	Reviewed by Deputy CFO	31-Jan-15	Accountant Income / Manager Revenue
Revenue	OTHER MATTERS EX.24	The Revenue Manager did not implement controls in place in order to ensure that lease contracts are adequately managed and that the rental revenue is recorded accurately and completely.	Monthly Rental Reconciliation be performed and Signed	AUG, SEPT, OCT, NOV & DEC 2014 due by 28 FEB 2015	Reviewed by Deputy CFO	On-going	Manager Revenue
Revenue	OTHER MATTERS EX.26	The Revenue Manager did not review the lease contracts in order to ensure that all rental agreements are at market value.	Stakeholders be engaged as this has legal implications.	None	Review by Deputy CFO	28-Feb-15	Manager Revenue

FINANCE							
DIVISION/ PROGRAMME	SECTION OF AUDIT REPORT	QUALIFIED, EMPHASIS OF MATTERS AND OTHER MATTERS	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	ACTION PLAN			
				PROGRESS MADE Jan-15	FURTHER ACTION REQUIRED	DUE DATE	RESPONSIBLE PERSON/S
Revenue	OTHER MATTERS EX.42	The Chief Financial Officer did not perform a review of the financial records in order to ensure that the property rates reconciliation has been prepared accurately and adequately supported by the relevant supporting documents.	Training and assistance on preparing rates Reconciliation	AUG, SEPT, OCT, NOV & DEC 2014 due by 28 FEB 2015	Reviewed by Deputy CFO	On-going	Manager Revenue

INFRASTRUCTURE

DEPARTMENT	SECTION OF AUDIT REPORT	QUALIFIED, EMPHASIS OF MATTERS AND OTHER MATTERS	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	ACTION PLAN			
				PROGRESS MADE	FURTHER ACTION REQUIRED	DUE DATE	RESPONSIBLE PERSON/S
Technical	OTHER MATTERS EX.183	In terms of section 74 of the Municipal Finance Management Act, 2003 (Act no. 56 of 2003), the accounting officer of a municipality must submit to the National Treasury, the provincial treasury, the department for local government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required.		To ensure proper filing and safe guarding of documents.	Consistence filing system and reporting	Continous	Technical managers PMU Electrical Engineer Road manager
PMU	OTHER MATTERS EX.241	In terms of the section 63(2) of the Municipal Finance Management Act 56 of 2003, the accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure (it was however noted that completed capital projects per the entity's project register were not transferred to the fixed asset register at the project values indicated.) BALANCED PROJECT REGISTER WITH FINANCE.	Update the projects register	To date the reports are balancing only the rollovers need to be updated for both departments	Consistence reporting through Infrastructure and Finance on a monthly basis before submission of reports.	Quarterly	PMU Technical Director
PMU	Part D: NON COMPLIANCE LEGISLATION	Construction projects were not always registered with the CIDB, as required by section 22 of the CIDB Act and CIDB regulation 18.	To ensure compliance on CIDB validation compliance through out the project	CIDB verification in progress for the month of January 2015	None	Continous	PMU Technical Director

HUMAN RESOURCES							
DIVISION/ PROGRAMME	SECTION OF AUDIT REPORT	QUALIFIED, EMPHASIS OF MATTERS AND OTHER MATTERS	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	ACTION PLAN			
				PROGRESS MADE Jan-15	FURTHER ACTION REQUIRED	DUE DATE	RESPONSIBLE PERSONS
HR	Part D: NON COMPLIANCE LEGISLATION	(53) An acting municipal manager was appointed for a period of more than three months without the approval by the MEC for local government in contravention of section 54A(2A) of the MSA.	Submission of letter to Mininster Cogta for condonement of the municipality non-compliance activity	Not required	Not required	30-Mar-15	Municipal Manager
HR	Part D: NON COMPLIANCE LEGISLATION	(54) The director of Development Planning and Corporate Service was appointed without having met the prescribed minimum competency levels as required by section 56(1)(b) of the MSA.	Director Development Planning Minimum Competency Level Training in progress to complete within the extension period September 2015	Appointment of service provider for continuation of training facilitation	Monthly monitoring and report to EXCO	30-Mar-15	Manager HR
HR	Part D: NON COMPLIANCE LEGISLATION	(55) Managers directly accountable to municipal managers were appointed without submitting proof of previous employment and disclosure of financial interests in contravention of regulation 4 of GNR 805.	Service certificate for appointed Director Corporate to be sources and record kept in the personnel file	Letter of request sent to previous employer	Not required	28-Feb-15	Manager HR
HR	Part D: NON COMPLIANCE LEGISLATION	(56) The municipality did not submit a report on compliance with prescribed competency levels to the National Treasury and relevant provincial treasury as required by the <i>Regulations on Minimum Competency Levels regulation 14(2)(a)</i> .	Copy of Disclosure on Financial interest from Director Development planning to be obtained	Copy of the disclosure filed in personnel file	Not required	31-Jan-15	Manager HR
HR	Part D: NON COMPLIANCE LEGISLATION	(57) Senior managers did not meet any of the prescribed competency areas as required by regulation 6 and 7 of the <i>Regulations on Minimum Competency Levels</i> .	Report on the progress regarding the senior managers and SCM personnel on minimum competency level skills acquired to be submitted to National Treasury	Report quarterly	Completion of current training programmes of MFMP and CPMD	30-Jun-15	Manager HR
HR	Part D: NON COMPLIANCE LEGISLATION	(58) Senior managers did not meet any of the prescribed competency areas as required by regulation 6 and 7 of the <i>Regulations on Minimum Competency Levels</i> .	Director Corporate Services completed the formal training sessions by 17 December 2014	Submit the Portfolio of Evidence for assessment	Not required	30-Jun-15	Director Corporate Services

HUMAN RESOURCES							
DIVISION/ PROGRAMME	SECTION OF AUDIT REPORT	QUALIFIED, EMPHASIS OF MATTERS AND OTHER MATTERS	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	ACTION PLAN			
				PROGRESS MADE Jan-15	FURTHER ACTION REQUIRED	DUE DATE	RESPONSIBLE PERSONS
HR	Part D: NON COMPLIANCE LEGISLATION	(59) Finance officials at middle management did not have the higher education qualification as required by regulation 8 and 9 of the <i>Regulations on Minimum Competency Levels</i> .	Skills Development programmes for the middle managers currently employed in Finance department to be implemented including the RPL programmes	Quarterly report	Relevant qualified new employees to be appointment in the vacant positions in finance as per Regulations in future	30-Jun-15	Director Corporate Services
HR	Part D: NON COMPLIANCE LEGISLATION	(60) Finance officials at middle management did not meet any of the prescribed competency areas as required by regulation 8 and 9 of the <i>Regulations on Minimum Competency Levels</i> .	Audit of the staff files in the Finance department to establish the number personnel to undergo the training programme under MFMP and / or CPMD to meet the minimum competencies required	Appointment of service provider for continuation of training facilitation	Identification of financial sources to cover the training programmes	30-Sep-15	Manager HR
HR	Part D: NON COMPLIANCE LEGISLATION	(61) Supply chain management managers did not meet any of the prescribed competency areas as required by regulation 8 and 9 of the <i>Regulations on Minimum Competency Levels</i> .	Audit of the staff files in the SCM division to establish the number personnel to undergo the training programme under MFMP and /or CPMD to meet the minimum competencies required	Appointment of service provider for continuation of training facilitation	Identification of financial sources to cover the training programmes	30-Sep-15	Manager HR
ICT	Part E: INTERNAL CONTROL	(103) The VIP security settings inadequate because the municipality was on VIP Premier 4.3B, which did not have the functionality to configure password parameters. The municipality is currently in the process of implementing a Premier 4.3C which will enable this application.					
Refer to the separate Audit Action Plan developed specifically for all ICT related findings							

HUMAN RESOURCES						
DIVISION/ PROGRAMME	SECTION OF AUDIT REPORT	QUALIFIED, EMPHASIS OF MATTERS AND OTHER MATTERS	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	ACTION PLAN		
				PROGRESS MADE Jan-15	FURTHER ACTION REQUIRED	DUE DATE
ICT	Part E: INTERNAL CONTROL	(104) Firewall standards and procedures were not developed and implemented and patch management software was not installed to protect the information technology (IT) environment due to inadequate budgeting by IT management				
ICT	Part E: INTERNAL CONTROL	(105) Officials responsible for the administration of users' processes and draft user access policy and procedures to addresses key user account management risks was not delegated management. As a result, management activities such as reviews of users' access rights and system administrators' activities were not performed.				
ICT	Part E: INTERNAL CONTROL	(106) There is no documented a business continuity plan (BCP) or IT disaster recovery plan (DRP) This is due to a lack of knowledge and skills. Furthermore, proper backup management processes were not in place due to IT management oversight.				

Refer to the separate Audit Action Plan developed specifically for all ICT related findings

DEVELOPMENT PLANNING

DEPARTMENT	SECTION OF AUDIT REPORT	QUALIFIED, EMPHASIS OF MATTERS AND OTHER MATTERS	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	ACTION PLAN			
				PROGRESS MADE	FURTHER ACTION REQUIRED	DUE DATE	RESPONSIBLE PERSON/S
IDP and TOWN PLANNING	OTHER MATTERS EX.59	The IDP manager and the Director: Development Planning should ensure that the Spatial Development Framework is included in the Integrated Development Plan.	the approved SDF is in place and the critical sections will be incorporated in the IDP	Jan-15 perusal of SDF to extrapolate critical information that will be included in the IDP	none	31-May-15	Director

STRATEGIC DEVELOPMENT							
DEPARTMENT	SECTION OF AUDIT REPORT	QUALIFIED, EMPHASIS OF MATTERS AND OTHER MATTERS	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	ACTION PLAN			
				PROGRESS MADE Jan-15	FURTHER ACTION REQUIRED	DUE DATE	RESPONSIBLE PERSON/S
Strategic	Part C: Performance Information	(27)Section 41(c) of the Municipal Systems Act, 2000 (Act no. 32 of 2000) (MSA) requires the integrated development plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 36% of the reported objectives, 64% of the reported indicators and 82% of the reported targets were not consistent with those in the approved integrated development plan due to a lack of proper systems and processes for performance management.	The 2015/16 SDBIP to be in consistence with the approved 2015/16 Integrated Development plan.	2014/15 SDBIP reviewal is in process for IDP ammendment alignment	None	30-Jun-15	PMS Manager
Strategic	Part C: Performance Information	(28)Section 25(2) of the MSA determines that an integrated development plan adopted by a municipal council may be amended in accordance with the process as prescribed per section 34 of the MSA, and that such a plan remains in force until an integrated development plan is adopted by the next elected council. Material changes were made to the development objectives, indicators and targets in the annual performance report, without following the process as prescribed in section 28 of the MFMA and without adoption by the municipal council. This was due to lack of review by the management and the internal audit unit.	consistency between the adopted IDP and the annual performance report.	None	None	30-Jul-15	PMS Manager
Strategic	Part C: Performance Information	(29) Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 55% of the indicators were not well defined.	the 2015/2016 IDP performance indicators to be well defined using the data sheet for all KPIs	None	None	29-May-15	Manager IDP

STRATEGIC DEVELOPMENT

DEPARTMENT	SECTION OF AUDIT REPORT	QUALIFIED, EMPHASIS OF MATTERS AND OTHER MATTERS	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	ACTION PLAN			
				PROGRESS MADE Jan-15	FURTHER ACTION REQUIRED	DUE DATE	RESPONSIBLE PERSON/S
Strategic	Part C: Performance Information	(29) Performance indicators must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator/measure. A total of 100% of the indicators were not verifiable.	the 2015/2016 IDP performance indicators are verifiable	None	None	29-May-15	Manager IDP
Strategic	Part C: Performance Information	(29) Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 55% of the targets were not specific.	the 2015/2016 IDP performance indicators are reviewed and be verifiable	None	None	29-May-15	Manager IDP
Strategic	Part C: Performance Information	(29) Performance targets must be measurable. I could not measure the required performance for 73% of the targets.	the 2015/2016 IDP performance targets to e reviewed and be measurable	None	None	29-May-15	Manager IDP
Strategic	Part C: Performance Information	(29) The period or deadline for delivery of targets must be specified. A total of 27% of the targets were not time bound.	the 2015/2016 IDP performance targets to be reviewed and have timelines	None	None	29-May-15	Manager IDP
Strategic	Part C: Performance Information	(32) The FMPPJ requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of the reported performance information. This was due to limitations placed on the scope of my work due to the absence of information systems and the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information.	the municipality is intending to procure performance management system and currently we are doing data cleansing of KPI and performance management system.	the service provider is appointed to do data cleansing which will subsequently followed by the procurement of the performance management system	None	30-Jun-15	PMS Manager

STRATEGIC DEVELOPMENT

DEPARTMENT	SECTION OF AUDIT REPORT	QUALIFIED, EMPHASIS OF MATTERS AND OTHER MATTERS	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	ACTION PLAN				RESPONSIBLE PERSON/S
				PROGRESS MADE Jan-15	FURTHER ACTION REQUIRED	DUE DATE		
Strategic	Part D: NON COMPLIANCE LEGISLATION	(57) The annual report of the municipality did not reflect information on compliance with prescribed minimum competencies as required by the <i>Regulations on Minimum Competency Levels regulation 14(2)(b)</i> .	the annual report reflect the information on compliance with prescribed minimum competence on page 69	None	None	None	PMS Manager	
Strategic	Part D: NON COMPLIANCE LEGISLATION	(63) The annual performance report for the year under review did not include measures taken to improve performance, as required by section 46(1)(a) of the MSA.	Measures taken to improve performance is included in the annual performance report	None	None	None	PMS Manager	
Strategic	Part D: NON COMPLIANCE LEGISLATION	(64) The municipality did not establish a proper performance management system, as required by section 38(a) of the MSA.	The municipality to establish a proper performance management system, as required by section 38(a) of the MSA.	None	None	30-Jun-15	PMS Manager	
Strategic	Part D: NON COMPLIANCE LEGISLATION	(65) The performance management system and related controls were not in place as it did not describe and represent the processes of performance planning, monitoring, measurement, review, reporting, improvement and how it is conducted, organised and managed, including determining the roles of the different role-players, as required by sections 38 of the MSA and regulation 7 of the <i>Municipal planning and performance management regulations</i> .	To put in place the performance management system and related controls that will describe and represent the processes of performance planning, monitoring, measurement, review, reporting, improvement and how it is conducted, organised and managed, including determining the roles of the different role-players, as required by sections 38 of the MSA and regulation 7 of the <i>Municipal planning and performance management regulations</i> .	None	None	30-Jun-15	PMS Manager	

STRATEGIC DEVELOPMENT

DEPARTMENT	SECTION OF AUDIT REPORT	QUALIFIED, EMPHASIS OF MATTERS AND OTHER MATTERS	ACTIVITIES TO BE UNDERTAKEN TO REMEDY THE KEY FINDINGS AND ADDRESS CAUSES	ACTION PLAN			
				PROGRESS MADE Jan-15	FURTHER ACTION REQUIRED	DUE DATE	RESPONSIBLE PERSON/S
Strategic	Part D: NON COMPLIANCE LEGISLATION	(66) The adopted integrated development plan (IDP) did not reflect and identify the municipal council's vision for the long term development of the municipality and a financial plan, as required by sections 26 and 41 of the MSA, as well as <i>Municipal planning and performance management regulation 2(1)(c)</i> .	The adopted integrated development plan (IDP) to reflect and identify the municipal council's vision for the long term development of the municipality and a financial plan, as required by sections 26 and 41 of the MSA, as well as <i>Municipal planning and performance management regulation 2(1)(c)</i> .	None	None	30-Jun-15	IDP Manager
Strategic	Part D: NON COMPLIANCE LEGISLATION	(67) The local community was not afforded the opportunity to comment on the final draft of the IDP before adoption, as required by section 42 of the MSA and <i>Municipal planning and performance management regulation 9, 13(1), 13(4)(c) and 15(3)</i>	The local community to be afforded the opportunity to comment on the final draft of the IDP before adoption, as required by section 42 of the MSA and <i>Municipal planning and performance management regulation 9, 13(1), 13(4)(c) and 15(3)</i>	None	None		IDP Manager
Strategic	Part D: NON COMPLIANCE LEGISLATION	(68) Revisions to the service delivery and budget implementation plan were not approved by the council after the approval of the adjustments budget, as required by section 54(1)(c) of the MFMA.	Revisions to the service delivery and budget implementation was approved by council on 24 Jan 2014 M14/05	None	None	Apr-15	PMS Manager
Strategic	Part D: NON COMPLIANCE LEGISLATION	(69) The annual performance agreements for the municipal manager and all senior managers are not linked to the measurable performance objectives approved with the budget and to the service delivery budget implementation plan as required in terms of section 53(1)(c)(iii) of the MIFMA and section 57(1)(b) of the MSA.	The annual performance agreements for the municipal manager and all senior managers are linked to the measurable performance objectives approved with the budget and the service delivery budget implementation plan	None	None	None	PMS Manager

APPENDICES

Appendix A- Councillors - Council Attendance

Ward number	Surname	Full names	full time/ Part time FT/PT	Committee Allocated	Ward and / or Party represented	No of meetings held	no. of meetings attended	No. of apologies for non- attendance	No of Absence without leave
01	Mahlase	Kenneth Sedibaneng	PT	Finance and Infrastructure	1	5	5	0	0
02	Phatlane	Alfred	PT	MPAC and Infrastructure	2	5	4	0	1
03	Mahlangu	Mputsu David	PT	Community and Infrastructure	3	5	5	0	0
04	Lepota	Tseke Jan	PT	EXCO	4	5	5	0	0
05	Mmutle	Thabo Nelson	PT	MPAC, Finance and Infrastructure	5	5	4	0	1
06	Phala	Magabolle Lucas	PT	Community Development	7	5	5	0	0
07	Mzinyane	Daniel Monicca	PT	Strategic Dev. and Corporate services	8	5	5	0	0
08	Marapi	Maphahlane Shadrack	PT	Finance	9	5	4	0	1
09	Mehlape	Salaminah Hlaole	PT	Strategic and Dev. Planning	14	5	5	0	0
10	Mashifane	Hlekego Samson	PT	MPAC and Dev. Planning	15	5	4	1	0
11	Buda	Medo Zephania	PT	Corporate Services	16	5	4	0	1
12	Tshoma	Mmapetla Salamidah	PT	Corporate Services and Infrastructure	17	5	5	0	0
13	Matshipa	Mpoye Philimon	PT	Development Planning	18	5	5	0	0
14	Mahlangu	Julia	PT	Corporate Services	19	5	3	2	0
15	Matlala	Makhamise Simon	PT	Finance	20	5	4	0	1

Ward number	Surname	Full names	full time/ Part time FT/PT	Committee Allocated	Ward and / or Party represented	No of meetings held	no. of meetings attended	No. of apologies for non- attendance	No of Absence without leave
16	Nduli	Msanyana Elias	PT	Community Services and MPAC	21	5	2	1	2
17	Tshoma	Lukas Hlabishi	PT	Community Services and Strategic Services	22	5	5	0	0
18	Mahlangu	Nomsa Ndazi	PT	Community Services and Dev. Planning	23	5	3	1	1
19	Mokganyetji	Thomas Mareme	PT	Corporate Services and Strategic planning	24	5	5	0	0
20	Mashilo	Malope Samatia	PT	Infrastructure and Strategic Planning	25	5	5	0	0
21	Motlafe	Manthwaleng Girly	PT	Infrastructure and Dev. Planning	26	5	5	0	0
22	Mohlala	Jan Matime	PT	Oversight	27	5	2	1	2
23	Tiadi	Magetle David	PT	Strategic Planning and MPAC	28	5	3	0	2
24	Nkosi	Sipho Frans	PT	Finance and MPAC	29	5	4	1	0
25	Malekane	Mpho Sam	PT	Corporate Services and Oversight	30	5	3	0	2
26	Phahlamohlaka	Tebogo Mafereke	FT	Chief Whip and Programming	PR	5	5	0	0
27	Matemane	Matlakalane Windy	FT	Mayor, EXCO	PR	5	4	0	1
28	Madihlaba	Moraswana Frank	PT	EXCO	PR	5	3	0	2
29	Mamaila	Delly Suzan	FT	EXCO	PR	5	3	1	1
30	Mathale	Seun Manaswe	PT	Community	PR	5	4	0	1

Ward number	Surname	Full names	full time/ Part time FT/PT	Committee Allocated	Ward and / or Party represented	No of meetings held	no. of meetings attended	No. of apologies for non- attendance	No of Absence without leave
31	Matjomane	Germinor Delly	PT	Infrastructure and Strategic Planning	PR	5	5	0	0
32	Masemola	Elias Mmasehle	FT	Speaker and Programming	PR	5	5	0	0
33	Skosana	Sibongile Linah	FT	MPAC	PR	5	4	1	0
34	Mathebe	Julia Lata	PT	Oversight and Corporate Services	PR	5	5	0	0
35	Tshoshane	Mynah Kanyane		EXCO		5			
			PT	,Programming and Strategic Planning	PR		5	0	0
36	Mahlangu	Annies Busisiwe	PT	EXCO	PR	5	5	0	0
37	Mahlangu	Thokozile Selina	FT	EXCO	PR	5	4	0	1
38	Mokgabudi	Motlare Piet	FT	EXCO	PR	5	5	0	0
39	Malatji	Meriam Nape	PT	Community	PR	5	2	3	0
40	Matsepe	Thapelo Stephina	PT	Finance	PR	5	5	0	0
41	Kabinie	Radipone Shirly Annah	PT	Community	PR	5	4	1	0
42	Kotze	Johan Pieter	PT	Infrastructure	13	5	1	4	0
43	Pitje	William	PT	None	DA	5	4	1	0
44	Matsepe	Choloane David	PT	MPAC and Oversight	PR	5	3	1	-
45	Alberts	Rots	PT	EXCO and Finance	PR	5	4	1	0
46	Mhlanga	Christopher Thathane	PT	Corporate Services and Programming	6	5	2	3	0
47	Mogotji	Fanie Motshela	PT	EXCO	10	5	3	2	0
48	Maloba	Alpheus Matome	PT	Developmental Planning	11	5	4	1	0

Ward number	Surname	Full names	full time/ Part time FT/PT	Committee Allocated	Ward and / or Party represented	No of meetings held	no. of meetings attended	No. of apologies for non- attendance	No of Absence without leave
49	Podile	Ramabane Johannes	PT	None	12	5	2	3	0
50	Ramphisa	Motiba William	PT	None	PR	5	4	1	0
51	Skosana	Jabulane Johannes	PT	None	PR	5	5	0	0
52	Rakoena	Modibo Freda	PT	Community	PR	5	4	1	0
53	Mogamedi	Velaphi Velly	PT	Finance and MPAC	PR	5	4	1	0
54	Motau	Oupa Elias	PT	Development planning	PR	5	4	1	0
55	Maselela	Makuwa Shorty	PT	Developmental Planning	PR	5	4	0	1
56	Mokone	Motsatsi Phistos	PT	Community	PR	5	3	0	2
57	Ntuli	Thembinkosi Josiah	PT	Community	PR	5	3	1	1
58	Mkhaliphi	Isaac	PT	Strategic Planning	PR	5	3	2	0
59	Matsomane	Shiko Tebogo	PT	MPAC and Programming	PR	5	4	1	0
60	Maepa	Malakia Mokgoko	PT	Developmental Planning	PR	5	1	2	2

Appendix B - Committees and Committee Purposes

Committees (other than Mayoral/Executive Committee) and Purposes of Committees	
Municipal Committee	Purpose of Committee
Corporate Services Committee	Addressing relevant issues and reports
Infrastructure Committee	Addressing relevant issues and reports
Finance Committee	Addressing relevant issues and reports
Social Development Committee	Addressing relevant issues and reports
Strategic Management Committee	Addressing relevant issues and reports
Development Planning Committee	Addressing relevant issues and reports
Local labour forum	Address all employer and employee related matters
Municipal public accounts committee	Oversight committee addressing AG report, financial reporting investigating items delegated by council

Appendix C- Third Tier Administrative Structure

Designation	Initial And Surname	Gender
Acting Municipal Manager	Ms R.M Maredi	Female
Director strategic Management	Mr. M.M Kgwale	Male
Director Corporate Services	Ms R.M Maredi	Female
Director Infrastructure	Ms R.F Morudu	Female
Chief Financial Officer	Mr. M S Monageng	Male
Director Community Services	Mr. K E Tshesane	Male
Director Development Planning	Mr. W.N Phala	Male
Deputy Chief Financial Officer	Mr. R Palmer	Male
Manager: Budget	Mr L. Sebelebetja	Male
Manager: Public Office Bearers	Mr. M M Mokganyetji	Male
Manager Assets	Mr. G Marshall	Male
Manager: Communications	Mrs M Burger	Female
Manager: Supply Chain Management	Mr M Mthimunye	Male
Manager Revenue	Mr B Mohlamme	Male
Manager: Hlogotlou	Mr. A Madiba	Male
Manager: Roosenekal	Mr. M F Mahlangu	Male
Manager: Motetema	Mr. C Masemola	Male
Manager: Human Resources	Mr. L. Mafiri	Male
Manager: Administration	Mr. G Ditshego	Male
Manager IT	Mr T. Mashaba	Male
Manager Environmental services	Ms M Mokhulwane	Female
Manager Expenditure	Mr. C Mtsweni	Male
Superintendent Roads Construction Unit	Mr. J Malaka	Male
Manager Traffic	Mr. C Coetzee	Male
Manager Roads	Mr. B Mkhonto	Male
Manager Licensing	Mr. D. Manzini	Male
Manager LED	Mr. M. Mathebe	Male
Manager IDP	Mr. J Motha	Male
PMU Manager	Mr H Mokgehle	Male
PMS Manager	Ms P Mdluli	Female
Electrical engineer	Mr K.K. Mametsa	Male
Chief Risk Officer	Mr K. Mathebe	Male
Town Planner	Mr B.O Sethojoa	Male

Appendix D - Functions of Municipality/Entity

Municipal/Entity Functions		
Municipal Functions	Function Applicable to Municipality (Yes/No)*	Function Applicable to Entity (yes/no)
Constitution, Schedule 4, Part B Functions		
Air pollution	yes	
Building regulations	yes	
Child-care facilities	yes	
Electricity and gas reticulation	yes	
Fire-fighting services	yes	
Local tourism	yes	
Municipal airports	No	
Municipal planning	yes	
Municipal health services	yes	
Municipal public transport	yes	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other	yes	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and related matters	yes	
Storm water management systems in built-up areas	yes	
Trading regulations	yes	
Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal systems	No	Sekhukhune District Municipality
Beaches and amusement facilities	no	
Billboards and the display of advertisements in public places	yes	
Cemeteries, funeral parlours and crematoria	yes	
Cleansing	yes	
Control of public nuisances	yes	
Control of undertakings that sell liquor to the public	yes	
Facilities for the accommodation, care and burial of animals	yes	
Fencing and fences	yes	
Licensing of dogs	no	
Licensing and control of undertakings that sell food to the public	yes	
Local amenities	yes	
Local sport facilities	yes	
Markets	yes	
Municipal abattoirs	yes	
Municipal parks and recreation	yes	
Municipal roads	yes	
Noise pollution	yes	
Pounds	yes	
Public places	yes	
Refuse removal, refuse dumps, and solid waste disposal	yes	
Street trading	yes	
Street lighting	yes	
Traffic and parking	yes	

Appendix E - Ward Reporting

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Functionality of Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 01	<p>Clr: Mahlase Kenneth</p> <p>Ward Committees: Mphela Armelia (Resigned) Mahlangu Goodness Matlou selinah Gedezha Mavis, Phatlane Helen Matludi Cedrick Kgalema Klaas Kgomo Peter Ramphisa Linah</p>	yes	20	17	10
Ward No 02	<p>Clr: Phatlane Banda</p> <p>Ward Committees: Mosoma Waiter Masombuka Naledi Motau Rosina, Mathabathe Mpho Lebese Tebogo Matsane Gladys, Dunge Olga, Ralekwe Dolly Phasha Solomon Phatlane Lucy</p>	yes	02	02	00
Ward No 03	<p>Clr: Mahlangu Mputsu</p> <p>Ward Committees: Malefahlo Mamotsepe Mokwane Matron Ditshego Moses Malapela Frans Makau Hlakudi Mathebe Stephens Sithole Elsie Mohlala Margaret Simango Lebogang Hellen Maswanganyi</p>	yes	03	02	00

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Functionality of Ward Committees Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 04	Cllr: Lepota Tseke Ward Committees: Mampuru Olivia Malemone Herman Moima Lizzy Mashabela Lucas Dwaba Lebogang Mashabela Dipuo Leshabane Janeth Malapela Kenneth Mphahlele Martha Aphane Francinah	yes	10	10	02
Ward No 05	Cllr: Mmutle Thabo Ward Committees: Makgoleng William Mokoena Moses Motau Kholofelo Leope Nelly Rasegatle Robert Mokwena Anna Kutu Sarah, Makolane Selomang Mohlala Jameson Makweoane Agnes Cllr: Mhlanga Chris Ward Committees: Ngwenya Zodwa Mzizi David Mahlangu Simon Mashego Poppi Ncongwane John Mogola Johannah Phokwane Nkosinathi Moloi Zodwa Mbonani Linda	yes	01	01	01
Ward No 06		yes	04	04	00

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Functionality of Ward Committees			Number of Quarterly Public Ward Meetings Held During Year
		Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	
Ward No 07	Cllr:Phala Lucas Ward Committees: Mabelane John (Relocated) Replaced by Shadrack Mathebe Mogajane Johannes Minisi Isaac Mashego Petrus Maseko Agnes Mashishi Mpho Sithole Thembi Magagula Lebogang Mkhwanazi Mavis Mokgabudi Class	yes	07	04	03
Ward No 08	Cllr:Mzinyane Monica Ward Committee: Moima Francinah Magana Josephine Ditshego Johannes Makitla Brenda Makua Spokes Ntobeng Mavis Mshwene Merriam Makitla Meifort Seopela Fetsi	yes	03	04	02
Ward No 09	Cllr:Marapi Maphahlane Ward Committees: Mathebe Violet Mahlangu Thembi Kgaladi Shila Nkosi Themba Mankge Johannes (Resigned) Mongale Gladys Kgaladi Johannes Nkosi Nkosinathi Mathebe Florence Selina Sekwani (Employed by EMLM)	yes	08	04	02

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Functionality of Ward Committees Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 10	Cllr:Mogotji Motshelle Ward Committees: Mathebe Makgatlle Phora Ntswaki Madisa Chipane Matlala Julia Mokone Shierly Mohlamonyane Patience Mohlamonyane Nelly Mohlamonyane Jan Makgane Edgar Madisa Kgadi	yes	00	00	00
Ward No 11	Cllr:Maloba Matome Ward Committees: Mohlala Themba Kgaphola Virginia Mishali Chris Phiri Dinah Mthombeni Bangiswane Mashioane Don Mokoena Howard Mariri Wister Cekhu Dumani	yes	00	00	00
Ward No 12	Madala Selinda (Employed by EMLM) Cllr:Podile Ramabane Ward Committees Sefoloshe Penyane Makitla Alfred Phora Daniel Phora Mahlodi Ditshego Linky, Mathebe Kalodi Mohlamonyane Fridah Mohlamonyane Watteville Mathabathe Granny Phorothe Thabiso	yes	06	07	04

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Functionality of Ward Committees			Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
		Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time		
Ward No 13	Cllr: Kotze Johan Ward Committees: Maroga Peter Rampedi Nancy Mellors Shaun Dinah Pochane Le Roux Juvena Synders Piet Rebecca Fakude Arno Schoombee Johannes Thulare Solomon Nonyane	yes	00	00	00	
Ward No 14	Cllr: Mehlape Hlaole Ward Committees: Maleka Steven Ramodipa Enock Mashabela Phillemon Bogopa Botha Molwele Kgaugelo Makeke Mpilo Mokgwatsana Antonia Nkwana Rwadimane Mabuza Mami	yes	05	05	01	
Ward No 15	Mphahlele Mpho (Employed by EMLM) Replaced by Nkopodi Johannes Cllr: Mashifane Hlekego Ward Committees: Misheni Syria Maredi Jan Mahlangu Vusy Mokabane Esther Mokoana Boy Mokoana Alphrat Mogaela Salome (Resigned) Minguni Nathi Mokoana Dorah (Resigned) Mohlahlo Dolly	yes	01	01	00	

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Functionality of Ward Committees Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 16	Cllr:Buda Mido Ward Committees Zulu Ben Ntuli Selina Mamaila Doctor Mashilangwako Josephine Mithweni Jan Mithimunye Maria Masilela Khennet Mthombeni Lucas Mtsweni Balise Mokoena Rose	yes	03	03	01
Ward No 17	Cllr:Tshoma Salamidah Ward Committees: Nkadimeng Freddy Kgarea Viniger Malema July Mampuru Francinah Manyaka Lawrence Tshigo Phindile Malatjie Mkgadi Monama Thomas Madihlaba Motallepule Thipe Thabo	yes	07	07	00
Ward No 18	Cllr:Matshipa Mpoeye Ward Committees: Mosotho Mooman Shaku Erick Rakgalakane Jullie Mosehla Rose Mishwene Shemeng, Makua Nelson Monareng Reginnah Makua Petrus Phetla Joyce Mogana Eimnah	yes	01	01	00

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Functionality of Ward Committees			Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
		Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time		
Ward No 19	Cllr:Mahlangu Julia Ward Committees: Mahlangu Caro Skhosana Delisiwe Msiza Meisie Mahlangu Themba Mashiga Nkosinathi Mahlangu Elizabeth Mokwana Mickie Mahlangu Tolly Digaota Jimmy Chego Advocate	yes	08	11	06	
Ward No 20	Cllr:Matlala Makhamise Ward Committees: Nkosi Monica Chego Piet Selepe Zephora Zwane Zanele (Resigned) Moloko Annah Mokwana Thorwane Maredi Debora Machika Themba Matlala Frida Molomo Jafra (Resigned)	yes	05	04	00	
Ward No 21	Cllr:Nduli Elias Ward Committees: Makeke George Radingoana Victor Muleka Steven Tiase Selina Maphanga Nhlanhla Mashego Phillipmon Mthombeni Elizabeth Khoza Dipuo Mithimanye Mavis Sekwane Manche,	yes	04	09	01	

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Functionality of Ward Committees Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 22	Cllr: Tshoma Hlabishi Ward Committees: Matsepe Motialekgomo Mashiloane Mogale Moramaga Patric Lerobane Mamutle Lerutla Serolo Malaka Sheila Mealies Nebi Masehla Dineo, Moramaga Maphathagane	yes	14	16	07
Ward No 23	Cllr: Mahlangu Nomsa Ward Committees: Skhosana Brandy Mphelane Kedibone Mthimunywe Siphoh Mtweni Samson Seabi Elizabeth Mohlahlo Mahlatse Madhlaba Milzon Mahlangu Elias Ntuli Lettie Mahlangu Annah	yes	07	08	04
Ward No 24	Cllr: Mokganyetji Mareme Ward Committees: Nkadimeng Bella Mokoana Molebaleng (Resigned) Replaced by Maria Skhosana Mdau Themba (Resigned) Replaced by Ester Mhlahlo Molapo Jeaneth Thobejane Setimo Mosotho Piet Tijane Rebone (Resigned) Replaced by Chego Lazarus Mathelele Pheladi Mimakau Daniel Ramogaoane Lucy (Resigned) Replaced by Thabang Nualungu	yes	10	14	08

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Functionality of Ward Committees			Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
		Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time		
Ward No 25	Cllr: Mashilo Samaria Ward Committees: Matsepe Kope Skosana Job Magaga Nithoise Masetlane Eric Lekala Reginah Motta Sinah Phetla Johannes Ratau Leah Motshana Jack Phala Florah	yes	08	09	02	
Ward No 26	Cllr: Motlale Manthwaleng Ward Committees: Mokwana Irine Namane Betty Maipushe Beauck Masemola Kagiso Mahlangu Edwin Matladi Morongwe Mokwena John Mpubane Lorrain Masekela Lindiwe	yes	04	05	03	
Ward No 27	Matladi Tshepho Cllr: Mohlala Matime Ward Committees: Mohlala Jackson Machika Matholo Letuke Maihwana Tiaka Beauty Kabini Glaudine Mohlala Johannes Tiaka Wiseman, Tshehla Andy Makua Martha	yes	01	02	01	

Ward Name (Number)	Name of Ward Councillor and Elected Ward Committee Members	Functionality of Ward Committees Committee Established (Yes/No)	Number of Monthly Committee Meetings Held During Year	Number of Monthly Reports Submitted to Speakers 'Office on Time	Number of Quarterly Public Ward Meetings Held During Year
Ward No 28	<p>Cllr:Tiadi Magatle</p> <p>Ward Committees: Maphupha Kenneth (Employed by EMLM) Mapushe Sekina Dikotope Jerren Makuwa Thusho Mashifane Maria Tshelia Lucia Tiadi Patrick Makola Trevor Matuludi Eva Senamela Ramathabathe</p>	yes	02	03	01
Ward No 29	<p>Cllr:Nkosi Sipho</p> <p>Ward Committees: Nchabeleng Letsoko Maleka Christina Sekulane Clementine Mashao David Motsepe Enny Mokgabudi Comfort Raseroka Solomon Kgonwane Virginia, Mathabatha Matsatsi Mahlangu Nini</p>	yes	02	03	00
Ward No 30	<p>Cllr:Malekane Mpho</p> <p>Ward Committees: Maabane Bongi (Resigned) Replaced by Emma Makua Magolego Conny (Relocated) Replaced by Maria Sehlola Maseko Zodwa Madhlhlabi Losta, Kobo Richard (Resigned) Replaced by Samuel Maredi Makuwa John Maphanga Elias (Employed by EMLM) Replaced by Jacqueline Makgeru Sepodumo Shadrack (Resigned) Masha Joseph (Resigned) Kgopa Andries</p>	yes	01	02	03

Appendix F - Ward Information

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in 2013/14 (Full List in Appendix N) R'000				
No	Project Name & Detail	Start Date	End Date	Total Value
	Moteti A PHASE 2	July 2013	June 2014	10,165
	Monsterlus to Makgopheng phase 4	July 2013	June 2014	8,680
	Kgoshi Mahlangu road	July 2013	Rolled over	5,642
	Nyakelang road phase4	July 2013	June 2014	2,443
	High mast lights	July 2013	June 2014	2,734
	Mpheleng bus route	July 2013	June 2014	2,071

Appendix G - Recommendations of the Municipal Audit Committee 2013/2014

Municipal Audit Committee Recommendations		
Date of Committee	Committee Recommendations During 2013/14	Recommendations Adopted (enter Yes); not adopted (provide explanation)
19 June 2014	-Council must consider for the last quarter to drive management to ensure that it makes up for the relative underperformance in the third quarter	Yes
30 April and 19 June 2014	The 2014/2015 draft SDBIP and 2013/14 and 2014/15 IDP to assist Council to ensure that: -KPI's in the IDP are reflected on the SDBIP; -Ensure that performance indicators are verifiable, performance targets are specific; -As an adjunct to this, management to consistently ensure that portfolio of evidence is available and kept to support work done; -Ensure that all the targets that were removed from the SDBIP that are in the IDP should be put back on the SDBIP to ensure alignment to the IDP. -The reporting structure should be uniform and consistent for all departments to make it easier for Council to evaluate	Yes
13 August and 27 August 2013	The 2012/13 Annual Financial Statements were reviewed by the Committee and management was advised inter alia that: -the Municipality ensures fairly presented financial statements by correcting a number of entries and notes on the financials. -Any deviation that is not covered in the financial regulations by the supply chain should be included in the irregular expenditure reporting. -Notes that are incomplete and left blank be completed with relevant information discussed in the meeting. -The financial statements be further reviewed as advised by the audit committee for accuracy and completeness Management should develop capacity to prepare credible and timely financial statements	Yes

Municipal Audit Committee Recommendations		
Date of Committee	Committee Recommendations During 2013/14	Recommendations Adopted (enter Yes); not adopted (provide explanation)
19 June 2014 and 13 August 2013	Some quarterly financial reports presented to the Committee reflected gaps that could not be satisfactorily explained to Committee, improvement by Management in this regard is recommended.	Yes
19 June 2014	Management prepare a strategic intervention plan and set a task team on how to deal with the capital budget spending. Capital expenditure is sitting at 35%, which in turn impacts service delivery.	Yes
15 July 2012, 21 October 2013, 29 January 2014 and 19 June 2014	That the source of recurring wasteful and fruitless expenditure over the last three quarters should be investigated by Council and management ensures recovery from people whose negligence may have caused Council these continuing unnecessary losses even after advise by the Audit Committee	Yes
29 January 2014	excessive overtime payments be managed	Yes
21 October 2013	Management should make commitment to clear suspense accounts	Yes
29 January 2014	That urgent action be taken to make sure that there is sufficient capacity to address the challenge of debt collection and revenue management within Council.	Yes
19 June 2014	That the best interest of the Municipality should be ensured and looked after on tenders or awards and that forward planning needs to be done before advertising to ensure proper contract management. Bid Committees must meet regularly	Yes
19 June 2014	Contract management processes must be improved by all divisions and better coordinated within relevant divisions – Corporate Services.	Yes
19 June 2014	That Council comply with treasury circulars when dealing with funding of indigent people for funerals. In this regard a policy on funding of indigent funerals must be revised, if not in place, to ensure uniformity and consistency in funding paupers funerals and capping amounts.	Yes
30 April 2014	Complete assessment of the game farm assets should be conducted to ensure that the assets of the Municipality are protected.	Yes
	Management ensures that reports like draft budget; SDBIP; IDP are on annual basis presented to the AC before they go to Council for quality assurance.	
	-That management of leave and the different systems supporting it be looked at by management before year end. -Council direct management to ensure that all leave is properly recorded and uploaded on the relevant system. -Further, that duplicate systems be reviewed to explore rationalization over time and efficiency. Training may also be required of all relevant officials. -Management must also audit for the whole current year payroll to ensure that some people who were terminated were not erroneously paid, check everyone to ensure that all upward adjustments were done correctly.	

Municipal Audit Committee Recommendations		
Date of Committee	Committee Recommendations During 2013/14	Recommendations Adopted (enter Yes); not adopted (provide explanation)
29 January 2014	<p>-The AGSA action plan should be updated to include all the findings raised by AG with clearly measurable and specific interventions by management with timeframes.</p> <p>-The management actions stated should address the concerns raised by AG in the Audit Report.</p> <p>-Management should set up a Management meeting to discuss the AG action plan and revise the actions to address the concerns of AG and to consolidate all the findings raised by AG in the action plan report.</p> <p>-The technical Audit Steering Committee dealing with the action plan should resume, continue meeting throughout the year, and meet at least twice a month.</p> <p>-All departments should have their own action plan to with identifiable people responsible to take responsibility.</p>	Yes
19 June 2014	<p>-The Risk committee must be convened by management and meet even with an interim Chairperson from amongst managers as action is taken to appoint a permanent Chairperson.</p> <p>-The process of implementing risk champions as stated on the risk management policy and strategy be fast tracked.</p>	Yes

Appendix H – Long-Term Contracts and Public-Private Partnerships

Long-Term Contracts (20 Largest Contracts Entered into 2012/13)					
Name of service provider (entity of municipal department)	Description of services rendered by service provider	Start date of contract	Expiry date of contract	Project Manager	Contract value
Tlou Integrated Technology	Designs for Magoshi roads	20/07/2012	28/03/2015	Levae Kekana	R 1 500 000.00
Mnuei Consultant	Designs for Mpheleng roads	20/08/2013	20/08/2016	P.Magodi	R2,000,000.00
TM Khosa	Designs for Tambo roads	20/08/2013	20/08/2016	T.Khoza	R2,000,000.00

Appendix I - Disclosures of Financial Interests

Disclosures of Financial Interests		
Period 1 July 2013 - 30 June 2014		
Position	Name	Description of Financial Interest* (Nil/or details)
(Mayor)	Mathebe J.L	None submission
EXCO members	09 members	None submission
Councillors	50 councillors	None submission
Municipal Manager		Nil
Chief Financial Officer	Monageng MS	Nil
Other S57 Officials	Maredi RM	Nil
Director Strategic	Kgwale MM	Nzalo Shares (Sasol)
Director Community Services	Tshesane KE	Nil
Director Infrastructure	Morudu RF	Nil
Director Corporate services	Maredi R.M	Nil

Appendix J - Conditional Grants Received: Excluding MIG

Conditional Grants: Excluding MIG R'000						
Details	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustment Budget	
Neighbourhood development Partnership grant				%	%	
INEP	R10 Million	R 10 million	R 6,096	39%	39%	Electrification
FMG	R 1,5 million	R 1,5 million	R 1,5 million	0%	0%	Capacity building
MSIG	R890	R890	R890	0%	0%	Systems improvement
Other: EPWP	R1million	R1million	R1million	0%	0%	Job creation
Total	R13,390	R13,390	R 9,486	39%	39%	

Appendix K – Capital Programme by Project 2013/2014

Capital Programme by Project 2013/14 (,000)					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act-Adj) %	Variance (Act-OB) %
Water					
District function					
Sanitation/Sewerage					
District function					
Electricity					
Moteti Liberty	R1650	R1650	R1210	27%	27%
Waalkraal Electricity	R6105	R6105	R2514	59%	59%
Tafelkop Electricity	R2245	R2245	R2371	(6%)	(6%)

Appendix L– Capital Programme by Project by Ward 2013/2014

Capital Programme by Project by Ward 2013/14		
R'000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Water		
District function		
Sanitation/sewerage		
District function		
Electricity		
Moteti Liberty	07	Yes
Waalkraal Electricity	01	Yes
Tafelkop Electricity	17 & 2 5	Yes
Highmast lights	10 & 9	Yes
Housing		
Roads & stormwater		
Moteti A PHASE 2	02	Yes
Monsterlus to Makgopheng phase 4	18	Yes
CKgoshi mahlangu road	19	Yes
Nyakelang road phase4	27	Yes
Elandsdoorn highmast lights	10 & 9	Yes
Groblersdal Landfill site	13	No
Cemetries in Hlogotlou and Eladsdoorn	20 & 10	No

Appendix M – Service Connection Backlogs at Schools and Clinics

Service Backlogs: Schools & Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
Schools (Names, Locations)				
Not applicable	0	0	0	0
Not applicable	0	0	0	0

Appendix N – Service Backlogs Experienced by Community Where another Sphere of Government is Responsible for Service Provision

Service Backlogs Experienced by Community Where Another Sphere of Government is the Service Provider (Whether or Not Municipality Acts on Agency Basis)		
Services and locations	Scale of backlogs	Impact of backlogs
Clinics	none	
Housing	none	
Licensing and testing centre	none	
Reservoirs	none	
Schools (primary & high)	none	
Sports fields	none	

Appendix O- Declaration of Loans and Grants Made by Municipality

Declaration of Loans And Grants Made by Municipality 2013/14				
All organisations or persons in receipt of loans*/Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value 2011/12 R`000	Total amount committed over previous and future years
No grants and loans granted during the year under review				

Appendix P - Declaration of Returns Not Made in Due Time under MFMA S71

MFMA Section 71 Returns Not Made During 2013/14 According to Reporting Requirements	
Return	Reason return not properly made on due date
All MFMA Section 71 returns were made according to reporting requirements, and submitted in time	

OVERSIGHT REPORT

Oversight Report for the Draft 2013 /2014 Annual Report



MPAC Chairperson
Cllr. S.H. Mehlape

PURPOSE

To inform Council about the work of the Municipal Public Accounts Committee (MPAC) and to make recommendations to Council as required in terms of Section 129 (1) of the Local Government : Municipal Finance Management Act 56 of 2003 on the draft 2013/2014 annual report.

BACKGROUND

In terms of Section 129 (1) of the Local Government: Municipal Finance Management Act 56 of 2003, Council of a Municipality must consider the annual report of the Municipality by no later than two months from the date on which the annual report was tabled in Council in terms of Section 127, adopt an oversight report containing the Council's comments on the annual report, which must include a 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 terms of section 121 (1) of the Local Government:

Municipal Finance Management Act 56 of 2003: the council of a municipality must within nine months after the end of financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

During council meeting of the 23 January 2015 , the Mayor tabled the draft 2013/2014 annual report as prescribed by Section 127 (2) of the Local Government : Municipal Finance Management Act 56 of 2003. In dealing with the tabled annual report, Council resolved inter alia:

1. That the draft 2013/2014 annual report be noted.
2. That the draft 2013/2014 annual report be referred to the Municipal Public Accounts Committee for further consideration and evaluation.
3. That as prescribed by Section 127 (5) of the Local Government : Municipal Finance Management Act , 2003 (Act 56 of 2003) immediately after the annual report is tabled in Council in terms of Subsection (2) , the Accounting Officer of the Municipality must –
 - In accordance with Section 21A of the Municipal Systems Act –
 - make public the annual report, and
 - invite the local community to submit representations in connection with the annual report, and
 - Submit the annual report to the Auditor – General, the relevant Provincial Treasury and the provincial department responsible for local government in the province.

Establishment of Municipal Public Accounts Committee. (MPAC)

During 2011, Elias Motsoaledi Municipal Council resolved to establish a Municipal Public Accounts

Committee (MPAC) in terms of the provisions of the Local Government : Municipal Structures Act (Act 117 of 1998) and the Local Government : Municipal Finance Management Act, 2003 (Act 56 of 2003) to serve as an Oversight Committee to exercise oversight over the executive obligations of Council. In terms of SALGA's Practical Guide on MPACs (2012 :10-14) the terms of reference for the MPAC include the interrogation of the following financial aspects addressed in the Municipal Finance Management Act:

- Unforeseen and unavoidable expenditure;
- Unauthorized, irregular or fruitless and wasteful expenditure;
- The quarterly report of the Mayor on the implementation of the budget and the state of affairs of the municipality / SDBIP;
- Monthly budget statements;
- Mid – year budget and performance assessment;
- Mid – year budget and performance assessment of municipal entities – currently not applicable to Elias Motsoaledi Municipality;
- Disclosures concerning councilors, directors and Officials;
- Submission and auditing of Annual Financial Statements;
- Submission of the annual report;
- Oversight report on the annual report;
- Issues raised by the Auditor – General in audit reports;
- Audit Committee;
- Disciplinary action instituted in terms of the MFMA

The MPAC interrogate the following aspects addressed in the Municipal Systems Act :

- Review of the IDP post elections;
- Annual review of the IDP;
- Performance Management Plan;
- Monitoring that the annual budget is informed by the IDP;
- Monitoring that all declaration of interest forms are completed by councilors on an annual basis.

The MPAC committee constitutes of the following members:

Councilors' Names	Gender	Political Party	Position
Mehlape S.H	Female	ANC	Chairperson
Matlala M.S	Male	ANC	Member
Phala M.L	Male	ANC	Member
Mogamedi V.V	Female	MP	Member
Tshoma M.S	Female	ANC	Member
Mashifane H.S	Male	ANC	Member
Maepa M.M	Male	AZAPO	Member

Mechanisms for public participation process

Immediately after the annual report was tabled in Council, the Accounting Officer in accordance with Section 21A of the Local Government: Municipal Systems Act 32 of 2000 made the draft annual report public. The following are mechanisms which were followed to ensure that the public viewing of the draft 2013/2014 annual report was extensively published for public comments.

Date	Activity
24 January 2015 on the website. 30 January 2015 on soweTan newspaper	The draft 2013/2014 annual report is uploaded on municipal website and made available in municipal offices, municipal library and Municipal Satellite Offices.
16 March 2015	Messages inviting Ward Committees, CDW, Traditional Leaders, traditional Healers and Business People were sent through Ward Secretaries to attend public hearing

Below are the processes undertaken by the committee in dealing with the report.

Details	Dates
Benchmarking at Ehlanzeni District Municipality especially on the application of Circular 63 of the MFMA on Annual Report.	09– 13 February 2015
Perusing the draft annual report and drafting of questionnaires to be forwarded to management for response.	04 – 05 March 2015
MPAC held a public hearing for management to respond to questions raised and the meeting was opened to the public	18 March 2015
MPAC held a meeting to compile the oversight report	25 March 2015

The documentation of the above activities is attached as **annexure 1-6**

Summary of comments on the draft 2013/2014 annual report

The MPAC believes that the draft 2013 / 2014 annual report reflects a substantial and positive improvement in municipal annual planning, budgeting and reporting processes. It is a significant improvement over the previous years' annual report. The annual report complies with the requirements of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) and with National Treasury (NT) guidelines for annual reports. MPAC notes that the draft annual report complies with Circular 63 of the MFMA as it contains the following:

Chapters	Details
01	Mayor's Foreword and Executive Summary
02	Governance
03	Service Delivery
04	Organizational Development Performance
05	Financial Performance
06	Audit General's Findings
07	Appendices and Volume : AFS

MPAC'S findings on the report

- That there is an irregular expenditure amounting to R25 224 038.00. Due to the fact that there are no consequences for Officials who incur irregular, fruitless and wasteful expenditure, and as a measure to curb same, Council adopt the stance that some form of action be taken against Officials involved in such action, unless it can be proved that such expenditure was incurred because of circumstances beyond the control of the person/s involved.
- That municipality spends lot of money on travel agencies.
- That the service of the annual financial statement it's still outsourced.
- That municipality is having interests amounting to R113 000.00.

Based on the above findings the following is recommended to Council

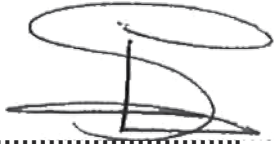
- The AFS service be done in house as finance department is fully capacitated.
- That municipality do away with travel agencies to cut costs.
- Accounting Officer must ensure that progress on audit action plan is monitored to ensure that all matters raised by the Auditor – General are addressed to shape the future.
- That Accounting Officer obtain guidance from National Treasury on how the Council should address irregular, fruitless and wasteful expenditure and submit an action plan reflecting remedial action to address the qualified audit opinion and matters of emphasis raised by the Auditor – General as well as the matters expressed by MPAC and report progress being made on the implementation of the action plan on a quarterly basis.
- The Accounting Officer to urge Supply Chain Management Unit to work in close collaboration with National Treasury to verify employment status of service providers to avoid unnecessary conflict of interests.
- Accounting Officer draw up an action plan of measures that can be put in place to reduce the unacceptable number of deviations, which the Committee deems to stem from a lack of proper planning.
- In order to improve the percentage of targets achieved during every financial year, the Accounting Officer must ensure that quarterly performance sessions are held by the management committee to examine progress report / scorecards in respect of work done relating to targets, and identify and correct problems in time before the end of the financial year.

MPAC COMMITTEE'S RECOMMENDATIONS: 25 MARCH 2015

- That Council approves the draft 2013/2014 annual report.
- That the quality of the Annual Report be included as a Key Performance Indicator
 - (KPI) in the performance agreements of the Accounting Officer and Directors in order to ensure the production of a top class document.
- That the oversight report be made public in accordance with Section 129 (3) of the Local Government: Municipal Finance Management Act 56 of 2003.
- That the oversight report be submitted to the Provincial Legislature in accordance with section 132 (2) of the Local Government: Municipal Finance Management Act 56 of 2003.

Conclusion

The MPAC committee thanks all the relevant participants for their support and cooperation during the oversight process. The committee believes that Elias Motsoaledi Municipality and its citizens will realize substantial and tangible benefits if a similar process is consistently followed in year to come.



S.H MEHLAPE
MPAC CHAIRPERSON



Members of MPAC during 2013/14 oversight report public hearing

VOLUME II

Audited Annual Financial Statements



ELIAS MOTSOALEDI LOCAL MUNICIPALITY
(Registration number L/M 472)
Annual Financial Statements
for the year ended 30 June 2014

Office of the Auditor General (Polokwane) - Auditors
Published 31 January 2015

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

General Information

Legal form of entity	Municipality (MFMA)
Mayor	Cllr WM Matemane (Resigned from position on 30 June 2014)
Chief Whip	Cllr TM Phahlamohlaka (Chief Whip)
Speaker	Cllr EM Masemola (Speaker) (Resigned from position 2 July 2014)
Councillors	Cllr MF Madihlaba (Resigned from Exco position 2 July 2014) Cllr AB Mahlangu (Resigned from Exco position 2 July 2014) Cllr TS Mahlangu (Resigned from Exco position 2 July 2014) Cllr DS Mamaila (Resigned from Exco position 2 July 2014) Cllr MK Tshoshane (Resigned from Exco position 2 July 2014) Cllr MP Mokgabudi (Resigned from Exco position 2 July 2014) Cllr CD Matsepe (Resigned 31 May 2014) Cllr RSA Kabinie Cllr J Mahlangu Cllr MD Mahlangu Cllr NN Mahlangu Cllr JP Kotze Cllr KS Mahlase Cllr MW Ramphisa Cllr MN Malatji Cllr MS Malekane Cllr AM Maloba Cllr MM Maepa Cllr MS Marapi Cllr MS Maselela Cllr R Alberts Cllr HS Mashifane Cllr MS Mashilo Cllr MP Mokone Cllr SM Mathale Cllr JL Mathebe Cllr MZ Buta Cllr GD Matjomane Cllr MS Matlala Cllr TJ Lepota Cllr TS Matsepe Cllr MP Matshipa Cllr ST Matsomane Cllr Sh Mehlaphe Cllr CT Mhlanga Cllr I Mkhali Cllr TN Mmutle Cllr VV Moganedi Cllr FM Mogotji Cllr JM Mohlala Cllr MF Rakoena Cllr MT Mokganyetji Cllr OE Motau

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

General Information

	Cllr MG Mollafe Cllr DM Mzinyane Cllr ME Nduli Cllr SF Nkosi Cllr TJ Ntuli Cllr ML Phala Cllr A Phatlane Cllr R.J Podile Cllr JJ Skosana Cllr SL Skosana Cllr MS Tshoma Cllr MD Tladi Cllr LH Tshoma Cllr MW Pitje
Grading of local authority	Medium Capacity Municipality
Accounting Officer	Mr NW Phala (Acting from 24 February 2014 until 25 August 2014) Mrs RM Maredi (Acting from 25 Aug 2014)
Chief Finance Officer (CFO)	Mr MS Monageng
Business address	2nd Grobler Avenue - Civic Centre Groblerdal 0470
Postal address	PO Box 48 Groblerdal 0470
Bankers	ABSA Bank Limited
Auditors	Office of the Auditor General (Polokwane)
Attorneys	Moduka attorneys Khumalo Masondo attorneys L Mbanjwa incorporated Mphela and associates attorneys Kgatla incorporated M Wentzel Makhubela attorneys Mohube Setsoalo Mabusela inc
Grading of the Municipality	Grade 3

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Index

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

Index	Page
Accounting Officer's Responsibilities and Approval	4
Audit Committee Report	5 - 6
Accounting Officer's Report	7 - 8
Statement of Financial Position	9
Statement of Financial Performance	10
Statement of Changes in Net Assets	11
Cash Flow Statement	12
Accounting Policies	20 - 52
Notes to the Annual Financial Statements	52 - 84

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act no. 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.

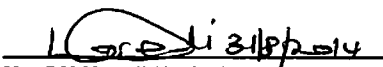
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal 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 30 June 2014 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.

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

The annual financial statements set out on pages 7 to 84, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2014 and were signed on its behalf by:


Mrs RM Marede (Acting)
Municipal Manager (Acting from 25 August 2014)

31 August 2014

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2014.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 4 ordinary and 6 special meetings were held.

Name of member	Number of meetings attended
Adv. SST Kholong (Chairperson)	10
Mr. LAT Gafane (From 1 July 2012)	10
Mr. MG Mathabathe (From 1 Aug 2013)	7
Adv. R Nke (From 1 July 2012)	6
Mr. B Mbange (From 1 Aug 2013)	8

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

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

The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is not always fully effective, efficient and transparent. In line with the MFMA requirements, Internal Audit provides the audit committee and management with reasonable assurance that the 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 Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations there from. Accordingly, we can report that the system of internal control over financial reporting for the period under review was not always fully efficient and effective.

The content and the quality of the yearly management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act have been verified by the audit committee.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the municipality during the year under review.

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the unaudited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

Subject to Management effecting the recommendations made by the Audit Committee during the review of the 2013/2014 draft financial statements, the Committee accepts the Annual Financial Statements.

The audit committee concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit and risk management committee

The municipality has an internal audit division on the organisational structure and a chief internal auditor was appointed during the year. The internal audit operates under section 165 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA). Unfortunately the position became vacant recently and has been advertised but not yet filled. A separate risk management unit was established as required and manages the risk profile of the municipality. The various risks are addressed as part of the notes to the financial statements as well as operational and environmental risks on a management level by the risk management committee.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2014

Audit Committee Report

Auditor-General of South Africa

The audit committee has not met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Chairperson of the Audit Committee Adv. SST Kholong

Date: _____

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Officer's Report

The accounting officer submits her report for the year ended 30 June 2014.

1. Review of activities

Main business and operations

Net surplus of the municipality was R 25 333 392 (2013: deficit R 60 275 869).

The municipality performed the debtor administration of water and sanitation services on an agency basis in term of a service level agreement. The original period of the water and sanitation services contract expired on 30 June 2013. The Sekhukhune District Municipality has extended the current contract until 30 June 2014. This change is not expected to have a major effect on the financial position and performance of the municipality for the period under review or future financial periods. It is reported that the transfer was completed as planned on 30 June 2014.

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 municipality for the financial period under review started experiencing cashflow problems due to commitments on prior year capital projects not funded and under collection of consumer debtors. The accounting officer is satisfied that the situation was managed and did not impact on the going concern of the municipality and its continued operations.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial.

4. Accounting Officer's interest in contracts

The accounting officers' declare not to have any interest in contracts of the Municipality.

5. 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.

6. Non-current assets

Details of major changes in the nature of the non-current assets of the municipality during the year is set out in the notes to the financial statements.

7. Accounting Officer

The accounting officers of the municipality during the financial year and to the date of this report are as follows:

Name	Nationality	Changes
Mrs MM Skosana	South African	Resigned 31 January 2014
Mr NW Phala (Acting)	South African	Appointed 24 February 2014, resigned 25 August 2014
Mrs RM Maredi (Acting)	South African	Appointed 25 August 2014

8. 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.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Officer's Report

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
 - Executive committee councillors, and
 - 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 performs their oversight role and duties in terms of the prescribed legislation and delegated authorities.

Audit committee

Adv. SST Kholong was the chairperson of the audit committee. The committee met during the financial year to review matters necessary to fulfil its role.

In terms of Section 166 of the Municipal Finance Management Act, the municipality must appoint members of the Audit Committee. Notwithstanding that non-executive directors appointed by the municipality constituted the municipal entities' Audit Committees, National Treasury policy requires that municipalities should appoint further members of the municipality's audit committees who are not councillors of the municipal entity onto the audit committee.

Internal audit

The municipality employed an internal auditor for the year under review. The internal audit operates under section 165 of the Municipal Finance Management Act (Act 56 of 2003) (MFMA).

9. Bankers

The municipality banks primarily with ABSA Bank Limited.

10. Auditors

The Office of the Auditor General (Polokwane) will continue in office for the next financial period.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Statement of Financial Position

Figures in Rand	Note(s)	2014	2013 Restated
Assets			
Current Assets			
Inventories	11	2 287 835	1 909 188
Receivables from exchange transactions	12	16 856 667	17 221 148
Receivables from non-exchange transactions	13	2 628 317	2 295 103
VAT receivable	14	13 376 726	10 115 546
Consumer debtors - From Exchange Transactions	15	7 077 777	6 334 668
Consumer debtors - From Non Exchange Transactions	15&45	14 559 351	11 715 158
Cash and cash equivalents	16	35 246 865	15 334 288
		92 033 538	64 925 099
Non-Current Assets			
Biological assets - Game Animals	4	-	11 643
Investment property	5	85 382 000	80 617 000
Property Plant and Equipment	6	694 622 993	675 526 176
Heritage Assets	7	310 918	322 263
Deposit (Security held in advance)	9&45	10 081 452	9 549 926
Longterm lease Debtor	10	643 565	342 027
		791 040 928	766 369 035
Total Assets		883 074 466	831 294 134
Liabilities			
Current Liabilities			
Other financial liabilities	17	220 000	-
Landfill Site Provision	19	807 968	31 145 563
Payables from exchange transactions	20	33 320 406	28 315 554
Consumer deposits	21&45	3 170 578	3 175 796
Employee benefit obligation	8	1 040 741	913 464
Unspent conditional grants and receipts	18	9 661 856	786 035
Provision for long service leave bonus	19	58 276	230 108
		48 279 825	64 566 520
Non-Current Liabilities			
Other financial liabilities	17	5 060 000	-
Landfill Site Provision	19	34 183 239	-
Employee benefit obligation	8	27 127 599	24 003 769
Provision for long service leave bonus	19	2 285 766	1 919 210
		68 656 604	25 922 979
Total Liabilities		116 936 429	90 489 499
Net Assets		766 138 037	740 804 635
Net Assets			
Accumulated surplus		766 138 037	740 804 635

* See Note 2 & 45

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013 Restated
Revenue			
Revenue from exchange transactions			
Service charges	24	56 620 595	54 468 633
Rental of facilities and equipment	22	1 124 655	879 606
Income from agency services	22	2 623 479	3 187 088
Licences and permits	22	4 699 395	5 248 726
Other income	26	2 209 865	3 552 209
Interest received	33	10 230 799	5 089 585
Total revenue from exchange transactions		77 508 788	72 425 847
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	20 449 606	21 235 857
Transfer revenue			
Government grants & subsidies	25	191 600 631	168 079 000
Fines	26	1 666 250	2 774 950
Total revenue from non-exchange transactions		213 716 487	192 089 807
Total revenue	22	291 225 275	264 515 654
Expenditure			
Personnel	29	(87 152 684)	(73 727 618)
Remuneration of councillors	30	(16 036 758)	(14 701 116)
Administration	31	(571 163)	(540 706)
Depreciation and amortisation	34	(32 612 010)	(33 975 376)
Impairment loss/ Reversal of impairments	6	1 250 000	(10 276 900)
Finance costs	36	-	(1 405)
Debt impairment	32	(10 244 663)	(5 089 694)
Repairs and maintenance		(11 952 348)	(5 637 549)
Bulk purchases	39	(48 014 426)	(46 120 194)
Grants and subsidies paid	38	(2 287 145)	(2 608 593)
Loss on valuation of biological, other and heritage assets	35	(53 999)	(598 341)
General Expenses	27	(58 840 258)	(38 786 802)
Total expenditure		(266 515 454)	(232 064 294)
Operating surplus	28	24 709 821	32 451 360
Additional service cost landfill transfer from Sekhukhune District Municipality	19	(3 183 094)	(26 783 202)
Fair value adjustments	8 & 19	(958 335)	1 105 973
Investment property fair value adjustment	5	4 765 000	2 238 000
Loss on non-current assets held for sale or disposal groups	5	-	(69 288 000)
		623 571	(92 727 229)
Surplus (deficit) for the year		25 333 392	(60 275 869)

* See Note 2 & 45

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	820 479 984	820 479 984
Adjustments		
Correction of errors - Rental Income and Fine revenue	1 999 231	1 999 231
Prior year adjustment - Guarantees	109 403	109 403
Prior year adjustments - Escrom Deposits	(21 508 114)	(21 508 114)
Balance at 01 July 2012 as restated	801 080 504	801 080 504
Changes in net assets		
Surplus for the year	(60 275 869)	(60 275 869)
Total changes	756 268 578	756 268 578
Opening balance as previously reported		
Adjustments		
Correction of errors - Debtor Billing Retrospective Rental and Rates and fines	5 934 778	5 934 778
Prior year adjustment - Guarantees	109 403	109 403
Prior year adjustments - Escrom Deposit and Connection Payment	(21 508 114)	(21 508 114)
Balance at 01 July 2013 as restated	740 804 645	740 804 645
Changes in net assets		
Surplus for the year	25 333 392	25 333 392
Total changes	25 333 392	25 333 392
Balance at 30 June 2014	766 138 037	766 138 037
Note - prior period errors	45	

* See Note 2 & 45

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Cash Flow Statement

Figures in Rand	Note(s)	2014	'2013 Restated'
Cash flows from operating activities			
Receipts			
Fines		1 666 250	2 774 950
Sale of goods and services		79 693 759	71 114 956
Grants		191 600 631	168 079 000
Interest income		10 230 799	5 089 585
Other receipts		3 334 520	4 431 815
Licences and Permits	41	4 699 395	5 248 726
		<u>291 225 354</u>	<u>256 739 032</u>
Payments			
Employee costs		(103 189 442)	(88 428 734)
Suppliers		(121 122 107)	(105 676 087)
Other payments		-	(1 405)
Non Cash adjustments prior year error	41	-	(4 284 936)
		<u>(224 311 549)</u>	<u>(198 391 162)</u>
Net cash flows from operating activities	40	<u>66 913 805</u>	<u>58 347 870</u>
Cash flows from investing activities			
Purchase of property plant and equipment	6	(50 489 838)	(51 029 802)
Proceeds from sale of biological assets	4	-	9 071
Deposit (security held in advance)		(531 526)	(450 369)
Purchase of longterm lease debtor		(301 538)	(124 255)
Net cash flows from investing activities		<u>(51 322 902)</u>	<u>(51 595 355)</u>
Cash flows from financing activities			
Repayment of other financial liabilities		4 321 665	1 105 974
Net cash flows from financing activities		<u>4 321 665</u>	<u>1 105 974</u>
Net increase/(decrease) in cash and cash equivalents		<u>19 912 568</u>	<u>7 858 489</u>
Cash and cash equivalents at the beginning of the year		15 334 288	7 475 792
Cash and cash equivalents at the end of the year	16	<u>35 246 856</u>	<u>15 334 281</u>

* See Note 2 & 45

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions	54 205 000	5 000	54 210 000	56 620 595	2 410 595	Additional pre paid electricity and refuse removal were billed
Service charges	705 000	70 000	775 000	1 124 655	349 655	Additional properties were levied that was in dispute before, ref prior year error
Rental of facilities and equipment	7 201 000	-	7 201 000	2 623 479	(4 577 521)	Interest estimates (R4.8m) was included in this amount but it was cleared to SDM debtor on year end
Income from agency services	5 500 000	-	5 500 000	4 699 395	(800 605)	VAT adjustment R675000 was performed that affected the budget
Licences and permits	55 000	(5 000)	50 000	-	(50 000)	
Miscellaneous other revenue	9 863 600	(6 690 000)	3 173 600	2 209 865	(963 735)	Reconnection fees were less than anticipated
Other income 1	4 450 000	3 700 000	8 150 000	10 230 799	2 080 799	Additional interest was received due to CPI and rates increases
Interest received - investment						
Total revenue from exchange transactions	81 979 600	(2 920 000)	79 059 600	77 508 788	(1 550 812)	
Revenue from non-exchange transactions						
Taxation revenue	34 000 000	(10 275 000)	23 725 000	20 449 606	(3 275 394)	Debit adjustment on property rates were performed. The transfer of unknown stands were less than expected for the year
Property rates						
Government grants & subsidies	200 474 000	-	200 474 000	191 600 631	(8 873 369)	Unspent Grant was incurred for DME

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Transfer revenue						
Fines	1 200 000	(532 420)	667 580	1 666 250	998 670	Accrual basis was used for the AFS but budget was performed on cash basis
Total revenue from non-exchange transactions	235 674 000	(10 807 420)	224 866 580	213 716 487	(11 150 093)	
Total revenue	317 653 600	(13 727 420)	303 926 180	291 225 275	(12 700 905)	
Expenditure						
Personnel	(103 722 523)	549 462	(103 173 041)	(87 152 684)	16 020 357	Additional posts were not filled and a number of personnel performed acting for S55 and S57 employees that reduced the costs
Remuneration of councillors	(15 057 871)	1	(15 057 870)	(16 036 758)	(978 888)	Additional cellphone allowances were paid in terms of the updated regulations
Administration	(500 000)	500 000	-	(571 163)	(571 163)	
Depreciation and amortisation	(32 000 000)	-	(32 000 000)	(32 612 010)	(612 010)	The depreciation was budgeted but the actual calculation exceeded the budget amount.
Impairment loss/ Reversal of impairments	-	-	-	1 250 000	1 250 000	This was not expected as part of the budget process. Market conditions can be volatile and change needed.
Debt impairment	(1 890 000)	-	(1 890 000)	(10 244 663)	(8 354 663)	A larger than expected provision was needed.
Repairs and maintenance	(11 012 636)	(2 670 286)	(13 682 922)	(11 952 348)	1 730 574	Additional budget was made to cater for fuel costs. The expenditure on roads was less than expected as the expense were capitalised

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between budget and actual	Reference
Bulk purchases	(58 037 271)	2 060 000	(55 977 271)	(48 014 426)	7 962 845	Water accounts were transferred to SDM. The amount on Eskom was less due to related to the connection change (intangible asset) and resultant change in tariff structure. (mega flex tariff)
Grants and subsidies paid	(3 066 000)	75 000	(2 991 000)	(2 287 145)	703 855	Expenditure was limited due to good budget control
General Expenses	(65 836 299)	(1 074 782)	(66 911 081)	(58 840 258)	8 070 823	A number of strategic plans and professional fees were limited during the year. Strategic and performance sessions were limited to save costs
Total expenditure	(291 122 600)	(560 585)	(291 683 185)	(266 461 455)	25 221 730	
Operating surplus	26 531 000	(14 288 005)	12 242 995	24 763 820	12 520 825	
Loss on disposal of assets and liabilities	-	(75 000)	(75 000)	(53 999)	21 001	The result is from write off due to normal business processes
Additional contribution landfill rehabilitation	-	(38 000)	(38 000)	(3 183 094)	(3 145 094)	The valuations were performed by an actuary and the amounts increased due to rates changes for the period
Fair value adjustments	(400 000)	(400 000)	(800 000)	(958 335)	(158 335)	The valuations were performed by an actuary and the amounts increased due to rates changes for the period
Income from equity accounted investments (Filtered)	-	-	-	4 765 000	4 765 000	The properties were revalued. The expected change was far less than previously anticipated.
Surplus before taxation	(400 000)	(513 000)	(913 000)	569 572	1 482 572	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	26 131 000	(14 801 005)	11 329 995	25 333 392	14 003 397	
	26 131 000	(14 801 005)	11 329 995	25 333 392	14 003 397	

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						

Reconciliation

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis								
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual			Reference
Statement of Financial Position								
Assets								
Current Assets								
Inventories	2 058 000		3 200 000	5 258 000	2 287 835	(2 970 165)		The receivables from from exchange and non exchange were included here in the budget schedules
Receivables from exchange transactions	-	15 000 000	15 000 000	16 856 667		1 856 667		Budgeted as part of inventory and receivables on budget schedules
Receivables from non-exchange transactions	-	-	-	2 628 317		2 628 317		Budgeted as part of inventory and receivables on budget schedule
VAT receivable	-	-	-	13 376 726		13 376 726		Included in consumer debtors on budget schedules
Consumer debtors	13 666 000		26 334 000	40 000 000	21 637 136	(18 362 864)		VAT included in budget schedules
Cash and cash equivalents	23 400 000		66 600 000	90 000 000	35 246 865	(54 753 135)		Less cash was received from the district council and debtors than anticipated. Additional creditors were paid on year end.
	39 124 000		111 134 000	150 258 000	92 033 546	(58 224 454)		
Non-Current Assets								
Investment property	133 350 000		85 000 000	218 350 000	85 382 000	(132 968 000)		Anticipated increase did not realise with the adjusted supplementary valuation from the valuer
Property Plant and Equipment	740 491 000		15 000	740 506 000	694 622 993	(45 883 007)		Depreciation (33m) was not taken into account and additions were reduced by the unspent grants (9.6m)

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Heritage Assets	-	-	-	310 918	-	310 918 Item consolidated on budget schedules with amount PPE
Intangible assets	19 217 000	6 283 000	25 500 000	-	(25 500 000)	VAT reclaimed in June 2014 of R 3,215m was not taken into account
Deposit (Security held in advance)	-	-	-	10 081 452	-	10 081 452 The eskom deposits was performed as a post audit adjustment and was not part of the budget process
Longterm lease Debtor	-	-	-	643 565	-	643 565 The leases were indicated on prior year afs as contingent assets at the time of drafting the budget.
Total Assets	893 058 000	91 298 000	984 356 000	791 040 928	(193 315 072)	
Liabilities						
Current Liabilities						
Other financial liabilities	-	-	-	220 000	-	220 000
Landfill Rehabilitation Provision	-	-	-	807 968	-	807 968 The landfill was transferred as a post audit adjustment and was not part of the budget process
Payables from exchange transactions	11 471 000	38 529 000	50 000 000	33 320 406	-	(16 679 594)An effort was made to pay creditors before year end and it affected the cash position and anticipated creditors provision.
Consumer deposits	3 535 000	1 465 000	5 000 000	3 170 578	-	(1 829 422)Deposits was not increased during the year
Employee benefit obligation	-	-	-	1 040 741	-	1 040 741 Included in the short term portion as indicated below
Unspent conditional grants and receipts	-	-	-	9 661 856	-	9 661 856 This was due to unforeseen results on the DME projects being unspent
Provision for long service leave bonus	-	-	-	58 276	-	58 276 Included in the below mentioned short term portions below

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
	15 006 000	39 994 000	55 000 000	48 279 825	(6 720 175)	
Non-Current Liabilities						
Other financial liabilities	-	-	-	5 060 000	5 060 000	This amount was received in advance and did not form part of the budget process
Operating lease liability	-	-	-	34 183 239	34 183 239	
Employee benefit obligation	29 532 000	10 468 000	40 000 000	27 127 599	(12 872 401)	The amount indicated in the afs include the short term portion above and was less than expected when budgeted based on prior year actuarial reports
Provision for long service leave bonus	-	-	-	2 285 766	2 285 766	This was included in the employee benefit obligation provision.
	29 532 000	10 468 000	40 000 000	68 656 604	28 656 604	
Total Liabilities	44 538 000	50 462 000	95 000 000	116 936 429	21 936 429	
Net Assets	887 644 000	151 970 000	1 039 614 000	766 138 045	(273 475 955)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves	782 320 000	257 294 000	1 039 614 000	766 138 044	(273 475 956)	
Accumulated surplus	782 320 000	257 294 000	1 039 614 000	766 138 044	(273 475 956)	
Change in budget preparation Historical Balance Sheet vs Budgeted Balance Sheet approach	105 324 000	(105 324 000)	-	1	1	
Total Net Assets	887 644 000	151 970 000	1 039 614 000	766 138 045	(273 475 955)	

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

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) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

1.1 Presentation of currency

These annual financial statements are presented in South African Rand.

1.2 Transfer of functions between entities not under common control

Definitions

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

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

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

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

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

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

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

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

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

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.2 Transfer of functions between entities not under common control (continued)

Identifying the acquirer and transferor

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

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

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

Determining the transfer date

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

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

Assets acquired [transferred] and liabilities assumed [relinquished]

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

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

Determining what is part of the transfer of functions transaction

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

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

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

Accounting by the entity as transferor

Derecognition of assets transferred and liabilities relinquished

As of the transfer date, the municipality derecognises from its annual financial statements, all the assets transferred and liabilities relinquished in a transfer of functions at their carrying amounts.

On the transfer date, the municipality measured these assets and liabilities in accordance with applicable Standards of GRAP. The liability for payment by the acquirer was recognised as a debtor. The net asset value is indicated in the financial statements after the assets were transferred in the current year on a donation basis

The consideration received from the acquirer can be in the form of cash, cash equivalents or other assets. If the consideration received is in the form of other assets, the municipality measures such assets at their fair value on the transfer date in accordance with the applicable Standard of GRAP. The difference between the carrying amounts of the assets transferred, the liabilities relinquished and the consideration received from the acquirer is recognised in surplus or deficit.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.3 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 / Held to maturity investments and/or loans and 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.

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

Available-for-sale financial assets

The municipality follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the municipality evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Allowance for slow moving, damaged and obsolete stock

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

Fair value estimation

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

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

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

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. .

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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 19 - Provisions.

Post retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 8.

Effective interest rate

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

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows.

Provision for landfill sites

The provision for rehabilitation site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year-end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the related asset are charged to the Statement of Financial Performance. .

Provision of rehabilitation of landfill site is determined by :

- Calculating the cost of rehabilitation of landfill sites and assessing the useful life of each land fill site as done by an Actuary/Specialist
- The effect of time value of money is calculated using interest rates (investment rate) linked to the prime rate.

1.4 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, and only when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the enterprise, 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 at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.4 Investment property (continued)

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 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 measure 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 apply 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 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.

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

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

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

1.5 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 at no cost, or for a nominal cost, 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.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.5 Property Plant and Equipment (continued)

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

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

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

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

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

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

Property Plant and Equipment is carried at cost less accumulated depreciation and any impairment losses.

Property Plant and Equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

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

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

Item	Average useful life
Land	Indefinite
Buildings	30 years
Plant and machinery	5 - 15 years
Furniture and fixtures	7 - 10 years
Motor vehicles	3 - 20 years
Office equipment	3 - 5 years
IT equipment	3 - 6 years
Computer software	3 - 5 years
Infrastructure	5 - 30 years
Other property, plant and equipment	5 - 30 years
Other equipment	5- 25 years
Specialised vehicles	10 years
Tools and loose gear	5 years

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.5 Property Plant and Equipment (continued)

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

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

The depreciation charge for each period is recognised on the straight line basis 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. These assets are not accounted for as non-current assets held 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.

1.6 Intangible assets

An asset is identified as an intangible asset when it:

- 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, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

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.

Intangible assets are initially recognised at cost.

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.

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.

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.

Item	Useful life
Electricity connection availability right	indefinite

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.6 Intangible assets (continued)

Intangible assets are not amortised as the asset has an infinite lifespan. No evidence existed on year end that the asset was impaired in any way.

Intangible assets are derecognised:

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

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

1.7 Heritage assets

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

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

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

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.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

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

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 determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.8 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').
- 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.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.8 Financial instruments (continued)

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.8 Financial instruments (continued)

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;
- 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
Investment Property	Financial asset measured at amortised cost
Investments	Financial asset measured at amortised cost
Consumer Debtors	Financial asset measured at amortised cost
VAT	Financial asset measured at amortised cost
Sundry debtors	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
Trade Payables	Financial liability measured at amortised cost
Accruals	Financial liability measured at amortised cost

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

Class	Category
Residual interest1	Measured at fair value
Residual interest2	Measured at 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.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.8 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.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.8 Financial instruments (continued)

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.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

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

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.8 Financial instruments (continued)

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.8 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 continue 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.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.8 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).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are debited by the entity directly to net assets, net of any related income tax benefit [where applicable]. Transaction costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit [where applicable].

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.9 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 - 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.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.9 Leases (continued)

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.

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

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

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

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

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

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

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

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

The cost of inventories is assigned using the weighted average cost 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.

1.11 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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 held with the primary 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.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

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:

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

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

Identification

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

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

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable 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 a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

After the recognition of an impairment loss, 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.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The municipality assess 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.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.12 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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 held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

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

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

Useful life is either:

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

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

- Buildings (Public buildings)
- Infrastructure (Roads)
- Stormwater

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.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

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

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

Value in use

Value in use of an asset is the present value of the asset's remaining service potential.

The present value of the remaining service potential of an asset is determined using the following approach:

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

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

Depreciated replacement cost approach

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

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the 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.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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

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

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

1.13 Employee benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.13 Employee benefits (continued)

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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.

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

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

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

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 measure 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.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.13 Employee benefits (continued)

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.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Post-employment benefits: Defined contribution plans

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

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

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

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.13 Employee benefits (continued)

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.14 Provisions and Contingent Liabilities

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating deficits.

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.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.14 Provisions and Contingent Liabilities (continued)

A constructive obligation to restructure arises only when an entity:

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

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

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

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

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

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

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.

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.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.14 Provisions and Contingent Liabilities (continued)

- 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 1.11 and 1.12.

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.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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

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

Measurement

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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 services performed to date as a percentage of total services to be performed.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.15 Revenue from exchange transactions (continued)

Interest

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

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

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

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

1.16 Revenue from non-exchange transactions

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

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset 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, an 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.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

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.

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Revenue from issuing of fines is recognised when:

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

The municipality has two types of fines; spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or services potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fines is enforceable. In respect of summonses the public prosecutor can decide whether to waive or to fine, reduce it or prosecute for non-payment by offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts, collected. Where a reliable estimate cannot be made from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

Levies

Levies are recognised as revenue 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.

Levies are based on declarations completed by levy payers. The estimate of levies revenue when a levy payer has not submitted a declaration are based on the following factors:

- the extent and success of procedures to investigate the non-submission of a declaration by defaulting levy payers;

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

- Internal records maintained of historical comparisons of estimated levies with actual levies received from individual levy payers.

Government grants

Government grants are recognised as revenue when:

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

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

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

When government remit grants on a re-imburement basis, revenue is recognised when the qualifying expense has been incurred and to the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

Commitments

If the municipality enters into any significant contractual commitments that will result in the outflow of financial sources after the balance sheet date, it must be disclosed in the notes to the annual financial statements as a non-adjusting event.

Commitments include:

- Capital commitments (to acquire PPE and intangible assets)
- Lease commitments
- Other financial commitments

The value of the planned outflow of financial resources shall be disclosed per category of commitments

Property rates - revenue

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

Other grants and donations

Other grants and donations are recognised as revenue when:

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

If goods in-kind are received without conditions attached, revenue is recognised immediately. if conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

>to the extent that there has been compliance with any restrictions associated with the grant.

1.17 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.18 Investment income

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

1.19 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

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

1.20 Comparative figures

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

1.21 Unauthorised expenditure

Unauthorised expenditure means:

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

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

1.22 Fruitless and wasteful expenditure

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

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

1.23 Irregular expenditure

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

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

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

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.23 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.

1.24 Use of estimates

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

1.25 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.

Investments in derivative financial instruments

Derivative financial instruments are initially recorded at cost and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges are recognised directly in accumulated surpluses/(deficits). Amounts deferred in net assets are recognised in the Statement of Financial Performance in the same period in which the hedged firm commitment or forecasted transaction affects net surplus/(deficit).

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Statement of Financial Performance as they arise.

1.26 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. Grants are included in Non exchange transactions revenue.

1.27 Budget information

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.27 Budget information (continued)

The annual financial statements and the budget are not compiled on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the annual financial statements.

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

The annual financial statements and the budget are not compiled on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note .

Comparative information is not required.

1.28 Related parties

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

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

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

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

1.29 Consumer Deposits

Consumer Deposits represents funds received by the municipality as security for payment of consumer accounts. The amount represent the actual cash received and can either be paid back or set off against an consumer account. The gross un-utilised deposit amount is indicated. No interest is paid to the consumers on the deposits held by the municipality.

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
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2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

- GRAP 24 - Budget information

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:

**Effective date:
Years beginning on or
after**

Expected impact:

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

3.2 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 01 July 2014 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 20: Related parties	01 April 2014	None

3.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2014 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2014	None
• GRAP 27 (as revised 2012): Agriculture (Replaces GRAP 101)	01 April 2013	None
• IGRAP16: Intangible assets website costs	01 April 2013	Limited changes

4. Biological assets - Game Animals

	2014			2013		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Biological assets - Game Animals	-	-	-	11 643	-	11 643

Reconciliation of biological assets - 2014

	Opening balance	Other changes, movements - natural losses	Total
Biological assets - Game Animals	11 643	(11 643)	-

Reconciliation of biological assets - game animals - 2013

	Opening balance	Decreases due to harvest / sales	Total
Biological assets - Game Animals	94 000	(82 357)	11 643

Non - Financial information

Quantities of each biological asset

Impala	-	10
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Methods and assumptions used in determining fair value

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand 2014 2013

4. Biological assets - Game Animals (continued)

A game count was performed by the auctioneer during the prior financial year. A specialist was appointed for the current period and no game animals were found on the farm. During the year a large portion of the land was burned and it is not cost effective to implement more control over the farm. It is expected that the future use of the farm will change to be part of the operating properties of the municipality.

5. Investment property

	2014			2013		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	85 382 000	-	85 382 000	80 617 000	-	80 617 000

Reconciliation of investment property - 2014

	Opening balance	Fair value adjustments	Total
Investment property	80 617 000	4 765 000	85 382 000

Reconciliation of investment property - 2013

	Opening balance	Disposals	Transfers	Other changes, movements	Fair value adjustments	Total
Investment property	147 867 000	(69 288 000)	(200 000)	(3 192 000)	5 430 000	80 617 000

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. None of the assets of the Municipality has been pledged as security for any purposes.

Details of valuation

The effective date of the annual revaluation was 30 June 2014. Revaluations were performed by an independent valuer, Mr Nel a qualified and registered property valuer, of Uniqeco (Pty) Ltd. Uniqeco is not connected to the municipality and have recent experience in location and category of the investment property being valued.

Amounts recognised in surplus and deficit for the year.

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand

6. Property Plant and Equipment

	2014		2013			
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	183 051 381	(9 026 900)	174 024 481	183 051 381	(10 276 900)	172 774 481
Buildings	53 313 115	(17 076 851)	36 236 264	53 267 147	(14 251 045)	39 016 102
Infrastructure	506 597 313	(130 613 977)	375 983 336	471 856 445	(112 877 231)	358 979 214
Community	54 992 861	(12 671 352)	42 321 509	54 997 355	(10 639 102)	44 358 253
Other property, plant and equipment	137 080 624	(102 288 249)	34 792 375	134 570 472	(92 755 301)	41 815 171
Capital Work in Progress	30 898 704	-	30 898 704	18 190 465	-	18 190 465
Leased Assets	392 490	(26 166)	366 324	392 490	-	392 490
Total	966 326 488	(271 703 495)	694 622 993	916 325 755	(240 799 579)	675 526 176

Reconciliation of Property Plant and Equipment 2014

	Opening balance	Additions	Disposals	Transfers	Depreciation Adjustments	Depreciation	Impairment loss	Total
Land	172 774 481	-	-	-	-	-	1 250 000	174 024 481
Buildings	39 016 102	51 600	(5 633)	-	3 930	(2 829 735)	-	36 236 264
Infrastructure	358 979 214	18 398 710	(133 816)	16 475 974	124 514	(17 861 260)	-	375 983 336
Community	44 358 253	-	(4 493)	-	2 360	(2 034 611)	-	42 321 509
Other property, plant and equipment	41 815 171	2 855 315	(345 163)	-	327 290	(9 860 238)	-	34 792 375
Capital Work in Progress	18 190 465	29 184 213	-	(16 475 974)	-	-	-	30 898 704
Leased Assets	392 490	-	-	-	-	(26 166)	-	366 324
Total	675 526 176	50 489 838	(489 105)	-	458 094	(32 612 010)	1 250 000	694 622 993

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand

6. Property Plant and Equipment (continued)

Reconciliation of Property Plant and Equipment - 2013

	Opening balance	Additions	Additions through entity combinations	Disposals	Transfers	Depreciation Adjustments	Depreciation	Impairment loss	Total
Land	183 051 381	-	-	-	-	-	-	(10 276 900)	172 774 481
Buildings	41 705 144	170 413	-	-	-	-	(2 859 455)	-	39 016 102
Infrastructure	281 258 745	30 385 381	4 019 335	-	59 324 496	-	(16 008 743)	-	358 979 214
Community	46 158 847	480 598	-	-	-	-	(2 281 192)	-	44 358 253
Other property, plant and equipment	53 755 755	1 410 457	-	(1 649 572)	-	1 124 517	(12 825 986)	-	41 815 171
Capital Work in Progress	59 324 497	18 190 464	-	-	(59 324 496)	-	-	-	18 190 465
Leased assets	-	392 490	-	-	-	-	-	-	392 490
	665 254 369	51 029 803	4 019 335	(1 649 572)	-	1 124 517	(33 975 376)	(10 276 900)	675 526 176

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. None of the assets of the Municipality has been pledged as security for any purposes.

7. Heritage Assets

	2014		2013	
	Cost / Valuation	Accumulated Carrying value / amortisation	Cost / Valuation	Accumulated Carrying value / amortisation
Heritage Assets	310 918	-	310 918	322 263
				-
				322 263

Reconciliation of heritage assets - 2014

	Opening balance	Valuation costs	Total
Heritage Assets	322 263	(11 345)	310 918

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand 2014 2013

7. Heritage Assets (continued)

Reconciliation of heritage assets - 2013

	Opening balance	Other changes	Total
Heritage Assets	298 263	24 000	322 263

8. Employee benefit obligations

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

Carrying value

Present value of the Post Employment Medical Health Care obligation	(24 917 233)	(24 001 186)
Net actuarial gains or losses recognised	(881 762)	1 388 746
Current Service Cost	(1 169 891)	(1 243 328)
Interest Charge	(2 112 918)	(1 855 803)
Benefits Paid Out Against the fund	913 464	794 338
Net liability	(28 168 340)	(24 917 233)
Non-current liabilities	(27 127 599)	(24 003 769)
Current liabilities	(1 040 741)	(913 464)
	(28 168 340)	(24 917 233)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	24 917 233	24 001 187
Net expense recognised in the statement of financial performance	3 251 107	916 046
Closing balance	28 168 340	24 917 233

Net expense recognised in the statement of financial performance

Current service cost	2 112 918	1 243 328
Interest cost	1 169 891	1 855 803
Actuarial (gains) losses	881 762	(1 388 746)
Paid out to current members	(913 464)	(794 339)
Total Employee Benefits Costs Paid	3 251 107	916 046

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	881 762	(1 388 746)
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Key assumptions used

Assumptions used at the reporting date:

Discount rates used: Long service awards	8.63 %	7.44 %
General Salary Inflation (Long Term)	6.65 %	6.82 %
Nett effective discount rate - Long service awards	0.87 %	0.58 %
Discount rate used: Post employment benefits	8.63 %	8.63 %
Health Care Cost Inflation Rate	8.15 %	7.63 %
Net effective discount rate - Post employment benefits	0.87 %	0.93 %

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand 2014 2013

8. Employee benefit obligations (continued)

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	733 132	583 228
Effect on defined benefit obligation	4 594 377	3 737 654

Amounts disclosed span the total information available as the municipality applied the GRAP standard only from 2012 annual financial statements. Future periods will include all further information as it ages.

	2014 R	2013 R	2012 R	2011 R	2010 R
Defined benefit obligation	28 168 340	24 917 233	24 001 186	-	-
Experience adjustments on plan	1 258 817	(1 444 000)	(74 000)	-	-

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

9. Deposit (Security held in advance)

A security deposit is held by Eskom who is the bulk electricity supplier of the municipality. The Municipality occasionally pays additional deposits as required by the supplier. The deposit attracts interest at rates determined by the supplier on an annual basis. The annual interest is accounted for in the additional deposit amounts held and the relevant interest earned amount on the statement of financial performance.

10. Longterm lease Debtor

The municipality levied additional lease contract that was signed based on historical leases. These lease contracts were previously not available and have been provided as contingent assets in 2013. The leases were only finalised after 2014 year end but adjusted retrospectively as required by GRAP. The amounts levied were 2014 : R643 564.54 (2013: R 342 026.94) (2010- 2012 : R 217 771.62)

11. Inventories

Consumable stores	2 287 835	1 909 188
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12. Receivables from exchange transactions

Sundry Debtors	11 653 787	1 159 684
Prepayments (if immaterial)	472 676	-
Sekhukhune Debtor	4 023 084	15 354 344
Write off Debtor: to be authorised by council	24 151	24 151
Recoverable Debt	682 969	682 969
	16 856 667	17 221 148

The Sekhukhune debtor is due to a service level agreement between the District Municipality (water services authority) and the local municipality (water services provider).

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
13. Receivables from non-exchange transactions		
Fines	17 808 535	16 602 810
Less- Provision for irrecoverable debt and fair value adjustment	(15 180 218)	(14 307 707)
	2 628 317	2 295 103
Receivables from non-exchange transactions impaired		
As of 30 June 2014, other receivables from non-exchange transactions of R 17 808 535 (2013: R 16 602 810) were impaired and provided for.		
The amount of the provision was R 15 180 218 as of 30 June 2014 (2013: R 14 307 707).		
14. VAT receivable		
VAT receivable	13 376 726	10 115 546
The amount reflecting on the above mentioned balances consists of the VAT input and VAT control accounts.		
15. Consumer debtors		
Gross balances		
Rates - Non Exchange Transaction Restated	26 376 089	18 026 208
Electricity - Exchange Transaction	12 431 060	8 342 167
Refuse - Exchange Transaction	1 782 966	1 536 635
Other - (Interest and other major items) - Non Exchange Transaction	11 080 466	10 806 118
	51 670 581	38 711 128
Less: Provision for debt impairment		
Rates - Non Exchange Transaction	(14 664 106)	(9 269 174)
Electricity - Exchange Transaction	(6 013 073)	(2 589 101)
Refuse - Exchange Transaction	(1 123 168)	(955 033)
Other - (Interest and other major items) - Non Exchange Transaction	(8 233 098)	(7 847 985)
	(30 033 445)	(20 661 293)
Net balance		
Rates - Non Exchange Transactions	11 711 983	8 757 034
Electricity - Exchange Transactions	6 417 987	5 753 066
Refuse - Exchange Transactions	659 798	581 602
Other - (Interest and other major items) - Non Exchange Transactions	2 847 368	2 958 133
Total net consumer debtors balance	21 637 136	18 049 835
Rates - Consisting of Non Exchange Transactions		
Current (0 -30 days) Restated	8 282 013	4 824 928
31 - 60 days	955 633	1 027 043
61 - 90 days	718 048	734 550
91 - 120 days	651 773	641 594
121 - 365 days	586 982	4 777 969
> 365 days	15 181 640	6 020 124
	26 376 089	18 026 208

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
15. Consumer debtors (continued)		
Electricity - Consisting of Exchange Transactions		
Current (0 -30 days)	4 154 408	3 821 963
31 - 60 days	1 810 965	2 152 385
61 - 90 days	847 374	573 074
91 - 120 days	615 631	176 853
121 - 365 days	517 837	357 825
> 365 days	4 484 845	1 260 067
	12 431 060	8 342 167
Refuse - Consisting of Exchange Transactions		
Current (0 -30 days)	328 154	205 615
31 - 60 days	57 787	113 594
61 - 90 days	36 267	50 942
91 - 120 days	29 974	29 267
121 - 365 days	25 909	164 933
> 365 days	1 304 875	972 284
	1 782 966	1 536 635
Other - Consisting of Non Exchange Transactions		
Current (0 -30 days)	1 674 878	1 283 570
31 - 60 days	725 704	1 124 910
61 - 90 days	772 174	570 467
91 - 120 days	560 868	365 229
121 - 365 days	425 306	1 902 811
> 365 days	6 921 536	5 559 131
	11 080 466	10 806 118
Summary of debtors by customer classification		
Residential Consumers		
Current (0 -30 days)	8 996 581	4 290 170
31 - 60 days	1 692 539	4 553 889
61 - 90 days	970 153	1 142 236
91 - 120 days	795 092	697 440
121 - 365 days	633 475	4 390 114
> 365 days	14 115 852	12 497 828
	27 203 692	27 571 677
Less: Allowance for impairment	(15 241 119)	(16 222 486)
	11 962 573	11 349 191
Industrial/ commercial / agricultural		
Current (0 -30 days)	3 405 294	2 788 188
31 - 60 days	1 528 285	1 897 598
61 - 90 days	737 790	779 330
91 - 120 days	591 367	477 733
121 - 365 days	494 073	2 910 620
> 365 days	9 641 096	3 722 453
	16 397 905	12 575 922
Less: Allowance for impairment	(10 256 149)	(6 938 956)
	6 141 756	5 636 966

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
15. Consumer debtors (continued)		
National, provincial and other government organisations		
Current (0 -30 days)	2 037 578	1 001 717
31 - 60 days	329 265	258 753
61 - 90 days	665 920	170 066
91 - 120 days	471 786	120 072
121 - 365 days	428 485	405 774
> 365 days	4 135 949	1 643 690
	8 068 983	3 600 072
Less: Allowance for impairment	(4 536 177)	(1 905 851)
	3 532 806	1 694 221
Total		
Residential and Other	11 962 573	11 349 192
Commercial / industrial / agricultural	6 141 756	5 636 965
National, Provincial and other government organisations	3 532 807	1 694 221
	21 637 136	18 680 378
Less: Provision for debt impairment		
Impairment provision	(30 033 445)	(25 067 293)
Reconciliation of debt impairment provision		
Balance at beginning of the year	(20 661 293)	(17 064 194)
Contributions to provision - Statement of financial Performance.	(9 372 152)	(3 597 099)
	(30 033 445)	(20 661 293)

Consumer debtors impaired

As of 30 June 2014, consumer debtors of R51 670 581 (2013: R38 711 128) were impaired and provided for.

The amount of the provision was - R30 033 445 on 30 June 2014 (2013: - R20 661 293). The basis of the calculation of debt impairment is based on the risk assessment required in terms of GRAP 19.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand

2014

2013

16. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	250	280
Bank balances	35 246 615	15 334 008
	35 246 865	15 334 288

The amounts utilised in the financial statements are the cash book balances as prescribed by the accrual basis of accounting that is used to prepare the annual financial statements. The bank statement balances as indicated on the bank statements for the specific date. Bank reconciliations indicating the reconciling items are performed monthly for each account. The municipality strives to keep the reconciling items to as little as possible.

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
ABSA BANK - Cheque Account (Acc no 900000049)	4 412 025	2 036 698	2 587 065	935 144
ABSA BANK - Cheque (PHP) (Acc no 4058848103)	322 237	319 784	322 237	319 784
ABSA Bank Limited Call Account (Acc no 4068316809)	495 659	3 444 158	518 217	3 471 967
Nedbank Limited: 90 Day Notice Deposit (Acc No 03/7881068264/000009)	-	10 084 863	-	10 084 863
Sanlam Investment Management Corporate Money Market Fund (Acc No: GGMKON)	320 346	309 041	320 346	309 041
Nedbank Limited: 90 Day Notice Deposit (Acc No 03/7881068264/000001)	31 498 750	-	31 498 750	-
Stanlib (Standard Bank Corporate Money Market)	-	213 209	-	213 209
Total	37 049 017	16 407 753	35 246 615	15 334 008

17. Other financial liabilities

Payable value due for longer than one period forward to end of contract

Operating lease payments received in advance

5 060 000 -

Payable value due for one period forward

Operating lease payments received in advance

220 000 -

5 280 000 -

The municipality received R 5 500 000 in advance (2012/2013) for the market related lease of a business property. As part of the lease agreement these payments are amortised over the period of the lease agreement. No escalation is applicable on the lease and the lease payments are amortised utilising the straight line method.

Non-current liabilities

At amortised cost

5 060 000 -

Current liabilities

At amortised cost

220 000 -

5 280 000 -

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
18. Unspent conditional grants and receipts (continued)		
Unspent conditional grants and receipts		
Municipal Infrastructure Grant (MIG)	4 885 770	-
Land Affairs Grant	466 250	466 250
DPLG/PHP Housing Grant	322 237	319 785
DME - ELECTRIFICATION GRANT	3 987 599	-
	9 661 856	786 035

See note 25 for reconciliation of grants from Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand 2014 2013

19. Provision for long service leave bonus

Reconciliation of provision - 2014

	Opening Balance	Current Service Cost	Benefit Vested	Interest Cost	Actuarial Loss / (Gain)	Total
Environmental rehabilitation - Landfill	31 145 563	3 183 094	-	662 550	-	34 991 207
Provision for Long Service Leave Bonus	2 149 318	196 740	(230 108)	151 519	76 573	2 344 042
	33 294 881	3 379 834	(230 108)	814 069	76 573	37 335 249

Reconciliation of provision - 2013

	Opening Balance	Current Service Cost	Benefit Vested	Interest Cost	Actuarial Loss / (Gain)	Transferred from Sekhukhune District Municipality	Total
Environmental rehabilitation - Landfill	-	28 747	-	-	-	31 116 816	31 145 563
Provision for Long Service Leave Bonus	1 590 456	198 391	(33 990)	111 688	282 773	-	2 149 318
	1 590 456	227 138	(33 990)	111 688	282 773	31 116 816	33 294 881

Non Current Portion Landfill site provision	34 183 239	-
Current Portion Landfill site provision	807 968	31 145 563
Non-current portion of long service leave provision	2 285 766	1 919 210
Current portion of long service leave provision	58 276	230 108
	37 335 249	33 294 881

Employee benefit cost provision

An actuarial valuation was performed on the long service bonus awards liability as at 30 June 2012 for the purpose of reporting under the statement of Generally Recognised Accounting Practice 25 (GRAP 25) of the Accounting Standards Board (ASB) Directive 5, which is based on the International Accounting Standards 19 (IAS 19) was performed.

In terms of the basic conditions of employment long service accumulated leave must be wholly or partially converted to payment on the date on which the employee qualifies for it or at any stage thereafter subject to budget provisions.

Environmental rehabilitation provision

The nett effect of the transfer of R 26 783 202 was indicated in the Statement of financial performance for the 2013 financial year. This amount was reduced due to the assets received as part of the transfer. The municipality appointed Messers One Pangaea Financial as actuaries to perform the rehabilitation review and estimation for the 2014 financial year. The appropriate procedures were followed to ensure that the provision is appropriate for the landfill sites operated.

20. Payables from exchange transactions

Trade payables	13 108 181	10 433 247
Accrued leave pay	7 774 925	5 827 350
Accrued bonus	2 357 860	1 892 432
Retention fees	10 079 440	10 162 525
	33 320 406	28 315 554

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
21. Consumer deposits		
Deposits held	3 170 578	3 175 796
22. Revenue		
Service charges	56 620 595	54 468 633
Rental of facilities & equipment	1 124 655	879 606
Income from agency services	2 623 479	3 187 088
Licences and permits	4 699 395	5 248 726
Other revenue	2 209 865	3 552 209
Interest received - investment	10 230 799	5 089 585
	77 508 788	72 425 847
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	56 620 595	54 468 633
Rental of facilities & equipment	1 124 655	879 606
Interest received – trading	10 230 799	5 089 585
Income from agency services	2 623 479	3 187 088
Licences and permits	4 699 395	5 248 726
Other revenue	2 209 865	3 552 209
	77 508 788	72 425 847
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	20 449 606	21 235 857
	-	-
Fines and Enforcement Revenue		
Fines	1 666 250	2 774 950
Transfer revenue		
MIG Grant	38 710 230	35 223 000
Equitable share and other grants	152 890 401	132 856 000
	213 716 487	192 089 807

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
23. Property rates		
Rates received		
Residential	39 358 543	36 957 449
Less: Income forgone	(18 908 937)	(15 721 592)
	20 449 606	21 235 857
Valuations		
Residential	2 748 308 000	2 820 662 000
Commercial	1 005 396 900	900 061 900
State	195 060 660	285 037 770
Municipal	124 105 210	25 428 100
Small holdings and farms	3 398 230 650	3 401 873 650
Social	48 619 000	41 589 000
	7 519 720 420	7 474 652 420

Valuations on land and buildings are performed every 4 years. The general valuation came into effect on 1 July 2012. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The general supplementary valuation was implemented on 01 July 2014.

24. Service charges

Sale of Electricity	53 899 203	51 890 277
Refuse Removal	2 721 392	2 578 356
	56 620 595	54 468 633

25. Government grants and subsidies

Equitable Share	143 438 000	129 556 000
Municipal Infrastructure Grant (MIG)	38 710 230	35 223 000
Financial Management Grant (FMG)	1 550 000	1 500 000
Municipal System Improvement Grant (MSIG)	890 000	800 000
DME - National Electrification Grant	6 012 401	-
EPWP Grant	1 000 000	1 000 000
	191 600 631	168 079 000

Equitable Share

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

Municipal Infrastructure Grant

Current-year receipts	43 596 000	35 223 000
Conditions met - transferred to revenue	(38 710 230)	(35 223 000)
	4 885 770	-

Municipal Finance Management Grant

Current-year receipts	1 550 000	1 500 000
Conditions met - transferred to revenue	(1 550 000)	(1 500 000)
	-	-

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
25. Government grants and subsidies (continued)		
All conditions to the FMG Grant were met during the year.		
Municipal Systems Improvement Grant		
Current year receipts	890 000	800 000
Conditions met - transferred to revenue	(890 000)	(800 000)
	<u>-</u>	<u>-</u>

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

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
25. Government grants and subsidies (continued)		
Land Affairs		
Balance unspent at beginning of year	466 250	466 250
DME - National Electrification Grant		
Current-year receipts	10 000 000	-
Conditions met - transferred to revenue	(6 012 401)	-
	3 987 599	-
EPWP Grant		
Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)
	-	-
Changes in level of government grants		
Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
26. Other revenue		
Other income	2 209 865	3 552 209

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
27. General expenses		
Auditing - Internal audit fee	-	173 947
Advertising	460 275	318 284
Auditors remuneration	2 236 793	2 009 282
Bank charges	263 391	284 774
Community services	3 609 134	1 238 361
Conferences and seminars	2 747 422	1 055 305
Consulting and professional fees	12 592 947	6 423 005
Consumables	2 223 883	1 326 318
Bursaries	311 752	121 590
Electricity	-	2 448 903
Entertainment	130 480	106 979
Fines and penalties	55 050	-
Fuel and oil	955	910 422
IT expenses	7 225 697	2 490 498
Insurance	3 870 119	972 646
Lease rentals on operating lease	3 792 972	2 667 517
Magazines, books and periodicals	-	13 876
Marketing	-	7 225
Motor vehicle expenses	1 078 133	886 504
Postage and courier	221 613	64 227
Printing and stationery	1 430 408	1 021 781
Protective clothing	174 579	131 317
Refuse	2 725 775	2 459 947
Security (Guarding of municipal property)	7 074 501	4 828 891
Waste disposal - additional interest landfill rehabilitation provision	662 550	543 026
Staff welfare	193 896	799 665
Stock adjustment	123 427	37 196
Subscriptions and membership fees	1 049 692	977 854
Telephone and fax	2 094 878	2 860 442
Town planning	734 500	679 118
Training	1 157 549	479 805
Travel - local	585 899	398 242
Uniforms	11 988	49 855
	58 840 258	38 786 802
28. Operating surplus		
Operating surplus for the year is stated after accounting for the following:		
Operating lease charges		
Motor vehicles		
• Contractual amounts	361 137	58 179
Equipment		
• Contractual amounts	3 431 835	2 609 338
	3 792 972	2 667 517
Loss on sale of property plant and equipment	(53 999)	(598 341)
Impairment on property, plant and equipment	(1 250 000)	10 276 900
Gain on sale of non-current assets held for sale and net assets of disposal groups	-	69 288 000
Depreciation on property, plant and equipment	32 612 010	33 975 376
Employee costs	103 189 442	88 428 734

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
29. Employee related costs		
Basic	49 786 373	39 469 950
Bonus	465 429	354 758
Medical aid - company contributions	2 601 570	2 506 795
UIF	408 310	362 276
Bargaining Council	22 129	18 833
SDL	582 225	536 537
Leave pay provision charge	6 111 617	6 648 584
Defined contribution plans	9 248 541	8 305 573
Travel, motor car, accommodation, subsistence and other allowances	3 585 265	3 287 740
Overtime payments	1 406 819	603 164
Post Employment Medical Aid Benefits and long service leave - Interest Charge	2 264 437	1 355 016
Post Employment Medical Aid Benefits and long service leave - Current Service Cost	1 366 631	1 426 997
Acting allowances	403 554	667 832
Housing benefits and allowances	67 213	51 160
Stipend Ward Committee	3 478 238	3 650 634
	81 798 351	69 245 849

Not Included in the above balances is (unless stated otherwise) the remuneration for the following S55 and S57 municipal employees:

Remuneration of Municipal Manager (Ms. MM Skosana) until resignation 31 January 2014

Annual Remuneration	453 643	719 202
Car Allowance	110 833	190 000
Contributions to Pension Funds	34 023	53 536
Contribution to UIF and SDL	7 151	9 890
Leave Pay	102 584	-
Bargaining Council	45	-
	708 279	972 628

Remuneration of Acting Municipal Manager (From 24 February 2014) Director Planning and Development Mr. NW Phala

Annual Remuneration	618 605	-
Car Allowance	100 000	-
Acting Allowance (Municipal Manager)	38 077	-
Contributions to Pension Funds	46 395	-
Travelling and Subsistence	12 840	-
Contribution to UIF and SDL	8 391	-
Bargaining Council	64	-
	824 372	-

Remuneration of Chief Finance Officer (Mr. MS Monageng)

Annual Remuneration	660 000	262 500
Car Allowance	270 000	112 500
Travelling and Subsistence	1 067	-
Contribution to UIF and SDL	10 554	4 298
Bargaining Council	76	-
	941 697	379 298

Remuneration of Acting Chief Financial Officer (Mr. R Palmer)

Acting allowance	-	141 152
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ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
29. Employee related costs (continued)		
Director Corporate Services - Acting Allowance (Mr. MM Mokganyetji)		
Acting Allowance (included in basic salary total note - non S 57)	161 280	-
Director Corporate Services - Mr H Phaahla Contract ended 2013		
Annual Remuneration	-	154 748
Car Allowance	-	42 500
Contribution to UIF and SDL	-	2 304
Acting Allowance	-	106 307
	-	305 859
Director Corporate Services - MS RM Maredl (from 1 June 2014)		
Annual Remuneration	57 752	-
Car Allowance	10 000	-
Non Pensionable Allowance	2 500	-
Contributions to Medical and Pension Funds	4 143	-
Contribution to UIF and SDL	790	-
	75 185	-
Director Community Services (Mr. Tshesane)		
Annual Remuneration	652 041	594 491
Car Allowance	148 803	148 803
Contributions to Pension Funds	97 806	89 174
Travelling and Subsistence	14 422	1 456
Contribution to Medical Aid	19 350	17 532
Contribution to UIF and SDL	9 200	8 649
Bargaining Council	76	-
	941 698	860 105
Director Infrastructure (Ms. RF Komape)		
Annual Remuneration	694 167	506 733
Car Allowance	212 500	168 913
Contribution to UIF and SDL	10 426	7 941
Bargaining Council	76	-
	917 169	683 587
Director Strategic Management (Mr. MM Kgwale)		
Annual Remuneration	709 847	700 151
Car Allowance	108 000	108 000
Travel and subsistence	6 704	2 190
Contributions to Pension Funds	53 239	34 378
Normal Bonus	58 273	-
Contribution to UIF and SDL	9 797	9 155
Bargaining Council	76	-
	945 936	853 874
Director Development Planning (Acting: Mr. BO Sethojoa)		
Acting Allowance (included in basic salary total note - non S 57)	105 579	285 266

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand

	2014	2013
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29. Employee related costs (continued)

30. Remuneration of councillors

Mayor	675 358	648 249
Speaker	544 215	518 463
Executive Committee Councillors	2 251 230	1 581 234
Ordinary Councillors	12 057 139	11 467 153
Chief Whip	508 816	486 017
	16 036 758	14 701 116

In-kind benefits

The Mayor, Speaker, Chief Whip and three full time Exco councillors and seven part time Exco councillors. The three are provided with an office and secretarial support at the cost of the Council

It is certified in the accounting officer's report that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 30 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The additional disclosures as required by the Municipal Finance Management Act of 2004 as part of the MFMA disclosure note 56.

Remuneration of Mayor

Public Office Remuneration	411 689	404 064
Car Allowance	164 077	156 479
Contributions to Medical and Pension Funds	89 617	82 798
Re - imbursement Allowance	5 380	4 908
Cellphone allowance retrospective	4 596	-
	675 359	648 249

Remuneration of Speaker

Public Office Remuneration	330 578	320 246
Car Allowance	131 262	125 184
Contributions to Medical and Pension Funds	73 476	69 107
Re - imbursement Allowance	4 304	3 926
Cellphone allowance retrospective	4 596	-
Other	1	-
	544 217	518 463

Remuneration of Executive Committee

Public Office Remuneration	1 503 830	1 112 936
Car Allowance	529 148	381 235
Contributions to Medical and Pension Funds	110 562	75 206
Re - imbursement Allowance	23 976	11 858
Other	25 911	-
Cellphone allowance retrospective	57 804	-
	2 251 231	1 581 235

Remuneration of Chief Whip

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
30. Remuneration of councillors (continued)		
Public Office Remuneration	306 781	299 291
Car Allowance	123 058	117 360
Contributions to Medical and Pension Funds	70 347	65 685
Re - imbursement Allowance	4 035	3 681
Cellphone allowance retrospective	4 596	-
	508 817	486 017
Remuneration of Ordinary Councillors		
Public Office Remuneration	7 716 857	7 743 483
Car Allowance	2 772 005	2 712 223
Contributions to Medical and Pension Funds	879 962	866 540
Re - imbursement Allowance	95 549	144 907
Other	12 600	-
Cellphone allowance retrospective	580 166	-
	12 057 139	11 467 153
31. Administrative expenditure		
Administration and management fees - third party	571 163	540 706
32. Debt impairment		
Contributions to debt impairment provision	9 372 152	3 597 099
Contribution to Traffic fine debt impairment provision	872 511	1 492 595
	10 244 663	5 089 694
33. Investment revenue		
Interest revenue		
Bank and investments	3 063 982	906 052
Interest charged on trade and other receivables	6 632 858	3 733 164
Interest received - other	533 959	450 369
	10 230 799	5 089 585
34. Depreciation		
Property Plant and Equipment	32 612 010	33 975 376
35. Gains or losses on sale of biological and other assets		
Gain (loss) on valuation and write off of biological, other and heritage assets	(53 999)	(598 341)
36. Finance costs		
Bank and long term loans	-	1 405
37. Auditors' remuneration		
Fees	2 236 793	2 009 282

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
38. Grants and subsidies paid		
Other subsidies		
PMU Expenditure MIG	-	763 822
FMG Grant Expenditure	1 491 456	1 500 000
MSIG Expenditure	795 689	344 771
	2 287 145	2 608 593
39. Bulk purchases		
Electricity	48 014 426	46 120 194
40. Cash generated from operations		
Surplus (deficit)	25 333 392	(60 275 869)
Adjustments for:		
Depreciation and amortisation	32 612 010	33 975 376
(Gains) / losses on sale of assets and liabilities	53 999	598 341
(Gains) / losses on sale of non-current assets and disposal groups	-	69 288 000
Income from equity accounted investments	(4 765 000)	(2 238 000)
Fair value adjustments	958 335	(1 105 973)
Impairment (reversal)/write off	(1 250 000)	10 276 900
Debt impairment	10 244 663	5 089 694
Movements Landfill accruals	3 845 644	31 145 563
Movements in retirement benefit assets and liabilities	3 251 107	916 047
Movements in provisions	194 724	558 862
Additions SDM non cash	-	(4 019 335)
Reclassification SDM Investment props	-	200 000
Valuation costs Heritage capitalised	-	(24 000)
Changes in working capital:		
Inventories	(378 647)	(41 541)
Receivables from exchange transactions	364 481	(159 923)
Consumer debtors	(13 831 964)	(10 398 826)
Other receivables from non-exchange transactions	(333 214)	(490 755)
Payables from exchange transactions	5 004 852	(12 767 098)
VAT	(3 261 180)	(2 261 365)
Unspent conditional grants and receipts	8 875 821	2 532
Consumer deposits	(5 218)	79 240
	66 913 805	58 347 870
41. Cash flow - prior year error adjustment		

Cash flow was adjusted with the prior year errors on the face of the cash flow but not on the actual reserves received. The adjustment is presented on the face of the cash flow statement to indicate the effect on revenue and expenditure as per statement of financial performance.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
42. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment - excluding VAT	6 168 336	124 759
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	748 531	827 909
- in second to fifth year inclusive	335 511	1 051 236
	1 084 042	1 879 145
Operating lease payments represent rentals payable by the municipality for certain of its office equipment. Leases/rentals are negotiated for a three year term. No contingent rent is payable.		
Operating leases - as lessor (income)		
Minimum lease payments due		
- within one year	1 090 111	1 280 720
- in second to fifth year inclusive	2 127 314	2 097 979
	3 217 425	3 378 699

43. Contingent Liabilities

Litigation is in the process against the municipality relating to disputes with employees, members of the public and contractors/suppliers rendered services and goods to the municipality and is seeking damages of R 4 476 429 R 3 454 434 (2013).

Contingent assets

The following contingent assets are as a result of either council and/or MPAC resolutions that required steps to be taken to recover money owed.

- Severance packages former municipal manager and chief financial officer: R4 834 250.56

- IT expense Blue Mun Utility : R 694 275

- Rental income receivable 2013 - R209 942 was levied during the 2014 period.

- Implementation of the wage curve. Council to resolve on the final implementation approval for all workers. Some adjustments may lead to the officials being overpaid and they will then have to repay the amount - R 1 016 383

44. Related parties

Relationships

Councillors - Councillor remuneration - Refer to note 31	16 036 758	14 701 116
Post employment benefit plan for employees and/or other related parties - Refer to Note 9 - Municipal Gratuity Fund	28 168 340	24 917 233
Municipal Manager (Section 55) and Other Directors (Section 57) Remuneration - Refer to note 30	5 354 333	4 484 771

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand 2014 2013

45. Prior period errors

The following prior year error was identified and adjusted retrospectively:

CORRECTED IN 2012/2013 FINANCIAL PERIOD

1. Restatement of Trade Receivables - The levies on stands identified in the valuation roll was added to the financial system during the financial year. The levies were raised retrospectively. The levied amount was corrected to Trade receivables for the portion of the levies due until 30 June 2013. The amount levied was R3 335 787 that increase accumulated surplus with the additional 2013 income.

2. The security deposit held by Escom was understated due to an adjustment made by Escom. The amounts held as deposit was adjusted upwards due to a correction of error on the consumption for 2011-12. This resulted in payments made for consumption to be reallocated as an additional deposit. The additional deposit indicated is R 1 166 139.25. The restatement increase accumulated surplus with the increase in asset and reduction in expenses for 2011.

3. The amount indicated as consumer deposits were originally adjusted in 2010/11. The adjustment amount incorrectly included guarantees amounting to R 109 403 as part of consumer deposits. The error was noticed when the amount held expired on 30 June 2014 and no movement was made for the entry in the ledger. The original entry is herewith corrected increasing accumulated surplus with the reduction in liability from 2010.

4. The rentals indicated as contingent assets was finalised in 2014. This resulted in additional billing from 2010 until 2014. The effect was an increase of R 302 949 2013 (R 193 953 (2010-2012)) on accumulated surplus, R 39 078.17 (R 23 818.77 2010-2012) increase in VAT receivable and R 342 026.94 ((R 217 771.62) (2010-2012)) increase in sundry rental debtors.

5. Traffic fines were restated to comply with GRAP 23 rules. The nett amounts provided was R 2 295 102.75 on accumulated surplus. The revenue from these fines was also restated as R 490 755 for 2013. The total outstanding debtors 2014 R 17 808 535 (2013 R 16 602 810) was provided as sundry debtors and an impairment test was made for the amount. The amount of the provision was R 15 180 218 as of 30 June 2014 (2013: R 14 307 707)

6. Trade payables and trade receivables were restated as part of the implementation and prior year correction of financial statements mapping. The effect was an decrease in trade payables R 59 449.34 and a decrease of trade receivables by R 58 520.35. this related to the correction of vendor database forms funds received in 2010/2011 that was not cleared correctly but remained with debit and credit amounts on the statements.

7. The intangible asset was created to reflect a connection to Eskom for Groblersdal and Roossenekal.. The amount was capitalised but after discussion on the nature of the expense it was determined that the accounting base would be more accurate if the amount paid was treated as an expenditure when the projects were completed in 2011. The amount included in the financial statements for the period 2012/13 was R 22 674 252.52 (2011/12 R 22 674 252.52).

(The correction number is indicated in brackets next to the item adjusted.)

Statement of financial position	2012 / 2013	2011 / 2012
Accumulated Surplus (1) (2) (3) (4) (7)	15 463 933	19 399 480
Intangible assets (7)	(22 674 253)	(22 674 253)
Consumer Debtors (1)	3 335 787	-
Trade and other receivables (4) Rentals from contingent assets	342 027	217 773
Trade and other payables from non exchange transactions. - Fines (Nett)	2 295 103	1 804 348
Trade and other receivables - from restated amount processing error	(58 520)	(58 520)
Deposit (Security) held in advance (2))	1 166 139	1 166 139
Trade and other receivable	59 449	59 449
Consumer Deposits - Guarantees (3)	109 403	109 403
VAT payable / receivable(4)	(39 078)	(23 819)
	-	-

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
45. Prior period errors (continued)		
-Statement of Financial Performance		
Property rates	3 335 787	3 335 787
Fines	1 983 350	490 755
Other income - Rentals from contingent assets	342 027	108 996
Bad debt - traffic fines	(1 492 595)	-
	4 168 569	3 935 538

46. Comparative figures

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

Employee Costs were disclosed in the prior year and adjusted with the remuneration of section 55 and 57 managers. This adjustment in bulk for disclosure items created a distortion of the individual amounts presented in the note on employee costs. These have now been reclassified to present the individual expenditure liabilities more accurately. The total expenditure did not change. The composition of the prior year items were adjusted to be more accurate only.

Disclosure before restatement:	
Basic	44 168 012
Bonus	371 154
Leave pay provision charge	5 653 249
Travel, Motor Car and other allowances	65 761
Post employment medical aid - Interest	2 304 793
Post employment medical aid - Current service	-
Acting allowances	667 832
Transport allowances	3 179 901
Housing benefits and allowances	43 580
Long service leave interest charges	365 532
Ward committee stipend	-
Long service leave - Face of l/s - Finance cost	113 093
Total	56 932 907

Disclosure after restatement and correcting of prior year error as reflected in note :	
Basic	39 488 782
Bonus	354 758
Leave pay provision charge	6 648 584
Travel, Motor Car and other allowances	3 287 740
Post employment medical aid - Interest	1 355 016
Post employment medical aid - Current service	1 426 997
Acting allowances	667 832
Transport allowances	-
Housing benefits and allowances	51 160
Long service leave interest charges	-
Ward committee stipend	3 650 634
Long service leave - Face of l/s - Finance cost	1 405
Total	56 932 908

The reclassification was performed as some items included in the salary disclosure did not follow the correct financial statements mapping structures. This was extensively reviewed for the year in order to prepare for the implementation of SCOA regulations in 2015.

On the financial statement disclosure journals for 2011-12 were not cleared during the roll forward. This created a difference overstating the trade debtors and trade creditors amounts. The amounts were cleared retrospectively and amounted to R58 611 for vendor database income in the 2010- 11 financial year that was erroneously kept as an creditor. The process correction in the 2012-13 financial statements presented the amount as a debtor. The amount was cleared and the disclosure corrected.

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand 2014 2013

46. Comparative figures (continued)

47. Risk management

Capital risk management

The municipality's objectives when managing capital are to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality as disclosed in the cash and cash equivalents note, 16, and equity as disclosed in the statement of financial position.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying requirements for service delivery funding, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. The municipality is able to cover the current and future commitments from available funds at a ratio of 25 times from the accumulated investment balances.

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

The municipality analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. All items of financial liabilities are less than one year from settlement.

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.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents 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.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2014	2013
Receivables - From Exchange Transactions	16 856 667	17 221 148

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand

	2014	2013
47. Risk management (continued)		
Receivables - From Non Exchange Transactions	2 628 317	2 295 103
Consumer Debtors - From Exchange Transactions	7 077 777	6 334 668
Consumer Debtors - From Non Exchange Transactions	14 559 351	11 715 158

48. 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.

49. Events after the reporting date

Disclose for each material category of non-adjusting events after the reporting date:

- nature of the event.
- estimation of its financial effect or a statement that such an estimation cannot be made.

50. Unauthorised expenditure

Vote 3 - Budget and Treasury - Operating Expenditure	5 766 279	37 568 680
Vote 4 - Corporate Services - Operating Expenditure	-	2 536 214
Vote 2 - Municipal Manager - Operating Expenditure	-	182 977
Vote 3 - Budget and Treasury - Capital Expenditure	-	111 251
Vote 4 - Corporate Services - Capital Expenditure	-	26 253
Vote 5 - Community Services - Capital Expenditure	-	657 925
Vote 7 - Strategic Planning and Development - Capital Expenditure	-	50 580
	5 766 279	41 133 880

2014 - Unauthorised operating expenditure is due to non-cash backed expenditure exceeding the budget R 5 766 279.

2013 - Unauthorised operating expenditure is the following non-cash backed expenditure which includes the following, debt impairment R10 291 087 (2013), depreciation and transferred asset costs R26 975 376 (2013) and impairment loss R10 276 900.

51. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure - 2010 Interest paid on late payments	-	8 448
Fruitless and wasteful expenditure - 2011 Severance Packages	-	6 225 987
Fruitless and wasteful expenditure - 2011 Interest paid on late payments	-	23 444
Fruitless and wasteful expenditure - 2012 Interest paid on late payments	-	49 502
Fruitless and wasteful expenditure - 2013 Interest paid on late payments	-	75 595
Fruitless and wasteful expenditure - 2014 Interest paid on late payments	36 420	-
Fruitless and wasteful expenditure - IT System supplied unsuitable and not completed	-	2 611 545
	36 420	8 994 521

Fruitless and wasteful expenditure relates to penalties and interest on the late payment of suppliers R 36 420 (2014) R75 595 (2013), R49 502 (2012), R23 444 (2011) and R8 448 (2010).

The contracts for the Municipal Manager and Chief Financial Officer were terminated during the Financial Year 2011. Severance packages amounting to R6 225 987 had had been paid out. Based on MPAC's resolution that this amount must be recovered from council - 26 October 2012,

Analysis of expenditure awaiting condonation per age classification

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
51. Fruitless and wasteful expenditure (continued)		
Current year	36 420	75 595
Prior years	8 994 521	8 918 926
	9 030 941	8 994 521

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
51. Fruitless and wasteful expenditure (continued)		
Details of fruitless and wasteful expenditure – current year		
Interest paid due to payment process and non attendance of employee during investigation	Disciplinary steps taken/criminal proceedings under investigation	36 420
Details of fruitless and wasteful expenditure		
Interest On Late Payments	Actions Taken Under investigation	78 412
Interest Paid 2014	Under investigation	36 420
Severance Packages	Under investigation	6 225 987
IT Equipment Unsuitable and Not Completed	Under investigation	2 611 545
		8 952 364
52. Irregular expenditure		
Opening balance - Adjusted	24 012 141	5 541 649
Add: Irregular Expenditure - current year	25 224 038	530 522
Additional Disclosure Prior year irregular identified	-	17 939 970
	49 236 179	24 012 141
Analysis of expenditure awaiting condonation per age classification		
Current year	25 224 038	530 522
Prior years	24 012 141	5 541 649
Prior year adjustment 2013	-	17 939 970
	49 236 179	24 012 141
Details of irregular expenditure		
2012 Payment on Security Services	Disciplinary steps taken Expenditure recoverable	811 376
2012 Excess payment on Internal Audit	Under investigation	893 149
2012 Excess payment on Electronic filling system	Under investigation	591 415
2013 Payment on Repairs and Maintenance	Under investigation	356 575
2013 Excess payment on Internal Audit	Under Investigation	173 947
2013 SCM procedures not followed	Under investigation	17 939 970
2013 SCM procedures not followed	Under investigation	3 245 709
2014 SCM procedures not followed	Under investigation	25 224 038
		49 236 179
53. Additional disclosure in terms of Municipal Finance Management Act		
Electricity distribution losses		
Losses incurred - R	12 407 336	10 746 078
% loss incurred	17.610 %	15.260 %
Purchased units	70 436 216	70 426 358
Sold units	58 028 880	59 680 280
	140 872 450	140 852 731
SALGA Fees		

ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
53. Additional disclosure in terms of Municipal Finance Management Act (continued)		
Current year subscription / fee	966 695	693 505
Amount paid - current year	(966 695)	(693 505)
	-	-
PAYE and UIF		
Current year subscription / fee	12 080 317	10 454 737
Amount paid - current year	(12 080 317)	(10 454 737)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	20 036 249	17 105 596
Amount paid - current year	(20 036 249)	(17 105 596)
	-	-
VAT		
VAT receivable	13 376 726	10 115 546
VAT payable	-	(734 352)
	13 376 726	9 381 194

VAT output payables and VAT input receivables are shown in note 14.

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.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2014:

30 June 2014	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr Maloba AM	15	137	152
30 June 2013			
	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr Skosana JJ	4 483	2 197	6 680
Cllr Matlala MS	727	1 563	2 290
Cllr Mahlangu TS	106	487	593
	5 316	4 247	9 563

54. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	5 280 000	-
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ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand 2014 2013

54. Utilisation of Long-term liabilities reconciliation (continued)

Long and short term liabilities for the lease rentals received in advance have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date. The amount raised is the pre payment of rentals for a stand by developers. R 5 500 000 was received for a 300 month rental period.

55. Deviation from supply chain management regulations

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.

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 accounting officer and includes a note to the annual financial statements.

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the municipal manager and noted by Council. Deviation found were as follows.

Incident

The only service provider (31)	448 087	408 603
Emergencies (5)	376 651	31 924
Vehicles stripped and to be repaired (13)	193 323	93 984
Venue - nearer and only (14)	244 051	435 106
Specialist services (8)	452 698	351 162
Insufficient suppliers and or quotations could be obtained	111 223	-
	1 826 033	1 320 779

56. Public Office Holders Remuneration

All Public Officers Remuneration Disclosure

	Basic Salary	Public Office Allowance	Travel Allowance	Other Receipts	Pension Fund Contribution	Medical Aid Contribution	Skills Contribution	Total package 2014
Non-Executive Members								
Cllr WM Matemane (Resigned from position on 30 June 2014)	287 464	120 000	164 077	14 200	61 848	22 919	4 850	675 358
Cllr TM Phahlamohlaka (Chief Whip)	182 299	120 000	123 057	13 113	46 118	20 756	3 472	508 815
Cllr EM Masemola (Speaker) (Resigned from position 2 July 2014)	204 063	120 000	131 262	15 415	49 733	19 988	3 754	544 215
Cllr MF Madhlaba (Resigned from Exco position 2 July 2014)	83 045	120 000	67 682	17 744	-	-	2 023	290 494
Cllr AB Mahlangu (Resigned from Exco position 2 July 2014)	59 148	120 000	67 682	15 969	-	23 897	1 990	288 686
Cllr TS Mahlangu (Resigned from Exco position 2 July 2014)	199 442	120 000	123 058	19 156	49 732	-	3 481	514 869
Cllr DS Mamehla (Resigned from Exco position 2 July 2014)	199 442	120 000	123 058	21 711	49 732	-	3 481	517 424
Cllr MK Tshoshane (Resigned from Exco position 2 July 2014)	83 045	120 000	67 682	17 744	-	-	2 023	290 494
Cllr MM Maepa	7 777	120 000	49 223	17 896	19 893	-	1 009	215 798
Cllr MS Marapi	7 777	120 000	49 223	17 896	19 893	-	1 009	215 798
Cllr MS Maselela	7 777	120 000	49 223	17 896	19 893	-	930	215 719
Cllr R Alberts	35 906	120 000	67 682	36 188	22 038	-	1 653	283 467
Cllr HS Mashifane	27 669	120 000	49 223	18 527	-	-	1 307	216 726
Cllr MS Mashilo	27 669	120 000	49 223	18 527	-	-	1 307	216 726
Cllr MP Mokone	24 445	120 000	49 220	18 527	-	-	1 172	213 364
Cllr SM Mathale	27 669	120 000	49 223	18 527	-	-	1 308	216 727

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand					2014		2013	
56. Public Office Holders Remuneration (continued)								
Cllr JL Mathebe	43 980	120 000	63 170	21 699	25 529	-	1 465	275 843
Cllr MZ Buta	7 777	120 000	49 223	17 896	19 892	-	1 009	215 797
Cllr GD Matjomane	43 980	120 000	63 170	19 546	25 529	-	1 465	273 690
Cllr MS Matlala	2 072	114 185	49 223	27 913	19 893	-	1 110	214 396
Cllr TJ Lepota	7 776	120 000	49 223	17 896	19 893	-	-	214 788
Cllr TS Matsepe	27 669	120 000	49 223	18 527	-	-	1 308	216 727
Cllr MP Matshipa	27 669	120 000	49 223	18 527	-	-	1 308	216 727
Cllr ST Matsomane	27 669	120 000	49 223	18 527	-	-	1 308	216 727
Cllr Sh Mehlaphe	27 013	120 000	63 163	14 143	22 023	20 479	1 487	268 308
Cllr CT Mhlanga	7 777	120 000	49 223	17 896	19 894	-	930	215 720
Cllr I Mkhaliphi	7 777	120 000	49 223	17 896	19 893	-	1 009	215 798
Cllr TN Mmutle	43 980	120 000	63 170	19 546	25 529	-	1 465	273 690
Cllr VV Moganedi	7 777	120 000	49 223	17 896	19 893	-	930	215 719
Cllr FM Mogotji	83 045	120 000	67 682	17 744	-	-	1 862	290 333
Cllr JM Mhlatla	43 980	120 000	63 170	19 546	25 529	-	1 465	273 690
Cllr MF Rakoena	27 669	120 000	49 223	18 527	-	-	1 204	216 623
Cllr MT Mokganyetji	27 669	120 000	49 223	18 527	-	-	1 308	216 727
Cllr OE Motau	7 777	120 000	49 223	17 896	19 893	-	930	215 719
Cllr MG Motlale	-	115 873	49 223	22 253	16 331	15 466	1 088	220 234
Cllr DM Mzinyane	69 509	120 000	63 170	20 851	-	-	1 848	275 378
Cllr ME Ndufi	7 777	120 000	49 223	17 896	19 893	-	1 009	215 798
Cllr SF Nkosi	27 669	120 000	49 223	18 527	-	-	1 308	216 727
Cllr TJ Ntuli	27 669	120 000	49 223	18 527	-	-	1 205	216 624
Cllr ML Phala	27 672	120 000	49 221	18 527	-	-	1 308	216 728
Cllr A Phatlane	7 777	120 000	49 223	17 896	19 893	-	1 009	215 798
Cllr RJ Podile	27 669	120 000	49 223	18 527	-	-	1 204	216 623
Cllr JJ Skosana	83 045	120 000	67 682	17 744	-	-	1 862	290 333
Cllr SL Skosana	172 691	120 000	123 058	8 631	39 939	36 544	3 513	504 376
Cllr MD Tladi	7 777	120 000	49 223	17 896	19 893	-	1 009	215 798
Cllr LH Tshoma	7 777	120 000	49 223	17 896	19 893	-	1 009	215 798
Cllr MW Pitje	13 567	110 000	45 189	9 736	11 999	-	1 035	191 526
Cllr MS Tshoma	7 777	120 000	49 223	17 896	19 893	-	1 009	215 798
Cllr MP Mokgabudi (Resigned from Exco position 2 July 2014)	199 442	120 000	123 058	22 013	49 732	-	3 481	517 726
Cllr CD Matsepe (Resigned 31 May 2014)	6 725	111 000	44 987	16 890	18 235	-	923	198 760
Cllr RSA Kabinie	69 509	120 000	63 170	20 357	-	-	1 848	274 884
Cllr J Mahlangu	7 777	120 000	49 223	17 896	19 893	-	1 009	215 798
Cllr MD Mahlangu	27 669	120 000	49 223	18 527	-	-	1 307	216 726
Cllr NN Mahlangu	7 777	120 000	49 223	17 896	19 893	-	1 009	215 798
Cllr JP Kotze	27 669	120 000	49 223	18 527	-	-	1 308	216 727
Cllr KS Mahlase	7 776	120 000	49 223	17 896	19 893	-	1 063	215 851
Cllr MW Ramphisa	27 669	120 000	49 223	18 527	-	-	1 204	216 623
Cllr MN Malatji	7 776	120 000	49 223	17 996	19 893	-	1 009	215 897
Cllr MS Malekane	7 776	120 000	49 223	17 896	19 893	-	1 009	215 797
Cllr AM Maloba	-	114 124	49 223	19 027	16 053	17 493	1 008	216 928
	2 823 634	7 165 182	3 719 548	1 105 435	953 489	177 542	91 926	16 036 756



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