



**ELIAS MOTSOALEDI LOCAL MUNICIPALITY**



**ANNUAL REPORT  
2014/2015**

**“The agro-economical and  
ecotourism heartland”**



# TABLE OF CONTENTS

DESCRIPTION	PAGE NO.
<b>CHAPTER 1: Mayor's foreword and executive summary</b>	
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	14
1.3 Service delivery overview	17
1.4 Financial health overview	17
1.5 Organizational development overview	18
1.6 Auditor General's Report	19
1.7 Statutory annual report process	19
<b>CHAPTER 2: Governance</b>	
Component A: Political and administrative governance	22
2.2 Political governance	22
2.4 Administrative governance	29
Component B: Intergovernmental relations	30
2.5 Intergovernmental Relations	30
Component C: Public accountability and participation	31
2.8 Overview of public accountability and participation	32
2.11 Public meetings	33
Component D: Corporate Governance	46
2.12 Risk management	46
2.15 Supply chain management	47
2.17 Website	48
2.18 Audit committee	48
<b>CHAPTER 3 : Service delivery performance</b>	
Component A: Basic Services	51
3.1 Electricity	51
3.2 Waste Management	52
3.3 Free basic services and indigent support	54
Component B: Roads transport	55
3.4 Transport overview	55
3.5 Performance on Roads	55
Component C: Planning and Development	59
3.7 Planning overview	59
3.8 Local economic development	61
Component D: Community and Social Services	63
3.12 Libraries	63
3.13 Cemeteries	63
3.14 Safety and Security	64
Component I: Corporate policy offices and other services	65
3.15 Human resources	65

<b>DESCRIPTION</b>	<b>PAGE NO.</b>
3.17 Information Technology	65
Component K: Performance Report (Institutional Scorecard)	66
<b>CHAPTER 4: Organizational Development Performance</b>	
Component A: Introduction to the municipal personnel	106
4.1 Employee totals, turnover and vacancies	106
Component B: Managing the municipal workforce	108
4.2 Policies	108
4.3 Injuries, sickness and suspension	109
4.4 Performance management	109
Component C: Capacitating the municipal workforce	110
4.5 Skills development and training	110
Component D: Managing the workforce expenditure	111
4.6 Employee expenditure	111
4.7 Disclosure of financial interest	111
<b>CHAPTER 5 : FINANCIAL PERFORMANCE</b>	
Component A: Statement of financial performance	113
5.1 Statement of financial performance	113
5.3 Grants	117
Assets management	118
5.8 Financial ratios	119
Component B: Spending against capital budget	120
5.11 Capital Expenditure	120
Sources of finance	121
Capital spending on 5 largest projects	122
5.12 Basic service and infrastructure backlogs	123
Component C: Cash flow management and investments	124
Cash flow	124
5.13 Borrowing and investment	125
5.14 Public private partnership	126
Component D: Other financial matters	127
5.15 Supply chain management	127
5.16 GRAP compliance	127
Service Providers Performance	128
<b>CHAPTER 6: AUDIT GENERAL REPORT</b>	
Component A: Auditor General Opinion of Financial Statements	137
Component B: Auditor General's Opinion 2014/15	145
6.2 Auditor General report 2014/15	145
6.3 Municipal Manager and Chief Financial Officer's comments	145
6.4 Audit Committee's Comments	146
6.5 Audit Action Plan	147
<b>APPENDICES</b>	
Appendix A- Councillors, committee allocation and council attendance	152
Appendix B – Committees and committee purposes	157
Appendix C – Third tier administrative structure	157
Appendix D – Functions of municipality/entity	158

<b>DESCRIPTION</b>	<b>PAGE NO.</b>
Appendix E – Ward reporting	159
Appendix F – Ward information	169
Appendix G – Recommendations of municipal audit committee 2014/15	170
Appendix H- Long term contracts and public private partnerships	171
Appendix I – Disclosure of financial interests	174
Appendix J- Conditional grants received: excluding MIG	174
Appendix K- Capital programme by project 2014/15	175
Appendix L- Capital programme by project by ward 2014/15	175
Appendix M- Service connection backlog at schools and clinics	176
Appendix N – Service backlog experienced by the community where other sphere of government is responsible for service provision	176
Appendix O- Declaration of loans and grants made by the municipality	177
Appendix P- Declaration of returns not made in due time under MFMA S71	177
Appendix Q - Audited Financial Statements	188

# ACRONYMS

AGSA	: Auditor General of South Africa
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
CWP	: Community Works Programme
EMLM	: Elias Motsoaledi Local Municipality
DA	: Democratic Alliance
DLTC	: Driving License Testing Centre
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
N/A	: Not applicable
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

The agro-economical and ecotourism heartland

## MISSION

The Elias Motsoaledi Local Municipality is committed to:

- Ensure provision of sustainable services
- Deepen democracy through public participation and communication
- Provision of services in a transparent, fair and accountable manner
  - Provide public value for money
- Create a conducive environment for job creation and economic growth

## Value System

Value	Description
People First	Everybody is empowered within the whole community
Transparency	Invite and encourage public sharing and democratic participation in council's activities
Commitment	Focus and concentrate on council's core activities in a consistent manner
Integrity	Conduct council's business in a fair, responsible, flexible, equitable and honest manner
Accountability	Report regularly to all stakeholders regarding council's actual performance
Environmental Conscious	Taking care of the sensitive environment to ensure that the vision is achieved
Empowerment	To be seen empowering our people, knowledge is power
Service Excellence	In all aspects of conducting ourselves and our mandate, we will focus on service excellence
Change	In order to move to a better quality life, something different needs to be done from what is being



# *Chapter One*



*Mayor's Foreword and  
Executive Summary*

# COMPONENT A: Mayor's Foreword



**Councillor Julia Mathebe**  
Mayor: Elias Motsoaledi Local Municipality

## **VISION**

### **“Thé agro-economical and ecotourism heartland”**

The vision statement of the municipality which serves as a blueprint for developmental programme is “Thé agro-economical and ecotourism heartland”. In presenting this annual report it is imperative to note that this marks the last term accountability of the current council since 2011. It dawned 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 2014/2015 Annual Report to our residents and other interested parties. The 2014/2015 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.

## **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 links integrates and coordinates plans of the municipality. The municipality has realigned its Vision and Mission statement by developing long term Vision to the “The agro-economical and ecotourism heartland”

The municipality's performance during the period under review is measured by satisfying the following key developmental strategic goals:

- Accessible and sustainable infrastructure and basic services
- Sustainable financial growth/viability
- Sound governance
- Integrated human settlement
- Growing inclusive economy
- Capacitated and effective human capital
- Improved social being
- Protected and safe environment

## **KEY SERVICE DELIVERY IMPROVEMENTS**

The Municipality core service delivery functions are categorized into three: Electricity, Access roads and waste management. Municipality has 02 licensed landfill site in Groblersdal and Roosenekal and one transfer station in Hlogotlou. 39.35km of road are surfaced since the start the current political term with MIG and EMLM fund of which 8.3km (kilometres) was surfaced during the year under review. Municipality is licensed to provide electricity in 2 wards-13 and 30 (Groblersdal and Roosenekaal areas) The other 28 wards are Eskom licensed areas. Municipality has a backlog of **4% (2354) households** without electricity. A total number of 57 897 Households (96%) has access to Electricity (serviced both Eskom and EMLM).03 villages namely Waalkraal RDP, Dikgalaopeng and Moteti liberty have been electrified. Municipality has created 421 jobs through EPWP projects and 500 jobs created through CWP. 05 flea markets were hosted in Groblersdal town where local SMME'S exhibited their product for marketing.

There is a huge improvement of performance during the financial year 2014/2015 of 69% performance as compared to the previous financial year 2013/2014 of 39%, which demonstrate an improvement of 32%. We are looking forward to improve the performance of the municipality every year.

## **PUBLIC PARTICIPATION**

The municipality has 300 ward committees who conducts public meetings in their respective wards together with ward councillors and submit monthly reports to the Speaker. During the year under review 27 public meetings were not held in different wards and five (05) wards 5, 13, 16, 18 and 28 never held a meeting nor submit reports to speaker for the whole year. Public participation process is used to inform communities about success and challenges that municipality encounter during service delivery. A total of 25 public participation sessions were conducted through 2015/2016 IDP and Budget process where communities were given an opportunity to raise their needs to be incorporated in the 2015/2016 IDP and budget. Out of the total needs raised, only prioritized and budgeted needs were incorporated in the reviewed 2015/2016 IDP and budget.

## **FUTURE ACTIONS**

Municipality is been selected to participate in the national pilot programme for municipal Standard Chart of Accounts (mSCOA) by National Treasury for the financial year 2015/2016. The pilot project is in partnership with the MUNSOFT Financial System. Participation in the pilot project has impact on the 2015/2016 budget presentation and in-year reporting as the municipality is expected to continue reporting in the old budget format and the new mSCOA framework.

## **AGREEMENTS / PARTNERSHIPS**

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

## **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 forward.



.....  
**J. L. MATHEBE**  
**MAYOR**

# COMPONENT B: Executive Summary



**R.M Maredi**  
Municipal Manager

## 1.1. MUNICIPAL MANAGER'S OVERVIEW

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 2014/2015. 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.

During 2014/2015 Financial Year, the Municipality received the total allocation of R50, 804,000.00 of MIG grant. A total of ten (10) roads construction projects were implemented, of which nine (9) were to be constructed and one (1) was for design. AS at end of June 2015, eight of these projects were at the final completion stage whereas two were at practical completion. The municipality received additional allocation of R15 million in March 2015, and the allocation was used for the further implementation of Zaaiplaas Project (ward 18) and Tambo Project (ward 9). The two projects were rolled over to the financial year 2015/2016. The expenditure for MIG as at the end of the financial year was 100% of the initial gazetted allocation of R50 924 135.49) on initial gazetted allocations and 77% (on the total adjusted allocation (which is the R65 924.49).

The municipality managed to fill two critical posts of Municipal Manager and Director Community Services. At the end of the financial year only one critical post was still vacant (CFO) and the recruitment process were in progress. The post for Director Corporate Services was filled and the candidate will resume duty in the next financial year. We intend to reduce the vacancy rate of section 56 managers to zero in the next financial year 2015/2016. 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.

The Municipality conducted 2013/2014 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 2014/2015 individual midyear appraisals were conducted as a process to detect early warnings for unsatisfactory performance and come up with corrective measures to turn the unsatisfactory performance to satisfactory performance.

The strategic milestones achieved in the financial year 2014/2015 for strengthening the Institutional Transformation are :

- (a) Strategic Lekgotla in August 2014 and April 2015- realigning the strategic plan and the review of the vision to effect the long term developmental vision of 2030
- (b) Organisational review for compliance with the legislation and in particular the strategic Intent of the municipality. The new department for Executive Support was established.
- (c) The skills audit and job profiling for appropriate placement of the staff.
- (d) Reviewed Performance Management System.
- (e) Master Systems Plan and Disaster Recovery Plan developed, and off-site disaster recovery centre established.
- (f) Pilot Implementation of Municipal Standard Chart of Account (mSCOA)
- (g) Specialised Service Delivery and Finance Audit – to identify the internal control deficiencies and recommendations for improving the systems



.....  
**R.M MAREDI**  
**MUNICIPAL MANAGER**

## 1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL 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 Municipality 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 Councillor's 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: Powers and functions**

Schedule 4 Part B	Schedule 5 Part B
<input type="checkbox"/> Air pollution	<input type="checkbox"/> Billboards and the display of advertisements in public places
<input type="checkbox"/> Building regulations	<input type="checkbox"/> Cemeteries, funeral parlours and crematoria
<input type="checkbox"/> Child care facilities	<input type="checkbox"/> Cleansing
<input type="checkbox"/> Electricity and gas reticulation	<input type="checkbox"/> Control of public nuisances
<input type="checkbox"/> Local tourism	<input type="checkbox"/> Control of undertakings that sell liquor to the public
<input type="checkbox"/> Municipal planning	<input type="checkbox"/> Facilities for the accommodation, care and burial of animals
<input type="checkbox"/> Municipal public transport	<input type="checkbox"/> Fencing and fences
<input type="checkbox"/> Municipal public works	<input type="checkbox"/> Local sport facilities
<input type="checkbox"/> Storm-water management systems in built-up areas	<input type="checkbox"/> Municipal parks and recreation
<input type="checkbox"/> Trading regulations	<input type="checkbox"/> Municipal road
	<input type="checkbox"/> Public places
	<input type="checkbox"/> Refuse removal, refuse dumps and solid waste disposal
	<input type="checkbox"/> Street trading
	<input type="checkbox"/> Street lighting
	<input type="checkbox"/> Traffic and parking

### 1.2.1 Population group

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

**Table 2: 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 3: 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 4: 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
<b>Total</b>	<b>32,284</b>	<b>28,190</b>	<b>60251</b>

Source: Stats SA, Census 2011

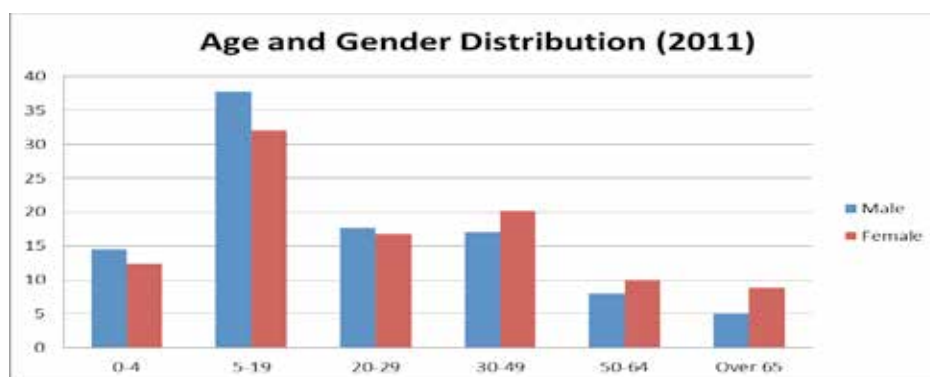
**Table 5: Economic profile (employment)**

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

**Graph 1: 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%
<b>Total</b>	<b>249 363</b>	<b>100</b>	<b>221 647</b>	<b>100%</b>

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
<b>Total</b>	<b>60,251</b>

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 ( Roosenekal)
Land	Agricultural and human settlement

### 1.3. SERVICE DELIVERY OVERVIEW

The Municipality core service delivery functions are categorized into three: Electricity, Access roads and waste management. Municipality has 02 licensed landfill site in Groblersdal and Roosenekal and one transfer station in Hlogotlou. 39.35km of road are surfaced since the start the current political term with MIG and EMLM fund of which 8.3km (kilometres) was surfaced during the year under review. Municipality is licensed to provide electricity in 2 wards-13 and 30 (Groblersdal and Roosenekaal areas) The other 28 wards are Eskom licensed areas. Municipality has a backlog of 4% (2354) households without electricity. A total number of 57 897 Households (96%) has access to Electricity (serviced both Eskom and EMLM).03 villages namely Waalkraal RDP, Dikgalaopeng and Moteti liberty have been electrified. Municipality has created 421 jobs through EPWP projects and 500 jobs created through CWP. 05 flea markets were hosted in Groblersdal town where local SMME'S exhibited their product for marketing.

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 street 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, yellow fleet were purchased to accelerate the service of road maintenance in all wards.

### 1.4. FINANCIAL HEALTH OVERVIEW

#### 1.4.1. BUDGET AND REVENUE COLLECTION

EMLM is a rural municipality with high volume of outstanding consumer debts. This lead to financial burden with none 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's collection rate of revenue billed on average is 87%.

The Municipality had a total revenue budget of R330,958 million that was adjusted upwards to R344,936 million during budget adjustment. The actual revenue realized is R316,899 million and this resulted in under-performance variance of R28,037 million. All gazetted grants and subsidies amounting to R221, 481 million were received during the financial year under review and they contributed a major portion of the total revenue base of the municipality. In addition to the gazetted grants for the financial year under review, an additional amount R15 million for Municipal Infrastructure Grant was received as a result of good performance on how the municipality spent its original allocation of R50 804 million. The transfers and subsidies is comprised of R77,213 million that is capital and R170,641 million operating grants that is inclusive of equitable share.

The total revenue billed on service charges, rental of facilities and equipment, and property taxes amounted to R95,369 million and the actuals thereof amounted to R81,175 million that gave rise to underperformance variance of R14,194 million. Motor vehicle licenses and fines contributed R5,692 million to the total revenue base. The municipality still depends on grants and subsidies as opposed to internally generated revenue since grants contribute 64% into the total revenue basket of the municipality. The return on investments amounted to R3,250 million that shows a good and sound financial management practice.

### 1.4.2. challenges on revenue collection

The municipality experienced a loss of revenue during the financial year under review due to electricity meters being vandalized by unhappy community members at Roossenekaal. This resulted with loss of revenue in the form of illegal connections.

### 1.4.3. EXPENDITURE

The original budget for operating expenditure was R291, 497 million that was adjusted upwards to R304, 787 million and the actual expenditure thereof is R257, 143 million. This reflects an under-spending variance of R47, 644 million that is partly attributed to depreciation and debt impairment that is not yet effected. The major portion of operating expenditure is expenditure in relation to employee related cost that had original budget of R97, 177 million and the budget was adjusted downwards to R93, 609 million and the actual expenditure thereof is R93, 553 million.

**Table 12: Summary of financial overview**

Financial Overview – 2014/2015			
R'000			
Details	Original Budget	Adjustment Budget	Actual
Grants	221,481	245,454	220,082
Taxes, levies and tariffs	94,104	95,369	81,175
Other	15,373	19,113	15,622
Sub-Total	330,958	344,936	316,899
Less Expenditure	291,497	304,787	257,143
Net Total	39,461	40,150	59,756

**Table 13: Operating ratios**

Operating Ratios	
Detail	%
Employee Costs	36%
Repairs & Maintenance	4%
Finance Charges & Depreciation	0%

**Table 14: Total capital expenditure**

Total Capital Expenditure (R'000)		
Detail	2013/14	2014/15
Original Budget	59,996	77,290
Adjustment Budget	71,842	102,503
Actual	54,228	65,787

## 1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

### 1.1.1 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. The Municipality had 343 employees, 06 employees resigned for advancement of their career path and 05 employees passed-on (died). The municipality has 07 critical positions of which three (03) were not filled by the end of the financial year.

## 1.5.2 COMMITTEES

The following committees were established in strengthening human resource management:

- Training committee
- OHS committee
- Local labour forum.

## 1.5.3 WORKPLACE SKILLS PLAN (WSP)

Municipality has developed the WSP for the year for 2014/2015 and it was submitted to LGSETA on the 29<sup>th</sup> of May 2014 together with the Annual Training report for the year under review. 35 employees and 16 councillors received training for the year under review. R 58 615.54 was paid to municipality as mandatory grants in the form of rebates from the LGSETA.

## 1.6. AUDITOR GENERAL'S REPORT

The Audit finding for the 2014-2015 financial year was a qualified opinion; refer to attached report on chapter 6. The basis for the qualified opinion is due to leased assets. Municipality obtained qualified audit opinion for the previous four years (2011/2012, 2012/2013, 2013/2014, 2014/2015). Even though there is no improvement in audit opinion as compared to financial year 2013-2014 there is an improvement on the basis for qualified opinion as the issues/ findings have reduced from 02 for the financial year 2013-2014 to 01 in financial year 2014-2015. Audit action plan is in place as a corrective measure for improvement on the findings

**Table 15: Audit qualified matters**

NO	2012/2013	2013/2014	2014/2015
1.	Property, plant and equipment	1. Property, plant and equipment	1. Classification of Leased Assets
2.	Aggregation of immaterial uncorrected misstatements	2. 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 2014/2015

**Table 16: Statutory annual report process**

No	Activity	Date	Responsibility
1	Finalise 4th quarter report for previous financial year	30 July 2015	Municipal Manager
2	Submit draft annual report to internal audit and Auditor General	31 August 2015	Municipal Manager
3	Audit/Performance Committee considers draft annual report of municipality	26 August 2015	Municipal Manager
4	Mayor tables the unaudited annual report	27 August 2015	Mayor
5	Municipality submits draft annual report, including the consolidated annual financial statements and the performance report, to the Auditor General	31 August 2015	Municipal Manager
6	Auditor General assesses draft annual report, including the consolidated annual financial statements and performance data	31 August – 28 November 2015	Auditor General
7	Municipalities receive and start to address the Auditor General's comments	30 November 2015	Municipal Manager
8	MPAC Committee assesses the annual report	02-03 March 2016	MPAC Chairperson
9	Mayor tables annual report and audited financial statements to council, complete with the Auditor General's Report	22 January 2016	Mayor
10	Audited annual report is made public and representation is invited	29 January 2016	Municipal Manager
11	Council adopts oversight report	31 March 2016	Council
12	Oversight report is made public	01 April 2016	Municipal Manager
13	Oversight report is submitted to relevant provincial councils	07 April 2016	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 Two



# Governance

# COMPONENT A:

## Political And Administrative Governance

### 2.1 INTRODUCTION

Section 151 (3) of the constitution 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.

### 2.2. 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 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 the municipality had 59 councillors due to the resignation of councillor C D Matsepe who was elected to the National Assembly. During the year the above vacancy was filled by Councillor Mokgomogane Irene of DA political Party. At the end of financial year under review, the municipality had 60 councillors comprising of 30 ward councillors and 30 party representatives. The council comprises of 6 political parties namely: ANC, MP, DA, COPE, AZAPO and APC. 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.

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 7 special council meetings.



**Table 17: Committee annual meetings**

Name of Meeting	Annual Target	Number of meetings convened	Number of meetings materialised	Total number of apologies received
<b>Council committees</b>				
Corporate Services	12	11	8	20
Strategic Department	12	9	6	9
Finance Department	12	8	7	5
Infrastructure Department	12	9	8	10
Development Planning	12	9	7	7
Community Services	12	11	11	5
Labour Forum	12		03	
EXCO	12	7	7	11
Special EXCO	-	3	3	4
Council	4	5	5	46
Special Council	-	7	7	69
Programming	12	10	10	-
MPAC	4	4	4	0
<b>SCM committees</b>				
Specification	-	5	5	0
Evaluation	-	5	5	0
Adjudication	-	7	7	0

**Table 18: 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
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

Surname and Initials	Party	Ward no./ PR	Contact number	Gender
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 Mehlape, 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 Mokgomogane I	DA	PR	082 370 4233	Female
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
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

**Table 19: 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 20: Section 79 portfolio committees**

<b>FINANCE</b>	<b>COMMUNITY SERVICES</b>	<b>INFRASTRUCTURE</b>
1. <b>Chairperson:</b> Clr. A.B. Mahlangu	1. <b>Chairperson:</b> Clr RSA. Kabinie	1. <b>Chairperson:</b> Clr K.S. Mahlase
2. Clr M.S. Marapi	2. Clr M.Z. Buda	2. Clr S.M Mathale
3. Clr T.S. Matsepe (Committee Whip)	3. Clr M.D Mahlangu (Committee Whip)	3. Clr J. Mahlangu (Committee Whip)
4. Clr M.G Motlape	4. Clr T.M. Mokganyetji	4. Clr M.S. Mashilo
5. Clr S.L. Skosana	5. Clr M.P. Mokgabudi	5. Clr D.M. Mzinyane
6. Clr M.E. Nduli	6. Clr M.W. Matemane	6. Clr S.T. Nkosi
7. Clr M.N. Malatjie	7. Clr M.K. Tshoshane	7. Clr L.H. Tshoma
8. Clr J.P. Kotze	8. Clr M.F. Rakoena	8. Clr S.T. Matsomane
9. Clr M.W. Ramphisa	9. Clr I. Mokgomogane	9. Clr T.J. Ntuli
10. Clr A.M. Maloba	10. Clr I. MkhaliPhi	10. Clr M.W. Pitje
<b>CORPORATE SERVICES</b>	<b>STRATEGIC MANAGEMENT</b>	<b>DEVELOPMENT PLANNING</b>
1. <b>Chairperson:</b> Clr M.Z Buda	1. <b>Chairperson:</b> Clr E. Nduli	1. <b>Chairperson:</b> Clr D.M. Mzinyane
2. Clr RSA. Kabinie	2. Clr T.S. Matsepe	2. Clr S.M. Mathale
3. Clr T.M. Mokganyetji (Committee Whip)	3. Clr M.G. Motlape (Committee Whip)	3. Clr J. Mahlangu
4. Clr M.D. Mahlangu	4. Clr A. B. Mahlangu	4. Clr K.S. Mahlase
5. Clr D.S. Mamaila	5. Clr M. F. Madhlaba	5. Clr M.S. Mashilo (Committee Whip)
6. Clr M.P. Mokgabudi	6. Clr W.M. Matemane	6. Clr S.T. Nkosi
7. Clr M.K. Tshoshane	7. Clr M.P. Malekane	7. Clr T. Mmutle
8. Clr M.S. Maselela	8. Clr M.P. Matshipa	8. Clr O.E. Motau
9. Clr M.P. Mokone	9. Clr S.T. Matsomane	9. Clr S.L. Skosana
10. Clr I. MkhaliPhi	10. Clr T.J. Ntuli	10. Clr A.M. Maloba
<b>RULES AND ETHICS</b>	<b>PROGRAMMING</b>	<b>MUNICIPAL PUBLIC ACCOUNTS COMMITTEE</b>
1. Chairperson: Clr T.S. Mahlangu	1. Chairperson: Clr T.S. Mahlangu	1. Chairperson: Clr S.H. Mehlaphe
2. Clr T. Phahlamohlaka	2. Clr T. Phahlamohlaka	2. Clr M.L. Phala
3. Clr A. Phatlane	3. Clr A. Phatlane	3. Clr M.S. Matlala
4. Clr M.E. Masemola	4. Clr M.E. Masemola	4. Clr M.P. Mashifane
5. Clr M.P. Mokone	5. Clr C. Mhlanga	5. Clr M.S. Tshoma
6. Clr I. Mokgomogane	6. Clr M.W. Pitje	6. Clr V.V. Moganedi
		7. Clr M.M. Maepa
<b>Local Geographical Names Change(LGNC):</b>		
1. Chairperson: Clr T.S. Mahlangu	2. Deputy Chairperson: Clr A. Phatlane	3. Clr T.M. Phahlamohlaka
4. Clr NN. Mahlangu	5. Clr M.E. Masemola	6. Clr M.W. Pitje
7. Clr C.T. Mhlanga	8. Clr S.T. Matjomane	9. Clr M.M. Maepa
10. Clr I. MkhaliPhi	11. Kgoshi Rammupudu	12. Kgoshi Matsepe
13. Kgoshi Matlala	14. Kgoshi Mathebe	15. Inkosi Mahlangu

### 2.3 SECTION 79 COMMITTEES

The established section 79 committees are 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.

# POLITICAL LEADERSHIP



**Councillor Julia Mathebe**

Mayor: Elias Motsoaledi Local Municipality



**Councilor Thokozile Mahlangu**

Speaker: Elias Motsoaledi Local Municipality

## 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

## POWERS AND FUNCTIONS OF THE SPEAKER

- 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; and
- EXECUTIVE COMMITTEE MEMBERS



**Council Whip**  
Cllr. Tebogo Phahlamohlaka

#### **POWERS AND FUNCTIONS OF COUNCIL WHIP**

The Office of the Whip of Council has been introduced by the Notice on the Upper Limits on Councilor Remuneration in 2006. The Whip of Council is not an Office Bearer in terms of the LG: Municipal Structures Act, so the Council is not legally obliged to adopt a terms of reference for the Whip. It is, however, advisable to commit to a clear definition of the role of the Whip in relation to that of the Speaker

Whilst there are no statutory functions for the Whip of Council , the SALGA Guideline Document on the Roles and Responsibilities of Councillors, Political Structures and Officials(March 2011) cites the following as the functions of the Whip of the Council:-

- Political management of council meetings and committee meetings
- Inform councillors of meetings called by the Speaker and the Mayor and ensuring that such meetings quorate
- Advises the Speaker and Mayor on the Council agenda
- Informs councillors on important matters on the relevant agenda
- Advise the Speaker on the amount of time to be allocated to speakers and the order of such speakers addressing the Council
- Ensures that councilor's motions are prepared and timeously tabled in terms of the procedural rules of Council
- Assisting the Speaker in the counting of votes
- Advising the Speaker and the Mayor of urgent motions
- Advising the Speaker and Mayor on how to deal with important items
- Advising the Speaker and Mayor on how to deal with important items not disposed of at a Council meeting

The Council Whip is accountable to the Council.

# 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. Tiadi M.D**  
Political head Strategic management



**Cllr Skosana J.J**  
Exco member



**Cllr F.M. Mogotji**  
Exco member



**Cllr R. Alberts**  
Exco member

## 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;

## 2.4 ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the administrative head and act as 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. During financial year 2014/2015 the following changes took place:

- The Director Corporate Services was appointed as Municipal Manager in November 2014, leaving a vacancy for section 56 managers, Director Corporate services.
- Contract of the Chief Financial Officer was terminated in January 2015 and
- Contract of the Director Community Services came to an end in May 2015.

The above mentioned changes left the Municipality with 2 (two) vacancies for section 56 managers, namely , Director Corporate Services and Chief Financial Officer. The Director Community services was appointed and resumed duty on the 1st of June 2015. The administrative components of municipality comprises of seven (7) directorates and 35 managers.

**Table 21: EMLM management information**

Directorate	Designation	Initial and Surname	Gender
Office of the Municipal Manager	Municipal Manager	Ms R.M Maredi	Female
	Manager: Internal Audit	Mrs. V. P. Mokoele	Female
	Chief Risk Officer	Mr L. K. Mathebe	Male
Strategic Management	Director: Strategic Management	Mr. M.M Kgwale	Male
	Manager: IDP	Mr. K. J Motha	Male
	Manager: PMS	Ms P. R. Mdluli	Female
	Manager: Communications	Mrs M Burger	Female
Corporate Services	Director: Corporate Services	Vacant	
	Manager: Human Resources	Mr. L.M. Mafiri	Male
	Manager: Administration	Mr. G.M Ditshego	Male
	Manager: ICT	Mr T. L. Mashaba	Male
	Legal Advisor	Mr. T J Montja	Male
Finance	Chief Financial Officer	Vacant	
	Deputy Chief Financial Officer	Mr. R Palmer	Male
	Manager: Budget and Treasury	Mr L. Sebelemetja	Male
	Manager: Assets	Mr. M. C Tjiane	Male
	Manager: Supply Chain Management	Mr M P. Mthimunye	Male
	Manager: Revenue	Mr B Mohlamme	Male
Infrastructure	Director: Infrastructure	Ms R.F Morudu	Female
	Electrical Engineer	Mr K.K. Mametsa	Male
	Manager: Roads	Mr. B Mkhonto	Male
	Manager: PMU	Mr. F. Debeila	Male
	Superintendent Roads Construction Unit	Mr. J Malaka	Male



Directorate	Designation	Initial and Surname	Gender
Community Services	Director: Community Services	Vacant	
	Manager: Environmental services	Ms M Mokhulwane	Female
	Manager: Licensing	Mr. M M Mokganyetji	Male
	Manager: Traffic	Mr. C Coetzee	Male
	Manager: Fleet	Mr. V Masilela	Male
	Manager: Hlogotlou	Mr. L. A Madiba	Male
	Manager: Roossenekal	Vacant	
	Manager: Motetema	Mr. C. C. Masemola	Male
Development Planning	Director: Development Planning	Mr. W.N Phala	Male
	Town Planner	Mr B.O Sethoja	Male
	Manager: LED	Mr. M. J. Mathebe	Male
Office of the Mayor	Manager: Public Office Bearers	Mr. M F Mahlangu	Male

## COMPONENT B: Intergovernmental Relations

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

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.

#### 2.5 INTERGOVERNMENTAL RELATIONS

During the year under review Deputy Minister of Agriculture, forestry and fisheries, Bheki Cele officially launched Drought-Tolerance maize hybrids at Loskop Aventura . All participants were provided with free maize seeds and they were trained on how to grow crops and nurture them. On the 31<sup>st</sup> October 2014 the premier of Limpopo Honourable Chupu Mathabathe visited the community of Elias Motsoaledi to give feedback to the community about progress made on service delivery. members raised service delivery issues during the Imbizo. The event took place in Monsterlus, ward 20. Department of CoGHSTA had an official opening of Bantwane Traditional Office in Ntwane (Ward 10) on the 10<sup>th</sup> April 2015. In attendance of the event was The Limpopo Premier, CoGHSTA MEC and the Chairperson of Traditional Leaders.

As part of encouraging the youth to come on board and pursue their careers in Agriculture, The Minister of Agriculture, Forestry and Fisheries, Honourable Senzeni Zokwana visited EMLM to encourage the youth to consider a career in agriculture at the Youth Outreach Programme held on the 20<sup>th</sup> June 2015, the programme was a success as young people were motivated.

#### 2.6 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 22: 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
Communicators' forum	Communication Manager	Provincial and District
SDM Disaster advisory forum	Superintendent: Disaster	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.

## 2.7 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 municipalities. EMLM has a good relationship with provincial structures, namely CoGHSTA, 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.

## **2.8 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION**

Municipality uses different kinds of public participation, such as the Mayor's outreach, public meetings and IDP/Budget consultation, stakeholders meetings in order to promote the culture of accountability.

During the year under review the municipality has assisted Groblersdal Creative Minds Organisation with transport from different schools to the Exhibition at Agricultural hall in Groblersdal. The Limpopo first lady visited two stimulation centres to give support and provided food parcels. She encouraged workers at the centres to keep up the good work.

Municipality conducted Public participation in 25 wards during the IDP/Budget 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 2015/2015 IDP/Budget where they were prioritised based on the budget available. All Directors, Managers and 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.

## **2.9 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 different local media, website, facebook, stakeholders meetings 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

## **2.10 WARD COMMITTEES**

EMLM 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 five (05) wards 5, 13, 16, 18 and 28 never held a meeting nor submit reports to speaker for the whole year.

## 2.11 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 27 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.

**Table 23: Record of ward-based public meetings**

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	Launching of children's committee	08-12-2014	00	00	33	Establishment of children's committee	Yes by the launching of the committee	Was done on the same day
	CPF AND SCF meeting	07-03-2015	01	00	09	Crime	Yes	The working relationship between the police and the community needed to be strengthened
	Community meeting	09-05-2015	01	00	116	Water shortage	no	Through community report back meetings.
02	Ward committee meeting	18-07-2014	01	00	12	Shortage of social workers in the community	No	Report back to the community
	Community meeting	22-06-2014	01	00	41	RDP and VIP toilets allocation	Yes	Through allocation to every beneficiary  Through Empowerment of the black business ownership in the area.
	Report back meeting	24-06-2014	01	00	11	Business ownership in the area	no	
03	Community meeting	17-03-2015	01	00	42	Water challenges	No	Through submission of list of challenges to the authority
	Community meeting	18-04-2015	01	00	62	Water challenge	No	Through community meeting
04	Community meeting	14-03-2015	01	00	45	Water problem	No	Through 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
	Report back meeting	15-08-2014	01	00	51	Water and roads	Yes	Through community report back meeting
05	None	N/A	N/A	N/A	N/A	None	N/A	N/A
06	Ward committee meeting	08-09-2014	01	00	09	Cemetery entrance problem	No	Through community meeting.
07	Community meeting	16-09-2014	01	00	73	Land crisis	No	Community feedback
08	Community meeting	10-01-2015	01	00	90	RDP houses	Yes	To the meeting and the process of building RDP houses is on.
09	Crime prevention	24-09-2014	02	00	126	Criminal activities	Yes	By the SAPS and the community working together.
10	Ward committee meeting	09-05-2015	01	00	05	Water problem at S.K Tjiane school.	No	By community meeting.
11	Community meeting	01-10-2014	02	00	49	Cemetery issues	No	Community feedback
12	Community meeting	11-03-2015	00	00	150	Storm water control and low level bridges	No	Feedback community meeting
12	Ward committee meeting	24-02-2015	00	00	08	Post connection on electricity	No	Community meeting
12	Community meeting	10-02-2015	00	00	09	Roads re-gravelling	No	Community meeting
12	Community meeting	21-04-2015	00	00	08	Service delivery challenges	No	Community feedback
13	None	N/A	N/A	N/A	N/A	None	No	N/A
14	Community meeting	18-12-2014	01	00	44	Electricity and water	No	Feedback meeting
14	Community meeting	26-11-2014	01		105	Water and roads	No	Feedback meeting
14	Ward committee meeting	28-04-2015	01		07	Water challenges	Yes	Community meeting
15	Ward committee meeting	14-08-2014	01	00	07	RDP houses a big challenge	No	Community feedback
15	Community meeting	11-09-2014	01	00	07	Water challenges	No	Feedback 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
16	None	N/A	N/A	N/A	N/A	None	N/A	N/A
17	Community meeting	16/03/2015	01	00	82	Water and sanitation	Yes	Feedback meeting
18	None	N/A	N/A	N/A	N/A	None	N/A	N/A
19	Community meeting	21/09/2014	01	00	68	VIP toilets and sanitation	Yes	Community feedback
20	Eskom Community meeting	03/12/2014	01	00	00	Electricity	Yes	Feedback meeting
21	Special meeting IDP/ BUDGET	17/04/2015	01	00	00	Wish list for budget and IDP	Yes	IDP review meeting
22	Ward committee meeting	19/05/2015	02	00	12	School project at Hlabi	Yes	Community meeting
23	Report back meeting	28/10/2014	01	00	58	Basic service delivery issues	No	Community meeting
24	Mass meeting	15/03/2015	01	00	74	Building of schools	yes	Community report back
25	Ward community meeting	18/06/2015	01	00	08	Water and sanitation project stopped.	Yes	Feedback meeting
26	Ward committee meeting	16/01/2015	01	00	10	Water issues	Yes	Report back meeting
27	Community recruitment meeting	26/08/2014	02	00	178	Nyakelang bus route project recruitment	Yes	Community meeting
28	None	N/A	N/A	N/A	N/A	N/A	N/A	None
29	Ward committee meeting	20/04/2015	01	00	10	Regravelling of roads	No	Feedback meeting
30	Community meeting	19/03/2015	01	00	40	Lack of identity documents	Yes	Community meeting





**Table 24 Ward committee meetings report**

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	11	11	4
	<b>Ward Committees:</b>				
	Masoga Emily				
	Mahlangu Goodness				
	Matlou selinah				
	Gededzha Mavis				
	Phahlane Helen				
	Matuludi Cedrick				
	Kgalema Klaas				
	Kgomo Peter				
	Ramphisa Linah				
	Mthimunye Lucas				
Ward No 02	Cllr: Phatlane Banda	Yes	5	5	1
	<b>Ward Committees:</b>				
	Mosoma Walter				
	Mashigo Tammy				
	Motau Rosina,				
	Mathabathe Mpho				
	Lebese Tebogo				
	Matsane Gladys,				
	Dunge Olga,				
	Ralekwe Dolly				
	Phasha Solomon				
	Phatlane Lucy				
Ward No 03	Cllr:Mahlangu Mputsu	Yes			
	<b>Ward Committees:</b>	Yes	5	5	1
	Malefahlo Mamotsepe				
	Mokwane Matron				
	Ditshego Moses				
	Malapela Frans				
	Makau Hlakudi				
	Mathebe Stephens				
	Sithole Elsie				
	Mohlala Margaret				
	Simango Lebogang				
	Hellen Maswanganyi				

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 04	Cllr:Lepota Tseke	Yes	5	5	1
	<b>Ward Committees:</b>				
	Mampuru Olivia				
	Malemone Herman				
	Moima Lizzy				
	,Mashabela Lucas				
	Dwaba Lebogang				
	Mashabela Dipuo				
	Leshabane Janeth				
	Malapela Kenneth				
	Mphahlele Martha				
	Aphane Francinah				
Ward No 05	Cllr:Mmutle Thabo	Yes	2	2	1
	<b>Ward Committees:</b>				
	Makgoleng William				
	Mokoena Moses				
	Motau Kholofelo				
	Leope Nelly				
	Rasegatle Robert				
	Mokwena Anna				
	Kutu Sarah,				
	Makolane Selomang				
	Mohlala Jameson				
	Makweoane Agnes				
Ward No 06	Cllr:Mhlanga Chris	Yes	7	7	2
	<b>Ward Committees:</b>				
	Ngwenya Zodwa				
	Mzizi David				
	Mahlangu Simon				
	Mashego Poppi				
	Ncongwane John				
	Mogola Johannah				
	Phokwane Nkosinathi				
	Moloi Zodwa				
	Limakwe Nokwenda				
	Mbonani Linda (passed on)				

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	7	7	2
	<b>Ward Committees:</b>				
	Shadrack Mathebe				
	Mogajane Koos				
	Mnisi Isaac				
	Mashego Petrus				
	Maseko Agnes				
	Mashishi Mpho				
	Sithole Thembi				
	Magagula Lebogang				
	Mkhwanazi Mavis(passed on)				
	Mokgabudi Class				
Ward No 08	Cllr:Mzinyane Monica	Yes	5	5	1
	<b>Ward committees</b>				
	Elias Ditshego				
	Moima Francinah				
	Magana Josephine				
	Ditshego Johannes				
	Makitla Brenda				
	Makua Spokes				
	Ntobeng Mavis				
	Mtshwene Merriam				
	Makitla Melfort				
	Seopela Fetsi				
Ward No 09	Cllr:Marapi Maphahlane	Yes	1	1	0
	<b>Ward Committees:</b>				
	Mathebe Violet				
	Mahlangu Thembi				
	Kgaladi Shila				
	Nkosi Themba				
	Mankge Johannes (Resigned)				
	Mongale Gladys				
	Kgaladi Johannes				
	Nkosi Nkosinathi				
	Mathebe Florence				
Selina Sekwati (Employed by EMLM)					

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 10	Cllr:Mogotji Motshela	Yes	3	3	0
	<b>Ward Committees:</b>				
	Mathebe Makgatle				
	Phora Ntswaki				
	Madisa Chipane				
	Matlala Julia				
	Mokone Shierly				
	Mohlamonyane Patience				
	Mohlamonyane Nelly				
	Mohlamonyane Jan				
	Magane Edgar				
	Madisa Kgadi				
Ward No 11	Cllr:Maloba Matome	Yes	0	0	0
	<b>Ward Committees:</b>				
	Mohlala Themba				
	Kgaphola Virginia				
	Mtshali Chris				
	Phiri Dinah				
	Mthombeni Bangiswane				
	Mashiloane Don				
	Mokoena Howard				
	Mariri Wister				
	Cekhu Dumani				
	Tau Happy				
Ward No 12	Cllr:Podile Ramabane	Yes	10	10	3
	<b>Ward Committees</b>				
	Sefoloshe Penyane				
	Makitla Alfred				
	Phora Daniel				
	Phora Mahlodi				
	Ditshego Linky,				
	Mathebe Kalodi				
	Mohlamonyane Fridah				
	Mohlamonyane Watteville				
	Mathabathe Granny				
	Phorothloe Thabiso				

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	Cllr:Kotze Johan	Yes	0	0	0
	<b>Ward Committees:</b>				
	Maroga Peter				
	Rampedi Nancy(resigned)				
	Mellors Shaun				
	Dinah Pochane				
	Le Roux Juvena				
	Synders Piet				
	Rebecca Fakude				
	Arno Schoombee				
	Johannes Thulare				
	Solomon Nonyane				
Ward No 14	Cllr:Mehlape Hlaole	Yes	10	10	3
	<b>Ward Committees:</b>				
	Maleka Steven				
	Ramodipa Enock				
	Mashabela Phillemon				
	Bogopa Botha				
	Molwele Kgaugelo				
	Makeke Mpilo				
	Mokgwatsana Antonia				
	Nkwana Rwadimane				
	Mabuza Mami				
	Nkopodi Johannes				
Ward No 15	Cllr:Mashifane Hlekego	Yes	3	3	1
	<b>Ward Committees:</b>				
	Mtsheni Syria				
	Maredi Jan				
	Mahlangu Vusy				
	Mokabane Esther				
	Mokoana Boy				
	Mokoana Alphrat				
	Mogaela Salome (Resigned)				
	Mnguni Nathi				
	Mokoana Dorah (Resigned)				
	Mohlahlo Dolly				

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 16	Cllr:Buda Mido	Yes	1	0	0
	<b>Ward Committees</b>				
	Zulu Ben				
	Ntuli Selina				
	Mamaila Doctor				
	Mashilangwako Josephine				
	Mthweni Jan				
	Mthimunye Maria				
	Masilela Khennet				
	Mthombeni Lucas				
	Mtsweni Balise				
	Mokoena Rose				
Ward No 17	Cllr:Tshoma Salamidah	Yes	6	6	2
	<b>Ward Committees:</b>				
	Nkadimeng Freddy				
	Kgarea Viniger				
	Malema July				
	Mampuru Francinah				
	Manyaka Lawrence				
	Tshigo Phindile				
	Malatjie Mokgadi				
	Monama Thomas				
	Madihlaba Motlalepule				
	Thipe Thabo				
Ward No 18	Cllr:Matshipa Mpoye	Yes	0	0	0
	<b>Ward Committees:</b>				
	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	5	5	1
	<b>Ward Committees:</b>				
	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	5	5	1
	<b>Ward Committees:</b>				
	Nkosi Monica				
	Chego Piet				
	Selepe Zephora				
	Zwane Zanele (Resigned)				
	Moloko Annah				
	Mokwana Thorwane				
	Maredi Debora				
	Machika Themba				
	Matlala Frida				
	Molomo Jafta (Resigned)				
Ward No 21	Cllr:Nduli Elias	Yes	11	11	3
	<b>Ward Committees:</b>				
	Makeke George				
	Radingoana Victor				
	Muleka Steven				
	Tiase Selina				
	Maphanga Nhlanhla				
	Mashego Phillimon				
	Mthombeni Elizabeth				
	Khoza Dipuo				
	Mthimunye Mavis				
	Sekwane Manche,				

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 22	Cllr:Tshoma Hlabishi	Yes	10	10	3
	<b>Ward Committees:</b>				
	Matsepe Motlalekgomo				
	Mashiloane Mogale				
	Moramaga Patric				
	Lerobane Mamutle				
	Lerutla Serolo				
	Malaka Sheila				
	Mealies Nebi				
	Masehla Dineo,				
	Chego Johannes				
	Moramaga Maphathagane				
Ward No 23	Cllr:Mahlangu Nomsa	Yes	6	6	2
	<b>Ward Committees:</b>				
	Skhosana Brandy				
	Mphelane Kedibone				
	Mthimunye Sipho				
	Mtweni Samson				
	Seabi Elizabeth				
	Mohlahlo Mahlatse				
	Madihlaba Milzon				
	Mahlangu Elias				
	Ntuli Lettie				
	Mahlangu Annah				
Ward No 24	Cllr:Mokganyetji Mareme	Yes	11	11	4
	<b>Ward Committees:</b>				
	Nkadimeng Bella				
	Maria Skhosana				
	Ester Mhlahlo				
	Molapo Jeaneth				
	Thobejane Setimo				
	Chego Lazarus				
	Mathelele Pheladi				
	Mmakau Daniel				
	Maloma Tumelo				
	Thabang Nyalungu				

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	Yes	6	6	1
	<b>Ward Committees:</b>				
	Matsepe Kope				
	Skosana Job				
	Magaga Nthotse				
	Masetlane Eric				
	Lekala Reginah				
	Motla Sinah				
	Phetla Johannes				
	Ratau Leah				
	Motshana Jack				
	Phala Florah				
Ward No 26	Cllr:Motlale Manthwaleng	Yes	4	4	1
	<b>Ward Committees:</b>				
	Mokwana Irine				
	Namane Betty				
	Maipushe Beauck				
	Masemola Kagiso				
	Mahlangu Edwin				
	Matladi Morongwe				
	Mokwena John				
	Mpubane Lorrain				
	Masekela Lindiwe				
	Matladi Tshepho				
Ward No 27	Cllr:Mohlala Matime	Yes	6	6	1
	<b>Ward Committees:</b>				
	Mohlala Jackson				
	Machika Matholo				
	Letuke Maihwana				
	Tlaka Beauty				
	Kabini Glaudine				
	Mohlala Johannes				
	Tlaka Wiseman,				
	Tshehla Andy				
	Makua Martha				

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 28	Cllr: Tladi Magatle	Yes	0	0	0
	<b>Ward Committees:</b>				
	Maphupha Kenneth (Employed by EMLM)				
	Maipushe Sekina				
	Dikotope Jerren				
	Makuwa Thusho				
	Mashifane Maria				
	Tshehla Lucia				
	Tladi Patrick				
	Makola Trevor				
	Matuludi Eva				
	Senamela Ramathabathe				
	Ward No 29	Cllr: Nkosi Sipho	Yes	11	11
<b>Ward Committees:</b>					
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	7	7
	<b>Ward Committees:</b>				
	Emma Makua				
	Maria Sehlola				
	Maseko Zodwa				
	Madihlaba Losta,				
	Samuel Maredi				
	Makuwa John				
	Jacqueline Makgeru				
	Skhosana Enicca				
	Motsweni Betty				
	Kgopa Andries				

**Table 25: 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

### 2.12 RISK MANAGEMENT

MFMA section 62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management. For the year under review 60% of identified risks were addressed. Risk management strategy and implementation plan was reviewed. A workshop in risk management was conducted to all councillors for them to have a clear understanding of risk before the reviewed risk management strategy can be submitted to council for approval. The risk committee was established and Municipal Manager acted as an interim chairperson of the committee. During the year one member of audit committee was appointed as a chairperson of the risk committee. Awareness was conducted to all managers and directors for better understanding of risk. Risk Champions were appointed from each department in terms Risk management policy. For the year under review no cases of fraud and corruption was received that warranted internal/external investigations.

Top ten risks identified:

- Theft
- Uncoordinated Activities
- Accidents/ Incidents and unusable roads
- Unfavourable Audit Opinion
- Customer complaints
- Data/ Information loss
- IT plans not aligned with Municipal priorities
- Non Compliance to employment equity
- Under- utilised of recreational facilities
- Lack of inter- governmental

## 2.13 FRAUD AND ANTI-CORRUPTION STRATEGY

*Note: See Chapter 4 details of Disciplinary Action taken on cases of financial mismanagement (T 4.3.6). MSA 2000 s 83 (c) requires providers to be chosen through a process which minimizes the possibility of fraud and corruption.* During the year under review, the municipality adopted an anti-fraud and corruption plan as part of the process to ensure effective, efficient and transparent systems of internal control. Ultimately, this strategy would be implemented and monitored by the designated official responsible for the risk management of the municipality. Key risk areas and significant findings are reported quarterly to the Audit Committee.

## 2.14 PUBLIC SATISFACTION SURVEY

No public satisfaction survey was conducted due to financial constraints..

## 2.15 SUPPLY CHAIN MANAGEMENT

Municipality has SCM policy in place to minimize 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 16 tenders were awarded.

**Table 26: Information of SCM committees**

Description	Number of meetings	members of the committee	functions
Bid specification committee	15	LED Manager Manager Environmental Manager Administration Manager Assets Manager Roads SCM Practitioner(Secretariat)	<input type="checkbox"/> Compile a proper and unbiased specification for a specific requirement <input type="checkbox"/> 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 <input type="checkbox"/> Ensuring availability of funds <input type="checkbox"/> Set ranges indicating breakdown of points, percentages as provided in the relevant sliding scales for the selected specified goals
Bid Evaluation committee	13	Director Development Planning Manager PMU Chief Risk Officer Manager public safety Manager ICT SCM Practitioner SCM Practitioner(Secretariat)	<input type="checkbox"/> Evaluate the bids in accordance with the specifications for a specific procurement <input type="checkbox"/> Evaluate as per the set out point system and PPPFA <input type="checkbox"/> Evaluate each bidders ability to execute the contract <input type="checkbox"/> Check in respect of the recommended bidder whether municipal rates and taxes and municipal services are not in arrears <input type="checkbox"/> 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 Management Chief Financial Officer Manager SCM Accountant Demand and Acquisition (Secretariat)	<input type="checkbox"/> Ensure that all necessary bid documents have been submitted <input type="checkbox"/> Ensure that disqualifications are justified and valid and accountable reasons / motivations were furnished for passing over bids. <input type="checkbox"/> Ensure that scoring has been fair, consistent and correctly calculated and applied; and bidder's declarations of interests have been taken cognizance of. <input type="checkbox"/> 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 <input type="checkbox"/> Consider and rule on all recommendations /reports regarding the amendments ,variations, extension, cancellations or transfer of contracts awarded



## 2.16 BY-LAWS

Two draft by-laws were developed during the year under review which is draft property rates By-law and draft credit control By-law. The two draft By-laws formed part of 2015/2016 IDP/ Budget public participation and there after they were submitted to council for approval. The approved By-laws will be submitted to CoGHSTA for gazetting in the next financial year 2015/2016.

**Table 27: Information of by-laws**

By-laws introduced during year 2014/2015					
Newly developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Property rates by-law		Yes	16 April 2015 to 29 April 2015	No	none
Credit control by-law		Yes	16 April 2015 to 29 April 2015	No	none

## 2.17 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](http://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.

**Table 28: Municipal website information**

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	27/02/2015
All current budget-related policies	Yes	05/08/2014
The previous annual report 2013/2014	Yes	19/02/2015
The annual report 2014/2015 published/to be published	Yes	14/12/2015
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act 2014/2015 and resulting scorecards	Yes	25/07/2014
All service delivery agreements 2014/2015	No	N/A
All long-term borrowing contracts 2014/2015	N/A	N/A
All supply chain management contracts above a prescribed value	No	N/A
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	Yes	18/11/2015
Contracts agreed in 2014/2015 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	N/A
Public-private partnership agreements referred to in section 120 made in 2014/2015	N/A	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during 2014/2015	Yes	08/04/2015

## 2.18 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. The Audit Committee as appointed by Council comprises of five (5) members for the period of three years. The Audit Committee reported to council on their activities, issues, self performance assessment and recommendations as required by the Audit Committee Charter and section 166 of the MFMA. Three (3) ordinary and four (4) special audit committee meetings were held for the year.

**Table 29: 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 30: Attendance of meetings**

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

**Legend:**

✓ -Present ✗ -Absent

# Chapter Three



## Service Delivery

# COMPONENT A: Basic Services

## 3.1 ELECTRICITY

Municipality is licensed to provide electricity in 2 wards-13 and 30 (Groblersdal and Roosenekaal areas) The other 28 wards are Eskom licensed areas. Municipality has a backlog of 4% (2354) households without electricity. A total number of 57 897 Households (96% has access to Electricity (serviced both Eskom and EMLM). The municipality did not receive the allocation for INEP for 2014/2015 financial year, and the planned projects were committed for 2015/2016. Municipality rely on Eskom to supply all other areas within EMLM whereby mostly the challenge is capacity on the network as certain areas could not be electrified until Eskom upgrade the networks.

During the year under review 03 rolled over projects from the financial year 2013/2014 for electrification at Waalkraal RDP, Dikgalaopeng and Moteti liberty were completed. The municipality electrified Makwana village phase 1 using its own funding and 21 Households out of 80 were completed at the end of the financial year. 5 high mast lights were installed in Tafelkop village to improve the lives of community members and eliminate the high crime rate. Limited Cable capacity from our own Main and Kruger Substation will be minimised with the implementation of Cable upgrade done during the financial year, thus acceleration of electricity connections to more households and businesses in the municipal area will be achieved, although an additional Cable is still needed as a matter of urgency.

**Table 31: Employees in electricity unit information**

Employees: Electricity Services					
Job Level task grades	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	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%
<b>Total</b>	<b>11</b>	<b>15</b>	<b>11</b>	<b>04</b>	<b>20%</b>

**Table 32: Capital expenditure on Electricity services**

Capital Expenditure Year 2014/15: Electricity Services					
R' 000					
Capital Project	2014/15				
	Original budget	Budget Adjustment	Actual Expenditure	Variance from Original Budget	Total Budget
Total All	R3 000	R8 096	R4 372	R 1 372	
Waalkraal RDP electrification PH3	R0	R 886	R 998	R 998	R 998
Moteti Liberty - electrification	R0	R 810	R 711	R 711	R 711
Tafelkop (HH ELEC) Dikgalaopeng	R0	R 2 200	R 188	R 188	R 188
Main & Kruger Substation Upgrade	R 3 000	R 3 200	R 2 300	R 700	R 2 300
Makwana village electrification	R0	R 1 000	R 175	R 175	R 175

### 3.2 WASTE MANAGEMENT

Elias Motsoaledi Local Municipality renders an effective refuse removal service to 9934 households in the following areas: Motetema, Monsterlus, Groblersdal, Roosenekal (Town & RDP), Elandsdoorn Township, O R Tambo Township and Walter Sisulu RDP. During the year under review 16 % of households were estimated to have their household refuse removed at least once a week by the municipality with a backlog of more than 84%. Refuse removal service has been outsourced to Nokeng Refuse Removal / Rural Trading & Projects JV. Municipality provides street cleaning and litter picking services in Groblersdal town only.

#### 3.2.1 Landfill sites:

The municipality has two (2) Landfill sites, namely Groblersdal, Roosenekal and one (1) transfer station at Hlogotlou. The municipality has outsourced the management of landfill sites to Ingwe Waste management/ Sinobheki JV.

#### 3.2.2 Recycling:

**Table 33: Recycling firms operate within the municipality:**

Name	Location	Material recycled
Total waste	Groblersdal	Card box and Plastic
Poverty combaters	Moutse	Card box and Plastic
Pieterse Scrap Metals	Groblersdal	Steel
JH Metals	Groblersdal	Steel

#### 3.2.3 Awareness Campaigns

The Municipality has conducted Environmental Awareness campaign in schools in conjunction with youth Jobs in waste. The campaigns were conducted in the following areas:

- Sephaku in conjunction with Sephaku SOS
- Supatsetsela primary school
- Matholo primary School
- Medupi pre - school

We also have volunteers doing door to door educating the community on how to take care of the environment

**Table 34: Distribution of skips (Rented skip bins on monthly basis)**

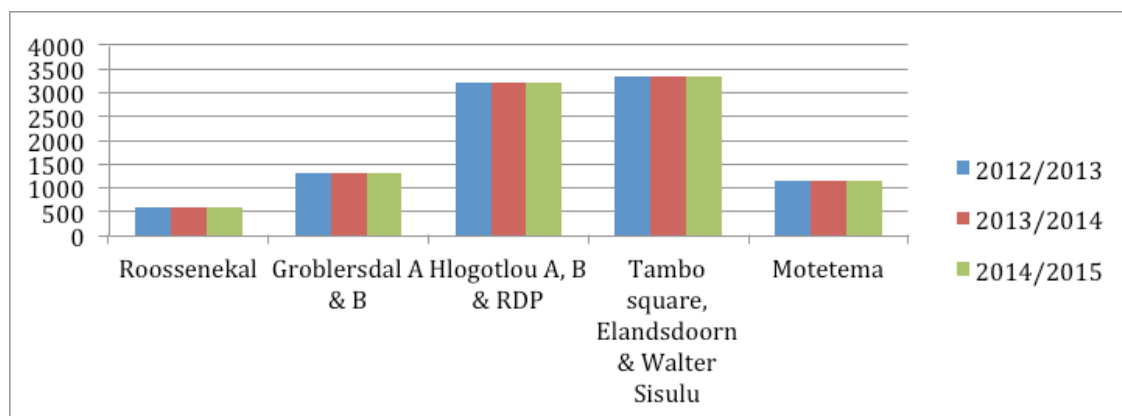
Area	No. of containers	Frequency of collection
Philadelphia hospital	04	Once per week
Moutse Mall	03	Once per week
Game Centre	01	Once per week
New Shoprite	02	Once per week
Old Shoprite	01	Once per week
Cashbuild Groblersdal	01	Once per week
Cashbuild Moutse	01	Once per week
BP Garage	01	Once per week
Shanduka Beverages	02	Once per week
Excel Garage	01	Once per week

**Table 35: Skip bins places at strategically points to address illegal dumping**

Area	Number of containers	Frequency of collection
Groblersdal Taxi rank	02	Daily
Van Riebeeck next to total garage	01	Daily
Marble hall road (Standard bank)	01	Daily
Voortrekker street	02	Daily
Motetema Road (temporarily removed due to community protests)	01	Daily
Motetema	01	Daily
Groblersdal Library parking	01	Daily

**Table 36: Level of service for refuse removal for households**

Service Area/Suburb	Collection Day	Number of households		
		2012/2013	2013/2014	2014/2015
Roosenekal	Monday & Thursday	578	578	578
Groblersdal A and B	Tuesday - A	1300	1300	1300
	Thursday - B			
Hlogotlou A, B and RDP	Wednesday - A	3220	3220	3220
	Friday - B and RDP			
Tambo square, Elandsdoring Township and Walter Sisulu	Wednesday - Elandsdoorn	3338	3338	3338
	Friday - Tambo and Walter Sisulu			
Motetema	Tuesday	1142	1142	1142
<b>TOTAL</b>		<b>9578</b>	<b>9578</b>	<b>9484</b>

**Graph 2: Level of service for households**



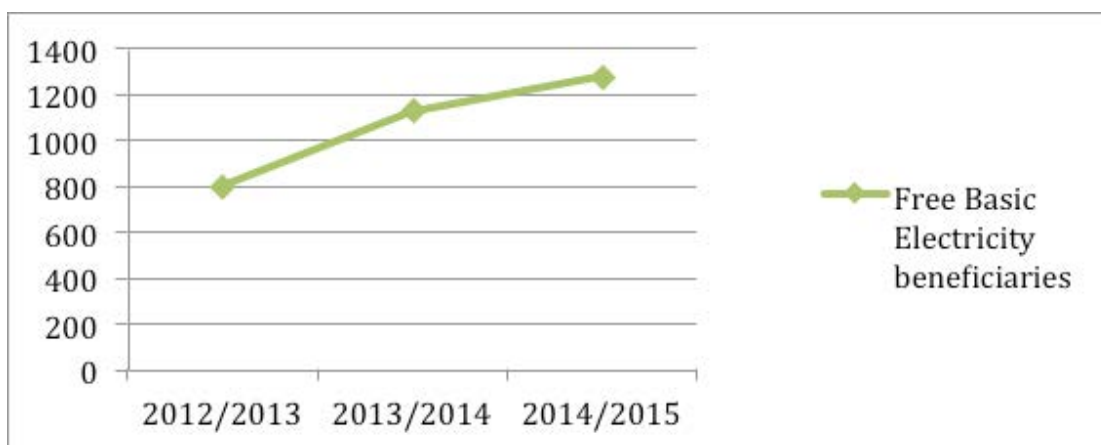
**Table 37: Employees for Solid Waste Management Services**

Employees: Solid Waste Management Services					
Job Level task grades	2013/14		2014/15		
	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. Out of 7415 registered indigents, only 1281 beneficiaries were configured by Eskom to qualify for free basic electricity. During the year under review all configured beneficiaries benefited from free basic electricity which is an increase compare to 900 households that benefited in 2013/2014 financial year. 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 R 740 000 for free basic electricity and the expenditure amounted to R678 000.

**Graph 3: Free Basic Electricity beneficiaries**



**Table 38: Financial Performance 2013/14: Cost to Municipality of Free Basic Services Delivered.**

Financial Performance 2014/15: Cost to Municipality of Free Basic Services Delivered R'000						
Services Delivered	2012/13	2013/14	2014/15			
	Actuals	Actuals	Original Budget	Adjustment budget	Actuals	Variance to Budget
Electricity	R 763	R 376	R5 000	R740	R678	R62
Waste Management (Solid Waste)	R0	R0	R500	R0	R0	R0
Total	R 763	R 376	R5 500	R740	R678	R62

## COMPONENT B: Road Transport

### 3.4 TRANSPORT OVERVIEW

EMLM has one mode of transport: which is road transport. Communities depend on buses, taxis and their own cars for transportation. There is one company of buses within the municipality, namely Great North Transport. Most community members rely on buses as the cheapest mode of transport and few utilise 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 and Putco bus service is available in the main on the west side of the municipality for the whole day, for the entire week. The service assists lot of community members because they are cheap as compared to taxis. Municipality has no transport master plan and road master plan in place.

### 3.5 PERFORMANCE ON ROADS

The municipality have a backlog of 1329.85km of gravel roads and 8.3km of roads were constructed during the year under review. 39.35km of road are surfaced since the start the current political term with MIG and EMLM fund to eradicate the backlog. The total capital budget of municipality was R77 290 000.00 adjusted upwards to R102 503 370.00 during midyear adjustment and the actual expenditure was R 82 321 390.00. The municipality have a gravel road programme and have an established Road Construction Unit. The municipality have procured 4 tipplers, 4 Graders and 4 TLB's for the programme of gravel roads. Since start of the programme 967.55km gravel road were graded and maintained

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 roads are also a challenge as most are inaccessible due to lack of storm water controls. On the repair and maintenance 3586m<sup>2</sup> of potholes were repaired and 10500m of storm water channels maintained. The municipality has also extended the maintenance teams to accelerate its services to every ward through satellite offices.

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, 27.5km has been regavelled. Gravel roads bladed 258km.

**Table 39: Gravelled and asphalted roads**

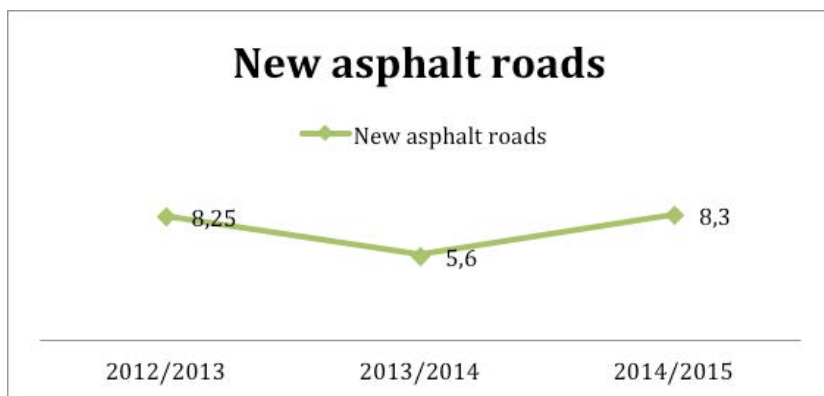
Gravel Road Infrastructure				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to asphalt	Kilometres
				Gravel roads graded / maintained
2012/13	1343.75 km	0km	8.25km	21.3 km
2013/14	1338.15km	0km	5.6km	101.25km
2014/15	1329.85km	15km	8.3km	285km



**Table 40: Asphalted Road Infrastructure**

Asphalted Road Infrastructure				
Kilometres				
	Total roads (backlog)	New asphalt roads	Existing asphalt roads re-surfaced	Asphalt roads maintained
2012/13	1343.75 km	8.25 km	0km	0 km
2013/14	1338.15km	5.6km	0km	6km
2014/15	1329.85km	8.3km	1km	1km

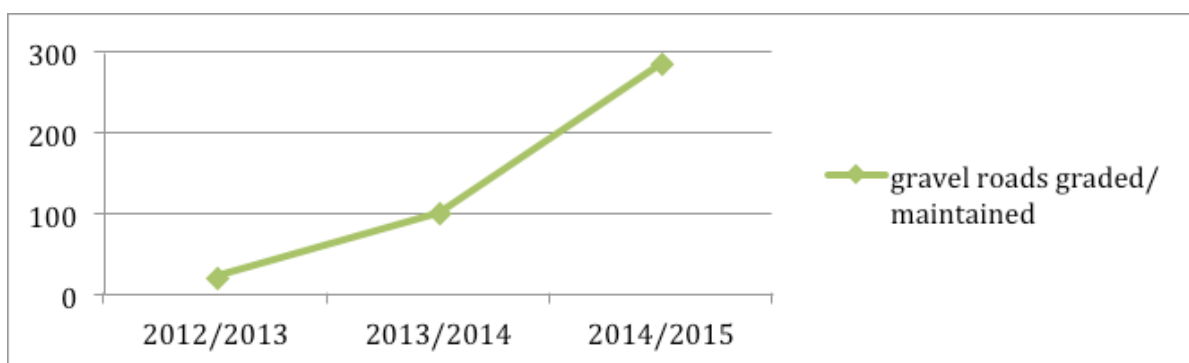
**Graph 4: New asphalt road constructed**



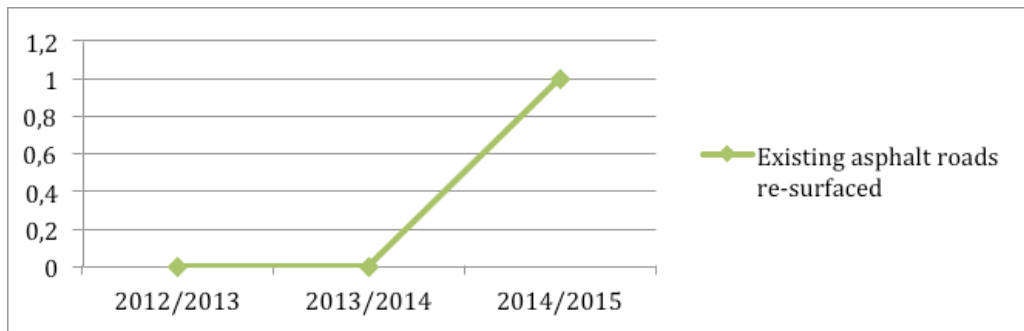
**Graph 5: Total Gravel roads**



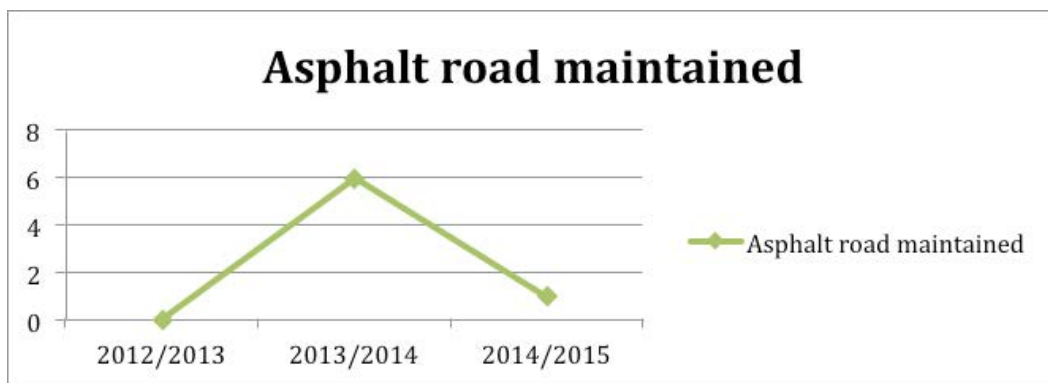
**Graph 6: Gravel roads graded/ maintained**



**Graph 7: Existing asphalt roads re-surfaced**



**Graph 8: Asphalt roads maintained**



**Table 41: Roads and stormwater services employees**

Employees: Roads and stormwater services					
Job Level task grade	Employees	2014/15			
		posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 - 6	83	84	68	16	20%
7 - 9	01	05	01	04	80%
10 - 12	0	02	0	02	100%
13 - 15	2	02	02	0	0%
<b>Total</b>	<b>26</b>	<b>81</b>	<b>26</b>	<b>55</b>	<b>67.9%</b>



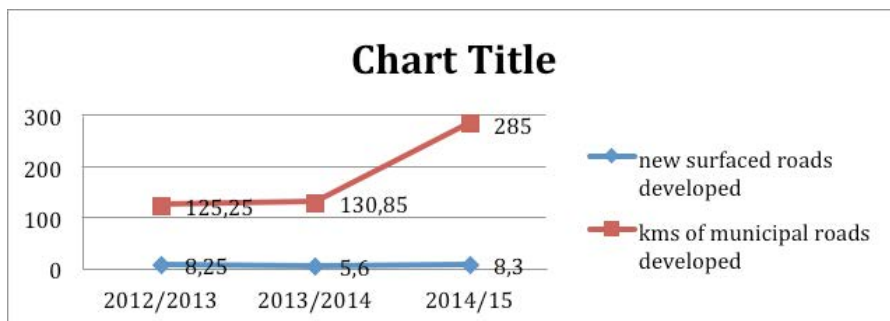
**Table 42 Capital Expenditure for road services**

Capital Expenditure 2014/15: Road Services						
R' 000						
Capital Projects	2014/15					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	Source of funding
Total All						
Motetema construction of internal streets Phase 2	R6 060	R 6 402	R 5 817	4%	R 5 817	MIG
Road to Magoshi (Matlala)	R5 425	R 5 725	R 5 661	-4%	R 5 661	MIG
Kgaphamadi upgrading of bus route	R 5 350	R 5 507	R 5 528	-3.2%	R 5 528	MIG
JJ road Zaaiplaas Phase 1	R 5 485	R 12 985	R 6 801	-19%	R 6 801	MIG
Road to Magoshi (Rammupudu)	R 5 425	R 5 425	R 5 662	-4%	R 5 662	MIG
Mpheleng construction of bus route	R 5 118	R 5 292	R 5 052	1%	R 5 052	MIG
Walter Sisulu/ Tambo construction on Bus route	R 5 500	R 12 658	R 6 786	-19%	R 6 786	MIG
Monsterlos to Mmakgopheng construction of road phase 5	R 4 110	R 4 292	R 4 410	-7%	R 4 410	MIG
Moteti A construction of bus route phase 3	R 4 000	R 4 000	R 4 174	-4%	R 4 174	MIG
Construction of speed humps in various villages	R 500	R 370	R 349	43%	R 349	REVENUE
Construction of storm water channels (Low level bridge)	R 1 500	R 1 000	R 915	64%	R 915	REVENUE
Kanaal street Groblersdal	R 4 500	R 3 500	R 333	1251%	R 333	REVENUE
Rehabilitation of Ramogwerane road	R0.00	R 1 000	R999	-100%	R999	REVENUE
Rehabilitation of Dikgalaopeng road	R0.00	R 1 000	R 433	-100%	R 433	REVENUE
Phuchukani construction of road phase 2 (Design only)	R 2 365	R 1 400	R 671	-252%	R 671	MIG
Mogaung upgrade	R 3 250	R 1 000	R 281	1056%	R 281	REVENUE

**Table 43: 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
2014/15	8.3km	285.5km

**Graph 9: Development of municipal roads**



### 3.6 MUNICIPAL INFRASTRUCTURE GRANT EXPENDITURE

**Table 44: Municipal infrastructure grant expenditure**

Municipal Infrastructure Grant (MIG)* Expenditure 2014/15 on Service backlogs						
R' 000						
Details	Budget	A d j u s t m e n t Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	A d j u s t m e n t Budget	
<b>Infrastructure - Road transport</b>						
<i>Roads, Pavements &amp; Bridges</i>	R 48 840	R 69 088	R 54 276	(R5 436)	R14 813	
<i>Storm water</i>	R0	R0	R0	R0	R0	
<b>Infrastructure - Electricity</b>						
<i>Generation</i>	R0	R0	R0	R0	R0	
<i>Street Lighting</i>	R2 000	R0	R0	R2 000	R0	
<b>Infrastructure - Other</b>						
<i>Transportation</i>	R0	R0	R0	R0	R0	
<i>Gas</i>	R0	R0	R0	R0	R0	
<b>Other Specify:</b>						
<i>Cemetries</i>	R0	R1 091	R1 244	(R1 091)	(R153)	
<i>Street Parking</i>	R0	R0	R0	R0	R0	
<i>Waste Management</i>	R0	R 546	R 546	(R568)	(R22)	
<b>Total</b>	R 50 840	R70 725	R 56 088	(R5 248)	R14 637	

## COMPONENT C: Planning and Development

### 3.7 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, alienation, removal of restrictive conditions, township establishments that has been lodged with the local authority for approval.

**Table 45: Approved applications**

Item No	Application
DP14/030	Proposed removal of restrictive conditions on title & rezoning; portion 1 & the remainder of erf 51 Groblersdal
DP14/031	Proposed alienation of erf 734, Groblersdal extension 11
DP14/032	Proposed permission to occupy part of farm Elandsdoorn 56js, diagonally behind Ratanang old age home, Elandsdoorn township
DP14/033	Proposed lease of 5 hectares of Elandsdoorn 56js alongside r25, as a recreational facility
DP14/034	Proposed removal of restrictive conditions on title in accordance to the removal of restrictive conditions act (84: 1967) and rezoning as per provision of the town planning and township ordinance (15: 1986), erf 69 Groblersdal
DP14/036	Proposed requisition for RDP houses & a shopping complex, mpheleng area on farm Zondagfontein 32js

Item No	Application
DP14/039	Proposed subdivision of portion 12 of the farm Uitspanning 38js in accordance to section 18 (1) of division of land ordinance (20:1986)
DP14/043	Proposed alienation of two hectares of farm Elandsdoorn 56js alongside r25
DP14/045	Proposed removal of restrictive conditions on title & rezoning of erf 268, Groblersdal extension 2 in accordance to the town planning & townships ordinance (15:1986) & removal of restrictive conditions (1962)
DP14/049	Proposed alienation of residential erven, Roossenekal
DP14/050	Proposed rezoning & removal of restrictive conditions, portion 1 of erf 88, Groblersdal
DP14/055	Formalisation of portion 13 of farm klipbank 26js
DP14/056	Proposed transfer of erf 586 Motetema "a" to EMLM council
DP14/057	Proposed alienation of Erf 272 Walkraal extension 1
DP14/061	Proposed subdivision and alienation of residential Erven: Laersdrift township.
DP15/001	Proposed alienation of Erf 931 Elandsdoorn "a" township.
DP15/003	Proposed alienation of vacant stands: Elandsdoorn "a" township.
DP15/008	Proposed use of Erf 445 Motetema "a" as an orphanage drop-inn centre.
DP15/010	PROPOSED ALIENATION OF ERVEN 1 & 2, ELANDSDOORN RDP AREA.
DP15/011	PROPOSED FORMALISATION OF INFORMAL SETTLEMENT: REMAINDER OF PORTION 5 OF FARM WELVERDIEND 24JS & ERF 677 MOTETEMA "A" TOWNSHIP.
DP15/013	PROPOSAL TO RESCIND THE LEASE OF PORTION 39 OF FARM KLIPBANK 26JS.
DP15/016	Proposed subdivision of erf 573 Motetema "a" as per provision of section 92(1) of the town planning & townships ordinance (15:1986)
DP15/019	Proposed acquisition of part of erf 529 by Groblersdal Lutheran church
DP15/022	Proposed rezoning application as per provision of section 96 of the town planning & townships ordinance (15:1986) on the remainder of farm klipbank 26js
DP15/025	Proposed way leave application for services to construct an underground telecommunication infrastructure at Barlow, Grobler Robertson & Tautes avenue, Groblersdal
DP15/027	Proposed subdivision in terms of section 92(1) of the town planning & townships ordinance (15:1986), remaining extent of erf 108, Groblersdal
DP15/034	Proposed donation of part of the remainder of portion 0 of farm Klipbank 26js
DP15/036	Proposal for agri-parks site allocation at portion of portion 39 of farm Klipbank 26js
DP15/039	Proposed removal of restrictive conditions on title in accordance to the removal of restrictive conditions act (84 of 1967) and simultaneous/ amendment of the Groblersdal town planning scheme (2006)
DP15/040	Proposed subdivision of the remainder of portion 4 of farm Luckau 127js as per provision of section 92 (1) of the town planning and townships ordinance (15:1986)
DP15/041	Proposed alienation of erf 2129, walkraal extension 1 township
DP15/045	Proposed use of erf 445 Motetema "a" township as an orphanage drop-in centre
DP15/046	Proposed lease of Tambo stadium, Elandsdoorn a township
DP15/047	Proposed subdivision of portion 452 of farm Loskop Noord 12js as per provision of section 92 of the town planning & townships ordinance (15:1986)
DP15/048	Proposed lease erf 578, Motetema "a" township
DP15/056	Proposed use of an empty office building: Hlogotlou satellite office

The Municipality is assisted by the department of Cooperative Governance, Human Settlement and Traditional Affairs to undertake formalization of identified informal settlements within the municipal area such as portion 13 of farm Klipbank 26 js, Hlogotlou Stadium view, and Motetema Informal Settlement. The completion of informal settlement at Motetema has been delayed by a pending land claim of which the process has been unlocked by the claimants by giving consent letter for formalization to continue. While at both Portion 13 as well as Stadium view the process has been completed.

There is an improved relationship with Traditional Leaders on land use matters, the workshop on Land Use Management Systems (LUMS) we undertaken targeting at both traditional councils and the community. Furthermore, an informal settlement registers have been initiated in order to identify the extent of mushrooming of informal settlements within municipal area of which the management thereof remains a challenge. 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 unauthorized people,
- No land use management tools,
- Inadequate business and industrial sites,
- Limited budget for settlement planning, formalization and lack of enforcement capacity to manage it,
- Mushrooming of informal settlements,
- Poorly managed government owned properties.

### Opportunities

- Agriculture potential
- Is a provincial growth point
- Is a host to strategic roads, i.e. the R25, N11 that provide accessibility to major urban centres
- Availability of municipal land for development.

**Table 46: Employees for Planning Services**

Employees: Planning Services					
Job Level	2014/15				
	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
<b>Total</b>	5	5	0	1	0.2

## 3.8 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 creating jobs within the municipal area. The Mining sector has been active in terms of implementing social labour plans which gave impetus to the process of creating jobs (Evraz Mapochs mine) even though the company faced financial setbacks this Financial Year, which made most of the projects/programmes targets not achieved.

## 3.9 SMME / COOPERATIVES SUPPORT

For the year under review support to SMME's and Cooperatives was provided in the form of training and products marketing. The municipality facilitated five flea Markets for local SMMEs and Cooperatives to exhibit and sell their products. All the SMMEs in manufacturing and agricultural cooperatives were targeted for this initiative. A number of capacity building programs were implemented and SMMEs and Cooperatives were able to be trained on a number of issues including how to access funding and business management. Two SMMEs were invited to take part in the Annual Durban Tourism Indaba which was held from 09<sup>th</sup> to 11<sup>th</sup> May 2015 at the Durban's Albert Luthuli Convention Centre, all expenses paid by municipality. The two SMMEs are Epephiah Guest House in Motetema and Nomadlozi Arts and Crafts in Groblersdal.

## 3.10 INFORMAL TRADERS UPLIFTMENT PROJECT

The informal traders upliftment project is a joint initiative between the Wholesale Retail Seta and the National Department of Small Business Development whose purpose is to identify vulnerable areas in the country where informal traders can be selected and taken through training and further developed to be at a level where they are able to compete within established and flourishing businesses. This will result in these traders achieving maturity levels wherein they are able to create jobs. Twenty Local Tuck-shop Owners in ward 08 and 10 were selected and

went through six weeks training on how to operate and manage the business. The traders will also be assisted with infrastructure to grow their businesses.

### 3.11 COMMENT ON LOCAL JOB OPPORTUNITIES:

Evrz Mapoch’s Mine implemented their SLP projects which made a positive impact towards the affected communities around Roosenekal. The mine identified eleven needy households who were then assisted to start community gardens in a form of hydroponics. The main aim of this hydroponics was for consumption but their vegetables were also sold to the mine itself and the local Guest Houses.

Another SLP Project implemented by the mine was the Indigenous Nursery; eleven young people were appointed and trained to manage the project. The purpose of this initiative was to grow indigenous plants which will be utilised in the mine during rehabilitation of the mining site. The beneficiaries were then assisted to register a cooperative. The project currently supplies the mine with trees for rehabilitation. There were other Corporate Social Investment initiatives which were implemented by the mine.

**Table 47: Jobs created through CWP**

Job creation through CWP*	
No. of Wards	Beneficiaries
13	500
*- Community Works Programme	

**Table 48: Jobs created through EPWP**

Job creation through EPWP* Projects		
	EPWP Projects	Jobs created through EPWP Projects
Year	No	No
2012/2013	11	371
2013/2014	21	361
2014/2015	17	421
* - Extended Public Works Programme		

**Table 49: Employees for Local Economic Development**

Employees: Local Economic Development				
Job Level	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
4 – 6	0	0	0	0
7 – 9	0	0	0	0
10 – 12	2	1	1	50%
13 – 15	1	1	0	0%
19 – 20	0	0	0	0
Total	3	2	1	33%

## COMPONENT D: Community and Social Services

### 3.12 LIBRARIES

Municipality operates library services in Groblersdal and Roosenekal town only to improve the culture of learning. The department of sports art and culture constructed an additional library at Sephaku village in ward 23. and the library was officially opened by MEC of Sports Arts and Culture in March. More than 8000 people will benefit from the library and the literacy level will improve.

**Table 50: Employees for libraries**

Employees: Libraries					
Job Level task grades	2014/15				
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	03	06	03	0 3	50%
16 - 18	0	0	0	0	0
Total	03	06	03	0 3	50%

### 3.13 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. Cemeteries in rural areas are without fencing and ablution facilities. The municipality is responsible for cleaning and cutting grass in cemeteries as and when the service is required. There is a grave digging service in Groblersdal cemeteries only and in other wards, graves are dug by community members. Hlogotlou and Elandsdoorn cemeteries were fenced through MIG funding during the financial year under review. The Municipality is planning to construct ablution facilities in cemeteries during the next financial year.

**Table 51: Capital Expenditure on Cemeteries**

Capital Expenditure Year 2014/15: Cemeteries					
R' 000					
Capital Project	2014/15				
	Original budget	Budget Ad- justment	Actual Ex- penditure	Variance from Ori- ginal Budget	Total Budget
Total All	3 040	0	2 951		
Elandsdoorn cemeteries	2 050	0	1 961	89	2050
Hlogotlou cemeteries	990	0	990	0	990

### 3.14 SAFETY AND SECURITY

#### 3.14.1 Traffic

The Municipality provides traffic services through effective and informed Law-enforcement of the National Road Traffic Act, National Land Transport Act, National Land Transport Transition Act, AARTO and the Municipal By-Laws. Other services provided also include but are not limited to escorts and point duties that promote the free flow of traffic at accidents and events or marches. The Traffic Division also aims at having a well informed and educated public by working together with the Limpopo Department of Transport (Road Safety division) in their Educational and Road Safety programs.

At this stage Traffic services are limited to Groblersdal and Roosenekal towns only due to the jurisdictional area of the Department of Justice, therefore other areas within Elias Motsoaledi Local Municipality rely on the service provided by the Limpopo Provincial Department of Transport. Joint operations that aim to reduce accidents are held with the Limpopo Department of Transport and the SAPS during the festive seasons that include the Easter - and Christmas holidays.

**Table 52: Law Enforcement statistics**

Description	2013/2014	VALUE	2014/2015	VALUE
Total fines issued	2843	R 1 786 800.00	3258	R 2 996 400.00
Total fines paid	1053	R 604 625.00	955	R 808 250.00
Total fines withdrawn	31	R 25 250.00	47	R 57 500.00
Warrants	1361	R 896 725.00	1360	R 1 312 300.00
Total fines outstanding	398	R 260 200.00	896	R 818 350.00

#### 3.14.2 Licensing

Elias Motsoaledi Local Municipality is a registered Registration Authority with a Grade A Driving License Testing Facility and a non functioning Grade A Vehicle Testing Facility. The Licensing Division is a core revenue generating part of the municipality with a well developed organizational structure to ensure uninterrupted, effective and efficient service to the public. The municipality uses electronic Learners License and no longer the manual service. The electronic learners licenses is the corrective measure implemented to curb corruption in the Driving License Testing Centre (DLTC). The system is user-friendly and 100% fair and has been found to eliminate fraud and corruption in the Learners License tests.

The table below provides the Learner and Driving License statistics for the past two financial years:

**Table 53: Learners licence information**

Description	2013/2014	2014/2015
number of learners application received	1896	1541
number of learners licence passed	857	751
number of learners licence failed	747	558

**Table 54: Drivers license information**

Description	2013/2014	2014/2015
number of drivers licence application received	3141	2724
number of drivers licence passed	2146	1890
number of drivers licence failed	591	520

# COMPONENT I:

## Corporate Policy Offices and Other Services

### 3.15 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. 8.3km of roads were completely repurposed through MIG grant.

### 3.16. HUMAN RESOURCE SERVICES

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

### 3.17 INFORMATION ECHNOLOGY

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 55: Employees for ICT unit**

Employees: ICT Services (how many employees on the listed task grades and vacancies)				
Job Level	2014/15			
	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				
<b>Total</b>	<b>7</b>	<b>7</b>	<b>0</b>	<b>0%</b>

**Table 56: Capital expenditure for ICT unit**

Capital Expenditure 2014/15: ICT Services					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Hardware and software	500 000	478 396	477 260	1 136	477 260
upgrading of ICT network system	300 000	256 726	225 160	31 566	225 160
ICT disaster recovery site	1 000 000	1 064 878	1 824 865	( 759 987)	1 824 865

# COMPONENT K : PERFORMANCE REPORT (INSTITUTIONAL SCORECARD)

## 3.17 INSTITUTIONAL STRATEGY PERFORMANCE SCORECARD

### DEVELOPMENT PLANNING

Vote No	KPI no	weighting	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
641	1	5	To create conducive environment for business/ industrial growth	R0.00	R0.00	# of erven rezoned from agricultural to industrial/ business	0 erven rezoned from agricultural to industrial/ business	25 industrial/ business erven to be rezoned	25 industrial/ business erven to be rezoned	none	none	council resolution	achieved
641	2	5	To create requisite planning conditions for growth and development	R0.00	R0.00	% promulgation of EMLM LUMS	0% promulgated EMLM LUMS	100% Promulgated EMLM LUMS	10% Promulgated EMLM LUMS	community consultations undertaken gazettement could not proceed due to SPLUMA	to review and align land use scheme with SPLUMA	consultations attendance registers	not achieved
641	3	5	To ensure adherence to the Groblersdal Town Planning Scheme	opex	opex	# of land use audits conducted	2 land use audits conducted	4 land use audits to be conducted	5 land use audit reports (for Groblersdal, Motetema, Hlogotlou, Rossenekal and Walkraal)	none	none	land use audit report	achieved

Vote No	KPI no	weighting	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
	4	10	To ensure enforcement of building control regulations	R0.00	R0.00	% Buildings inspected that comply with National Building Regulations and Standards Act.	12 contravention notices issued	100% building constructions inspected	100% building constructions inspected	none	none	inspection register, non compliance notices, occupancy certificate	achieved
	5	0	To ensure submission of land use management applications.	R0.00	R0.00	# of land use applications processed ( <b>zero weighted</b> )	123 land use application processed	100 land use Applications to be processed	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
641	6	10	To improve on the turnaround time on land use applications	R0.00	R0.00	% of land use applications received and processed within 90 days	123 Land Use applications processed.	100% Land Use Applications received and processed within 90 days	100% Land Use Applications received and processed within 90 days	none	none	land use applications register	achieved



Vote No	KPI no	weighting	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
641	7	5	To manage the growth of informal settlements	R0.00	R0.00	# of informal settlement register developed	0 informal settlement register developed	6 informal settlement register developed	6 informal settlement register developed Magagamatala, Zenzele, Masakaneng, Zuma Park, Corner R25 Road Groblersdal, Laersdrift)	none	none	informal settlement register	achieved
641	8	0	To ensure inspection of buildings construction	R0.00	R0.00	# of building construction inspections activities conducted (zero weighted)	195 building construction inspections activities conducted	210 building construction inspection activities to be conducted	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
641	9	0	To ensure compliance with occupancy certificates	R0.00	R0.00	% building occupancy certificates issued (zero weighted)	52 occupancy certificates issued	75% occupancy certificates to be issued	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted

Vote No	KPI no	weighting	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
641	10	5	Improved turnaround time of assessment of building plans	R0.00	R0.00	% of New Building Plans of less than 500 square meters assessed within 10 days.	100% Assessment of new Building Plans less than 500 square meters within 10 days.	100% Assessment of new Building Plans less than 500 square meters within 10 days.	100% Assessment of new Building Plans less than 500 square meters within 10 days.	none	none	building plans register	achieved
641	11	5	Improved turnaround time of assessment of building plans	R0.00	R0.00	% of New Building Plans of more than 500 square meters assessed within 28 days.	100% Assessment of new Building Plans more than 500 square meters within 28 days.	100% Assessment of new Building Plans more than 500 square meters within 28 days.	100% Assessment of new Building Plans more than 500 square meters within 28 days.	none	none	building plans register	achieved
641	12	0	To promote effective & efficient land use management	R0.00	R0.00	% Acquisition of GIS license (zero weighted)	0% Acquisition of GIS license	100% Acquisition of GIS license	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted

Vote No	KPI no	weighting	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
641	13	0	To promote effective & efficient land use management	R0.00	R0.00	% Updating of GIS data <b>(zero weighted)</b>	0% Updating of GIS data	100% Updated GIS data	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
641	14	10	To promote effective & efficient land use management	R0.00	R0.00	% land audit report compiled	0% land audit	50% land audit report compiled	0% land audit report compiled	advertisement for the appointment of service provider	to be implemented in the new financial year 15/16	advertisement	not achieved
641	15	5	To ensure sufficient management of outdoor advertising space	R0.00	R0.00	% enforcement of by-law on outdoor advertising space	0% development of outdoor advertising service level agreement	100% enforcement of by-law on outdoor advertising space	30% Tender for appointment of SP was readvertised. Letter of intend to remove all illegal adverts was issued to 36 co. and only 6 applied to comply.	delay to appoint service provider due to non responsive bidders	appointment of service provider will be done in the next financial year	advertisement, notice issued and list of advertisers/co.	not achieved

Vote No	KPI no	weighting	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
641	16	5	To ensure effective monitoring of social labour plan(s)	R0.00	R0.00	# of social labor plans monitoring reports compiled	1 social labor plans monitoring reports compiled	4 social labour plans monitoring reports compiled	4 social labour plans monitoring reports compiled	none	none	social labour plans monitoring reports	achieved
641	17	5	To ensure sustainable support to cooperatives/ SMMIES	R500,000.00	R257,000.00	# of Cooperatives/ SMMIES supported	21 Cooperatives/ SMMIES supported	100 Cooperatives/ SMMIES to be supported	110 Coops/ SMMIES supported through training and marketing of their products	none	none	attendance registers	achieved
641	18	5	To ensure coordination of LED programs	R0.00	R0.00	# of LED Forum meetings convened	3 LED Forum meetings held	4 LED meetings convened	4 LED forum meetings took place	none	none	reports and attendance register	achieved
641	19	5	to become financially viable	opex	opex	% operational budget spent	95% operational budget spent	100% operational budget spent	96% operational budget spent	none	none	operational expenditure report	achieved
641	20	5	to build an effective and efficient organization	R0.00	R0.00	% of AGSA management letter findings resolved by 31 March	2012/2013 audit action plan in place	100% of AGSA management letter findings resolved by 31 March	100% of AGSA management letter findings resolved by 31 March	none	n/a	audit action plan POE file	achieved

**CAPITAL PROJECT**

Vote No	KPI no	weighting	Project	budget	Expenditure	strategic objective	key performance indicator	Baseline	Annual target	Progress to date	Challenges	Evidence	Achieved/ Not Achieved
641	21	10	game farm	R 1,500,000.00	R1,009,210.52	To create requisite town planning condition for proactive township establishment	% township establishment developed for Groblersdal (Game Farm)	0% township establishment in Groblersdal (Game Farm)	100% submission of Township Establishment Application to council for approval	100% township establishment application in place	submission to council not done due to delay by SP to issue public notice for comments or objections	township establishment application	achieved

**STRATEGIC MANAGEMENT**

Vote No	KPI no	weighting	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved / Not Achieved
642	1	10	To ensure adoption of The IDP / Budget within the prescribed legal framework	R0.00		# of approved IDP process plan by 31 August 2014	2014/15 IDP Process plan available	1 approved IDP process plan by 31 August 2014	2015/2016 IDP process plan was approved by council on the 08 August 2014	None	None	Approved 2015/16 IDP process plan and council resolution	Achieved
642	2	15	To ensure adoption of The IDP / Budget within the prescribed legal framework	R0.00		Final IDP tabled and approved by Council by the 31 May	Approved 2014/2015 IDP in place	Final IDP tabled and approved by Council by the 31 May	2015/16 final IDP was approved by council on the 28 May 2015	None	None	Approved 2015/16 IDP and council resolution	Achieved

Vote No	KPI no	weighting	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved / Not Achieved
642	3	10	to ensure accountability and community involvement	opex		# of IDP/Budget public participation held	30 IDP/Budget public participation held	30 public participation meetings held	25 public participation meetings held	Ward 22 and 24 required the intervention of the Mayor's office. Ward 11,16 and 18 meetings were not held due to non-attendance of the deployed councillor	A letter was written to the office of the speaker to intervene	public consultation programme, Attendance registers	Not achieved
642	4	0	To ensure functional and compliant Performance management system	R0.00		# of activity plans developed and signed by line managers <b>(zero weighted)</b>	0 activity plans developed and signed by line managers	20 activity plans developed and signed by line managers	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
642	5	10	To ensure fully functional and compliant institutional and individual performance management	R0.00		# of Quarterly PMS reports compiled	4 quarterly PMS reports compiled	4 quarterly PMS reports compiled	4 quarterly PMS reports compiled	none	None	4 quarterly reports	achieved
642	6	15	To ensure fully functional and compliant institutional and individual performance management	R0.00		Draft Annual Report submitted on or before the 31st August	100% developed 2012-13 annual report	Draft Annual Report submitted on or before the 31st August	Draft Annual Report submitted on or before the 31st August	None	None	2013/2014 annual report	achieved

Vote No	KPI no	weighting	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved / Not Achieved
642	7	10	To ensure proper planning and monitoring	R0.00		# of signed performance agreements for section 56 managers	6 signed performance agreement signed by section 56 managers	7 signed performance agreements by section 56 managers	7 signed performance agreements by section 56 managers	none	None	signed performance agreements	achieved
642	8	10	To ensure proper planning and monitoring	R0.00		# of formal performance reviews conducted with Section 56 employees	2 individual performance appraisals conducted	2 formal performance reviews conducted with Section 56 employees	2 formal performance reviews conducted with Section 56 employees	None	None	performance reviews report	achieved
642	9	0	To build an effective and efficient organization	R0.00		% compliance of printing works in terms of municipal corporate identity <b>(zero weighted)</b>	0% compliance of printing works in terms of municipal corporate identity	100% compliance of printing works in terms of municipal corporate identity	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
642	10	10	to build an effective and efficient organization	R0.00		% of AGSA management letter findings resolved by 31 March	2012/2013 audit action plan in place	100% of AGSA management letter findings resolved by 31 March	100% of AGSA management letter findings resolved by 31 March	100% of AGSA management letter findings resolved by 31 March	None	audit action plan POE file	achieved
642	11	10	to become financially viable	opex		% operational budget spent	95% operational budget spent	100% operational budget spent	99% operational budget spent	none	none	operational budget report	achieved



**CORPORATE SERVICES**

Vote No	KPI no	weighting	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
505	1	4	to analyse IT gaps identified	opex	opex	# of IT master plans developed	no IT master plan in place	1 IT master plans developed	1 IT master plans developed	none	none	copy of the draft master plan	Achieved
505	2	4	To ensure business continuity before and after disaster	opex	opex	# of IT disaster recovery plans developed <b>(zero weighted) moved to capital projects</b>	Current IT disaster recovery plan Contract in place as required as per MFMA	1 IT disaster recovery plans developed	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
505	3	4	To ensure compliance with employment equity	R0.00	R0.00	# of employment equity plans developed	0% employment equity plan reviewed	1 employment equity plans developed	1 employment equity plans developed	none	none	copy of EE plan	achieved
505	4	4	to ensure compliance with approved employment equity plan	R0.00	R0.00	# of people from employment equity target groups employed in the three highest levels of management in compliance with approved employment equity plan	employment equity plan in place	01 people from employment equity target groups employed in the three highest levels of management in compliance with approved employment equity plan	02 people from employment equity target groups employed in the three highest levels of management in compliance with approved employment equity plan	none	none	List of appointed officials in the three highest levels of management	Achieved
505	5	3	To ensure compliance with employment equity	R0.00	R0.00	# of employment equity committee meetings held <b>(zero weighted)</b>	0 employment equity committee meetings held	4 employment equity committee meetings held	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
505	6	3	to ensure compliance with National Archives and record service	R0.00	R0.00	# of record management policy developed	0% developed record management policy	1 record management policy developed	1 record management policy developed	none	none	copy of record management policy	achieved

Vote No	KPI no	weighting	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
505	7	3	by ensuring that employees are held accountable	R0.00	R0.00	# of job descriptions developed and signed by officials	190 job descriptions developed and signed by officials	121 job descriptions developed and signed by officials	190 job descriptions developed but not yet signed by officials	none	none	Copies of Job descriptions developed	achieved
505	8	4	to attract, develop and retain ethical and best human capital	R0.00	R0.00	# of HR policies reviewed	2 HR policies reviewed	8 HR policies to be reviewed	32 HR policies reviewed	none	none	Copies of reviewed policies	Achieved
505	9	4	to capacitate municipal personnel	opex	opex	% of municipality's budget spent on implementing its workplace skills plan	10% of municipality's budget spent on implementing its workplace skills plan	10% of municipality's budget spent on implementing its workplace skills plan	10% of municipality's budget spent on implementing its workplace skills plan	None	none	financial report	Achieved
505	10	4	Provide effective management of all contracts	R0.00	R0.00	# of lease agreements reviewed	1 reviewed lease agreements	20 lease agreement to be reviewed	20 lease agreement to be reviewed	none	none	list of reviewed lease agreements	Achieved
505	11	4	Provide effective management of all contracts	R0.00	R0.00	# of service level agreements reviewed	0 service level agreements reviewed	20 service level agreement reviewed	24 service level agreement reviewed	None	none	list of reviewed service level agreement	Achieved
505	12	5	To ensure promulgation of all applicable Municipal by laws	R0.00	R0.00	% of By-laws promulgated	1 promulgated applicable by law	100% of By-laws promulgated	0% of By-laws promulgated	two by-laws from revenue submitted but not yet promulgated	follow up of promulgation process	revenue by-laws	not achieved
505	13	5	To create a culture of accountability and transparency	R0.00	R0.00	# of quarterly Customer Complaint reports submitted to Council (inclusive of Presidential Hotline)	0 monitoring of community complaints register	2 quarterly Customer Complaint reports submitted to Council (inclusive of Presidential Hotline)	2 quarterly Customer Complaint reports submitted to Council (inclusive of Presidential Hotline)	None	none	2 quarterly reports	Achieved

Vote No	KPI no	weighting	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
505	14	3	To ensure maximum community and stakeholders interaction	opex	opex	# of community awareness campaigns conducted	0 community awareness campaigns conducted	2 community campaigns to be conducted	4 community campaigns conducted	None	None	attendance register and programmes	Achieved
505	15	3	To reach communities through outreach programmes	opex	opex	# of Speakers Outreach programmes conducted	0 speakers Outreach programmes conducted	4 Speakers Outreach programmes conducted	4 Speakers Outreach programmes conducted	none	none	attendance registre	Achieved
505	16	2	To reach communities through outreach programmes	opex	opex	# of Mayors Outreach programmes conducted	0 mayors Outreach programmes conducted	4 Mayors Outreach programmes to be conducted	4 Mayors outreach programmes conducted	none	None	attendance register	achieved
505	17	2	to ensure special groups needs are addressed	R0.00	R0.00	# of special groups supported (zero weighted)	0 special groups supported	4 special groups supported	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
505	18	2	to facilitate social network with the community	R0.00	R0.00	# of moral regeneration meeting held	1 moral regeneration meeting held	4 moral regeneration meeting held	4 moral regeneration meeting held	none	none	Attendance register attached	Achieved
505	19	5	to build an effective and efficient organisation	R0.00	R0.00	% of AGSA management letter findings resolved by 31 March	2012/2013 audit action plan in place	100% of AGSA management letter findings resolved by 31 March	100% of AGSA management letter findings resolved by 31 March	none	none	copies of the letters sent to employers	achieved
505	20	4	To provide efficient support to the functioning of ward committees to become financially viable	R0.00	R0.00	# of ward committee's quarterly reports submitted	4 ward committee's quarterly reports submitted	4 ward committee's quarterly reports submitted	4 ward committee's quarterly reports submitted	none	none	quartely reports	achieved
505	21	5		opex	opex	% operational budget spent	95% operational budget spent	100% operational budget spent	96% operational budget spent	none	none	opex report	Achieved

**CAPITAL PROJECTS**

KPI no	weighting	Project	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
22	4	furniture	To improve working conditions through provision of working resources	R 500,000.00	R 281,813.00	% spending on purchase of furniture	100% of furniture purchased	100% spending on purchase of furniture	100% spending on purchase of furniture and the service provider is appointed to supply	none	none	delivery notes	achieved
23	4	upgrading of ICT network system	to ensure safety of information	R 300,000.00	R 225,159.98	% upgrading of ICT network system	0% upgrading of ICT network system	100% upgrading of ICT network system	100% upgrading of ICT network system	None	none	Performance Report	Achieved
24	4	ICT disaster recovery site	to ensure safety of information	R 1,000,000.00	R 1,064,878.00	% development of ICT disaster recovery site	100% development of ICT disaster recovery site	100% development of ICT disaster recovery site	100% development of ICT disaster recovery site	none	none	Performance Report	Achieved
25	4	aircons	to ensure conducive and healthy work environment	R 100,000.00	-	% maintenance of aircons	100% maintenance of aircons	100% maintenance of aircons	100% maintenance of aircons	None	none	list of Aircons repaired	Achieved

KPI no	weighting	Project	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
26	4	other equipments	To improve employee working conditions through provision of working resources	R -	R -	% spending on purchase of other equipments	new indicator	100% spending on purchase of other equipments	100% spending on purchase of other equipments	none	none	munsoft copy	Achieved
27	3	IT hardware and software devices	To improve employee working conditions through provision of working resources	R 500,000.00	R 469,155.00	% spending on purchase of IT hardware and software devices	new indicator	100% spending on purchase of IT hardware and software devices	100% spending on purchase of IT hardware and software devices	none	none	list of invoices on IT hardware and software devices purchased	Achieved

COMMUNITY SERVICES

Vote No	KPI no	weighting	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
425	1	10	To provide fully developed sports and recreational facilities	opex		% spend of operational budget in terms of sports and parks sites maintenance <b>(zero weighted)</b>	<ol style="list-style-type: none"> <li>3 parks (1. Hoep – hoep 2. Hans Abrams 3. Impala) and 4 stadia (1. Groblersdal 2. Moutse 3. Hlogotlou 4. Tafelkop)</li> </ol>	100% spend of operational budget in terms of sports and parks sites maintenance	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
300	2	5	to ensure compliance with waste management Act	R 300,000.00		Roosenekaal landfill site licence renewal	licence expired	100% roosenekaal landfill site licence renewal.	10% roosenekaal landfill site licence renewal.	advert placed and closed on 18/05/2015Bidders did not meet the minimum requirements	Re - advert	None	Not achieved
300	3	10	to safeguard and ensure management of cemeteries	R 200,000.00		development of cemetery management plan	84 cemeteries	100% development of cemetery management plan	10% development of cemetery management plan	advert placed and closed on 18/05/2015Bidders did not meet the minimum requirements	Re - advert	None	Not Achieved
300	4	0	To ensure accessible health facilities	R0.00		# of meetings held with department of health <b>(zero weighted)</b>	0 meetings held with department of health	2 meetings with the department of health	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted

Vote No	KPI no	weighting	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
300	5	5	To ensure accessible welfare facilities	R0.00		# of meetings held with social development department	0 meetings held with social development department	2 meetings with the department of social development	0 meetings with the department of social development	Non attendance of sector departments	schedule another meeting	None	Not Achieved
300	6	0	To ensure provision of educational facilities and proper maintenance by 2015	R0.00		# of meetings held with department of education (zero weighted)	0 meetings held with department of education	2 meetings with the department of education	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
300	7	5	To ensure safety and security to the citizens	R0.00		# of meetings held with department of safety and security	0 meetings held with department of safety and security	2 meetings with the department of safety and security	0 meetings with the department of safety and security	Non attendance of sector departments	schedule another meeting	None	Not Achieved
360	8	5	Develop Measures and tools to manage Indigents	opex		% households earning less than R1600.00 per month with access to free basic services	100% of households earning less than R1100.00 per month with access to free basic services (solid waste removal)	100% households earning less than R1600.00 per month with access to free basic services	100% households earning less than R1600.00 per month with access to free basic services	None	None	Indigent register	Achieved



Vote No	KPI no	weighting	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
260	9	5	to ensure accessibility of basic level of electricity	opex		# of indigent household receiving free basic electricity	900 of indigent household receiving free basic electricity	1200 of indigent household receiving free basic electricity	1281 of indigent household receiving free basic electricity	None	None	Eskom beneficiary list	Achieved
300	10	5	To ensure that Groblersdal CBD is user friendly and free from the non-compliance	R0.00		# of hawkers inspections conducted (zero weighted)	0 hawkers inspections conducted	12 hawkers inspections to be conducted	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
300	11	0	To ensure regular maintenance of public transport facilities	R0.00		% maintenance of public transport facilities (zero weighted)	0% maintenance of public transport facilities	100% maintenance of public transport facilities	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
125	12	0	To ensure the development of Traffic Master Plan to identify & address road accident & fatalities	R0.00		% development of traffic master plan (zero weighted)	0% developed traffic master plan	100% development of Traffic master plan	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
300	13	5	Minimize abuse of Municipal Vehicles	R0.00		% availability of municipal fleet vehicles	12 fleet management reports compiled	100% availability of municipal fleet vehicles	100% of Municipal fleet fitted with the tracking device	None	None	Tracking certificates	Achieved

Vote No	KPI no	weighting	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
300	14	5	to ensure adequate compliance to existing norms and standards	opex		# of disaster awareness campaign held	0 disaster campaign held	12 disaster awareness campaign to be held	12 Disaster Awareness campaigns conducted	None	None	Attendance Register & Photos	Achieved
300	15	5	To ensure communities are contributing toward Climate Change and reduction of Carbon footprint	opex		# of environmental awareness campaigns conducted	4 Environmental Awareness Campaigns conducted	4 environmental awareness campaigns conducted	4 environmental awareness campaigns conducted	None	None	Attendance Register & Photos	Achieved
505	16	10	to build an effective and efficient organisation	R0.00		% of AGSA management letter findings resolved by 31 March	2012/2013 audit action plan in place	100% of AGSA management letter findings resolved by 31 March	100% of AGSA management letter findings resolved by 31 March	100% of AGSA management letter findings resolved by 31 March	None	Resolved AG's Action plan	Achieved
505	17	5	to become financially viable	opex		% operational budget spent	95% operational budget spent	100% operational budget spent	96% operational budget spent	none	none	None	Achieved

**CAPITAL PROJECTS**

KPI no	weighting	Project	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
18	10	other equipments	Improve community well-being through accelerated service delivery	R 200,000.00		# of equipment to be purchased	15 skips purchased	10 skips to be purchased	0 skips to be purchased	Delayed from delivery from the successful bidder	Followed up with the successful bidder	Purchase order	Not Achieved
19	10	development of parks	To provide fully developed sports and recreational facilities	R 300,000.00		# of parks to be developed	0 parks developed	1 park to be developed (hoep hoep)	1 park was upgraded (hoep hoep)	budget was adjusted therefore the development was impossible we opted for upgrading	None	Appointment letter	not achieved

**FINANCE DEPARTMENT**

Vote No	KPI no	weighting	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
800	1	0	To ensure compliance with MFMA section 64	R0.00	R0.00	% Compilation of the sustainable Valuation roll (zero weighted)	100% complied valuation roll	100% completion of sustainable valuation roll	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
800	2	10	To ensure compliance with MFMA 64(1),(2)(a-h)	R0.00	R0.00	% Reduction of outstanding debts.	2.5% Reduction of outstanding debts.	5% reduction of outstanding debts	The reduction 7% i.e closing balance - opening balance divide by closing balance(R46,9mil - R50.3mil)/ R46,9mil)	none	none	Age analysis	Achieved
800	3	10	To ensure compliance with MFMA sec 96(1,2)	R0.00	R0.00	# of assets verification conducted	100% verification of all municipal assets	2 assets verification conducted	2 assets verification conducted	none	none	Stock count sheet and verification report	Achieved
800	4	10	To ensure compliance with MFMA sec 71(1) and (5), sec 66,sec72, SCM Reg 6(3,4)	R0.00	R0.00	# of section 71,72 and 52(d) MFMA reports submitted to Mayoral committee within legislative timeframes	28 compliance reports generated *section 71(M) *section 66(M) *section 52	28 compliance reports generated *section 71(M) *section 66(M) *section 52	28 reports submitted to the Mayoral committee	none	none	Reports/ minutes	Achieved
800	5	10	To ensure compliance with MFMA 24(1)(2)(3)	R0.00	R0.00	Approval of MTREF Budget by the 31st May	100% compiled 2014/2015 budget	Approval of MTREF Budget by the 31st May	Approval of MTREF Budget by the 31st May	none	none	Council resolution	Achieved

Vote No	KPI no	weighting	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
800	6	10	To ensure compliance with MFMA 24(2)(c)(v)	R0.00	R0.00	# of budget related policies to be reviewed	budget related policies reviewed Supply Chain Policy, Credit and Debtor Control Policy, Cash management policy, Asset rates policy, Investment management policy, Indigent policy, Virement policy.	budget related policies reviewed Supply Chain Policy, Credit and Debtor Control Policy, Cash management policy, Asset rates policy, Investment management policy, Indigent policy, Virement policy.	budget related policies were reviewed and approved by Council	none	none	Council resolution	Achieved
800	7	10	To ensure compliance with MFMA 65 (1)(2)		R0.00	No. of reconciliations conducted each month in terms of specific items of expenditure	108 reconciliation performed	reconciliation performed *debtors *grants *Rates *investments *bank *salaries (suspense, interface) *VAT *Creditors *retention	108 reconciliations were performed and reviewed	none	none	Signed reconciliations	Achieved
800	8	0	To ensure improved audit opinion	R0.00	R0.00	% reduction of matters raised by AG <b>(zero weighted)</b>	2012/2013 audit action plan in place	100% reduction of matters raised by AG	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
800	9	10	to become financially viable	opex	opex	% operational budget spent	95% operational budget spent	100% operational budget spent	38% operational budget spent	Expenditure on depreciation and asset impairment will be appropriated during compilation of AFS	none	final Trial balance	Not achieved
800	10	0	to become financially viable	R0.00	R0.00	% capital budget spent <b>(zero weighted)</b>	100% capital budget spent	100% capital budget spent	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted

Vote No	KPI no	weighting	Strategic Objective	Budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
800	11	10	To ensure compliance with MFMA	R0.00	R0.00	Draft Annual Financial Statements (AFS) submitted to AG on or before the 31st August	100% 2012/2013 annual financial statements prepared and submitted to AG	Draft Annual Financial Statements (AFS) submitted to AG on or before the 31st August	Draft Annual Financial Statements (AFS) submitted to AG on or before the 31st August	none	none	draft annual financial statement	Achieved
800	12	10	to build an effective and efficient organisation	R0.00	R0.00	% of AGSA management letter findings resolved by 31 March	2012/2013 audit action plan in place	100% of AGSA management letter findings resolved by 31 March	82% of management letter findings resolved	other correction of misstatement will be done when finalising the AFS	Correcting Journals are prepared with supporting documents and will be passed during the Finalisation of the AFS	Prepared Journals	Not achieved

#### INFRASTRUCTURE DEVELOPMENT

Vote kpi No	kpi no	weighting	Strategic Objective	budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
260	1	0	Develop capital/ electrification plan and submit to Eskom to ensure sufficient power	R0.00	R0.00	# of two year capital/ electrification plan developed (zero weighted) budget relocated	5 villages are electrified	1 two year capital/ electrification plan developed	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
260	2	0	Ensure sufficient Network load focusing	R0.00	R0.00	# of network load focusing plan developed (zero weighted) Eskom function	Usage at 14 MVA with a maximum of 20 MVA in place	1 network load focusing plan developed	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
260	3	0	To ensure compliance with management system for reporting functions (NERSA)	R0.00	R0.00	# of management system to comply with NERSA regulations (zero weighted)	None (System in place)	1 management system to comply with NERSA regulations	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted

Vote No	kpi no	weighting	Strategic Objective	budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
645	4	3	To ensure MIG funding is spent as per commitments	R50,840,000.00	R50,840,000.00	% spending on MIG	100% spending on MIG	100% spending on MIG	100% spending on MIG	None	None	MIG report	Achieved
645	5	3	To ensure that surfaced roads are properly maintained	R10,961,000.00	R10,961,000.00	% of operational expenditure spend on repairs and maintenance - Roads (potholes)	Road maintenance teams established and programme developed. ( m <sup>2</sup> of surfaced road maintained(Patchwork and pothole repairs)	100% of operational expenditure spend on repairs and maintenance - Roads (potholes)	100% of operational expenditure spend on repairs and maintenance - Roads (potholes)	None	None	Opex Report	Achieved
645	6	3	To ensure safe and accessible roads to communities	R-	R-	# of km of gravel road graded and bladed	Road Construction unit established and Gravel road programme developed (30km road graded and bladed)	40km of gravel road graded and bladed	40km of gravel road graded and bladed	None	None	Road Maintenance report and completion certificates	Achieved
645	7	0	To ensure provision of water and sanitation	R0.00	R0.00	# of meetings held with the district on progress report (zero weighted)	Water and sanitation programmes were implemented	4 meetings held with the district on progress report	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
645	8	3	To maintain the existing storm water controls by 2015	opex	opex	meters of storm water controls maintained	Storm water maintenance team established and programme developed	2500m of storm water controls maintained	2500m of storm water controls maintained	None	None	Maintenance Report	Achieved
645	9	0	to control and manage transport within municipal areas	R0.00	R0.00	% implementation of transport master plan (zero weighted)	transport master plan in place	100% implementation of transport master plan	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
645	10	0	To manage and ensure proper maintenance of road infrastructure within the municipal area	R0.00	R0.00	# of road infrastructure plans developed (zero weighted) budget relocated	Road infrastructure programmes developed.	2 road infrastructure plans developed	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
645	11	3	To ensure maximization of job creation through EPWP	R1,187,000.00	R1,187,000.00	# of jobs created through EPWP	802 job created through EPWP	900 jobs created through EPWP	421 jobs created through EPWP	None	None	EPWP Report	not achieved

Vote No	KPI no	weighting	Strategic Objective	budget	Expenditure	key performance Indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
645	12	3	to build an effective and efficient organisation	R0.00	R0.00	% of AGSA management letter findings resolved by 31 March	2012/2013 audit action plan in place	100% of AGSA management letter findings resolved by 31 March	100% of AGSA management letter findings resolved	None	None	Audit action plan with POE file	Achieved
645	13	4	to become financially viable	opex	opex	% operational budget spent	100% operational budget spent	100% operational budget spent	98% operational budget spent	there was no need for procurement	None	Opex Report	Achieved

### CAPITAL PROJECTS

Vote No	KPI no	weighting	ward number	Project	Budget	Expenditure	Strategic Objective	Key Performance Indicator	Baseline/ Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Achieved/ Not Achieved	
645	14	4	18	Monsterios Mmakgopheng construction of road phase 5	R 4,292,107.00	R 4,292,107.00	Improve community well-being through accelerated service delivery	% construction of Monsterlus to Makgopheng road phase 5	100% construction of 9.5km road in Monsterlus to Makgopheng	100% construction Subbase,Base Surfacing and Storm water (800m)road to be constructed	100% construction Subbase,Base Surfacing and Storm water (800m)road constructed	None	None	Completion Certificate	Achieved
360	15	0	13	rehabilitation of land fill site	R -	R -	Improve community well-being through accelerated service delivery	% rehabilitation of land fill site	land fill site available	100% rehabilitation of land fill site	the project has moved to opex during budget adjustment	N/A	N/A	N/A	N/A



Vote No	KPI no	weighting	ward number	Project	Budget	Expenditure	Strategic Objective	Key Performance Indicator	Baseline/ Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
645	16		2	Moteti A construction of bus route phase 3	R 4,000,000.00	R 3,994,142.09	Improve community well-being through accelerated service delivery	% construction of Moteti A bus road Phase 3	100% construction of 3.8km road in Moteti A	100% construction Subbase,Base ,Surfacing and Storm water (600m)road to be constructed	100% construction Subbase,Base ,Surfacing and Storm water (600m)road constructed	None	None	Completion Certificate	Achieved
645	17	4	19	Upgrading of bus route at Mathula Stands	R 1,000,000.00	-	Improve community well-being through accelerated service delivery	% upgrading of Mathula route	100% gravel road maintained	100% construction Subbase,Base ,Surfacing and Storm water (400m)road to be constructed	0% construction Subbase,Base ,Surfacing and Storm water (400m)road	Tender advertised for Contractor and was non responsive.	Tender re-advertised through the panel of contractors	Tender Advert	Not Achieved
645	18	3	15	JJ Road Zaaiplaas Phase 1	R 5,485,000.00	R 5,485,000.00	Improve community well-being through accelerated service delivery	% construction of JJ Road Zaaiplaas	100% gravel road maintained	100% construction Subbase,Base ,Surfacing and Storm water (700m)road to be constructed	100% construction Subbase,Base ,Surfacing and Storm water (700m)road constructed	None	None	Completion Certificate	Achieved
645	19	3	29	Motetema construction of internal streets phase 2	R 6,402,442.00	R 6,070,763.68	Improve community well-being through accelerated service delivery	% construction of Motetema internal streets phase 2	70% construction of internal surfaced streets in motetema	100% construction Subbase,Base ,Surfacing and Storm water (1.3km) internal streets to be constructed	100% construction Subbase,Base ,Surfacing and Storm water (1.3km) internal streets constructed	None	None	Completion Certificate	Achieved

Vote No	KPI no	weighting	ward number	Project	Budget	Expenditure	Strategic Objective	Key Performance Indicator	Baseline/ Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
645	20	3	21	Kgaphamadi upgrading of bus route	R 5,507,571.00	R 5,507,571.00	Improve community well-being through accelerated service delivery	% upgrading of Kgaphamadi bus road	100% gravel road maintained	100% construction Subbase,Base ,Surfacing and Storm water (1.2km)road to be constructed	100% construction Subbase,Base ,Surfacing and Storm water (1.2km)road constructed	None	None	Completion Certificate	Achieved
645		3	22	Mogaung construction of road phase 2	R 1,000,000.00	-	Improve community well-being through accelerated service delivery	% construction of Mogaung road phase 2	100% construction of 500m road	100% construction Subbase,Base ,Surfacing and Storm water (400m)road to be constructed	0% construction Subbase,Base ,Surfacing and Storm water (400m)road	Tender advertised for Contractor and was non responsive.	Tender re-advised through the panel of contractors	Tender Advert	Not Achieved
645	22	3	26, 27 & 28	Tatefokop high mast light	R 2,251,754.00	R 2,251,754.00	Improve community well-being through accelerated service delivery	% installation of high mast lights in Tatefokop	0% installation of high mast lights	100% installation of high mast lights in Tatefokop	100% installation of high mast lights in Tatefokop	None	None	Practical Completion Certificate	Achieved
645	23	3	4	Mpheleng construction of bus road	R 5,292,880.00	R 5,292,880.00	Improve community well-being through accelerated service delivery	% construction of Mpheleng bus road	100% gravel road maintained	100% construction Subbase,Base ,Surfacing and Storm water (500m)road to be constructed	100% construction Subbase,Base ,Surfacing and Storm water (500m)road constructed	None	None	Practical Completion Certificate	Achieved

Vote No	KPI no	weighting	ward number	Project	Budget	Expenditure	Strategic Objective	Key Performance Indicator	Baseline/ Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
645	24	3	6	Phuchukani construction of road phase	R 1,400,000.00	R 671,460.00	Improve community well-being through accelerated service delivery	% development of design report and tender documents	100% gravel road maintained	100% design report and tender document	100% design report and tender document	None	None	Design Report and Tender Documents	Achieved
260	25	3	13	fencing of Groblersdal substation	R 300,000.00	-	Improve community well-being through accelerated service delivery	% fencing of Groblersdal substation	0% fencing of Groblersdal substation	100% fencing of Groblersdal substation	0% fencing of Groblersdal substation	Tender advertised for Contractor and was non responsive.	Due to financial time frames the tender could not be readvertised.	Final award report	Not Achieved
645	26	3	9	Walter Sisulu/ Tambo construction of bus/ taxi road	R 5,158,934.00	R 5,158,934.00	Improve community well-being through accelerated service delivery	% construction of Walter Sisulu / Tambo bus / taxi road	100% gravel road maintained	100% construction Subbase,Base ,Surfacing and Storm water (1.5km)road to be constructed	100% construction Subbase,Base ,Surfacing and Storm water (500m)road constructed	Snaglisted items in progress	The Service Providers given 14 days to close the project.	Practical Completion Certificate	Achieved
645	27	3	4	Road to Magoshi (Matlala)	R 5,725,000.00	R 5,725,000.00	Improve community well-being through accelerated service delivery	% construction of access road to Magoshi (Matlala)	100% gravel road maintained	100% construction Subbase,Base ,Surfacing and Storm water (800m)road to be constructed	100% construction Subbase,Base ,Surfacing and Storm water (800m)road constructed	Snaglisted items in progress	The Service Providers given 14 days to close the project.	Practical Completion Certificate	Achieved

Vote No	KPI no	weighting	ward number	Project	Budget	Expenditure	Strategic Objective	Key Performance Indicator	Baseline/ Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
645	28	3	26	Road to Magoshi (Rammupudu)	R 5,425,000.00	R 5,429,000.00	Improve community well-being through accelerated service delivery	% construction of access road to Magoshi (Rammupudu)	100% gravel road maintained	100% construction Subbase,Base ,Surfacing and Storm water (800m)road to be constructed	100% construction Subbase,Base ,Surfacing and Storm water (800m)road constructed	Snaglisted items in progress	The Service Providers given 14 days to close the project.	Practical Completion report	Achieved
645	29	3	various wards	construction of speed humps in various villages	R 370,000.00	R 370,000.00	Improve community well-being through accelerated service delivery	% construction of speed humps in various villages	10% construction of speed humps	100% construction of speed humps in various villages( 20 speed humps)	100% construction of speed humps in various villages( 20 speed humps)	100% construction of speed humps in various villages( 24 speed humps)	None	Completion certificates	Achieved
645	30	3	various wards	construction of storm water channels	R 1,000,000.00	R 1,000,000.00	Improve community well-being through accelerated service delivery	% construction of storm water channels	40% construction of storm water channels	100% construction of stormwater channels	100% construction of stormwater channels	None	None	Completion certificates	Achieved
645	31	0	n/a	crane truck	R -	R -	Improve community well-being through accelerated service delivery	# of crane trucks to be purchased	0 crane trucks purchased	1 crane truck to be purchased	0 crane trucks purchased	funds were relocated	funds were relocated	funds were relocated	funds were relocated

Vote No	KPI no	weighting	ward number	Project	Budget	Expenditure	Strategic Objective	Key Performance Indicator	Baseline/ Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
645	32	3	13	Karnaal street Groblersdal	R 3,500,000.00	R 485,000.00	Improve community well-being through accelerated service delivery	% construction of Karnaal street Groblersdal	100% deteriorated road	100% construction Subbase,Base ,Surfacing and Storm water road to be constructed	0% construction Subbase,Base ,Surfacing and Storm water road	Delays in specialised studies for designs due to complexity of the road	Tender advertised and in progress to appoint the contractor	Tender Advert	Not Achieved
260	33	4	13	main and Kruger Substation upgrade	R 3,280,000.00	R 3,280,000.00	Improve community well-being through accelerated service delivery	% upgrading of main and kruger substation	100% over capacited main and kruger substation	100% upgrading of main and kruger substation	100% upgrading of main and kruger substation	Snaglisted items in progress	The Service Providers given 14 days to close the project.	Practical Completion report	Achieved
260	34	3	n/a	Mini subs	R 1,000,000.00	R 1,000,000.00	Improve community well-being through accelerated service delivery	# of mini subs to be purchased	2 minisubs purchased	2 mini subs to be purchased	2 mini subs purchased	None	None	Delivery Report	Achieved
645	35	0	n/a	plant machinery	R -	R -	Improve community well-being through accelerated service delivery	# of plant machinery to be purchased	10 plant machinery purchased	3 plant machinery purchased(2 x 6m² Tipper and Low Bed Trailer)	0 plant machinery purchased(2 x 6m² Tipper and Low Bed Trailer)	funds were relocated	funds were relocated	funds were relocated	funds were relocated

Vote No	KPI no	weighting	ward number	Project	Budget	Expenditure	Strategic Objective	Key Performance Indicator	Baseline/ Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
645	36	0	13	tourism centre	R -	R -	Improve community well-being through accelerated service delivery	% construction of tourism center	0% construction of tourism center	100% construction of tourism center	0% construction of tourism center	funds were relocated	funds were relocated	funds were relocated	funds were relocated
645	37	3	13	mobile offices	R 1,800,000.00	R 1,800,000.00	Improve community well-being through accelerated service delivery	# of mobile offices purchased	0 mobile offices to be purchased	24 mobile offices purchased	24 mobile offices purchased	Snaglisted items in progress	The Service Providers given 14 days to close the project.	Practical Completion report	Achieved
645	38	3	13	Groblersdal bulk meters	R 200,000.00	R 200,000.00	Improve community well-being through accelerated service delivery	Supply and Installation of two remote Bulk meters in Groblersdal.	Inadequate bulk meters in Groblersdal	Supply and Installation of two remote Bulk meters in Groblersdal.	Supply and Installation of two remote Bulk meters in Groblersdal.	None	None	Completion Report	Achieved
645	39	3	30	makwana village electrification	R 1,000,000.00	R 300,000.00	Improve community well-being through accelerated service delivery	# of households to be electrified	0 households electrified	80 households to be electrified	0 households to be electrified	Delays by Eskom to approve Designs	Site handover done	Site hand over Minutes	Not Achieved

Vote No	KPI no	weighting	ward number	Project	Budget	Expenditure	Strategic Objective	Key Performance Indicator	Baseline/ Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
645	40	3	n/a	other equipments	R 320,000.00	-	Improve community well-being through accelerated service delivery	# of equipments to be purchased	3 Bomag machinery purchased	6 equipments to be purchased (3 bomag and 3 saw cutting machine)	0 equipments to be purchased (3 bomag and 3 saw cutting machine)	Non responsive of Service provider	Due to financial timeframes the project could not be readvertised	Advert	Not Achieved
645	41	3	13	home affairs	R 2,000,000.00	R 2,000,000.00	Improve community well-being through accelerated service delivery	% upgrading of home affairs offices in Groblersdal	0% upgrading of home affairs offices in Groblersdal	100% upgrading of home affairs offices in Groblersdal	100% upgrading of home affairs offices in Groblersdal	None	None	Completion certificates	Achieved
645	42	3	25	rehabilitation of ramogwerane road	R 1,000,000.00	R 1,000,000.00	Improve community well-being through accelerated service delivery	% rehabilitation of Ramogwerane road	100% deteriorated road	100% rehabilitated road	100% rehabilitated road	None	None	Completion certificates	Achieved
645	43	3	25	rehabilitation of Dikgalaopeng road	R 1,000,000.00	R 1,000,000.00	Improve community well-being through accelerated service delivery	% rehabilitation of Dikgalaopeng road	100% deteriorated road	100% rehabilitated road	100% rehabilitated road	None	None	Completion certificates	Achieved

Vote No	KPI no	weighting	ward number	Project	Budget	Expenditure	Strategic Objective	Key Performance Indicator	Baseline/ Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
645	44	0	various wards	roads re-gravelling	R -	R -	Improve community well-being through accelerated service delivery	% regravelling of roads	10km of roads regravelled	8km of roads regravelled	0km of roads regravelled	funds were relocated	funds were relocated	funds were relocated	funds were relocated
<b>2013/2014 ROLLED OVER PROJECTS</b>															
645	45	0	7	Moteti Liberty phase 2	R 810,832.00	R 810,832.00	Improve community well-being through accelerated service delivery	# of Household Electrified	400 households electrified	150 Households to be electrified	150 Households electrified	None	None	Completion Report	Achieved



Vote No	KPI no	weighting	ward number	Project	Budget	Expenditure	Strategic Objective	Key Performance Indicator	Baseline/ Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
645	46	0	25	electrification of households in tafelkop/dikgalaopeng, bapeding, matsheleapata)	R 2,290,304.00	R 2,290,304.00	Improve community well-being through accelerated service delivery	# of Household Electrified	No Electricity	204 Households to be electrified	204 Households electrified	None	None	Completion Report	Achieved
645	47	0	1	waalkraal RDP electrification	R 886,464.00	R 886,464.00	Improve community well-being through accelerated service delivery	# of Household Electrified	200 households electrified	229 Households to be electrified	229 Households electrified	None	None	Completion Report	Achieved
645	48	0	11	Elandsdoorn cemeteries	R 1,500,000.00	R 1,449,960.06	to safeguard and ensure management of cemeteries	% construction development of cemetery	lusaka cemeteries developed	100% construction development of cemetery	80% construction development of cemetery	Delays due to Community demanding Fencing on the old cemetery.	Funding only availed during Budget adjustment	Progress report	Not Achieved
645	49	0	20	Hlogotlou cemeteries	R 990,737.00	R 990,737.00	to safeguard and ensure management of cemeteries	% construction development of cemetery	existing cemeteries	100% construction development of cemetery	100% construction development of cemetery	None	None	Completion Report	Achieved

Vote No	KPI no	weighting	ward number	Project	Budget	Expenditure	Strategic Objective	Key Performance Indicator	Baseline/ Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
645	50	0	13	grobbersdal land fill site	R 546,117.00	R 546,117.00	to improve solid waste management and its environmental impact	% construction of landfill site	100% construction of land fill site	100% construction of land fill site	100% construction of land fill site	None	None	Completion Report	Achieved
645	51	0	27	Nyakelang road	R 2,000,000.00	R 2,000,000.00	Improve community well-being through accelerated service delivery	% construction of nyakelang road	100% construction of nyakelang road	100% construction of nyakelang road	100% construction of nyakelang road	none	None	Completion Report	Achieved
645	52	0	19	Road to Magoshi (Mahlangu)	R 1,248,228.00	R 1,248,228.00	Improve community well-being through accelerated service delivery	% construction of road to kgoshi mahlangu	100% of road to kgoshi mahlangu	100% of road to kgoshi mahlangu	100% of road to kgoshi mahlangu	None	None	Completion Report	Achieved
<b>total</b>		<b>78</b>			<b>R 79,983,370.00</b>	<b>R 72,536,324.63</b>									

**MUNICIPAL MANAGER'S OFFICE**

Vote No	kpi no	weighting	Strategic Objective	budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
	1	5	Declaration and disclosure of interests by councillors	R0.00		# of councillors declared their financial interests	0 councillors declared their financial interests	60 councillors declared their financial interests	38 councillors declared their financial interests	Not all councillors returned the forms	Declaration forms distributed during Council meetings	List of councillors submitted the forms	Not Achieved
	2	5	Declaration and disclosure of interests by officials	R0.00		# of officials declared their financial interests	222 officials declared their financial interests	311 officials declared their financial interests	61 officials declared their financial interests	Not all employees returned the forms	All S&T must be accompanied by declaration forms	List of employees submitted the forms	Not Achieved
507	3	5	To capacitate all employees on risk management	R0.00		# of employees capacitated on risk management	0 employees capacitated on risk management	120 employees to be capacitated on risk management	25 employees capacitated on risk management	lack of internal capacity in the division	source technical support from service provider appointed for training	Attendance Registers	not achieved
507	4	5	To capacitate all employees on risk management	opex		# of risk awareness campaigns conducted	0 risk awareness campaigns conducted	4 risk awareness campaigns conducted	3 risk awareness campaigns conducted	not all scheduled campaign were conducted	to stick to assessment schedule	programme attendance register	Not Achieved
507	5	10	To ensure effective implementation of the risk management and anti-corruption strategy	R0.00		% execution per quarter of Risk Management Plan in line with detailed time schedule	100% implementation of risk strategy	100% execution per quarter of Risk Management Plan in line with detailed time schedule	100% execution per quarter of Risk Management Plan in line with detailed time schedule	None	None	Attendance Registers	Achieved

Vote No	kpi no	weighting	Strategic Objective	budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
507	6	10	to develop and implement integrated management and governance system	R0.00		# of Operational risk assessment conducted	0 Operational risk assessment conducted	4 Operational risk assessment conducted	3 Operational risk assessment conducted	non responsive from directorates for scheduled programmes	We engaged every available Action Owner (Managers) from each department	Risk Assessment Report.	Not Achieved
507	7	10	To maximize and enhance oversight functions	R0.00		# of risk Management committee reports submitted to audit committee	0 Risk Management committee reports submitted to audit committee	4 risk management committee reports submitted to audit committee	4 risk management committee reports submitted to audit committee	none	none	Risk Assessment Report.	Achieved
507	8	10	to adhere to minimum standards of Security	R0.00		# of security Reports compiled (zero weighted)	0 security Reports compiled	4 security reports compiled	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
507	9	10	To advise on compliance to regulations	R0.00		# of audit reports submitted to the Audit Committee as per approved annual Internal Audit plan	4 performance audit reports submitted to the Audit Committee	4 audit reports submitted to Audit Committee as per approved annual internal audit plan	4 audit reports submitted to Audit Committee as per approved annual internal audit plan	None	None	Internal Audit Reports submitted to Audit Committee and minutes of Audit Committee meetings	Achieved

Vote No	kpi no	weighting	Strategic Objective	budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
507	10	0	To advise on compliance to regulations	R0.00		# of risk based audit reports submitted to the Audit Committee as per approved annual Internal Audit plan <b>(zero weighted)</b>	3 risk based audit reports submitted to the Audit Committee	4 risk based audit reports submitted to the Audit committee as per approved annual plan	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
	11	0	To maximize and enhance oversight functions	R0.00		# of audit committee reports submitted to council <b>(zero weighted)</b>	1 audit committee report submitted to council	4 audit committee reports submitted to council	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted
507	12	0	To maximize and enhance oversight functions	R0.00		# of audit committee performance assessment reports submitted to council <b>(zero weighted)</b>	0 audit committee performance assessment reports submitted to council	4 audit committee performance assessment reports submitted to council	zero weighted	zero weighted	zero weighted	zero weighted	zero weighted

Vote No	kpi no	weighting	Strategic Objective	budget	Expenditure	key performance indicator	Baseline / Status	Annual Target	Progress to date	Challenges	Measures taken to improve performance	Evidence	Achieved/ Not Achieved
507	13	10	To maximize and enhance oversight functions	R0.00		% of Internal Audit Findings resolved per quarter as per the Audit Plan	100% audit committee recommendations implemented	100% of Internal Audit Findings resolved per quarter as per the Audit Plan	62% of Internal Audit Findings resolved per the Audit Plan	24% Not addressed and 14% in progress	Regular follow-up by Internal Audit with Management	Internal Audit Follow-up Report	Not Achieved
507	14	10	to become financially viable	opex		% operational budget spent	95% operational budget spent	100% operational budget spent	99% operational budget spent	none	none	opex report	achieved
507	15	10	to build an effective and efficient organisation	R0.00		% of AGSA management letter findings resolved by 31 March	2012/2013 audit action plan in place	100% of AGSA management letter findings resolved by 31 March	100% of AGSA management letter findings resolved by 31 March	None	None	AG Action Plan (1 finding on action plan for MMs office addressed) with supporting evidence.	Achieved

Summary of Comparison of Annual Performance between 2013/ 2014 and 2014/2015 Report

NO.	Key Performance Area	Total number of KPIs		Number of KPI's achieved		Number of KPI's not achieved		Zero weighted		Not applicable		Relocation of funds		Performance percentage per KPA	
		2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
1	Spatial Rationale	10	15	3	8	7	2	0	5	0	0	0	0	30%	80%
2	Municipal transformation and institutional development	42	29	13	18	29	4	0	4	0	0	1	0	31%	82%
3	Local economic development	8	5	3	3	5	2	0	0	0	0	0	0	36%	60%
4	Basic service delivery and infrastructure development	46	66	19	36	27	13	0	12	0	1	4	0	41%	73%
5	Financial viability and management	20	11	12	7	8	1	0	3	0	0	0	0	60%	88%
6	Good governance and public participation	9	21	0	4	0	12	0	5	0	0	0	0	0%	25%
	<b>TOTAL</b>	<b>135</b>	<b>145</b>	<b>53</b>	<b>76</b>	<b>83</b>	<b>34</b>	<b>0</b>	<b>29</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>5</b>	<b>37%</b>	<b>69%</b>



# Chapter Four



## 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.

**Table 57: Staff turnover**

Description	Total
Terminations	0
Contract ended	3
Retention	0
Death	5
Retirements	7
Ill health	1
Dismissal	2
Resignation	6
Total number of vacancies	123
Total number of employees	343
Total post on the organogram	466

**Table 58 Employees for human resource services**

Employees: Human Resource Services				
Job Level (task grades)	2014/15			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
10 – 12	426	311	115	27%
13 – 15	27	23	4	15%
16 – 18	6	5	1	16%
Section 56&57	7	4	3	43%
<b>Total</b>	<b>466</b>	<b>343</b>	<b>123</b>	<b>26%</b>

**Table 59: organisational structures information**

Employees					
Description	2014/2015				
	Employees	Approved Posts	Employees	vacancies	Variance
	No.	No.	No.	No.	%
Electricity		15	11	4	27%
Roads		60	50	10	17%
Planning		11	6	5	45%
Local Economic Development		4	2	2	50%
Community services		199	131	68	34%
Environmental Protection		43	36	7	16%
Corporate Policy Offices and Other		133	106	27	20%
Sports and recreation		1	1		0%
<b>Totals</b>		<b>466</b>	<b>343</b>	<b>123</b>	<b>26%</b>

Table 60: Vacancy rate information

Vacancy Rate 2014/15			
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	6 months	
<b>Other S57 Managers (excluding Finance Posts)</b>			
Strategic Management	1	0	0
Development Planning	1	0	0
Community Services	1	0	0
Infrastructure	1	0	0
Corporate Services	1	5 months	0
<b>Other S57 Managers (Finance posts) Manager Assets</b>			
	1	0	0
Chief Audit Executive	n/a	n/a	n/a
<b>Senior management: Levels 13-15 (excluding Finance Posts)</b>			
Chief Risk Management Officer(T15)	1	0	0
Manager Internal Auditor (T15)	1	6 months	0
Manager PMS (T15)	1	0	0
Manager Communication (T15)	1	0	0
Manager IDP (T15)	1	0	0
Manager Environmental Services	1	0	0
Manager Public Safety (T15)	1	0	0
Manager Licensing (T15)	1	3 months	0
Manager Motetema Service Delivery Point(T15)	1	0	0
Manager Hlogotlou Service Delivery Point (T15)	1	0	0
Manager Roossenekal Service Delivery Point(T15)	1	0	0
Manager Uitspanning Service Delivery Point(T15)	1	1 year	
Electrical Engineer (T16)	1	0	0
Manager Electrical (T15)	1	1 year	0
Manager PMU (T15)	1	2 months	0
Manager Road, Storm water & Maintenance (T15)	1	0	0
Manager Road Construction (T15)	1	0	0
Legal Advisor (T16)	1	6 months	0
Manager Contract Management & Compliance(T15)	1	1 Year	0
Manager Executive Support (T16)	n/a	n/a	n/a
Manager Human Resource (T15)	1	0	0
Manager Council Support, Secretariat & Administration (T15)	1	0	0
Manager ICT (T15)	1	0	0
Manager Assets	1	3 months	0
Manager Supply chain	1	0	0
Manager Expenditure	1	0	0
Manager revenue	1	0	0
Manager budget	1	0	0
Manager administration	1	0	0

Vacancy Rate 2014/15			
Designations	*Total Approved Posts	*Variations (Total time that vacancies exist using fulltime equivalents)	*Variations (as a proportion of total posts in each category)
Manager LED	1	0	0
Manager fleet	1	0	0
Deputy CFO	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 61: Approved and reviewed policies**

NO.	POLICY NAME	APPROVED	REVIEWED	RESOLUTION NUMBER
1	Draft turnaround strategy for case management		√	C14/39
2	Levying of the properties		√	F14/52
3	Reviewed EMLM LED Strategy		√	DP14/41
4	Draft data and information backup policy		√	C14/58
5	Draft user access policy		√	C14/59
6	Draft anti-virus policy		√	C14/60
7	Draft information technology security policy		√	C14/61
8	The draft remuneration strategy		√	C15/22
9	Draft human resources placement policy		√	C15/23
10	Proposed draft EMLM land disposal policy	√		DP15/018
11	Proposed EMLM policy on street naming and numbering	√		DP15/028
12	Proposed draft EMLM SMME support policy		√	DP15/38
13	Anti- fraud and corruption strategy		√	M15/22
14	Risk management strategy and implementation plan		√	M15/23
15	2015/2016 reviewed PMS framework and procedure manual		√	SM15/20
16	Review of communication strategy for 2015/2016		√	SM15/23
17	Report on credit control policy		√	F15/20
18	Report on levying of the properties		√	F15/21

### 4.3 INJURIES, SICKNESS AND SUSPENSIONS

**Table 62: 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	0	03	0	0	0
Temporary total disablement	42	01	52	42	0
Permanent disablement	none	None	none	none	None
Fatal	none	None	none	none	None
<b>Total</b>	<b>42</b>	<b>04</b>	<b>52</b>	<b>42</b>	<b>0</b>

**Table 63: Cases on Financial Misconduct information**

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalized
Chief Financial Officer	Unauthorised Expenditure	Internal disciplinary hearing	09 January 2015

### 4.4 PERFORMANCE MANAGEMENT

In EMLM, performance management is limited to Section 56 Managers. EMLM has conducted the 2013/2014 annual performance assessments for 04 Directors who signed the performance agreements and no Director qualified for performance bonuses. The 2014/2015 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 64: Performance agreements**

signing of performance agreement		
Officials	signed	not signed
Municipal Manager	✓	
Director Strategic	✓	
Acting Chief financial officer	✓	
Director community services	✓	
Director Infrastructure	✓	
Director development planning	✓	
Director Corporate services		✓ Vacant

# COMPONENT C:

## Capacitating the Municipal Workforce

### 4.5 SKILLS DEVELOPMENT AND TRAINING

Municipality has a work skills plan (WSP) 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, 35 employees and 16 councillors received different training. The WSP and annual training report were submitted to LGSETA.

Municipality budgeted R1 370 000 for training and spent R1 300 249. The variance for the year was R69 751. Municipality received R 58 615 mandatory grants in the form of rebates from LGSETA.

**Table 65: Training for officials**

Programme	No. Of Officials	Males	Female	Status
MFMP	22	13	9	Completed
CPMD	6	4	2	Completed
VIP	2	1	1	Completed
Advanced report writing	5	0	5	Completed
<b>Total</b>	<b>35</b>	<b>18</b>	<b>17</b>	

**Table 66: training for councillors**

Programme	No. Of Councillors	Males	Female	Status
CPMD	4	2	2	In-progress
ELMDP	12	6	6	Completed
<b>TOTAL</b>	<b>16</b>	<b>8</b>	<b>8</b>	

**Table 67: 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))
<b>Financial officials</b>						
Accounting Officer	1	0	1	1	1	1
Chief Financial Officer	0	0	0	0	0	0
Senior Managers	4	0	4	3	4	3
Any other financial officials (managers)	5	0	5	0	0	5
Supply chain management officials	3	0	3	2	0	2

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))
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.

### 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, 38 councillors and 61 officials completed their disclosure forms. No conflict of interest was identified

# *Chapter Five*



## *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 2015 for the financial year 2014/15. The aforesaid components of the financial statements discussed in detail below:

### 5.1 STATEMENTS OF FINANCIAL PERFORMANCE

**Table 68: STATEMENTS OF FINANCIAL PERFORMANCE**

Description	2013/14	Current Year 2014/15			2014/15 Variance	
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Original budget	Adjustment Budget
<b>Financial Performance</b>						
Property rates	20 450	30 000	24 500	19 271	36%	21%
Service charges	56 621	63 049	67 809	59 869	5%	12%
Investment revenue	3 598	2 800	4 260	3 965	-42%	7%
Transfers recognised - operational	146 878	170 641	170 641	170 641	0%	0%
Other own revenue	17 519	13 628	17 913	22 272	-63%	-24%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>245 065</b>	<b>280 118</b>	<b>285 123</b>	<b>276 019</b>	<b>1%</b>	<b>3%</b>
Employee costs	87 146	97 177	93 609	102 669	-6%	-10%
Remuneration of Councillors	16 037	16 273	17 590	18 844	-16%	-7%
Depreciation & asset impairment	32 828	35 000	33 500	32 042	8%	4%
Finance charges	-	-	-	-	0%	0%
Materials and bulk purchases	49 691	50 013	56 032	53 540	-7%	4%
Transfers and grants	2 287	9 600	1 940	1 832	81%	6%
Other expenditure	78 685	83 433	102 116	128 686	-54%	-26%
<b>Total Expenditure</b>	<b>266 675</b>	<b>291 497</b>	<b>304 787</b>	<b>337 613</b>	<b>-16%</b>	<b>-11%</b>
<b>Surplus/(Deficit)</b>	<b>(21 610)</b>	<b>(11 379)</b>	<b>(19 663)</b>	<b>(61 594)</b>	<b>-441%</b>	<b>-213%</b>
<b>Transfers recognised - capital</b>	<b>44 723</b>	<b>50 840</b>	<b>59 813</b>	<b>58 967</b>	<b>-16%</b>	<b>1%</b>
Contributions & Contributed assets	-	-	-	-	0%	0%
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>23 113</b>	<b>39 461</b>	<b>40 150</b>	<b>(2 627)</b>	<b>107%</b>	<b>107%</b>
Share of surplus/ (deficit) of associate	-	-	-	-	0%	0%
<b>Surplus/ (Deficit) for the year</b>	<b>23 113</b>	<b>39 461</b>	<b>40 150</b>	<b>(2 627)</b>	<b>107%</b>	<b>107%</b>



Description	2013/14	Current Year 2014/15			2014/15 Variance	
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Original budget	Adjustment Budget
<b>Capital expenditure &amp; funds sources</b>						
Capital expenditure	49 665	77 290	102 503	72 496	6%	29%
Capital transfers recognised	40 235	50 840	77 213	51 789	-2%	33%
Public contributions & donations	-	-	-	-	0%	0%
Borrowing	-	-	-	-	0%	0%
Internally generated funds	9 430	26 450	25 290	20 708	22%	18%
<b>Total sources of capital funds</b>	<b>49 665</b>	<b>77 290</b>	<b>102 503</b>	<b>72 496</b>	<b>6%</b>	<b>29%</b>
<b>Financial position</b>						
Total current assets	90 618	72 269	110 321	78 138	-8%	29%
Total non current assets	813 499	1 077 247	858 956	830 215	23%	3%
Total current liabilities	82 178	43 000	41 307	68 432	-59%	-66%
Total non current liabilities	34 693	40 000	40 000	79 033	-98%	-98%
<b>Community wealth/Equity</b>	<b>787 245</b>	<b>1 066 516</b>	<b>887 970</b>	<b>760 887</b>	<b>29%</b>	<b>14%</b>
<b>Cash flows</b>						
Net cash from (used) operating	76 508	72 559	123 760	57 269	21%	54%
Net cash from (used) investing	(56 618)	(72 290)	(101 503)	(69 910)	3%	31%
Net cash from (used) financing	22	500	10	2 361	-372%	-23511%
<b>Cash/cash equivalents at the month/year end</b>	<b>35 247</b>	<b>20 769</b>	<b>57 513</b>	<b>24 967</b>	<b>-20%</b>	<b>57%</b>
<b>Cash Backing/surplus reconciliation</b>						
Cash and investment available	35 247	20 769	61 521	26 406	-27%	57%
Application of cash and investments	(4 237)	(8 650)	2 949	2 642	131%	10%
<b>Balance - surplus (shortfall)</b>	<b>39 484</b>	<b>29 419</b>	<b>58 572</b>	<b>23 764</b>	<b>19%</b>	<b>59%</b>
<b>Asset management</b>						
Asset register summary (WDV)	812 855	1 077 247	786 556	830 215	23%	-6%
Depreciation and asset impairment	32 828	35 000	33 500	32 042	8%	4%
Renewal of existing assets	12 432	24 951	24 924	18 642	25%	25%
Repairs and maintenance	9 585	8 776	10 961	10 678	-22%	3%
<b>Free services</b>						
Cost of free basic services provided	2 000	1 800	1 800	1 832	-2%	-2%
Revenue cost free services provided	10 253	6 800	6 800	13 074	-92%	-92%
<b>Households below minimum service level</b>						
Water	-	-	-	-	0%	0%
Sanitation/sewerage	-	-	-	-	0%	0%
Energy	2	2	2	2	0%	0%
Refuse	53	54	54	54	0%	0%

Standard Classification Description	2013/14	Current Year 2014/15			2014/15 variance	
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Original Budget %	Adjustment Budget %
<b>Revenue - Standard</b>						
<b>Governance and administration</b>	176 282	207 929	206 020	204 510	2%	1%
Executive and council	1 611	934	934	934	0%	0%
Budget and treasury office	174 529	206 890	204 936	203 514	2%	1%
Corporate services	142	105	150	62	41%	59%
<b>Community and public safety</b>	<b>6 414</b>	<b>7 686</b>	<b>1 171</b>	<b>2 942</b>	<b>62%</b>	<b>-151%</b>
Community and social services	46	1 353	511	341	75%	33%
Sport and recreation	2	25	60	18	28%	70%
Public safety	6 366	6 308	600	2 584	59%	-331%
<b>Economic and environmental services</b>	<b>41 165</b>	<b>52 357</b>	<b>66 347</b>	<b>63 708</b>	<b>-22%</b>	<b>4%</b>
Planning and development	22	77	1 562	1 317	-1610%	16%
Road transport	41 142	52 280	64 786	62 392	-19%	4%
<b>Trading services</b>	<b>65 957</b>	<b>62 986</b>	<b>71 398</b>	<b>63 825</b>	<b>-1%</b>	<b>11%</b>
Electricity	60 588	56 430	67 478	60 334	-7%	11%
Water	2 006	-	-	-	-	-
Waste water management	617	-	-	-	-	-
Waste management	2 746	6 556	3 920	3 491	47%	11%
<b>Total Revenue - Standard</b>	<b>289 817</b>	<b>330 958</b>	<b>344 936</b>	<b>334 986</b>	<b>-1%</b>	<b>3%</b>



<b>Expenditure - Standard</b>					-	-
<b>Governance and administration</b>	<b>158 566</b>	<b>140 374</b>	<b>157 129</b>	<b>188 442</b>	<b>-34%</b>	<b>-20%</b>
Executive and council	48 179	35 246	41 749	42 769	-21%	-2%
Budget and treasury office	66 069	64 053	71 783	98 858	-54%	-38%
Corporate services	44 317	41 074	43 597	46 815	-14%	-7%
<b>Community and public safety</b>	<b>14 735</b>	<b>50 987</b>	<b>39 555</b>	<b>39 924</b>	<b>22%</b>	<b>-1%</b>
Community and social services	3 364	20 771	17 858	17 387	16%	3%
Sport and recreation	-	445	172	-	100%	100%
Public safety	11 372	29 771	21 525	22 538	24%	-5%
<b>Economic and environmental services</b>	<b>31 570</b>	<b>30 947</b>	<b>36 160</b>	<b>36 404</b>	<b>-18%</b>	<b>-1%</b>
Planning and development	10 273	12 158	12 812	14 116	-16%	-10%
Road transport	21 297	18 789	23 348	22 288	-19%	5%
Environmental protection	-	-	-	-	0%	0%
<b>Trading services</b>	<b>61 804</b>	<b>69 190</b>	<b>71 943</b>	<b>72 841</b>	<b>-5%</b>	<b>-1%</b>
Electricity	51 150	56 772	59 285	60 619	-7%	-2%
Waste management	10 654	12 418	12 658	12 223	2%	3%
<b>Total Expenditure - Standard</b>	<b>266 675</b>	<b>291 497</b>	<b>304 787</b>	<b>337 613</b>	<b>-16%</b>	<b>-11%</b>
<b>Surplus/ (Deficit) for the year</b>	<b>23 143</b>	<b>39 461</b>	<b>40 150</b>	<b>(2 627)</b>	<b>107%</b>	<b>107%</b>

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

## 5.2 COMMENT ON FINANCIAL PERFORMANCE

### 5.2.1 REVENUE

#### Property rates

The original budgeted for property rates for 2014/15 financial year was R30 million which was adjusted downwards to R24, 500 million and the actual revenue generated is R19,271 million. This gave rise to an unfavourable variance of 21%.

#### Service charges

This is made up of service charges for electricity and refuse removal and the budget thereof was R63,049 million that was slightly adjusted upwards to R67,807 million. The actual revenue generated was R59,869 million that reflects a 12% unfavourable variance.

#### Investment revenue

The original budget for interest on investment was R2,800 million which was adjusted upwards to R4,260 million. The actual interest generated during the financial year is R3,965 million and this resulted in immaterial unfavourable variance of 7% 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 R170, 641 million and it was never adjusted during the 2014/15 financial year adjustments budget. All the operating grants were fully spent, hence 0, 00% variance.

### 5.2.2 OTHER INCOME

Original budget for other income was R13,628 million and it was adjusted upwards to R17,913 million and R 22,272 million was realised and this resulted in a favourable variance of 24% based on adjusted budget.

### 5.2.3 EXPENDITURE

#### Employee related cost

The original budget was R97, 177 million and it was slightly adjusted downwards to R93, 609 million. The actual expenditure incurred is R102, 669 million and this resulted in over-spending variance of 10%.

#### Depreciation and asset impairment

Provision was made in the budget for capital asset depreciation and impairment and the budget thereof was R35 million and it was adjusted to R33,500 million in the 2014/15 adjustments budget and the actual depreciation and impairment of assets is R32,042 million resulting in immaterial unfavourable variance of 4%.

#### Materials and bulk purchases

The major portion of this line item was mainly for purchase of electricity. The original budget thereof was R50,013 million and it was adjusted upward to R56,032 million. The actual expenditure incurred is R53,540 million and this resulted in an immaterial under-spending variance of 4% 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 R9,600 million and it was adjusted to a downward adjustment of R 1,940 million and the actual expenditure incurred is R1,832 million and this resulted in under-spending variance of 6% 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 R166, 920 million since this is the source of funding thereof.

### 5.3 GRANTS

**Table 69: Conditional Grants**

Description R Thousands	2013/14	Current Year 2014/15			2014/15 Variance	
	Audited Outcome	Original Budget	Adjusted Budget	Actual	Original Budget (%)	Adjustment Budget (%)
<b>RECEIPTS:</b>						
<u>Operating Grants</u>						
National Government:	146, 878	170, 641	170, 641	170, 641	0,00%	0,00%
Equitable share	143, 438	166, 920	166, 920	166, 920	0,00%	0,00%
EPWP incentive	1, 000	1, 187	1, 187	1, 187	0,00%	0,00%
FMG grant	1, 550	1,600	1,600	1,600	0,00%	0,00%
MSIG grant	890	934	934	934	0,00%	0,00%
Total Operating Grants	146, 878	170, 641	170, 641	170, 641	0,00%	0,00%

### 5.4 COMMENT ON OPERATING TRANSFERS AND GRANTS:

All grants gazetted for 2014/15 financial year were received and cognizance should be taken that the above table does include capital grants. The total amount received on operational grants amounted to R 170, 641 during the 2014/15 year. 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.

## 5.5 COMMENT ON CONDITIONAL GRANTS AND GRANTS RECEIVED FROM OTHER SOURCES:

No grants were received from other sources.

Table 70: ASSET MANAGEMENT

Asset Management 2014/15						
Description	2013/14	Current Year 2014/15			2014/15 Variance	
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Original Budget	Adjust' Budget
<b>Asset management</b>						
Asset register summary (WDV)	812 855	1 077 247	786 556	830 215	23%	-6%
Depreciation and asset impairment	32 828	35 000	33 500	32 042	8%	4%
Capital Budget	49 665	77 290	102 503	72 496	6%	29%
Repairs and maintenance	9 585	8 776	10 961	10 678	-22%	3%

## 5.6 COMMENT ON ASSET MANAGEMENT:

The asset register value for 2014/15 was R812,855 million and the original budget thereof was R1,077 million that was adjusted down to R786 556 million during the adjustments budget and the actual book value as at end of 2014/15 financial year is R830,215 million.

The movement that affect the asset register was with regards to Depreciation and asset impairment that had an actual amount R32, 042 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 R72, 496 million and repairs and maintenance amounting to R10,678 million was incurred during the 2014/15 financial year.

Table 71: Repairs and maintenance

Repairs and Maintenance 2014/15						
Description	2013/14	Current Year 2014/15			2014/15 Variance	
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Original Budget	Adjust' Budget
Repairs and maintenance	9 585	8 776	10 961	10 678	-22%	3%

## 5.7 COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The repairs and maintenance budget represent 3, 01% of the total operating budget 3, 60% of the adjusted budget and 3, 51% of the actual expenditure incurred on operating budget. A total of R10, 678 million was spent, reflecting an under-spending of 22% and 3% based on original budget and adjusted budget respectively.

## 5.8 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Graph 11: Liquidity ratio



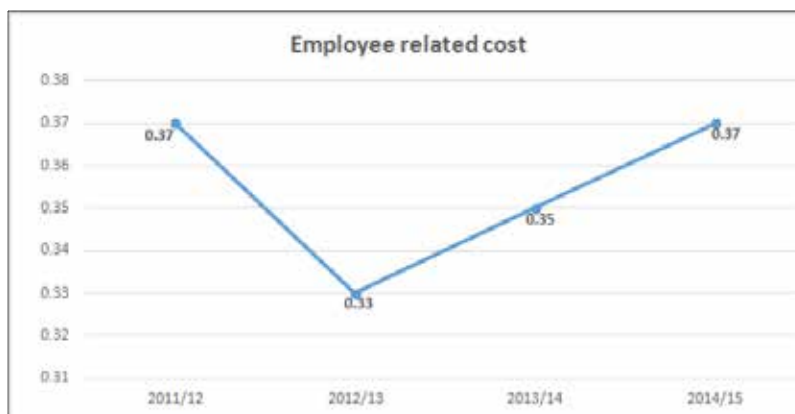
Liquidity Ratio – Measures the municipality’s ability to pay its bills, and is calculated by dividing the monetary assets by the municipality’s current liabilities. A higher ratio is better.

Graph 12: 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 13: 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 14: 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.

**5.9 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

**5.10 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.

**5.11 CAPITAL EXPENDITURE**

Graph 15: CAPITAL EXPENDITURE 2014/15

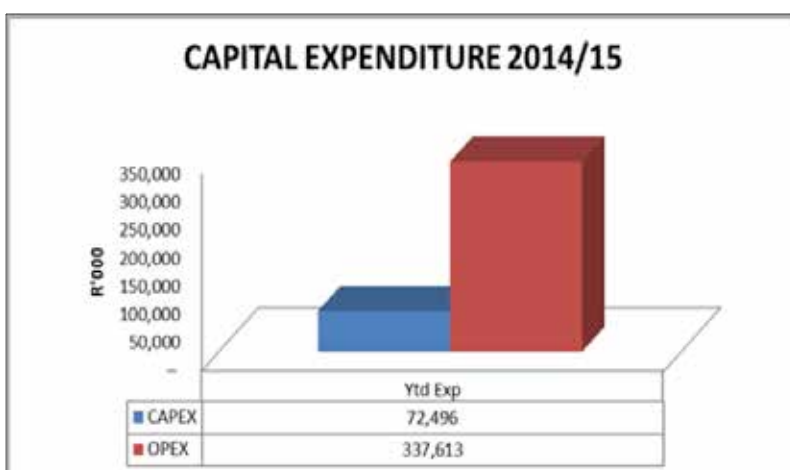




Table 72: SOURCES OF FINANCE

DETAILS	2013/14	Current Year 2014/15				
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Budget Variance %	Adjustment Budget %
National Government	40 235	50 840	73 226	49 200	3%	49%
Provincial Government	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-
Other transfers and grants	-	-	3 988	2 588	0%	54%
<b>Transfers recognised - capital</b>	<b>40 235</b>	<b>50 840</b>	<b>77 213</b>	<b>51 789</b>	<b>-2%</b>	<b>49%</b>
<b>Public contributions &amp; donations</b>	-	-	-	-	-	-
<b>Borrowing</b>	-	-	-	-	-	-
<b>Internally generated funds</b>	9 430	26 450	25 290	20 708	22%	22%
<b>Total Capital Funding</b>	<b>49 665</b>	<b>77 290</b>	<b>102 503</b>	<b>72 496</b>	<b>6%</b>	<b>41%</b>
<b>CAPEX</b>						
Electricity		5 450 000	9 767 600	8 837 240		
ICT Equipment		500 000	1 800 000	2 004 710		
Landfill Site			522 117	546 117		
Other		7 500 000	10 380 737	10 994 850		
Roads and Stormwater		61 840 000	77 432 228	57 309 784		
Street Lighting		2 000 000	2 600 688	2 618 039		
<b>Grand Total</b>		<b>77 290 000</b>	<b>102 503 370</b>	<b>82 310 740</b>		
<b>PERCENTAGE</b>						
Electricity		7%	10%	11%		
ICT Equipment		1%	2%	2%		
Landfill Site		0%	1%	1%		
Other		10%	10%	13%		
Roads and Stormwater		80%	76%	70%		
Street Lighting		3%	3%	3%		

## COMMENT ON SOURCES OF FUNDING:

The original capital budget for 2014/15 financial was R77, 290 million that was adjusted upward to R102, 503 million. The actual expenditure is R72, 496 million and reflects an under-spending variance of R6, 20% and 29, 27% on original and adjusted budget respectively.



**The budget was funded as follows:**

Original budget – R50, 840 million was funded by grants and R26, 450 million was funded internally  
 Adjusted budget – R77, 213 million was funded by grants and R25, 290 million was funded internally  
 Actual expenditure – R51, 789 million was funded by grants and R20, 708 million was funded internally

**Table 73: 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 – Motetema Street Phase 2	6, 060	6,402	5,102	15,81%	20,31%
B – Walter Sisulu/ Tambo Construction	5,500	14, 344	5,709	-3,80%	60,20%
C - JJ Roads Zaaiplaas Bus Road	5,485	13,451	5,966	-8,77%	55,65%
D – Road to Kgoshi Matlala	5,425	5,725	4,966	8,46%	13,26%
E – Road to Kgoshi Rammupudi	5,425	5,425	4,967	8,44%-	8,44%
*Project with the highest capital expenditure in 2014/15					
<b>Name of Project - A</b>	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				
<b>Name of Project - B</b>	Walter Sisulu/Tambo Construction of Bud Road				
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				
<b>Name of Project - C</b>	JJ Roads Zaaiplaas Bus Road				
Objective of project	To improve municipal roads' infrastructure for socio-economic growth				
Delays	NonePerformance of Contractor				
Future challenges	Hard rock				
Anticipated citizen benefits	Job creation, skills transferred and improved town development				
<b>Name of Project - D</b>	Kgoshi Matlala 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				
<b>Name of Project –E</b>	Kgoshi Rammupudi				
Objective of project	To improve municipal roads' infrastructure for socio-economic growth				
Delays	No				
Future challenges	None				
Anticipated citizen benefits	Job creation, skills transferred and improved road infrastructure				

## COMMENT ON CAPITAL PROJECTS:

During 2014/2015 Financial Year, the Municipality received the Total Allocation of R50,804,000.00 of MIG grant. A total of ten(10) roads construction projects were implemented, of which nine (9) were to be constructed and one(1) was for design. AS at end of June 2015, eight of these projects were at the final completion stage whereas two were at practical completion. The municipality received additional allocation of R15million in March 2015, and the allocation was used for the further implementation of Zaaiplaas Project (ward 18) and Tambo Project (ward 9).

## 5.12 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.

**Table 74: Services backlog**

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	57 814	96%	2 350	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.

During the year municipality leased yellow fleet for gravelling of internal roads for accessibility to reduce the backlog. The machinery is stationed at satellite offices and there is a register for the rotation of those machinery to different wards. There has been an improvement on accessibility of internal roads.

**Table 75: MIG Expenditure**

Municipal Infrastructure Grant (MIG)* Expenditure 2014/15 on Service backlogs						
Details	R' 000					
	Budget	Adjustment Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustment Budget	
<b>Infrastructure - Road transport</b>						
<i>Roads, Pavements &amp; Bridges</i>	R 48 840	R 69 088	R 54 276	(R5 436)	R14 813	
<i>Storm water</i>	R0	R0	R0	R0	R0	
<b>Infrastructure - Electricity</b>						
<i>Generation</i>	R0	R0	R0	R0	R0	
<i>Street Lighting</i>	R2 000	R0	R0	R2 000	R0	
<b>Infrastructure - Other</b>						
<i>Transportation</i>	R0	R0	R0	R0	R0	
<i>Gas</i>	R0	R0	R0	R0	R0	
<b>Other Specify:</b>						
Cemeteries	R0	R1 091	R1 244	(R1 091)	(R153)	
Street Parking	R0	R0	R0	R0	R0	
Waste Management	R0	R 546	R 546	(R568)	(R22)	
<b>Total</b>	<b>R 50 840</b>	<b>R70 725</b>	<b>R 56 088</b>	<b>(R5 248)</b>	<b>R14 637</b>	

# 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

**Table 76: Cash-flow outcomes**

Cash-Flow Outcomes				
Description	2013/14	Current Year 2014/15		
	Audited Outcome	Original Budget	Adjustment Budget	Actual
<b>Cash-Flow From Operating Activities</b>				
<b>Receipts</b>	<b>283,080</b>	<b>336,607</b>	<b>350,148</b>	<b>327,410</b>
Fines	1,666	610	610	2,584
Sale of goods and services	74,497	99,448	87,168	66,781
Government grants	191,601	221,481	243,867	236,159
Interest	8,437	8,105	11,260	9,257
Other income	2,210	1,315	1,243	7,548
Licences and permits	4,669	5,648	6,000	5,081
<b>Payments</b>	<b>(206,572)</b>	<b>(264,048)</b>	<b>(226,388)</b>	<b>(270,141)</b>
Employee costs	(103,183)	(113,451)	(111,199)	(121,513)
Finance charges				-
Suppliers	(103,389)	(150,597)	(115,184)	(148,628)
<b>Net Cash From/(Used) Operating Activities</b>	<b>76,508</b>	<b>72,559</b>	<b>123,760</b>	<b>57,269</b>
<b>Cash Flow From Investing Activities</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE		5,000	1,000	459
<b>Payments</b>				
Capital Assets	(56,618)	(77,290)	(102,503)	(70,369)
<b>Net Cash From/(Used) Investing Activities</b>	<b>(56,618)</b>	<b>(72,290)</b>	<b>(101,503)</b>	<b>(69,910)</b>
<b>Cash Flows From Financing Activities</b>				
<b>Receipts</b>				
Short-term loans				
Borrowings long-term/refinancing				
Increase/(decrease in consumer deposits)	22	500	10	2,361
<b>Payments</b>				
Repayment of other financial liabilities				
<b>Net Cash From/(Used) Financing Activities</b>	<b>22</b>	<b>500</b>	<b>10</b>	<b>2,361</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>19,912</b>	<b>769</b>	<b>22,266</b>	<b>-10,280</b>
<b>Cash/cash equivalents at the year beginning</b>	<b>15,334</b>	<b>20,000</b>	<b>35,247</b>	<b>35,247</b>
<b>Cash/cash equivalents at the year end:</b>	<b>35,247</b>	<b>20,769</b>	<b>57,513</b>	<b>24,967</b>

COMMENT ON CASH-FLOW OUTCOMES:

Cash and cash equivalent at the beginning of the financial year was R15, 334 million and the original and adjusted budget thereof was R20, 000 million and R35, 247 million respectively. The actual cash and cash equivalent as at end of the financial year is R24,967 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).

**5.13 BORROWING AND INVESTMENTS**

**Table 77: Actual Borrowing and investments**

Actual Borrowings 2012/13-2014/15			
R'000			
Instrument	2012/13	2013/14	2014/15
<b>Municipality</b>			
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
<b>Municipal Total</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
	n/a	n/a	n/a
<b>Municipal Entities</b>	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
<b>Entities Total</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

**Table 78: Municipality investments**

<b>Municipal and Entity Investments 2012/13 - 2014/15</b>			
<b>R'000</b>			
<b>Investment type</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>Municipality</b>			
Securities - national government	–	–	–
Listed corporate bonds	–	–	–
Deposits –bank	14, 051	14, 079	23, 764
Deposits -public investment commissioners	–	–	–
Deposits -corporation for public deposits	–	–	–
Bankers' acceptance certificates	–	–	–
Negotiable certificates of deposit - Banks	–	–	–
Guaranteed endowment policies (sinking)	–	–	–
Repurchase agreements - Banks	–	–	–
Municipal bonds	–	–	–
Other	–	–	–
<b>Municipal Entities</b>			
Securities - National government	–	–	–
Listed corporate bonds	–	–	–
Deposits – Bank	–	–	–
Deposits - Public Investment Commissioners	–	–	–
Deposits - Corporation for Public Deposits	–	–	–
Bankers' acceptance certificates	–	–	–
Negotiable certificates of deposit- Banks	–	–	–
Guaranteed endowment policies (sinking)	–	–	–
Repurchase agreements – Banks	–	–	–
Municipal bonds	–	–	–
Other	–	–	–
<b>Entities Sub-Total</b>	–	–	–
<b>Consolidated Total:</b>	<b>14, 051</b>	<b>14,079</b>	<b>23, 764</b>

**COMMENT ON BORROWING AND INVESTMENTS:**

The Municipality did not have borrowing during the 2014/15 financial year, however the closing balance on Investments was R23, 764 million.

**5.14 PUBLIC-PRIVATE PARTNERSHIPS**

**PUBLIC-PRIVATE PARTNERSHIPS**

Not applicable

# COMPONENT D: OTHER FINANCIAL MATTERS

## 5.15 SUPPLY CHAIN MANAGEMENT

### SUPPLY CHAIN MANAGEMENT

The financial statements for the 2014/15 present an irregular expenditure of R49, 280 million as opening balance in the 2014/15 financial year and during the year, expenditure of R22, 749 million was incurred. This leaves the municipality with overall irregular expenditure of R69, 911 million that emanated from procurement of goods and services without fully following the supply chain management processes.

## 5.16 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.

Table79: Service provider’s performance

Project Name	2014/15 Budget	4 <sup>th</sup> Actual Progress			Challenges (any signs of poor performance)	Mitigations (any warning given to the service provider)	Name of Consultant / Contractor	Assessment of Consultants				Assessment Comments	Construction Tender Awarded to	Assessment of Contractor				Assessment Comments
		Apr-15	May-15	Jun-15				Apr	May	Jun	Aver			Apr	May	Jun	Aver	
Monsterlus to Mmakgopheng road phase 2D	R 4,352,177.27	Actual Progress	Actual Progress	Actual Progress	None	None	Monde Consulting LETTAM JV	3	3	3	3	None	Completed	N/A	N/A	N/A	Good Performance by Contractor	
		100.00%	100.00%	100.00%				3	3	4	3			N/A	N/A	N/A		
Moteti A Construction of Bus road Ph2B	R 3,994,142.09	Actual Progress	Actual Progress	Actual Progress	None	None	Tshatshu Engineers Shonisani Rambau	3	3	3	3	None	Completed	N/A	N/A	N/A	Good Performance by Contractor	
		100.00%	100.00%	100.00%				3	2	2	3			N/A	N/A	N/A		

Project Name	4 <sup>th</sup> Actual Progress			Challenges (any signs of poor performance)	Mitigations (any warning given to the service provider)	Name of Consultant / Contractor	Assessment of Consultants				Assessment Comments	Construction Tender Awarded to	Assessment of Contractor				Assessment Comments	
	Apr-15	May-15	Jun-15				Apr	May	Jun	Aver			Apr	May	Jun	Aver		
Tambo/ Walter Sisulu Construction Of Access Roads And Storm- Water Control	90.00%	66.00%	98.00%	None	None	TM Khoza Consulting	1	2	2	2	2	None	N/A			N/A	N/A	Poor Performance by both
						Solly Concrete Mix	1	2	2	2	2	Pra Completed	N/A			N/A	N/A	
Mpheleng construction of bus road and storm water control	90.00%	85.00%	100.00%	None	None	Monei Consulting	3	2	1	2	2	None	N/A			N/A	N/A	Poor Performance by Contractor
						Paparich Developers	3	2	1	2	2	Pra Completed	N/A			N/A	N/A	
Kgoshi Matlala Access Road And Stormwater Control	85.00%	87.00%	100.00%	None	None	Tlou Intergraded	2	1	1	2	2	None	N/A			N/A	N/A	Good Performance by Contractor
						KTS Construction	1	1	1	1	1	Pra Completed	N/A			N/A	N/A	
Kgoshi Rammupudu Construction Of Access Road And Storm- water Control	85.00%	85.00%	100.00%	None	None	Tlou Intergraded	2	2	1	2	2	None	N/A			N/A	N/A	Good Performance by Contractor
						Solly Concrete Mix	2	3	2	2	2	On Progress	N/A			N/A	N/A	
	2014/15 Budget																	
							R 6,844,351.55											
							R 5,337,710.57											
							R 5,634,349.85											
							R 5,995,989.88											





Project Name	2014/15 Budget	4 <sup>th</sup> Actual Progress			Challenges (any signs of poor performance)	Mitigations (any warning given to the service provider)	Name of Consultant / Contractor	Assessment of Consultants				Assessment Comments	Construction Tender Awarded to	Assessment of Contractor				Assessment Comments
		Apr-15	May-15	Jun-15				Apr	May	Jun	Aver			Apr	May	Jun	Aver	
Printing Works	R 300 000.00	100.00%	100.00%	100.00%	None	None	Vision Print	N/A	N/A	N/A	N/A	None	None	3	3	3	3	Good Performance
		100.00%	100.00%	100.00%	None	None	Baupa Printing	N/A	N/A	N/A	N/A	None	None	3	3	3	3	Good Performance
Performance Management	R 565 000.00	100.00%	100.00%	100.00%	None	None	IPMS	4	4	4	4	None	None					Good Performance
Review and restructuring of the organization, development of HR policies, and calculations of the NPA	R 1 220 000.00	100%	100%	100%	NONE	NONE	Lekoko consulting	4	4	4	4	None	None	5	4	4	4	Good Performance

Project Name	2014/15 Budget	4 <sup>th</sup> Actual Progress			Challenges (any signs of poor performance)	Mitigations (any warning given to the service provider)	Name of Consultant / Contractor	Assessment of Consultants				Assessment Comments	Construction Tender Awarded to	Assessment of Contractor				Assessment Comments
		Apr-15	May-15	Jun-15				Apr	May	Jun	Aver			Apr	May	Jun	Aver	
Bulk printing Services	R2000,000,00	70%	20%	20%	Printing machines not properly working		Ditiro IT Services and Resources	2	1	1	2	None	None	N/A	N/A	N/A	N/A	Poor Performance.
Micro-soft Licensing of municipal software	R1600,000,00	100%	100%	100%	None	None	CHMVhuwani Pty (Ltd)	3	3	3	3	completed						Good Performance
Maintenance of servers, biometric access, cctv's, network cabling and switches as well as data back-up.	R1 200,000,00	100%	100%	100%	None	None	MunSoft	3	3	3	3	Ongoing						Good Performance.
Telephones (VOIP) Systems		100%	100%	100%	None	None		2	2	2	2.50							Good Performance







# Chapter Six



## Auditor General Report



# COMPONENT A:

## Auditor General Opinion of Financial Statements

### Report of the auditor-general to the Limpopo provincial legislature and the council on 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 185 to 274, which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget information with actual information for the 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 of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality'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 municipality'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

### Leased assets

6. I was unable to obtain sufficient appropriate audit evidence that leases for the current period had been correctly classified in terms of SA Standards of GRAP 13 *Leases*, due to the status of the accounting records and the non-submission of information in support of these leases. I was unable to confirm the classification of the leases by alternative means. Consequently, I was unable to determine whether any adjustment to property, plant and equipment stated at R729 129 354 (2014: R694 686 541), finance lease obligations and operating lease expenditure stated at R10 159 911 (2014: R3 792 972), depreciation and amortisation stated at R32 042 158 (2014: R32 548 462), in the financial statements was necessary.

## Opinion

7. In my opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and DoRA.

## Emphasis of matters

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

### Restatement of corresponding figures

9. As disclosed in note 45 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of an error discovered during 2015 in the financial statements of the municipality at, and for the year ended, 30 June 2014

### Material losses and impairments

10. As disclosed in note 16 to the financial statements, material impairments to the amount of R31 172 771 to provide for consumer debtors, where recovery of debts is doubtful.

### Material under spending of votes

11. As disclosed in the appropriation statement, the municipality has materially under spent the budget on all 8 votes to the amount of R21 519 101.

### Unauthorised expenditure

12. As disclosed in note 49 to the financial statements, the municipality incurred unauthorised expenditure of R11 202 663 as a result of exceeding the total amount appropriated for a vote in the approved budget.

## Irregular expenditure

13. As disclosed in note 51 to the financial statements, irregular expenditure amounting to R22 748 812 (2014: R25 224 038) was incurred as a result of the municipality procuring goods and services without following supply chain management requirements.

## Additional matter paragraphs

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

## Unaudited supplementary schedules

15. 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

16. 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

17. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## Predetermined objectives

18. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2015:
  - Development priority 3: Spatial rationale on pages x to x
  - Development priority 1: Basic services and infrastructure on pages x to x
19. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
20. 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 priorities. 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).

21. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
22. The material findings in respect of the selected development priorities are as follows:

## **Spatial rationale**

### Usefulness of reported performance information

#### Measurability of indicators and targets

23. Performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use, as required by the FMPPI. A total of 7% of the indicators were not well defined.
24. The processes and systems that produced the indicator should be verifiable, as required by the FMPPI. A total of 7% of the indicators were not 7% verifiable.
25. Performance targets should be specific in clearly identifying the nature and required level of performance as required by the FMPPI. A total of 7% of the targets were not specific.
26. Performance targets should be measurable as required by the FMPPI. We could not measure the required performance for 7% of the targets.
27. The period or deadline for delivery of targets should be specified as required by the FMPPI. A total of 7% of the targets were not time bound.
28. 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

29. The FMPPI requires auditee 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. The reported performance information was not valid, accurate and complete when compared to the source information or evidence provided. This was due to a lack of standard operating procedures or documented system descriptions for the accurate recording of actual achievements and/or technical indicator descriptions for the accurate measurement, monitoring of the completeness of source documentation in support of actual achievements and frequent review of the validity of reported achievements against source documentation.

## **Basic service delivery and infrastructure**

### Measurability of indicators and targets

30. Performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use, as required by the FMPPI. A total of 5% of the indicators were not well defined.
31. The processes and systems that produced the indicator should be verifiable, as required by the FMPPI. A total of 7% of the indicators were not verifiable.
32. Performance targets should be specific in clearly identifying the nature and required level of performance as required by the FMPPI. A total of 7% of the targets were not specific.
33. Performance targets should be measurable as required by the FMPPI. We could not measure the required performance for 9% of the targets.
34. The period or deadline for delivery of targets should be specified as required by the FMPPI. A total of 9% of the targets were not time bound.
35. Performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use, as required by the FMPPI. A total of 5% of the indicators were not well defined.
36. The processes and systems that produced the indicator should be verifiable, as required by the FMPPI. A total of 7% of the indicators were not verifiable.
37. 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.

## **Additional matters**

38. I draw attention to the following:

### Achievement of planned targets

39. Refer to the annual performance report on pages xx to xx and xx to xx 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 priorities reported in paragraphs 23 to 38 of this report.

### Adjustment of material misstatements

40. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for development priority 1: Spatial rationale. As management did not correct the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.

## **Compliance with legislation**

41. 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:



## Financial statements, performance and annual reports

42. 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.

## Procurement and contract management

43. Sufficient appropriate audit evidence could not be obtained that all contracts or quotations were awarded in accordance with the legislative requirements and a procurement process which is fair, equitable, transparent and competitive, as certain documentation for awarded contracts could not be provided for audit.
44. Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by *Supply Chain Management (SCM) regulation 19(a)* and deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).
45. Invitations for competitive bidding were not always advertised for a required minimum period of days, as required by SCM regulation 22(1) and 22(2).
46. Awards were made to providers who are in the service of other state institutions or whose directors/ principal shareholders 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).
47. Persons in the service of the municipality who 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), the code of conduct for councillors issued in terms of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) and the code of conduct for staff members issued in terms of the MSA.
48. Prospective providers were not invited to apply for listing in the list of approved prospective providers at least once a year as per the requirements of SCM regulation 14(1)(a)(ii) and 14(2).

## Human resource management and compensation

49. Sufficient appropriate audit evidence could not be obtained that job descriptions were established for all posts in which appointments were made in the current year, as required by section 66(1)(b) of the MSA.

## Expenditure management

50. Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure as required by section 62(1)(d) of the MFMA.

## Revenue management

51. 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.

## Asset management

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

## **Internal control**

53. 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**

54. There was a lack of adequate monitoring controls over development and implementation of internal policies and processes, human resources management for the maintenance of job descriptions, vacancy management and performance management as well as the effective implementation of action plans.

## **Financial and performance management**

55. There was a lack of adequate controls and management skills over record keeping with regard to the maintenance and retrieval of information.
56. There was a lack of adequate daily and monthly processing and in performing proper reconciliations and recording of transactions.
57. Regular and accurate financial and performance reporting for the prevention and detection of misstatements to the financial statements does not take place.
58. There was a lack of adequate controls over compliance monitoring and information technology systems that is affecting program change, user account service continuity, processing of EFTs and security management.

## **Governance**

59. The audit committee and internal audit did not adequately fulfil their respective functions as a result of ineffective monitoring and capacity constraints.

## Other reports

### Investigations

60. A service provider was appointed to perform an investigation to obtain appropriate corrective action and internal control improvements to be considered by the municipality. The investigation also included the sale of 28 municipal properties and review of issues raised in my 2013-14 audit report. The report was issued in July 2015 and is under consideration by the council.
61. An investigation was performed by the Department of Transport on non-compliance with "Minimum requirement for Registration and Retention of Grading for Driving Licenses Testing Centres" was conducted. Management is conducting disciplinary hearings for the employees that were implicated in the report.

Auditor General  
Polokwane

30 November 2015



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## COMPONENT B: Auditor General's Opinion 2014/2015

### 6.2 Auditor General's report 2014/2015

Auditor-General's Report on Financial Performance 2014/15	
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 2014/2015	
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 2014/2015 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 2015 of the municipality was submitted to the Auditor General on the 31 August 2015.

*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 2014-2015 was submitted to the Accounting Officer on the 30 November 2015.

The Financial Statements as on 30 June 2015 of the municipality was submitted within two months of the financial year end to the Auditor General on the 31 August 2015.

Council takes note of the Audited Annual Financial Statements 30 June 2015.

The Auditor General Report 2015 was submitted to the Accounting Officer on the 30 November 2015.

The municipality has received a Qualified Audit Opinion for the financial year ended 30 June 2015 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 Auditor General of South Africa (AGSA) report at the ordinary meeting held on 07 December 2015 although the municipality has received a qualified opinion for 2014/2015 financial year, real progress has been shown in the reduction of matters that caused the basis for the qualified opinion from 02 to 01 and management's effort and support to AGSA during 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 cause 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*

### March 2015 week ending 18 March 2016

No.	Audit Findings	Description of Finding	Page number in Management report	Finding status	Root Cause	Action plan	Start Date	Completion Date	Person Responsible	Position	Progress	Portfolio of evidence	Internal Audit verification	Addressed	Not Addressed	In progress	Audit Comment/Challenges
1	Leased Assets	The municipality did not maintain adequate records for the correct classification of leases as either finance or operating leases.	Page 68-MR number 4 Page 75-contract management	New	Management did not exercise oversight regarding financial management	Obtain and analyse the lease agreements and establish the correct classification based on the length of the useful life of the leased assets as opposed to the lease term and/or the ownership of the leased asset at the end of the lease term in accordance with GRAP 13. Recalculate and disclose depreciation, liability and interest on finance leases accordingly.	4-Jan-16	28-Feb-16	Mapheto PG	Cfo and Legal Section	In progress	Lease agreements, Amortisation Schedules and AFS disclosures	Journals and workings from Johann	Addressed			
2	Unauthorised expenditure	The municipality incurred unauthorised expenditure of R 11 202 663 as a result of exceeding the total amount appropriated for a vote in the approved budget.	pg 139	New	Management did not exercise oversight regarding financial management	Prepare a report detailing the unauthorised expenditure with the reasons of overexpenditure for submission to council for condonement. Amend the disclosure note with the results from council. Review adjustment budget to prevent underbudgeting.	4-Jan-16	31-Mar-16	Sebelemetja M	Manager Budget	In progress	Council resolution and disclosure note to the financial statements				In Progress	Item has been written to council for condonement; for the 30th March 2016
3	Material underspending of votes	The municipality has materially under spent the budget on all eight votes to the amount of R 21 519 101.		New	Management did not exercise oversight regarding financial management	Analyse the status of the expenditure against budget per department on Section 72 reports and adjust the budget accordingly after engaging with user departments.	4-Jan-16	15-Feb-16	Sebelemetja M	Manager Budget	In progress	Adjustment budget and quarterly management reports to council			Not Addressed		It can not be corrected because its the errors of prior years

**March 2015 week ending 18 March 2016**

No	Audit Findings	Description of Finding	Page number in Management report	Finding status	Root Cause	Action plan	Start Date	Completion Date	Person Responsible	Position	Progress	Portfolio of evidence	Internal Audit verification	Addressed	Not Addressed	In progress	Audit Comment/Challenges	
4	Material losses and impairment	Municipality provided for material impairment to the amount of R 31 172 771 to provide for consumer debtors, where recovery of debts is doubtful		Recurring	Management did not exercise oversight regarding financial management	Analyse the payment trend of each category of debtors and improve on revenue collection strategies or revenue enhancement committee considering the major root causes for undercollection of revenue. Consider the write off of long outstanding debtors that are identified as uncollectible.	4-Jan-16	30-Jun-16	Mohammed B	Manager Revenue	In progress	Revenue collection/consumer debtors disclosure note at year end.				In Progress	Item has been written to council for the write off / data cleansing and a service provider will be outsourced to help with the service; for the 30th March 2016	
5	Irregular expenditure	Irregular expenditure amounting to R 22 748 812 (2014 : R 25 224 038) was incurred as a result of the municipality procuring goods and services without following supply chain management requirements.		Recurring	Management did not exercise oversight regarding financial management	Ensure that contracts or quotations are awarded in accordance with supply chain management legislative requirements by implementing the supply chain management policy.	Ongoing	Ongoing	Mthiminye P	Manager Supply Chain Management	In progress	Internal audit report on supply chain management, quarterly supply chain management reports and a register of irregular expenditures				In Progress	Item has been written to council for condonment; for the 30th March 2016	
<b>PREDETERMINED OBJECTIVES</b>																		
6	Spatial rationale and Basic Service Delivery and Infrastructure	A total of 7% performance indicators were not well defined.		New	Non adherence to FMPP1 and lack of proper systems and processes.	data sheets that well defines the indicators will be developed	4-Jan-16	31-Mar-16	Mdluli P	Manager : Performance Management Systems	In progress	data sheets	2014/2015 Data sheets	Addressed				
7	Spatial rationale and Basic Service Delivery and Infrastructure	A total of 7% performance indicators were not verifiable.	PAGE 79-EX29	New	Non adherence to FMPP1 and lack of proper systems and processes.	data sheets will be developed for verification of the indicators	4-Jan-16	31-Mar-16	Mdluli P	Manager : Performance Management Systems	In progress	data sheets	2014/2015 Data sheets	Addressed				
8	Spatial rationale and Basic Service Delivery and Infrastructure	A total of 7% performance targets were not specific.	EX 50-Page 82	New	Non adherence to FMPP1 and lack of proper systems and processes.	data sheets that well specifies the targets will be developed	4-Jan-16	31-Mar-16	Mdluli P	Manager : Performance Management Systems	In progress	data sheets	2014/2015 Data sheets	Addressed				

**March 2015 week ending 18 March 2016**

No	Audit Findings	Description of Finding	Page number in Management report	Finding status	Root Cause	Action plan	Start Date	Completion Date	Person Responsible	Position	Progress	Portfolio of evidence	Internal Audit verification	Addressed	Not Addressed	In progress	Audit Comment/Challenges
9	Spatial rationale and Basic Service Delivery and Infrastructure	A total of 7% performance targets were not measurable.	Page 62-EX49 Page 77 Page 82-EX 50		Non adherence to FMPP1 and lack of proper systems and processes.	data sheets that with measurable targets will be developed	4-Jan-16	31-Mar-16	Mdluli P	Manager : Performance Management Systems	In progress	data sheets	2014/2015 Data sheets	Addressed			
10	Spatial rationale and Basic Service Delivery and Infrastructure	A total of 7% performance targets were not time bound.	EX 50-Page 82	New	Non adherence to FMPP1 and lack of proper systems and processes.	data sheet will be developed	4-Jan-16	31-Mar-16	Mdluli P	Manager : Performance Management Systems	In progress	data sheets	2014/2015 Data sheets	Addressed			
11	Spatial rationale and Basic Service Delivery and Infrastructure	The reported performance information was not valid, accurate and complete when compared to the source information or evidence provided.	Page 66-EX 50 Page 78-EX 27	New	Lack of standard operating procedures or documented system descriptions for accurate recording of actual achievements and validity of the information.	Procurement of the effective performance management system that will ensure valid, accurate and complete recording of performance information. Benchmarking with other municipalities with effective performance management systems.	4-Jan-16	31-Mar-16	Mdluli P	Manager : Performance Management Systems	In progress	System and/or process flow on recording performance information.				In progress	evidence not verified yet
<b>COMPLIANCE WITH LEGISLATIONS</b>																	
12	Procurement and contract management	Goods and services of a value above R 200 000 were procured without inviting competitive bids.	Pg 161	Recurring	Non compliance with Supply Chain Management Regulations	Ensure that all goods and services above R 200 000 are procured through competitive bidding unless is an emergency. Development and adherence to the procurement plan.	4-Jan-16	Ongoing	Mthimunye P	Manager Supply Chain Management	In progress	Procurement plan	To be effective from the 01 July 2016 as discussed with the CFO on the 15 March 2016	Not Addressed			It cannot be corrected going backwards but only going forwards
13	Procurement and contract management	Invitations for competitive bidding were not always advertised for minimum period of days as required by SCM regulation 22(1) and 22(2).	Pg 163	New	Non compliance with Supply Chain Management Regulations	Ensure that advertisement of bids are in accordance with SCM regulations. Adherence to the municipal procurement plan.	4-Jan-16	Ongoing	Mthimunye P	Manager Supply Chain Management	In progress	Procurement plan and Supply chain implementation reports	To be effective from the 01 July 2016 as discussed with the CFO on the 15 March 2017			In progress	It will be corrected in the 2015/2016 financial year.

**March 2015 week ending 18 March 2016**

No	Audit Findings	Description of Finding	Page number in Management report	Finding status	Root Cause	Action plan	Start Date	Completion Date	Person Responsible	Position	Progress	Portfolio of evidence	Internal Audit verification	Addressed	Not Addressed	In progress	Audit Comment/Challenges
14	Procurement and contract management	Awards were made to providers who had a private business interest in contracts awarded by the municipality failed to disclose such interest.	Pg 166	Recurring	Non compliance with Supply Chain Management/Regulations/Code of conduct for councillors and Code of conduct for staff members .	A register of providers who did not disclose their interest must be kept to serve as reference to prevent future awarding to those providers.	4-Jan-16	Ongoing	Mthimunye P	Manager Supply Chain Management	In progress	Approved overtime policy				In Progress	The Municipality has applied section 32 of the SCM regulation to procure the vetting system to be implemented on the 1st July 2016
15	Procurement and contract management	Persons in the service of the municipality who 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	Pg 169	Recurring	Non compliance with Supply Chain Management/Regulations/Code of conduct for councillors and Code of conduct for staff members .	A register of providers in service of the state who did not disclose must be kept for future reference. Enquire with Treasury on the mechanism that could be used to address the issue and/also possible acquisition of vetting software.	4-Jan-16	Ongoing	Mthimunye P	Manager Supply Chain Management	In progress					In Progress	The Municipality has applied section 32 of the SCM regulation to procure the vetting system to be implemented on the 1st July 2017
16	Procurement and contract management	Prospective providers were not invited to apply for listing in the list of approved prospective providers at least once a year as required by SCM regulations.	Pg 173	New	Non compliance with Supply Chain Management/Regulations/Code of conduct for councillors and Code of conduct for staff members .	Issue an invitation to prospective providers for listing in the municipal database and ensure that it is done every year.	31-Jan-16	Ongoing	Mthimunye P	Manager Supply Chain Management	In progress	Copy of advert issued to invite potential service providers	Copy of the invitation to register on the database was advertised on the news paper and website	Addressed			
17	Human Resource Management	No job descriptions were established for all posts filled in 2014/2015 financial year.	Pg-123	New	Contravention of MSA section 66(1)(b)	Compile job descriptions for all appointments made in 2014/2015 financial year.	31-Jan-16	28-Feb-16	Mafiri L	Manager HR	In progress	Job descriptions for new appointment	No evidence provided	Not Addressed			



# 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	Infrastructure	1	12	9	3	0
02	Phatlane	Alfred		Programming, Rules& ethics, Chair of Chairs, Geographical name change	2	12	8	3	1
03	Mahlangu	Mputso David	PT	Community Services	3	12	12	0	0
04	Lepota	Tseke Jan		ExcoPolitical Head	4	12			
05	Mmutle	Thabo Nelson	PT	Corporate Services	5	12	9	2	1
06	Phala	Magabolle Lucas	PT	Planning	7	12	6	2	4
07	Mzinyane	Daniel Montica	PT	MPAC:Member	8	12	12	0	0
08	Marapi	Maphahlane Shadrack	PT	Planning Infrastructure	9	12	10	2	0
09	Mehlape	Maphahlane Shadrack	PT	Finance.	9	12	7	2	3
10	Mashifane	Salaminah Hlaole	FT	MPAC:CHAIR	14	12	11	1	0
11	Buda	Hlekego Samson	PT	MPAC :Member	15	12	9	1	2
12	Tshoma	Medo Zephania	PT	Corporate Services	16	12	10	1	1
13	Matshipa	Mmapetla Salamidah	PT	MPAC:Member	17	12	8	1	3
14	Mahlangu	Mpoye Philimon	PT	Strategic	18	12	7	2	3
15	Matlala	Julia	PT	Infrastructure	19	12	10	2	0
16	Nduli	Makhamise Simon	PT	MPAC: member	20	12	11	0	1
		Msanyana Elias		Strategic		12			
17	Tshoma	Lukas Hlabishi	PT	Finance	21		7	2	3
18	Mahlangu	Nomsa Ndazi	PT	Infrastructure	22	12	6	3	3
				Exco:Political Head		12			
19	Mokganyetji	Thomas Mareme	PT	Development Planning	23		12	0	0
20	Mashilo	Malope Samaria	PT	Community Services	24	12	10	2	0
				Infrastructure	25	12	11	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
21	Motlale	Manthwaleng Girty	PT	Finance. Strategic.	26	12	11	0	0
22	Mohlala	Jan Matime	PT	Exco: Political Head	27	12	9	1	2
23	Tladi	Magetle David	PT	Exco: Political Head	28	12	11	0	1
24	Nkosi	Sipho Frans	PT	Strategic Planning	29	12	8	1	3
25	Malekane	Mpho Sam	PT	Infrastructure	30	12	5	3	4
26	Phahlamohlaka	Tebogo Mafereke	FT	Strategic.	PR	12	11	1	0
27	Matemane	Matlakalane Windy	PT	Chiefwhip	PR	12	7	4	1
28	Madhlaba	Moraswana Frank	PT	Community Services	PR	12	10	1	1
29	Mamaila	Delly Suzan	PT	Strategic	PR	12	6	2	4
30	Mathale	Seun Manaswe	PT	-Corporate Services	PR	12	8	1	3
31	Matjokane	Germinor Delly	PT	Infrastructure	PR	12	10	1	1
32	Masemola	Elias Mmasehle	FT	Exco Political Head	PR	12	9	2	1
33	Skosana	Sibongile Linah	PT	Budget & Treasury	PR	12	7	5	0
34	Mathebe	Julia Lata	FT	Finance	PR	12	11	1	0
35	Tshoshane	Mynah Kanyane	PT	Planning	PR	12	10	2	0

Ward number	Surname	Full names	full time/ Part time FT/PT	Committee Allocated	Ward and/ or Party represented	No of meet- ings held	no. of meetings attended	No. of apologies for non-atten- dance	No of Absence without leave
36	Mahlangu	Annies Busisiwe	PT	Community Strategic	PR	12	11	0	1
37	Mahlangu	Thokozile Selina	FT	Speaker: Rules & Ethic Programming, Geographical name Change	PR	12	11	1	0
38	Mokgabudi	Motlare Piet	PT	Corporate Services Community Services	PR	12	10	2	0
39	Malatji	Meriam Nape	PT	Finance	PR	12	4	7	1
40	Matsepe	Thapelo Stephina	PT	Strategic	PR	12	12	0	0
41	Kabinie	Radipone Shirly Annah	PT	Corporate Services. Community Services	PR	12	11	1	0
42	Kotze	Johan Pieter	PT	Finance.	13	12	9	2	1
43	Pitje	William		Infrastructure. Programming.		12			
44	Mokgomogane	Irene	PT	Geographical name change Rules & Ethics.	DA	12	10	1	1
145	Alberts	Rots	PT	Community Services Exco	PR	12	9	2	0
46	Mhlanga	Christopher Thathane		Programming.		12			
47	Mogotji	Fanie Motshele	PT	Geographical name Change Exco	6	12	6	4	2
48	Maloba	Alpheus Matome	PT	Finance	10	12	6	4	2
49	Podile	Ramabane Johannes	PT	Planning -	11	12	4	6	2
					12	12	1	7	4

Ward number	Surname	Full names	full time/ Part time FT/PT	Committee Allocated	Ward and / or Party represented	No of meet- ings held	no. of meetings attended	No. of apologies for non-atten- dance	No of Absence without leave
50	Ramphisa	Motiba William	PT	Finance.	PR	12	9	1	2
51	Skosana	Jabulane Johannes	PT	Exco	PR	12	11	1	0
52	Rakoena	Modibo Freda	PT	Community Services	PR	12	6	4	2
53	Mogamedi	Velaphi Velly	PT	MPAC: member	PR	12	9	1	2
54	Motau	Oupa Elias	PT	Planning	PR	12	8	1	3
55	Maselela	Makuwa Shorty	PT	Corporate Services	PR	12	11	0	1
56	Mokone	Motsatsi Phistos		Rules &ethics		12			
			PT	Corporate Services	PR		3	4	5
57	Ntuli	Thembinkosi Josiah	PT	Strategic	PR	12	6	1	5
58	Mkhaliphi	Isaac	PT	Corporate Services	PR	12	7	2	3
59	Matsomane	Shiko Tebogo		Strategic		12			
			PT	Geographical name change	PR		8	1	3
60	Maepa	Malakia Mkgokoko		MPAC :Member		12			
			PT	Geographical name change	PR		6	6	0

## 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
Executive Committee	Give political direction to executive management and report to council

## APPENDIX C- THIRD TIER ADMINISTRATIVE STRUCTURE

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

Designation	Initial And Surname	Gender
Chief Risk Officer	Mr K. Mathebe	Male
Town Planner	Mr B.O Sethojoa	Male
Internal Audit Manager	Ms. V. Mokoete	Female
Fleet Manager	Mr. V. Masilela	Male
Legal Advisor	Mr. T. Montja	Male
Superintendent Roads Construction Unit	Mr. J Malaka	Male

## APPENDIX D - FUNCTIONS OF MUNICIPALITY/ENTITY

Municipal/Entity Functions		
Municipal Functions	Function Applicable to Municipality (Yes/No)*	Function Applicable to Entity (yes/no)
<b>Constitution, Schedule 4, Part B Functions</b>		
Air pollution	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	



Municipal/Entity Functions		
Municipal Functions	Function Applicable to Municipality (Yes/No)*	Function Applicable to Entity (yes/no)
<b>Constitution, Schedule 4, Part B Functions</b>		
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	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	11	11	4
	<b>Ward Committees:</b>				
	Masoga Emily				
	Mahlangu Goodness				
	Matlou selinah				
	Gededzha Mavis				
	Phahlane Helen				
	Matuludi Cedrick				
	Kgalema Klaas				
	Kgomo Peter				
	Ramphisa Linah				
	Mthimunye Lucas				

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 02	Cllr: Phatlane Banda	Yes	5	5	1
	<b>Ward Committees:</b>				
	Mosoma Walter				
	Mashigo Tammy				
	Motau Rosina,				
	Mathabathe Mpho				
	Lebese Tebogo				
	Matsane Gladys,				
	Dunge Olga,				
	Ralekwe Dolly				
	Phasha Solomon				
	Phatlane Lucy				
Ward No 03	Cllr:Mahlangu Mputsu	Yes			
	<b>Ward Committees:</b>	Yes	5	5	1
	Malefahlo Mamotsepe				
	Mokwane Matron				
	Ditshego Moses				
	Malapela Frans				
	Makau Hlakudi				
	Mathebe Stephens				
	Sithole Elsie				
	Mohlala Margareth				
	Simango Lebogang				
	Hellen Maswanganyi				
Ward No 04	Cllr:Lepota Tseke	Yes	5	5	1
	<b>Ward Committees:</b>				
	Mampuru Olivia				
	Malemone Herman				
	Moima Lizzy				
	,Mashabela Lucas				
	Dwaba Lebogang				
	Mashabela Dipuo				
	Leshabane Janeth				
	Malapela Kenneth				
	Mphahlele Martha				
	Aphane Francinah				

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:Mmutle Thabo	Yes	2	2	1
	<b>Ward Committees:</b>				
	Makgoleng William				
	Mokoena Moses				
	Motau Kholofelo				
	Leope Nelly				
	Rasegatle Robert				
	Mokwena Anna				
	Kutu Sarah,				
	Makolane Selomang				
	Mohlala Jameson				
	Makweoane Agnes				
Ward No 06	Cllr:Mhlanga Chris	Yes	7	7	2
	<b>Ward Committees:</b>				
	Ngwenya Zodwa				
	Mzizi David				
	Mahlangu Simon				
	Mashego Poppi				
	Ncongwane John				
	Mogola Johannah				
	Phokwane Nkosinathi				
	Moloi Zodwa				
	Limakwe Nokwenda				
	Mbonani Linda (passed on)				
Ward No 07	Cllr:Phala Lucas	Yes	7	7	2
	<b>Ward Committees:</b>				
	Shadrack Mathebe				
	Mogajane Koos				
	Mnisi Isaac				
	Mashego Petrus				
	Maseko Agnes				
	Mashishi Mpho				
	Sithole Thembi				
	Magagula Lebogang				
	Mkhwanazi Mavis(passed on)				
	Mokgabudi Class				

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 08	Cllr:Mzinyane Monica	Yes	5	5	1
	<b>Ward committees</b>				
	Elias Ditshego				
	Moima Francinah				
	Magana Josephine				
	Ditshego Johannes				
	Makitla Brenda				
	Makua Spokes				
	Ntobeng Mavis				
	Mtshwene Merriam				
	Makitla Melfort				
	Seopela Fetsi				
Ward No 09	Cllr:Marapi Maphahlane	Yes	1	1	0
	<b>Ward Committees:</b>				
	Mathebe Violet				
	Mahlangu Thembi				
	Kgaladi Shila				
	Nkosi Themba				
	Mankge Johannes (Resigned)				
	Mongale Gladys				
	Kgaladi Johannes				
	Nkosi Nkosinathi				
	Mathebe Florence				
		Selina Sekwati (Employed by EMLM)			
Ward No 10	Cllr:Mogotji Motshela	Yes	3	3	0
	<b>Ward Committees:</b>				
	Mathebe Makgatle				
	Phora Ntswaki				
	Madisa Chipane				
	Matlala Julia				
	Mokone Shierly				
	Mohlamonyane Patience				
	Mohlamonyane Nelly				
	Mohlamonyane Jan				
	Magane Edgar				
	Madisa Kgadi				



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	Yes	0	0	0
	<b>Ward Committees:</b>				
	Mohlala Themba				
	Kgaphola Virginia				
	Mtshali Chris				
	Phiri Dinah				
	Mthombeni Bangiswane				
	Mashiloane Don				
	Mokoena Howard				
	Mariri Wister				
	Cekhu Dumani				
	Tau Happy				
Ward No 12	Cllr:Podile Ramabane	Yes	10	10	3
	<b>Ward Committees</b>				
	Sefoloshe Penyane				
	Makitla Alfred				
	Phora Daniel				
	Phora Mahlodi				
	Ditshego Linky,				
	Mathebe Kalodi				
	Mohlamonyane Fridah				
	Mohlamonyane Watteville				
	Mathabathe Granny				
	Phorothloe Thabiso				
Ward No 13	Cllr:Kotze Johan	Yes	0	0	0
	<b>Ward Committees:</b>				
	Maroga Peter				
	Rampedi Nancy(resigned)				
	Mellors Shaun				
	Dinah Pochane				
	Le Roux Juvena				
	Synders Piet				
	Rebecca Fakude				
	Arno Schoombee				
	Johannes Thulare				
	Solomon Nonyane				

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 14	Cllr:Mehlape Hlaole	Yes	10	10	3
	<b>Ward Committees:</b>				
	Maleka Steven				
	Ramodipa Enock				
	Mashabela Phillemon				
	Bogopa Botha				
	Molwele Kgaugelo				
	Makeke Mpilo				
	Mokgwatsana Antonia				
	Nkwana Rwadimane				
	Mabuza Mami				
	Nkopodi Johannes				
Ward No 15	Cllr:Mashifane Hlekego	Yes	3	3	1
	<b>Ward Committees:</b>				
	Mtsheni Syria				
	Maredi Jan				
	Mahlangu Vusy				
	Mokabane Esther				
	Mokoana Boy				
	Mokoana Alphrat				
	Mogaela Salome (Resigned)				
	Mnguni Nathi				
	Mokoana Dorah (Resigned)				
	Mohlahlo Dolly				
Ward No 16	Cllr:Buda Mido	Yes	1	0	0
	<b>Ward Committees</b>				
	Zulu Ben				
	Ntuli Selina				
	Mamaila Doctor				
	Mashilangwako Josephine				
	Mthweni Jan				
	Mthimunye Maria				
	Masilela Khennet				
	Mthombeni Lucas				
	Mtsweni Balise				
	Mokoena Rose				

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	6	6	2
	<b>Ward Committees:</b>				
	Nkadimeng Freddy				
	Kgarea Viniger				
	Malema July				
	Mampuru Francinah				
	Manyaka Lawrence				
	Tshigo Phindile				
	Matlatjie Mokgadi				
	Monama Thomas				
	Madihlaba Mottalepule				
	Thipe Thabo				
Ward No 18	Cllr:Matshipa Mpoye	Yes	0	0	0
	<b>Ward Committees:</b>				
	Mosothe Mooiman				
	Shaku Erick				
	Rakgalakane Jullie				
	Mosehla Rose				
	Mtshwene Shemeng,				
	Makua Nelson				
	Monareng Reginnah				
	Makua Petrus				
	Phetla Joyce				
	Mogana Emmah				
Ward No 19	Cllr:Mahlangu Julia	Yes	5	5	1
	<b>Ward Committees:</b>				
	Mahlangu Caro				
	Skhosana Delisiwe				
	Msiza Meisie				
	Mahlangu Themba				
	Mashiga Nkosinathi				
	Mahlangu Elizabeth				
	Mokwana Mickie				
	Mahlangu Tolly				
	Digaota Jimmy				
	Chego Advocate				



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 20	Cllr:Matlala Makhamise	Yes	5	5	1
	<b>Ward Committees:</b>				
	Nkosi Monica				
	Chego Piet				
	Selepe Zephora				
	Zwane Zanele (Resigned)				
	Moloko Annah				
	Mokwana Thorwane				
	Maredi Debora				
	Machika Themba				
	Matlala Frida				
	Molomo Jafta (Resigned)				
Ward No 21	Cllr:Nduli Elias	Yes	11	11	3
	<b>Ward Committees:</b>				
	Makeke George				
	Radingoana Victor				
	Muleka Steven				
	Tiase Selina				
	Maphanga Nhlanhla				
	Mashego Phillimon				
	Mthombeni Elizabeth				
	Khoza Dipuo				
	Mthimunye Mavis				
	Sekwane Manche,				
Ward No 22	Cllr:Tshoma Hlabishi	Yes	10	10	3
	<b>Ward Committees:</b>				
	Matsepe Motlalekgomo				
	Mashiloane Mogale				
	Moramaga Patric				
	Lerobane Mamutle				
	Lerutla Serolo				
	Malaka Sheila				
	Mealies Nebi				
	Masehla Dineo,				
	Chego Johannes				
	Moramaga Maphathagane				

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	Yes	6	6	2
	<b>Ward Committees:</b>				
	Skhosana Brandy				
	Mphelane Kedibone				
	Mthimunye Sipho				
	Mtweni Samson				
	Seabi Elizabeth				
	Mohlahlo Mahlatse				
	Madhlaba Milzon				
	Mahlangu Elias				
	Ntuli Lettie				
	Mahlangu Annah				
Ward No 24	Cllr:Mokganyetji Mareme	Yes	11	11	4
	<b>Ward Committees:</b>				
	Nkadimeng Bella				
	Maria Skhosana				
	Ester Mhlahlo				
	Molapo Jeaneth				
	Thobejane Setimo				
	Chego Lazarus				
	Mathelele Pheladi				
	Mmakau Daniel				
	Maloma Tumelo				
	Thabang Nyalungu				
Ward No 25	Cllr:Mashilo Samaria	Yes	6	6	1
	<b>Ward Committees:</b>				
	Matsepe Kope				
	Skosana Job				
	Magaga Nthotse				
	Masetlane Eric				
	Lekala Reginah				
	Motla Sinah				
	Phetla Johannes				
	Ratau Leah				
	Motshana Jack				
	Phala Florah				

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 26	Cllr:Motlafe Manthwaleng	Yes	4	4	1
	<b>Ward Committees:</b>				
	Mokwana Irine				
	Namane Betty				
	Maipushe Beauck				
	Masemola Kagiso				
	Mahlangu Edwin				
	Matladi Morongwe				
	Mokwena John				
	Mpubane Lorrain				
	Masekela Lindiwe				
		Matladi Tshepho			
Ward No 27	Cllr:Mohlala Matime	Yes	6	6	1
	<b>Ward Committees:</b>				
	Mohlala Jackson				
	Machika Matholo				
	Letuke Maihwana				
	Tlaka Beauty				
	Kabini Glaudine				
	Mohlala Johannes				
	Tlaka Wiseman,				
	Tshehla Andy				
	Makua Martha				
Ward No 28	Cllr:Tladi Magatle	Yes	0	0	0
	<b>Ward Committees:</b>				
	Maphupha Kenneth (Employed by EMLM)				
	Maipushe Sekina				
	Dikotope Jerren				
	Makuwa Thusho				
	Mashifane Maria				
	Tshehla Lucia				
	Tladi Patrick				
	Makola Trevor				
	Matuludi Eva				
	Senamela Ramathabathe				

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 Siphon	Yes	11	11	3
	<b>Ward Committees:</b>				
	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	7	7	2
	<b>Ward Committees:</b>				
	Emma Makua				
	Maria Sehlola				
	Maseko Zodwa				
	Madihlaba Losta,				
	Samuel Maredi				
	Makuwa John				
	Jacqueline Makgeru				
	Skhosana Enicca				
	Motsweni Betty				
	Kgopa Andries				

## APPENDIX F - WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in 2014/15 R'000				
Ward No	Project Name & Detail	Start Date	End Date	Total Value
29	Motetema construction of internal streets Phase 2	July 2014	June 2015	6,070
4	Road to Magoshi (Matlala)	July 2014	June 2015	5,725
21	Kgapamadi upgrading of bus route	July 2014	June 2015	5,507
15	JJ road Zaaiplaas Phase 1	July 2014	June 2015	5,485
26	Road to Magoshi (Rammupudu)	July 2014	June 2015	5,429
4	Mpheleng construction of bus route	July 2014	June 2015	5,292
9	Walter Sisulu/ Tambo construction on Bus route	July 2014	June 2015	5,158

## APPENDIX G - RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2014/2015

Municipal Audit Committee Recommendations		
Date of Council	Committee Recommendations During 2014/2015	Recommendations Adopted (enter Yes); not adopted (provide explanation)
18 December 2014	<p>The 2014/15 quarterly financial statements were reviewed by the Committee at the meeting held on 11 November 2014:</p> <p>Management was advised by the Audit Committee inter alia that:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> That all the notes that are incomplete and still to be worked on by management be completed taking into account the relevant information discussed in the meeting.</li> <li><input type="checkbox"/> That the municipality ensures fairly presented financial statements by correcting entries in the notes and on the financials.</li> <li><input type="checkbox"/> That the assets of the municipality are taken care of as required by the MFMA and that the Committee needs to get a report to have comfort on the biological assets.</li> <li><input type="checkbox"/> That management tries to speed up the process of debtor write-offs and that the municipality needs to establish what informs the debtors that are recoverable and those that are not.</li> <li><input type="checkbox"/> That Management should continue to follow up of debt and update the financials accordingly even where there have been write-offs.</li> <li><input type="checkbox"/> That management needs to get AGSA to meet with the Committee for the committee to advise and endorse on the AGSA fees</li> <li><input type="checkbox"/> That the financial statements be further reviewed as advised by the committee for accuracy and completeness.</li> </ul>	Yes
18 December 2014	<p>The Audit Committee reviewed the 2013/2014 asset register on the 7<sup>th</sup> of October 2014 and the Audit Committee advised that:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Management consider having an inventory list for each office to assist in mitigating the unauthorized movement of assets</li> <li><input type="checkbox"/> That a strong communiqué be sent out to all employees by management with regards to unauthorized movement of assets.</li> <li><input type="checkbox"/> That the asset verification be done quarterly of moveable assets.</li> </ul>	Yes
18 December 2014	<p>The Audit Committee advised that management should look at the suspense accounts that may be quick to clear as a starting point.</p>	Yes
18 December 2014	<p>The Audit Committee reviewed the draft 2013/2014 annual financial statements at the meeting held on the 22<sup>nd</sup> of August 2014. The draft annual report for 2013/2014 was also reviewed on the 22<sup>nd</sup> of August 2014 by the committee and management was advised inter alia that:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> The changes that will be made in the AFS should be implemented in the annual report.</li> <li><input type="checkbox"/> The process of finding a quality assurer on the report should be fast tracked and possibly look internally for someone with the skill.</li> <li><input type="checkbox"/> The draft annual report for 2013/2014 is further reviewed as advised by the Audit Committee for errors and omissions.</li> </ul>	Yes
18 December 2014	<p>The Committee reviewed the 2013/214 annual performance report on 22 August 2014 in preparation for submission to the Auditor General.</p> <p>The Audit Committee recommended that management ensures that there is alignment of all KPI's against the mid-year approved SDBIP and there should be correlation against all documents i.e. Original SDBIP, IDP, revised SDBIP and the adjusted budget taking into account the variations by the infrastructure department</p>	Yes

Municipal Audit Committee Recommendations		
Date of Council	Committee Recommendations During 2014/2015	Recommendations Adopted (enter Yes); not adopted (provide explanation)
18 December 2014	<p>The Audit Committee noted with concern that Management is still having a challenge with ensuring that it produces Council KPIs that are SMART.</p> <p>The Audit Committee inter alia advised Management:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> That Management reviews the challenges as stated on the 1<sup>st</sup> quarter report to state the true challenges that the departments are facing with achieving targets and should be clear and understandable.</li> <li><input type="checkbox"/> That management should consider having signed performance contracts and performance appraisals for senior management acting for less than six months.</li> <li><input type="checkbox"/> That the recommendations of the Internal Auditor be considered on the report.</li> </ul>	Yes
18 December 2014	<p>It is recommended by the Audit Committee that all vacant critical posts be filled speedily and that the MEC concurrence is required for the position of the Municipal Manager.</p> <p>That when the strategic position for the Head of Internal Audit is being filled the Audit Committee must be involved in the processes as Internal Audit reports functionally to the Audit Committee.</p> <p>The Audit Committee Charter and the Internal Audit Charter was reviewed and approved by the Audit Committee for the year 2014/15 and the Audit Committee Charter has been approved for Council approval.</p> <p>The Annual Internal Audit plan for 2014/2015 was reviewed and conditionally approved by the Audit Committee on the 7<sup>th</sup> of October 2014 that Internal Audit can continue with the plan while risk assessments are still being corrected by Management to include all relevant objectives of the municipality.</p> <p>The Committee emphasizes that although 99% has been completed for the year 2013/2014 it is on the revised plan since the Internal Audit unit did not have sufficient capacity and still recommend the speeding up of capacitating the Internal Audit unit.</p> <p>The Audit Committee recommended that Risk Management request for assistance from Provincial Treasury to provide assistance with the re-drafting of the operational risk registers.</p>	Yes
30 June 2015	<p>The Audit Committee reviewed the draft 2<sup>nd</sup> and 3<sup>rd</sup> quarter financial statements for 2014/2015.</p> <p>Management was advised by the Audit Committee inter alia that:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> The Acting CFO prepares a comprehensive year end process plan and the progress report on the year end process plan.</li> <li><input type="checkbox"/> Notes on the financial statements should be sufficient to explain the figures on the statements.</li> <li><input type="checkbox"/> Comparison on the comparative figures on financial performance should be possible.</li> </ul>	Yes
30 June 2015	<p>The Audit Committee had an opportunity to visit the Game farm on 26 January 2015 and advised that:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Interim measures should be taken to safeguard the assets that are at the Game Farm.</li> <li><input type="checkbox"/> That the assets at the Game Farm are properly accounted for.</li> <li><input type="checkbox"/> Management should establish which Department is responsible for the safeguarding of the Game Farm and the assets.</li> </ul> <p>Management investigates whether the state of the Game farm was properly disclosed to Council to write-off the Game in light of the visit by the Audit Committee to the Game farm and advice Council appropriately. The Audit Committee notes that Management has started with the inventory list for each office to assist in mitigating the unauthorized movement of assets as previously recommended by the Audit Committee. It is further recommended that the inventory verifications be conducted to mitigate the risk of unauthorized asset movement and to effectively update the asset register.</p>	Yes
30 June 2015	<p>The Audit Committee noted the report given by management that management is experiencing challenges with mitigating the accumulating ESKOM and TELKOM interest and that a letter has been written to Treasury to assist with the accumulating interests however no response has been received from Treasury.</p> <p>The Audit Committee recommends that the Legal Advisor looks into the issue of interests charged and take the matter on legally if it is not due and payable.</p>	Yes

Municipal Audit Committee Recommendations		
Date of Council	Committee Recommendations During 2014/2015	Recommendations Adopted (enter Yes); not adopted (provide explanation)
30 June 2015	<p>The draft annual report for 2013/2014 was reviewed on 26 January 2015 and 23 March 2015 by the committee and management was advised inter alia that:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Consistency in acronyms, abbreviations, small and big capital letters should be maintained.</li> <li><input type="checkbox"/> The municipality should brag through the annual report to make visible to the investors the excellence in the work done by the Municipality. The good work done by the Municipality should be highlighted in the Mayor's overview and the Municipal Manager's overview should take up any other matters not covered in the Mayor's overview.</li> </ul>	Yes
30 June 2015	<p>The 2013/2014 AG Action plan was reviewed and following the presentation by AGSA of the Audit report. The Audit Committee then advised Management:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> To review the action plan to ensure that it addresses the findings</li> <li><input type="checkbox"/> The Municipality can receive an unqualified opinion if the issues are resolved</li> <li><input type="checkbox"/> The financial statement consultants appointed for the financial statements should look at the issues raised and assist in addressing them</li> <li><input type="checkbox"/> The dates on the action plan must be before year end</li> <li><input type="checkbox"/> Acting CFO should ensure to take care of all the finance issues raised</li> <li><input type="checkbox"/> There can be investigations before year end to find out what caused the matters of qualification and misstatements.</li> <li><input type="checkbox"/> Management should ensure to look at timing interventions to ensure all objectives are met.</li> </ul>	Yes
30 June 2015	<p>The Audit Committee reviewed and took note of the Human Resource report and the litigation report. The Audit Committee inter alia advised on the litigation report: That Management take disciplinary steps against employees where needed on time.</p> <p>The Audit Committee reviewed the Strategic Risk Register and referred the report back to the Risk Steering Committee and inter alia advised:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> That Management should add to the existing controls on the register.</li> <li><input type="checkbox"/> Ensure alignment between the risk and the actions to improve management of risk. The time scale should be specific for the actions to respond to the risk.</li> <li><input type="checkbox"/> Articulate the actions to improve management of risk very clearly.</li> <li><input type="checkbox"/> Risk issues need dynamic discussions between Management and the risk division.</li> <li><input type="checkbox"/> The risk policies, frameworks and strategies for 2015/2016 were noted and recommended for Council approval.</li> </ul>	Yes



## APPENDIX H – LONG-TERM CONTRACTS AND PUBLIC-PRIVATE PARTNERSHIPS

Long-Term Contracts (20 Largest Contracts Entered into 2014/15)							
#	Description of services rendered by service provider	Name of service provider (entity of municipal department)	Contract value		PERIOD		END USER DEPT
			Start date of contract	Expiry date of contract	Expiry date of contract		
1	Execution of summons and warrants for a period of 12 months with an option to extent	Justice Of The Peace (Pty) Ltd	R 130 per warrant	11 September 2014	10 September 2015		Community Services
2	Learning/training services	BANTUBANYE SKILLS	As per the rates/quotations	01 March 2015	30 June 2016		Corporate services
3	Development And Implementation of An Organisational Performance System – Elias Motsoaledi Local Municipality	Institute For Performance Management (Pty) Ltd	As per the rates	01 December 2014	31 December 2016		Strategic Management
4	Provision of operation and maintenance of land fill site for a period of 36 months	Ingwe / Sinobheki Jv	R 6 999 948.00	1 July 2014	30 June 2017		Community Services
5	Recapitalization Of Fleet And Management Solution	Fleet Horizon Solutions (Pty) Ltd	As per the indicative schedule	14 Nov 2014	14 Nov 2017		Infrastructure
6	Supply, installation, implementation of electricity remote bulk metering equipment	NETELEK	As per indicative schedule	01 November 2014	30 October 2017		Infrastructure
7	Tumber Fourie Consulting Engineers	Designs for Phucukane Bus Road	R 562 000.00	03 December 2014	15 February 2016		Infrastructure
8	Tumber Fourie Consulting Engineers	Designs for Klip and Kanaal Street	R 562 000.00	03 December 2014	15 February 2016		Infrastructure

## APPENDIX I - DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2014 - 30 June 2015		
Position	Name	Description of Financial Interest* (Nil/or details)
( Mayor)	Mathebe J.L	Nil
Speaker	Mahlangu T.S	Nil
EXCO members	Lepota T.J	Nil
	Mahlangu N.N	Nil
	Skhosana J.J	Nil
Councillors	53 councillors	
Municipal Manager	Maredi R.M	Nil
Chief Financial Officer	Monageng MS	Nil
Other S57 Officials		
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
Director Development Planning	Phala N.W	Phuthumanathi Shares Welkom Yizani Shares

## 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	-	R 3,9 million	R 1,8 million	54%	54%	Electrification
FMG	R 1,6 million	R 1,6 million	R 1,6 million	0%	0%	Capacity building
MSIG	R 934	R 934	R 934	0%	0%	Systems improvement
Other: EPWP	R 1,1 million	R1,1 million	R 1,1 million	0%	0%	Job creation
<b>Total</b>	<b>R 3,634</b>	<b>R 7,534</b>	<b>R 4,500</b>	<b>54%</b>	<b>54%</b>	

## APPENDIX K – CAPITAL PROGRAMME BY PROJECT YEAR 2014/2015

Capital Programme by Project 2014/15 (,000)					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act-Adj) %	Variance (Act-OB) %
<b>Water</b>					
District function					
<b>Sanitation/Sewerage</b>					
District function					
<b>Electricity</b>					
Waalkraal RDP electrification PH3	0	R 886	R 998		
Moteti Liberty - electrification	0	R 810	R 711		
Tafelkop (HH ELEC) Dikgalaopeng	0	R 2,2 million	R 188		
Main & Kruger Substation Upgrade	R 3,0 million	R 3,2 million	R 2,3 million		
Makwana village electrification	0	R 1,0 million	R 175		

## APPENDIX L – CAPITAL PROGRAMME BY PROJECT BY WARD 2014/2015

Capital Programme by Project by Ward 2014/15 R' 000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
<b>Water</b>		
District function		
<b>Sanitation/sewerage</b>		
District function		
<b>Electricity</b>		
Waalkraal RDP electrification PH3	4	Yes
Moteti Liberty - electrification	7	Yes
Tafelkop (HH ELEC) Dikgalaopeng	25	Yes
Makwana village electrification	30	No
Tafelkop high mast light (5 highmast)	26, 27 & 28	Yes
Main and Kruger Substation upgrade	13	Yes
<b>Housing</b>		
<b>Cemeteries</b>		
Elandsdoorn cemeteries	11	No
Hlogotlou cemeteries	20	Yes
<b>Roads &amp; stormwater</b>		

Capital Programme by Project by Ward 2014/15 R'000		
Capital Project	Ward(s) affected	Works completed (Yes/No)
Motetema construction of internal streets Phase 2	29	Yes
Road to Magoshi (Matlala)	4	Yes
Kgapamadi upgrading of bus route	21	Yes
JJ road Zaaiplaas Phase 1	15	Yes
Road to Magoshi (Rammupudu)	26	Yes
Mpheleng construction of bus route	4	Yes
Walter Sisulu/ Tambo construction on Bus route	9	Yes
Monsterlos to Mmakgopheng construction of road phase 5	18	Yes
Moteti A construction of bus route phase 3	2	Yes
Construction of speed humps in various villages	Various wards	Yes
Construction of storm water channels (Low level bridge)	Various wards	Yes
Karnaal street Groblersdal	13	No
Rehabilitation of Ramogwerane road	25	Yes
Rehabilitation of Dikgalaopeng road	25	Yes
Phuchukani construction of road phase 2(Design only)	6	Yes

## APPENDIX M – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

Service Backlogs: Schools & Clinics				
Establishments lacking basic services	Water	Sanitation	Electricity	Solid Waste Collection
<b>Schools (Names, Locations)</b>				
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 2014/15				
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  
For The 2014 / 2015  
Annual Report*



**MPAC Chairperson**  
Cllr. S.H. Mehlape

## OVERSIGHT REPORT FOR THE 2014 /2015 ANNUAL REPORT

### 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 2014/2015 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 29 January 2016, the Mayor tabled the Draft 2014/2015 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 2014/2015 Annual Report be noted.
2. That the draft 2014/2015 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 –



- (a) In accordance with Section 21A of the Municipal Systems Act –
  - (i) make public the annual report, and
  - (i) invite the local community to submit representations in connection with the annual report, and
- (a) 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:

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

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

- ( xiv ) Review of the IDP post elections;
- ( xv ) Annual review of the IDP;
- ( xvi ) Performance Management Plan;
- ( xvii ) Monitoring that the annual budget is informed by the IDP;
- ( xviii ) 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 2014/2015 annual report was extensively published for public comments.

Date	Activity
30 January 2016	The draft 2014/2015 annual report is uploaded on municipal website and made available in municipal offices, municipal library and Municipal Satellite Offices.
09 February 2016	The draft 2015/2016 Annual Report was advertised in the Sowetan for Public Participation.

Messages inviting Ward Committees, CDW's, Traditional Leaders, Traditional Healers and Business people were sent through Ward Secretaries to attend Public hearings. Below are the program for Public hearings.

Date	Time	Ward	Venue	Responsible Councillor	Contact
4 /2/16	14h00	Ward 30	Roosenekal	Cllr Malekane M.S	082 525 4059
9 /2/16	10h00	Ward 16	Sehlakwane	Cllr Buta M.S	082 526 3304
11 /2/16	10h00	Ward 25	Movers Sports ground (Tafelkop)	Cllr Mashilo M.S	082 495 1194
26 /2/16	10h00	Ward 3	Kgobokwane (Takies Sports Ground)	Cllr Mahlangu M.D	082 525 4748
08/03/16	10h00	Ward 1	Moruleng RDP	Cllr Mahlase K.S	082 525 4289

Below are the processes undertaken by the MPAC in dealing with the report

Date	Purpose	Venue
16/03/16	MPAC meeting to interrogate and evaluate the Annual Report	Groblerdsdal Library
17/03/16	MPAC to draft questionnaire to Management of their findings	Loskop Aventura
18/03/16	Finalisation of questions and submission to MM	Loskop
29/03/16	Meeting with administration for compilation of oversight report to Council	MM's Boardroom
30/03/16	Oversight report to Council	Council Chambers

### Summary of comments on the draft 2014/2015 annual report

The MPAC believes that the draft 2014 / 2015 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**

1. That the annual financial statement need to be cleans by taking action on unauthorized, fruitless and wasteful expenditure
2. That the previous mpac recommendation be implemented
3. That the accounting officer monitors the implementation of the audit action plan.
4. There are two much zero weighted KPI's that need to be avoided through proper planning of the SDBIP alignment with the Budget.
5. That the Back to Basic program need to be adhere to as an mechanism of listening to the people and responding to their concern.
6. Management need to reduce the outsourcing of services to acceptable level.
7. Customer complaint system to be introduced.
8. That IGR need to be strengthen to assist us in resolving sector department issues such as , Water, Housing, Roads etc.

### **MPAC COMMITTEE'S RECOMMENDATIONS: 29 MARCH 2016**

1. That Council approves the draft 2014/2015 annual report.
2. That the oversight report be made public in accordance with Section 129 ( 3 ) of the Local Government: Municipal Finance Management Act 56 of 2003.
3. 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.

### **COUNCIL RECOMMENDATIONS: 30 MARCH 2016**

4. That the draft 2014/2015 annual report be approved without reservations.
5. That the oversight report be made public in accordance with Section 129 ( 3 ) of the Local Government: Municipal Finance Management Act 56 of 2003.
6. 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**



# APPENDIX VOLUME

## II

*Audited Annual  
Financial Statements*



**ELIAS MOTSOLEDI LOCAL MUNICIPALITY**  
(Registration number LIM 472)  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

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

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## General Information

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**Mayor**

Cllr JL Mathebe

**Chief Whip**

Cllr TM Phahlamohlaka

**Speaker**

Cllr TS Mahlangu

**Councillors**

Cllr JL Mathebe (Mayor)  
Cllr R Alberts (Exco Member)  
Cllr TJ Lepota (Exco Member)  
Cllr NN Mahlangu (Exco Member)  
Cllr EM Masemola (Exco Member)  
Cllr GD Matjomane (Exco Member)  
Cllr FM Mogotji (Exco Member)  
Cllr MJ Mohlala (Exco Member)  
Cllr JJ Skosana (Exco Member)  
Cllr MD Tladi (Exco Member)  
Cllr TS Mahlangu (Speaker)  
Cllr TM Phahlamohlaka (Chief Whip)  
Cllr MZ Buta  
Cllr RSA Kabinie  
Cllr JP Kotze  
Cllr MF Madihlaba  
Cllr MM Maepa  
Cllr MK Tshoshane  
Cllr AB Mahlangu  
Cllr J Mahlangu  
Cllr MD Mahlangu  
Cllr KS Mahlase  
Cllr MN Malatji  
Cllr MS Malekane  
Cllr AM Maloba  
Cllr DS Mamaila  
Cllr MS Marapi  
Cllr MS Maselela  
Cllr HS Mashifane  
Cllr MS Mashilo  
Cllr WM Matemane  
Cllr SM Mathale  
Cllr MS Matlala  
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 MP Mokgabudi  
Cllr MT Mokganyetji  
Cllr I Mogkomogane



# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## General Information

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	Cllr MP Mokone
	Cllr OE Motau
	Cllr MG Motlale
	Cllr DM Mzinyane
	Cllr ME Nduli
	Cllr SF Nkosi
	Cllr TJ Ntuli
	Cllr ML Phala
	Cllr A Phatlane
	Cllr MW Pitje
	Cllr RJ Podile
	Cllr MF Rakoena
	Cllr MW Ramphisa
	Cllr SL Skosana
	Cllr LH Tshoma
	Cllr MS Tshoma
	Cllr MW Pitje
	Cllr MZ Buta
<b>Accounting Officer</b>	Mrs RM Maredi
<b>Chief Finance Officer (CFO)</b>	Mr Mcabangelwa Mthimunye (Acting)
<b>Business address</b>	2nd Grobler Avenue - Civic Centre Groblerdal 0470
<b>Postal address</b>	PO Box 48 Groblerdal 0470
<b>Bankers</b>	ABSA Bank Limited
<b>Auditors</b>	Office of the Auditor General (Polokwane)
<b>Grading of the Municipality</b>	Grade 3

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Index

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

<b>Index</b>	<b>Page</b>
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	25 - 56
Notes to the Annual Financial Statements	56 - 89

### Abbreviations

GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Accounting Officer's Responsibilities and Approval

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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 2016 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 89, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2015 and were signed on its behalf by:



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**Mrs RM Maredi**  
**Municipal Manager**

**31 August 2015**

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Audit Committee Report

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We are pleased to present our report for the financial year ended 30 June 2015.

### 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 3 ordinary and 4 special meetings were held.

<b>Name of member</b>	<b>Number of meetings attended</b>
Adv. SST Kholong (Chairperson)	3 Normal - 4 Special - 7 Total
Mr. LAT Gafane (From 1 July 2012)	1 Normal - 1 Special - 2 Total
Mr. MG Mathabathe (From 1 Aug 2013)	3 Normal - 4 Special - 7 Total
Adv. R Nke (From 1 July 2012)	1 Normal - 1 Special - 2 Total
Mr. B Mbangane (From 1 Aug 2013)	3 Normal - 4 Special - 7 Total

### 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.

It has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### The effectiveness of internal control

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 internal control environment was partially effective.

The Audit Committee is satisfied with Management's action to address deficiencies identified.

### 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.

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 been building an Internal Audit capacity.

The vacancy of Chief Audit Executive post on the organisational structure still needs to be filled.

The vacancies within the Internal Audit division hamstrung the Audit Committee in carrying out its responsibilities effectively.

Equally the risk management capacity is being built even though it is at its elementary stage.

The Risk Management Committee was not always effective during the year under review.

### Auditor-General of South Africa

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

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Audit Committee Report

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\_\_\_\_\_  
Chairperson of the Audit Committee Adv. SST Kholong

Date: \_\_\_\_\_

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Accounting Officer's Report

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The accounting officer submits her report for the year ended 30 June 2015.

### 1. Review of activities

#### Main business and operations

Net deficit of the municipality was R 2 626 651 (2014: surplus R 23 122 267).

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. The final transactions were fully accounted for as part of the comparative information included in these statements.

### 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
Mr NW Phala (Acting)	South African	Resigned 25 August 2014
Mrs RM Maredi	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.

#### Councillors

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# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Accounting Officer's Report

---

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 2015

## Statement of Financial Position

Figures in Rand	Note(s)	2015	Restated 2014
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	12	2 635 642	2 287 835
Receivables from exchange transactions	13	3 200 182	18 625 800
Receivables from non-exchange transactions	14	3 032 296	2 628 317
VAT receivable	15	25 558 369	11 399 403
Consumer debtors - From Exchange Transactions	16	6 137 351	6 036 714
Consumer debtors - From Non Exchange Transactions	16	12 606 685	14 520 714
Cash and cash equivalents	17	24 967 089	35 246 865
		<b>78 137 614</b>	<b>90 745 648</b>
<b>Non-Current Assets</b>			
Investment property	5	89 472 000	85 382 000
Property Plant and Equipment	6	729 129 354	694 686 541
Heritage Assets	7	323 370	310 918
Intangible assets	8	640 009	-
Deposit (Security held in advance)	8&10	10 650 261	10 081 452
		<b>830 214 994</b>	<b>790 460 911</b>
<b>Total Assets</b>		<b>908 352 608</b>	<b>881 206 559</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Other financial liabilities	18	220 000	220 000
Landfill Site Provision	20	773 225	807 968
Payables from exchange transactions	21	43 960 089	32 903 437
Consumer deposits	22	5 531 346	3 170 578
Employee benefit obligation	9	1 146 900	1 040 741
Unspent conditional grants and receipts	19	16 212 145	9 661 856
Provision for long service leave bonus	20	588 430	149 218
		<b>68 432 135</b>	<b>47 953 798</b>
<b>Non-Current Liabilities</b>			
Other financial liabilities	18	4 840 000	5 060 000
Landfill Site Provision	20	41 090 764	34 183 239
Employee benefit obligation	9	29 616 811	27 127 599
Provision for long service leave bonus	20	3 485 581	3 367 957
		<b>79 033 156</b>	<b>69 738 795</b>
<b>Total Liabilities</b>		<b>147 465 291</b>	<b>117 692 593</b>
<b>Net Assets</b>		<b>760 887 317</b>	<b>763 513 966</b>
<b>Net Assets</b>			
Accumulated surplus		760 887 317	763 513 966

\* See Note 2 & 45

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Statement of Financial Performance

Figures in Rand	..	2015	Restated 2014
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	25	59 868 598	56 620 595
Rental of facilities and equipment	23	1 198 622	1 124 654
Agency services	23	-	2 623 479
Licences and permits	23	5 081 009	4 699 395
Other income	27	3 180 038	2 209 866
Interest received	34	9 826 125	10 230 798
<b>Total revenue from exchange transactions</b>		<b>79 154 392</b>	<b>77 508 787</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	24	19 271 377	20 449 606
<b>Transfer revenue</b>			
Government grants & subsidies	26	229 608 474	191 600 631
Fines, Penalties and Forfeits	27	2 583 639	1 666 250
<b>Total revenue from non-exchange transactions</b>		<b>251 463 490</b>	<b>213 716 487</b>
<b>Total revenue</b>	23	<b>330 617 882</b>	<b>291 225 274</b>
<b>Expenditure</b>			
Employee related costs	30	(102 669 167)	(87 174 519)
Remuneration of councillors	31&55	(18 843 915)	(16 036 760)
Administration	32	(574 646)	(571 163)
Depreciation and amortisation	35	(32 042 158)	(32 548 462)
Impairment loss/ Reversal of impairments		(649 448)	1 250 000
Lease rentals on operating lease		(10 159 911)	(3 792 972)
Debt Impairment	33	(11 356 913)	(10 244 663)
Repairs and maintenance		(10 678 234)	(11 952 349)
Bulk purchases	39	(51 852 916)	(48 014 426)
Transfers and Subsidies	38	(1 831 579)	(2 287 144)
Loss on valuation of biological, other and heritage assets		(2 135 548)	(53 999)
General Expenses	28	(71 945 597)	(56 126 989)
<b>Total expenditure</b>		<b>(314 740 032)</b>	<b>(267 553 446)</b>
<b>Operating surplus</b>	29	<b>15 877 850</b>	<b>23 671 828</b>
Additional service cost landfill rehabilitation	20	(6 064 815)	(3 183 094)
Fair value adjustments - actuarial gains and losses Restated	7&9&20	278 209	(2 131 468)
Investment property fair value adjustment	5	4 090 000	4 765 000
Sekhukhune agency services waived by council	13	(16 807 895)	-
		<b>(18 504 501)</b>	<b>(549 562)</b>
<b>(Deficit) surplus for the year</b>		<b>(2 626 651)</b>	<b>23 122 266</b>

\* See Note 2 & 45

## ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

### Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	740 804 645	740 804 645
Adjustments		
Correction of errors - Rental Income and Fine revenue	(412 946)	(412 946)
<b>Balance at 01 July 2013 as restated</b>	<b>740 391 699</b>	<b>740 391 699</b>
Changes in net assets		
Surplus for the year	23 122 267	23 122 267
Total changes	23 122 267	23 122 267
Opening balance as previously reported	766 265 134	766 265 134
Adjustments		
Correction of errors - Debtor Billing Retrospective Rental and Rates and fines	(1 079 700)	(1 079 700)
Change in long service awards liability	(949 723)	(949 723)
Change in long service awards liability current service cost	(223 410)	(223 410)
Depreciation correction 2014	(63 548)	(63 548)
Prior year revenue - VAT not declared	(412 946)	(412 946)
Change in Bonus accrual	(53 063)	(53 063)
Prior year adjustment - Acting	31 224	31 224
<b>Balance at 01 July 2014 as restated</b>	<b>763 513 968</b>	<b>763 513 968</b>
Changes in net assets		
Surplus for the year	(2 626 651)	(2 626 651)
Total changes	(2 626 651)	(2 626 651)
<b>Balance at 30 June 2015</b>	<b>760 887 317</b>	<b>760 887 317</b>
Note(s)	45	

\* See Note 2 & 45

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Cash Flow Statement

Figures in Rand	Note(s)	2015	Restated 2014
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Fines		2 179 660	1 666 250
Sale of goods and services		71 957 222	79 693 759
Grants		236 158 763	191 600 631
Interest income		9 257 316	10 230 799
Other receipts		2 776 383	3 334 520
Licences and Permits	41	5 081 009	4 699 395
		<u>327 410 353</u>	<u>291 225 354</u>
<b>Payments</b>			
Employee costs		(118 329 651)	(103 189 431)
Suppliers		(149 508 709)	(121 765 675)
Non Cash Adjustment Fair value adjustment and Other financial Liabilities	41	58 209	-
		<u>(267 780 151)</u>	<u>(224 955 106)</u>
<b>Net cash flows from operating activities</b>	<b>40</b>	<b><u>59 630 202</u></b>	<b><u>66 270 248</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property plant and equipment	6	(70 368 780)	(50 489 838)
Proceeds from sale of property plant and equipment	6	458 802	-
Purchase of deposit (security held in advance)		-	(531 526)
Proceeds from sale of longterm lease debtor - restated		-	342 027
<b>Net cash flows from investing activities</b>		<b><u>(69 909 978)</u></b>	<b><u>(50 679 337)</u></b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		58 209	4 321 665
Adjust for non cash movement		(58 209)	-
<b>Net cash flows from financing activities</b>		<b><u>-</u></b>	<b><u>4 321 665</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>(10 279 776)</u></b>	<b><u>19 912 576</u></b>
Cash and cash equivalents at the beginning of the year		35 246 865	15 334 289
<b>Cash and cash equivalents at the end of the year</b>	<b>17</b>	<b><u>24 967 089</u></b>	<b><u>35 246 865</u></b>

\* See Note 2 & 45

## ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

### 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						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	60 443 000	6 160 000	<b>66 603 000</b>	59 868 598	<b>(6 734 402)</b>	Load shedding impacted on electricity sales
Rental of facilities and equipment	1 030 000	2 030 000	<b>3 060 000</b>	1 198 622	<b>(1 861 378)</b>	Additional rentals were affected by adjusting to prior year amounts
Licences and permits	5 648 000	353 000	<b>6 001 000</b>	5 081 009	<b>(919 991)</b>	VAT effect on the fines were not taken into account
Other income	3 946 000	(1 398 370)	<b>2 547 630</b>	3 180 038	<b>632 408</b>	Less tender documents were sold
Interest received - investment	7 800 000	3 460 000	<b>11 260 000</b>	9 826 125	<b>(1 433 875)</b>	additional sales did not realise interest were earned due to good investment practices
<b>Total revenue from exchange transactions</b>	<b>78 867 000</b>	<b>10 604 630</b>	<b>89 471 630</b>	<b>79 154 392</b>	<b>(10 317 238)</b>	

## ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

### 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						
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	30 000 000	(5 500 000)	<b>24 500 000</b>	19 271 377	<b>(5 228 623)</b>	Municipal Properties were not levied during the period
<b>Transfer revenue</b>						
Government grants & subsidies	221 481 000	23 873 370	<b>245 354 370</b>	229 608 474	<b>(15 745 896)</b>	Unspent grants could not be recognised
Fines, Penalties and Forfeits	610 000	-	<b>610 000</b>	2 583 639	<b>1 973 639</b>	Fines recognised on accrual and budget on cash basis
<b>Total revenue from non-exchange transactions</b>	<b>252 091 000</b>	<b>18 373 370</b>	<b>270 464 370</b>	<b>251 463 490</b>	<b>(19 000 880)</b>	
<b>Total revenue</b>	<b>330 958 000</b>	<b>28 978 000</b>	<b>359 936 000</b>	<b>330 617 882</b>	<b>(29 318 118)</b>	
<b>Expenditure</b>						
Personnel	(97 177 000)	(168 000)	<b>(97 345 000)</b>	(102 669 167)	<b>(5 324 167)</b>	NPA adjustment <sup>14</sup>
Remuneration of councillors	(16 273 000)	(1 316 000)	<b>(17 589 000)</b>	(18 843 915)	<b>(1 254 915)</b>	Additional expenditure on cellphone and data contracts
Administration	-	-	-	(574 646)	<b>(574 646)</b>	Cost of drivers licence account not taken into consideration

14

## ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

### 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						
Depreciation and amortisation	(35 000 000)	1 500 000	<b>(33 500 000)</b>	(32 042 158)	<b>1 457 842</b>	Accurate estimate not available at budget process
Impairment loss/ Reversal of impairments	-	-	-	(649 448)	<b>(649 448)</b>	
Lease rentals on operating lease	-	(10 805 000)	<b>(10 805 000)</b>	(10 159 911)	<b>645 089</b>	Within expected result
Bad debts written off	(3 000 000)	(8 000 000)	<b>(11 000 000)</b>	(11 356 913)	<b>(356 913)</b>	Amount written off on traffic fines not taken into account
Repairs and maintenance	(8 700 000)	-	<b>(8 700 000)</b>	(10 678 234)	<b>(1 978 234)</b>	Additional amounts paid on the repairs and maintenance
Bulk purchases	(50 013 000)	(6 019 000)	<b>(56 032 000)</b>	(51 852 916)	<b>4 179 084</b>	Load shedding impacted on sales and expenditure
Transfers and Subsidies	(9 600 000)	7 660 000	<b>(1 940 000)</b>	(1 831 579)	<b>108 421</b>	All grants expensed
General Expenses	(71 734 000)	1 415 000	<b>(70 319 000)</b>	(71 945 597)	<b>(1 626 597)</b>	Within normal expected expenditure
<b>Total expenditure</b>	<b>(291 497 000)</b>	<b>(15 733 000)</b>	<b>(307 230 000)</b>	<b>(312 604 484)</b>	<b>(5 374 484)</b>	
<b>Operating surplus</b>	<b>39 461 000</b>	<b>13 245 000</b>	<b>52 706 000</b>	<b>18 013 398</b>	<b>(34 692 602)</b>	
Loss on disposal of assets and liabilities	-	-	-	(2 135 548)	<b>(2 135 548)</b>	Accurate estimate not available during budget



## ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

### 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
Additional contribution landfill rehabilitation	-	-	-	(6 064 815)	<b>(6 064 815)</b>	Non cash adjustment on the afs
Fair value adjustments	-	-	-	278 209	<b>278 209</b>	Non Cash adjustment on the afs
Income from equity accounted investments (Filtered)	-	-	-	4 090 000	<b>4 090 000</b>	Additions and revaluations on investment properties
Waiver of Sekhukhune District Municipality transactions up to 30 June 2015	-	-	-	(16 807 895)	<b>(16 807 895)</b>	Council resolution on long outstanding matter
<b>Deficit before taxation</b>	<b>39 461 000</b>	<b>13 245 000</b>	<b>52 706 000</b>	<b>(20 640 049)</b>	<b>(20 640 049)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>39 461 000</b>	<b>13 245 000</b>	<b>52 706 000</b>	<b>(2 626 651)</b>	<b>(55 332 651)</b>	
<b>Reconciliation</b>				<b>(2 626 651)</b>	<b>(55 332 651)</b>	

## ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

### 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
<b>Figures in Rand</b>						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	5 000 000	(2 700 000)	<b>2 300 000</b>	2 635 642	<b>335 642</b>	The VAT effect of inventory was not taken into account with the budget schedules
Receivables from exchange transactions	-	-	-	3 200 183	<b>3 200 183</b>	Budgeted as part receivables on budget schedules
Receivables from non-exchange transactions	-	-	-	3 032 296	<b>3 032 296</b>	Budgeted as part of receivables on budget schedule
VAT receivable	16 500 000	-	<b>16 500 000</b>	25 558 369	<b>9 058 369</b>	Additional old VAT reclaimed was not taken into account with the budget
Consumer debtors	30 000 000	-	<b>30 000 000</b>	18 744 033	<b>(11 255 967)</b>	Debtors of R 8.5m were written off

## ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

### 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						
Cash and cash equivalents	20 769 000	40 752 000	<b>61 521 000</b>	24 967 089	<b>(36 553 911)</b>	Less cash was received from the district council and debtors than anticipated. Additional creditors were paid on year end.
	<b>72 269 000</b>	<b>38 052 000</b>	<b>110 321 000</b>	<b>78 137 612</b>	<b>(32 183 388)</b>	
<b>Non-Current Assets</b>						
Investment property	220 000 000	(132 618 000)	<b>87 382 000</b>	89 472 000	<b>2 090 000</b>	Anticipated increase exceeded the value anticipated from the supplementary valuation from the valuer
Property Plant and Equipment	830 229 000	(58 655 000)	<b>771 574 000</b>	729 129 353	<b>(42 444 647)</b>	Additions were reduced by the unspent DME and MIG Grants

## ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

### 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							
Heritage Assets	-	-	-	-	323 370	323 370	Item consolidated on budget schedules with amount PPE
Intangible assets	27 000 000	(27 000 000)	-	-	640 009	640 009	Post audit adjustment was taken into account. Item transferred to expenditure.
Biological Assets	18 000	(18 000)	-	-	-	-	Non Cash adjustment
Deposit (Security held in advance)	-	-	-	-	10 650 261	10 650 261	The eskom deposits were performed as an AFS2015 adjustment and was not part of the budget process
Longterm lease Debtor - restated	-	-	-	-	-	-	The leases were indicated on prior year afs as contingent assets at the time of drafting the budget.
<b>Total Assets</b>	<b>1 077 247 000</b>	<b>(218 291 000)</b>	<b>858 956 000</b>	<b>830 214 993</b>	<b>(28 741 007)</b>	<b>(60 924 395)</b>	
	<b>1 149 516 000</b>	<b>(180 239 000)</b>	<b>969 277 000</b>	<b>908 352 605</b>	<b>(60 924 395)</b>		

## ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

### 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						
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Other financial liabilities	-	-	-	220 000	220 000	Pre Paid Debtor Short term portion not taken into account
Landfill Rehabilitation Provision	-	-	-	773 225	773 225	The landfill was transferred as a post audit adjustment and was not part of the budget process
Payables from exchange transactions	38 000 000	-	38 000 000	43 960 088	5 960 088	An effort was made to pay creditors before year end and it affected the cash position and anticipated creditors provision.
Consumer deposits	5 000 000	(1 693 000)	3 307 000	5 531 346	2 224 346	Deposits was increased during the year and resulted in an additional amount raised that exceeded estimates

20

**ELIAS MOTSOALEDI LOCAL MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2015

**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						
Employee benefit obligation	-	-	-	1 146 900	1 146 900	Included in the short term portion as indicated below
Unspent conditional grants and receipts	-	-	-	16 212 145	16 212 145	This was due to unforeseen results on the DME and MIG additional projects being unspent
Provision for long service leave bonus	-	-	-	588 430	588 430	Included in the below mentioned short term portions below
<b>Non-Current Liabilities</b>						
Other financial liabilities	-	(1 693 000)	41 307 000	68 432 134	27 125 134	
Landfill Site Rehabilitation provision	-	-	-	4 840 000	4 840 000	This amount was received in advance and did not form part of the budget process
	-	-	-	41 090 764	41 090 764	The landfill was transferred as a post audit adjustment and was not part of the budget process

## ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

### 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						
Employee benefit obligation	40 000 000	-	40 000 000	29 616 811	(10 383 189)	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	-	-	-	3 485 581	3 485 581	This was included in the employee benefit obligation provision.
<b>Total Liabilities</b>	<b>40 000 000</b>	<b>-</b>	<b>40 000 000</b>	<b>79 033 156</b>	<b>39 033 156</b>	
<b>Net Assets</b>	<b>83 000 000</b>	<b>(1 693 000)</b>	<b>81 307 000</b>	<b>147 465 290</b>	<b>66 158 290</b>	
<b>Net Assets</b>	<b>1 066 516 000</b>	<b>(178 546 000)</b>	<b>887 970 000</b>	<b>760 887 315</b>	<b>(127 082 685)</b>	
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	1 066 516 000	(178 546 000)	887 970 000	760 887 315	(127 082 685)	



# ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget (i.t.o. s28 and s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>2015</b>											
<b>Financial Performance</b>											
Property rates	24 200 000	(900 000)	23 300 000	-	-	23 300 000	19 271 377		(4 028 623)	83 %	80 %
Service charges	59 699 000	6 906 000	66 605 000	-	-	66 605 000	59 868 598		(6 736 402)	90 %	100 %
Investment revenue	7 800 000	3 460 000	11 260 000	-	-	11 260 000	9 826 125		(1 433 875)	87 %	126 %
Transfers recognised - operational	170 641 000	3 987 600	174 628 600	-	-	174 628 600	173 520 126		(1 108 474)	99 %	102 %
Other own revenue	13 117 600	(900 800)	12 216 800	-	-	12 216 800	12 321 517		104 717	101 %	94 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>275 457 600</b>	<b>12 552 800</b>	<b>288 010 400</b>	<b>-</b>	<b>-</b>	<b>288 010 400</b>	<b>274 807 743</b>		<b>(13 202 657)</b>	<b>95 %</b>	<b>100 %</b>
Employee costs	(97 177 000)	(168 000)	(97 345 000)	-	-	(97 345 000)	(102 669 167)		(5 324 167)	105 %	106 %
Remuneration of councillors	(16 273 000)	(1 316 000)	(17 589 000)	-	-	(17 589 000)	(18 843 915)		(1 254 915)	107 %	116 %
Debt impairment	(3 000 000)	(8 000 000)	(11 000 000)	-	-	(11 000 000)	(11 356 913)		(356 913)	103 %	379 %
Depreciation and asset impairment	(35 000 000)	1 500 000	(33 500 000)	-	-	(33 500 000)	(32 691 606)		808 394	98 %	93 %
Materials and bulk purchases	(50 013 000)	(6 019 000)	(56 032 000)	-	-	(56 032 000)	(51 852 916)		4 179 084	93 %	104 %
Transfers and grants	(9 600 000)	7 660 000	(1 940 000)	-	-	(1 940 000)	(1 831 579)		108 421	94 %	19 %
Other expenditure	(80 434 000)	(9 391 000)	(89 825 000)	-	-	(89 825 000)	(95 801 909)		(5 976 909)	107 %	119 %
<b>Total expenditure</b>	<b>(291 497 000)</b>	<b>(15 734 000)</b>	<b>(307 231 000)</b>	<b>-</b>	<b>-</b>	<b>(307 231 000)</b>	<b>(315 048 005)</b>		<b>(7 817 005)</b>	<b>103 %</b>	<b>108 %</b>
<b>Surplus/(Deficit)</b>	<b>(16 039 400)</b>	<b>(3 181 200)</b>	<b>(19 220 600)</b>	<b>-</b>	<b>-</b>	<b>(19 220 600)</b>	<b>(40 240 262)</b>		<b>(21 019 662)</b>	<b>209 %</b>	<b>251 %</b>

## ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

### Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments and budget (i.t.o. s28 and s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	50 840 000	19 885 770	70 725 770	-	-	70 725 770	56 088 348	(14 637 422)	79 %	110 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>34 800 600</b>	<b>16 704 570</b>	<b>51 505 170</b>	-	-	<b>51 505 170</b>	<b>15 848 086</b>	<b>(35 657 084)</b>	<b>31 %</b>	<b>46 %</b>
Share of surplus (deficit) of associate	1	1	2	2	-	2	(4 090 000)	(4 090 002)	500 000 %	000 000 %
<b>Surplus/(Deficit) for the year</b>	<b>34 800 599</b>	<b>16 704 569</b>	<b>51 505 168</b>	-	-	<b>51 505 168</b>	<b>19 938 086</b>	<b>(31 567 082)</b>	<b>39 %</b>	<b>57 %</b>
<b>Capital expenditure and funds sources</b>										
Total capital expenditure	77 290 000	25 213 000	102 503 000	-	-	102 503 000	73 166 874	29 336 126	71 %	95 %
<b>Cash flows</b>										
Net cash from (used) operating	-	-	-	-	-	-	59 630 202	59 630 202	DIV/0 %	DIV/0 %
Net cash from (used) investing	-	-	-	-	-	-	(69 909 978)	(69 909 978)	DIV/0 %	DIV/0 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10 279 776)</b>	<b>(10 279 776)</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>
Cash and cash equivalents at the beginning of the year	-	-	-	-	-	-	35 246 865	35 246 865	DIV/0 %	DIV/0 %
<b>Cash and cash equivalents at year end</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24 967 089</b>	<b>(24 967 089)</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) 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 2015

## Accounting Policies

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### 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 2015

## Accounting Policies

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### 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.

#### **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. .

#### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

#### **Post retirement benefits**

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.3 Significant judgements and sources of estimation uncertainty (continued)

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 9.

#### 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 Biological assets - Game Animals

An entity shall recognise a biological assets - game animals or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Biological assets - Game Animals are measured at their fair value less point-of-sale costs.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

A gain or loss arising on initial recognition of biological assets - game animals or agricultural produce at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs of a biological assets - game animals is included in surplus or deficit for the period in which it arises.

### 1.5 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.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.5 Investment property (continued)

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.

#### 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.

### 1.6 Property Plant and Equipment

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



# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

### 1.6 Property Plant and Equipment (continued)

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

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

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

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

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

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.

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.

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

<b>Item</b>	<b>Average useful life</b>
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.

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.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.6 Property Plant and Equipment (continued)

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.

### 1.7 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.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.7 Heritage assets (continued)

#### 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.

#### 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:

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.8 Financial instruments (continued)

- 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.

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:

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

### 1.8 Financial instruments (continued)

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

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

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

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

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

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

- derivatives;
- 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:

<b>Class</b>	<b>Category</b>
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:

<b>Class</b>	<b>Category</b>
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:

<b>Class</b>	<b>Category</b>
Residual interest1	Measured at fair value
Residual interest2	Measured at cost

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.8 Financial instruments (continued)

#### 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.

#### 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 2015

## Accounting Policies

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### 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 2015

## 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 2015

## Accounting Policies

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### 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 2015

## Accounting Policies

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### 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 2015

## 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 2015

## 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 2015

## 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 2015

## Accounting Policies

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### 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 2015

## Accounting Policies

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### 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 2015

## Accounting Policies

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### 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 2015

## Accounting Policies

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### 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 2015

## Accounting Policies

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### 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 2015

## Accounting Policies

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### 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 2015

## Accounting Policies

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### 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 2015

## Accounting Policies

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### 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 2015

## Accounting Policies

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### 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 a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

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

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

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

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

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

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

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

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

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

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

#### Recognition

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

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 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 2015

## Accounting Policies

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### 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 2015

## Accounting Policies

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### 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 Comparative figures

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

### 1.20 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.

### 1.21 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.

### 1.22 Irregular expenditure

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

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

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

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

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

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.22 Irregular expenditure (continued)

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.

### 1.23 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.

### 1.24 Investments

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

#### 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.

### 1.25 Conditional grants and receipts

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

### 1.26 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.

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.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.26 Budget information (continued)

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.

### 1.27 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.

### 1.28 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

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Figures in Rand	2015	Restated 2014
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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.

- NONE

### 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:

#### 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 2015 or later periods:

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

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### 3. New standards and interpretations (continued)

#### 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 2015 or later periods but are not relevant to its operations:

- None

Paragraphs .07, .08, .19, .22, .23, .37, .38, .40, .45 and .46 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Definitions, Recognition and measurement and Disclosure.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The municipality expects to adopt the amendment for the first time in the 2014 annual financial statements.

### 4. Biological assets - Game Animals

#### Reconciliation of biological assets - game animals - 2014

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

#### Non - Financial information

##### Methods and assumptions used in determining fair value

A specialist was appointed for the current period and no game animals were found on the farm for 2014. During the past 2 years large portions 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. Game animals moved back on the farm during the year and was found on inspection.



# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand 2015 2014

### 5. Investment property

	2015			2014		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	89 472 000	-	89 472 000	85 382 000	-	85 382 000

#### Reconciliation of investment property - 2015

	Opening balance	Fair value adjustments	Fair value adjustments	Total
Investment property	85 382 000	4 090 000	-	89 472 000

#### Reconciliation of investment property - 2014

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

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 and will be performed for 30 June 2015. 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.

The assessment of useful life, residual values and impairment was performed for the periods disclosed.

Valuation surplus and deficit on the properties are included in the Statement of Financial Performance for the year and the prior year as per the accounting policy.

## ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

### Notes to the Annual Financial Statements

Figures in Rand

#### 6. Property Plant and Equipment

	2015			2014		
	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	(9 026 900)	174 024 481
Buildings	55 324 420	(19 769 606)	35 554 814	53 313 115	(17 076 851)	36 236 264
Infrastructure	514 457 963	(149 526 806)	364 931 157	506 597 313	(130 613 977)	375 983 336
Community	57 830 527	(14 700 883)	43 129 644	54 992 861	(12 671 352)	42 321 509
Other property, plant and equipment	113 712 881	(88 353 412)	25 359 469	137 080 624	(102 224 701)	34 855 923
Capital Work in Progress	85 789 632	-	85 789 632	30 898 704	-	30 898 704
Leased Assets	392 490	(52 333)	340 157	392 490	(26 166)	366 324
<b>Total</b>	<b>1 010 559 294</b>	<b>(281 429 940)</b>	<b>729 129 354</b>	<b>966 326 488</b>	<b>(271 639 947)</b>	<b>694 686 541</b>

#### Reconciliation of Property Plant and Equipment 2015

	Opening balance	Additions	Disposals Write offs and taken out of service	Transfers	Depreciation disposal	Depreciation	Impairment loss	Total
Land	174 024 481	-	-	-	-	-	-	174 024 481
Buildings	36 236 264	2 011 306	-	-	-	(2 692 756)	-	35 554 814
Infrastructure	375 983 335	2 776 731	(9 750)	5 642 229	5 855	(18 817 795)	(649 448)	364 931 157
Community	42 321 509	1 702 081	(74 890)	1 210 475	32 747	(2 062 278)	-	43 129 644
Other property, plant and equipment	34 855 923	2 135 030	(24 020 977)	(740 897)	21 472 665	(8 342 275)	-	25 359 469
Capital Work in Progress	30 898 704	61 743 632	-	(6 852 704)	-	-	-	85 789 632
Leased Assets	366 324	-	-	-	-	(26 167)	-	340 157
	<b>694 686 540</b>	<b>70 368 780</b>	<b>(24 105 617)</b>	<b>(740 897)</b>	<b>21 511 267</b>	<b>(31 941 271)</b>	<b>(649 448)</b>	<b>729 129 354</b>

## ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

### Notes to the Annual Financial Statements

Figures in Rand

#### 6. Property Plant and Equipment (continued)

##### Reconciliation of Property Plant and Equipment - 2014

	Opening balance	Additions	Disposals	Transfers	Other changes, Depreciation, Impairment loss	Total
Land	172 774 481	-	-	-	-	174 024 481
Buildings	39 016 102	51 600	(5 633)	-	(2 829 735)	36 236 264
Infrastructure	358 979 214	18 398 710	(133 817)	16 475 974	(17 861 260)	375 983 335
Community	44 358 252	-	(4 492)	-	(2 034 611)	42 321 509
Other property, plant and equipment	41 815 171	2 855 315	(345 163)	(230 151)	(9 566 539)	34 855 923
Capital Work in Progress	18 190 465	29 184 213	-	(16 475 974)	-	30 898 704
Leased assets	392 490	-	-	-	(26 166)	366 324
	<b>675 526 175</b>	<b>50 489 838</b>	<b>(489 105)</b>	<b>(230 151)</b>	<b>458 094</b>	<b>694 686 540</b>

#### Revaluations

The effective date of the revaluations was 30 June 2015. Revaluations were performed by independent valuer, Messers Unico (Pty) Ltd, registered professional valuers. Messers Unico (Pty) Ltd, are not connected to the municipality. In terms of the requirements of GRAP 17 the useful lives of all asset items were reviewed by management at year end. The remaining useful life expectations of some asset items differed from previous estimates. This resulted in a revision of some of the previous estimates which was accounted for as a change in accounting estimate. The effect of this revision is an increase in the depreciation charges for the current period and an increase in the amortisation charges as indicated in the reconciliation table.

The assessment of useful life, residual values and impairment was performed for the periods disclosed.

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.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand 2015 2014

### 7. Heritage Assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Heritage Assets	323 370	-	323 370	310 918	-	310 918

#### Reconciliation of heritage assets - 2015

	Opening balance	Fair value adjustments - Revaluations	Total
Heritage Assets	310 918	12 452	323 370

#### Reconciliation of heritage assets - 2014

	Opening balance	Other changes	Total
Heritage Assets	322 263	(11 345)	310 918

### 8. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software, other	1 380 907	(740 898)	640 009	-	-	-

#### Reconciliation of intangible assets - 2015

	Opening balance	Transfers received	Depreciation for the year	Accumulated depreciation transferred	Total
Computer software, other	-	1 380 907	(230 151)	(510 747)	640 009

### 9. Employee benefit obligations

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

<b>Carrying value</b>		
Present value of the Post Employment Medical Health Care obligation - opening balance	(28 168 340)	(24 917 233)
Net actuarial gains or losses recognised	189 279	(881 762)
Current Service Cost	(1 301 976)	(1 169 891)
Interest Charge	(2 513 201)	(2 112 918)
Benefits Paid Out Against the fund	1 030 527	913 464
<b>Net liability</b>	<b>(30 763 711)</b>	<b>(28 168 340)</b>
Non-current liabilities	(29 616 811)	(27 127 599)
Current liabilities	(1 146 900)	(1 040 741)
	<b>(30 763 711)</b>	<b>(28 168 340)</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand 2015 2014

### 9. Employee benefit obligations (continued)

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

Opening balance	28 168 340	24 917 233
Net expense recognised in the statement of financial performance	2 595 031	3 251 107
<b>Closing balance</b>	<b>30 763 371</b>	<b>28 168 340</b>

#### Net expense recognised in the statement of financial performance

Current service cost	1 301 636	2 112 918
Interest cost	2 513 201	1 169 891
Actuarial (gains) losses	(189 279)	881 762
Paid out to current members	(1 030 527)	(913 464)
<b>Total Employee Benefits Costs Paid</b>	<b>2 595 031</b>	<b>3 251 107</b>

#### Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(189 279)	881 762
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#### Key assumptions used

Assumptions used at the reporting date:

Discount rates used: Long service awards	8.88 %	9.09 %
General salary inflation (Long Term)	7.06 %	7.23 %
Nett effective discount rate - Long service awards	0.87 %	0.87 %
Discount rate used: Post employment benefits	8.88 %	8.63 %
Health care inflation rate	7.98 %	8.15 %
Net effective discount rate - Post employment benefits	0.83 %	0.87 %

#### 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	4 547 969	3 231 609

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.

	2015 R	2014 R	2013 R	2012 R	2011 R
Defined benefit obligation	30 763 371	28 168 340	24 917 233	24 001 186	-
Experience adjustments on plan	(363 000)	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.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand

	2015	2014
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### 10. 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. The amount equals approximately twice the monthly account and will be held until the service is no longer required.

#### Eskom Deposits

Account payable security	10 650 261	10 081 452
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### 11. Longterm lease Debtor - restated

These items was restated as receivables from exchange transactions for 2014. - 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) For information on the restatement refer to note 44.

### 12. Inventories

Consumable stores	2 635 642	2 287 835
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### 13. Receivables from exchange transactions

Sundry Debtors	1 023 557	12 297 352
Prepayments (if immaterial)	71 859	2 643
Sekhukhune Debtor	-	5 587 461
Write off Debtor: to be authorised by council	-	24 151
Recoverable Debt	2 104 766	714 193
	<b>3 200 182</b>	<b>18 625 800</b>

The Sekhukhune debtor is due to a service level agreement between the District Municipality (water services authority) and the local municipality (water services provider). The Council decided to waive the amounts for all transactions until 30 June 2014. The amount of the waiver of R 16 807 895 was transferred to the Statement of Financial Performance for the period under review.

### 14. Receivables from non-exchange transactions

Fines	19 948 685	17 808 535
Less- Provision for irrecoverable debt and fair value adjustment	(16 916 389)	(15 180 218)
	<b>3 032 296</b>	<b>2 628 317</b>

#### Receivables from non-exchange transactions impaired

As of 30 June 2015, other receivables from non-exchange transactions of R 19 948 685 (2014: R 17 808 535) were impaired and provided for.

The amount of the provision was R 16 916 389 as of 30 June 2015 (2014: R 15 180 218).

### 15. VAT receivable

VAT receivable	25 558 369	11 399 403
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# ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>15. VAT receivable (continued)</b>		
The amount reflecting on the above mentioned balances consists of the VAT input, output and VAT control accounts. Due to the accrual basis of accounting applied the amount disclosed for VAT include the total movement of VAT accounts. The basis includes a set of accounts that indicate the amount accrued for VAT in debtors and creditors separate from the amount receivable or owed to SARS. The basis of accounting does not lend itself to the separate disclosure of vat movement items. In terms of the prescribed guidelines only the nett VAT receivable or payable are disclosed.		
<b>16. Consumer debtors</b>		
<b>Gross balances</b>		
Rates - Non Exchange Transaction Restated	22 330 377	26 340 739
Electricity - Exchange Transaction	12 732 865	11 392 290
Refuse - Exchange Transaction	1 666 423	1 780 665
Other - (Interest and other major items) - Non Exchange Transaction	13 187 139	11 077 181
	<b>49 916 804</b>	<b>50 590 875</b>
<b>Less: Provision for debt impairment</b>		
Rates - Non Exchange Transaction	(13 775 235)	(14 664 106)
Electricity - Exchange Transaction	(7 246 466)	(6 013 073)
Refuse - Exchange Transaction	(1 015 473)	(1 123 168)
Other - (Interest and other major items) - Non Exchange Transaction	(9 135 597)	(8 233 098)
	<b>(31 172 771)</b>	<b>(30 033 445)</b>
<b>Net balance</b>		
Rates - Non Exchange Transactions	8 555 142	11 676 632
Electricity - Exchange Transactions	5 486 399	5 379 217
Refuse - Exchange Transactions	650 950	657 497
Other - (Interest and other major items) - Non Exchange Transactions	4 051 542	2 844 083
<b>Total net consumer debtors balance</b>	<b>18 744 033</b>	<b>20 557 429</b>
<b>Rates - Consisting of Non Exchange Transactions</b>		
Current (0 -30 days) Restated	1 609 443	8 246 663
31 - 60 days	960 965	955 633
61 - 90 days	745 935	718 048
91 - 120 days	544 385	651 773
121 - 365 days	9 175 322	586 982
> 365 days	9 294 327	15 181 640
	<b>22 330 377</b>	<b>26 340 739</b>
<b>Electricity - Consisting of Exchange Transactions</b>		
Current (0 -30 days)	5 989 814	3 115 638
31 - 60 days	1 464 319	1 810 965
61 - 90 days	768 428	847 374
91 - 120 days	272 094	615 631
121 - 365 days	2 810 600	517 837
> 365 days (SDM Waiver on 2014 R 2 583 017)	1 427 610	4 484 845
	<b>12 732 865</b>	<b>11 392 290</b>



# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>16. Consumer debtors (continued)</b>		
<b>Refuse - Consisting of Exchange Transactions</b>		
Current (0 -30 days)	274 294	325 853
31 - 60 days	130 258	57 787
61 - 90 days	67 971	36 267
91 - 120 days	33 596	29 974
121 - 365 days	214 009	25 909
> 365 days	946 295	1 304 875
	<b>1 666 423</b>	<b>1 780 665</b>
<b>Other - Consisting of Non Exchange Transactions</b>		
Current (0 -30 days)	902 768	1 671 593
31 - 60 days	943 611	725 704
61 - 90 days	1 833 587	772 174
91 - 120 days	499 516	560 868
121 - 365 days	3 803 004	425 306
> 365 days	5 204 653	6 921 536
	<b>13 187 139</b>	<b>11 077 181</b>
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	4 377 803	8 996 581
31 - 60 days	1 808 193	1 692 539
61 - 90 days	(743 980)	970 153
91 - 120 days	730 490	795 092
121 - 365 days	10 142 574	633 475
> 365 days	10 419 139	14 115 852
	26 734 219	27 203 692
Less: Allowance for impairment	(17 402 576)	(15 241 119)
	<b>9 331 643</b>	<b>11 962 573</b>
<b>Industrial/ commercial / agricultural</b>		
Current (0 -30 days)	3 320 525	3 405 294
31 - 60 days	1 044 765	1 528 285
61 - 90 days	3 699 888	737 790
91 - 120 days	285 047	591 367
121 - 365 days	2 396 891	494 073
> 365 days	4 748 577	9 641 096
	15 495 693	16 397 905
Less: Allowance for impairment	(7 044 391)	(10 256 149)
	<b>8 451 302</b>	<b>6 141 756</b>
<b>National, provincial and other government organisations</b>		
Current (0 -30 days)	1 077 991	2 037 578
31 - 60 days	646 195	329 265
61 - 90 days	459 508	665 920
91 - 120 days	334 055	471 786
121 - 365 days	3 463 471	428 485
> 365 days	4 288 688	6 725 804
	10 269 908	10 658 838
Less: Allowance for impairment	(6 725 804)	(4 536 177)
	<b>3 544 104</b>	<b>6 122 661</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>16. Consumer debtors (continued)</b>		
<b>Total</b>		
Residential and Other	12 612 402	11 962 573
National, Provincial and other government organisations	6 131 631	3 532 807
	<b>18 744 033</b>	<b>15 495 380</b>
<b>Less: Provision for debt impairment</b>		
Impairment provision	(31 172 771)	(30 033 445)
<b>Reconciliation of debt impairment provision</b>		
Balance at beginning of the year	(30 033 445)	(20 661 293)
Contributions to provision - Statement of Financial Performance	(9 620 743)	(9 372 152)
Debt impairment written off against provision	8 481 417	-
	<b>(31 172 771)</b>	<b>(30 033 445)</b>

### Consumer debtors impaired

As of 30 June 2015, consumer debtors of R 49 916 804 (2014: R50 590 875) were impaired and provided for.

The amount of the provision was - R 31 172 771 on 30 June 2015 (2014: - R30 033 445 ).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 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>17. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	250	250
Bank balances	24 966 839	35 246 615
	<b>24 967 089</b>	<b>35 246 865</b>

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 2015	30 June 2014	30 June 2015	30 June 2014
ABSA BANK - Cheque Account (Acc no 900000049)	1 358 311	4 412 025	1 203 415	2 587 065
ABSA BANK - Cheque (PHP) (Acc no 4058848103)	-	322 237	2 125	322 237
ABSA Bank Limited Call Account (Acc no 4068316809)	140 374	495 659	140 374	518 217
Sanlam Investment Management Corporate Money Market Fund (Acc No: GGMKON)	330 874	320 346	330 874	320 346
Nedbank Limited: 90 Day Notice Deposit (Acc No 03/7881068264)	23 290 051	31 498 750	23 290 051	31 498 750
<b>Total</b>	<b>25 119 610</b>	<b>37 049 017</b>	<b>24 966 839</b>	<b>35 246 615</b>

### 18. Other financial liabilities

#### Payable value due for longer than one period forward to end of contract

Operating lease payments received in advance	4 840 000	5 060 000
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#### Payable value due for one period forward

Operating lease payments received in advance	220 000	220 000
	<b>5 060 000</b>	<b>5 280 000</b>

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. The lease amounts to R 220 000 per annum including VAT (value added tax).

#### Non-current liabilities

At amortised cost	4 840 000	5 060 000
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#### Current liabilities

At amortised cost	220 000	220 000
	<b>5 060 000</b>	<b>5 280 000</b>

### 19. 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 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>19. Unspent conditional grants and receipts (continued)</b>		
<b>Unspent conditional grants and receipts</b>		
Municipal Infrastructure Grant (MIG)	14 637 422	4 885 770
Land Affairs Grant	466 250	466 250
DPLG/PHP Housing Grant	-	322 237
DME - ELECTRIFICATION GRANT	1 108 473	3 987 599
	<b>16 212 145</b>	<b>9 661 856</b>

See note 26 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 2015

## Notes to the Annual Financial Statements

Figures in Rand 2015 2014

### 20. Provision for long service leave bonus

#### Reconciliation of provision - 2015

	Opening Balance	Current Service Cost	Benefit Vested	Interest Cost	Actuarial Loss / (Gain)	Total
Environmental rehabilitation - Landfill	34 991 207	6 064 815	-	807 967	-	41 863 989
Provision for Long Service Leave Bonus	3 517 175	471 877	(117 459)	279 236	(76 818)	4 074 011
	<b>38 508 382</b>	<b>6 536 692</b>	<b>(117 459)</b>	<b>1 087 203</b>	<b>(76 818)</b>	<b>45 938 000</b>

#### Reconciliation of provision - 2014

	Opening Balance	Current Service Cost Restated	Benefit Vested	Interest Cost	Actuarial Loss / (Gain) Restated	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	1 249 706	3 517 175
	<b>33 294 881</b>	<b>3 379 834</b>	<b>(230 108)</b>	<b>814 069</b>	<b>1 249 706</b>	<b>38 508 382</b>

Non Current Portion Landfill site provision	41 090 764	34 183 239
Current Portion Landfill site provision	773 225	807 968
Non-current portion of long service leave provision - Restated	3 485 581	3 367 957
Current portion of long service leave provision	588 430	149 218
	<b>45 938 000</b>	<b>38 508 382</b>

#### Employee benefit cost provision

An actuarial valuation was performed on the long service bonus awards - current and non current - liability 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

An actuarial valuation was performed on the environmental rehabilitation - current and non current - liability. 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 2015 financial year. The appropriate procedures were followed to ensure that the provision is appropriate for the landfill sites operated.

### 21. Payables from exchange transactions

Trade payables	17 750 483	12 638 149
Payments received in advanced - Dept Land Affairs and others	5 566 733	-
Accrued leave pay	8 401 559	7 774 925
Accrued bonus	2 668 655	2 410 923
Retention fees	9 572 659	10 079 440
	<b>43 960 089</b>	<b>32 903 437</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>22. Consumer deposits</b>		
Deposits held	5 531 346	3 170 578
<b>23. Revenue</b>		
Service charges	59 868 598	56 620 595
Rental of facilities & equipment	1 198 622	1 124 654
Income from agency services	-	2 623 479
Licences and permits	5 081 009	4 699 395
Other revenue	3 180 038	2 209 866
Interest received - investment	9 826 125	10 230 798
	<b>79 154 392</b>	<b>77 508 787</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	59 868 598	56 620 595
Rental of facilities & equipment	1 198 622	1 124 654
Interest received – trading	9 826 125	10 230 798
Agency services	-	2 623 479
Licences and permits	5 081 009	4 699 395
Other revenue	3 180 038	2 209 866
	<b>79 154 392</b>	<b>77 508 787</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
Property rates	19 271 377	20 449 606
	-	-
<b>Fines and Enforcement Revenue</b>		
Fines	2 583 639	1 666 250
<b>Transfer revenue</b>		
MIG Grant	56 088 348	38 710 230
Equitable share and other grants	173 520 126	152 890 401
	<b>251 463 490</b>	<b>213 716 487</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>24. Property rates</b>		
<b>Rates received</b>		
Rates Levied	32 345 564	39 358 543
Less: Income forgone	(13 074 186)	(18 908 937)
	<b>19 271 378</b>	<b>20 449 606</b>

Property rates levied on Municipality owned accounts were not levied for the financial year. The corresponding 2013/14 amounts would change to Rates Levied R 10

### Valuations

Residential	2 696 578 000	2 748 308 000
Commercial	939 854 900	1 005 396 900
State	527 904 570	195 060 660
Municipal	102 305 960	124 105 210
Small holdings and farms	3 104 059 150	3 398 230 650
Social	37 633 000	48 619 000
	<b>7 408 335 580</b>	<b>7 519 720 420</b>

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.

### 25. Service charges

Sale of Electricity	56 385 378	53 899 203
Refuse Removal	3 483 220	2 721 392
	<b>59 868 598</b>	<b>56 620 595</b>

### 26. Government grants and subsidies

Equitable Share	166 920 000	143 438 000
Municipal Infrastructure Grant (MIG)	56 088 348	38 710 230
Financial Management Grant (FMG)	1 600 000	1 550 000
Municipal System Improvement Grant (MSIG)	934 000	890 000
DME - National Electrification Grant	2 879 126	6 012 401
EPWP Grant	1 187 000	1 000 000
	<b>229 608 474</b>	<b>191 600 631</b>

#### 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

Balance unspent at beginning of year	4 885 770	-
Current-year receipts	65 840 000	43 596 000
Conditions met - transferred to revenue	(56 088 348)	(38 710 230)
	<b>14 637 422</b>	<b>4 885 770</b>

#### Municipal Finance Management Grant



# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
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### 26. Government grants and subsidies (continued)

Current-year receipts	1 600 000	1 550 000
Conditions met - transferred to revenue	(1 600 000)	(1 550 000)
	-	-

All conditions to the FMG Grant were met during the year.

### Municipal Systems Improvement Grant

Current year receipts	934 000	890 000
Conditions met - transferred to revenue	(934 000)	(890 000)
	-	-

Conditions still to be met - remain liabilities (see note 19)

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>26. Government grants and subsidies (continued)</b>		
<b>Land Affairs</b>		
Balance unspent at beginning of year	466 250	466 250
<b>DME - National Electrification Grant</b>		
Balance unspent at beginning of year	3 987 599	-
Current-year receipts	-	10 000 000
Conditions met - transferred to revenue	(2 879 126)	(6 012 401)
	<b>1 108 473</b>	<b>3 987 599</b>
<b>EPWP Grant</b>		
Current-year receipts	1 187 000	1 000 000
Conditions met - transferred to revenue	(1 187 000)	(1 000 000)
	-	-
<b>Changes in level of government grants</b>		
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.		
<b>27. Other revenue</b>		
Other income	3 180 038	2 209 866

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>28. General expenses</b>		
Auditing - Internal audit fee - Restated from Audit fees	1 518 450	736 363
Advertising	472 368	460 275
Auditors remuneration - Office of AG	2 984 500	1 500 430
Bank charges	288 401	263 391
Bad debt - Sundry debtors from exchange transactions written off	759 254	-
Community services - Developmental and outreach programmes	3 319 287	3 609 134
Conferences and seminars	3 762 168	2 747 424
Consulting and professional fees	23 189 879	12 592 946
Consumables	1 777 114	2 223 883
Bursaries	527 092	311 752
Electricity Water and Refuse - Municipal Consumption	1 171 882	1 079 707
Entertainment	57 534	130 479
Fines and penalties	4 700	55 050
Fuel and oil	-	955
IT expenses	6 043 682	7 307 390
Insurance	2 582 628	3 870 119
Magazines, books and periodicals	79 751	-
Motor vehicle expenses	3 660 185	1 078 133
Postage and courier	242 774	221 613
Printing and stationery	1 690 403	1 430 405
Protective clothing	246 338	174 580
Operation of landfill site	3 523 932	2 725 775
Security (Guarding of municipal property)	7 734 650	7 074 501
Landfill site - additional interest landfill rehabilitation provision - Note 19	807 967	662 550
Staff welfare	-	193 896
Stock adjustment	-	123 427
Subscriptions and membership fees	981 432	967 999
Telephone and fax	1 507 571	2 094 878
Town planning - Valuation costs	268 850	734 500
Training	1 640 075	1 157 548
Travel - Subsistence reimbursement	1 044 035	585 898
Uniforms	58 697	11 988
	<b>71 945 599</b>	<b>56 126 989</b>
<b>29. Operating (deficit) surplus</b>		
Operating (deficit) surplus for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Motor vehicles		
• Contractual amounts	4 510 330	361 137
Equipment		
• Contractual amounts	5 649 580	3 431 835
	<b>10 159 910</b>	<b>3 792 972</b>
Loss on sale of property plant and equipment	(2 135 548)	(53 999)
Impairment on property, plant and equipment	649 448	(1 250 000)
Gain on sale of non-current assets held for sale and net assets of disposal groups	16 807 895	-
Depreciation on property, plant and equipment	32 042 158	32 548 462
Employee costs	121 513 083	103 211 278

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>30. Employee related costs</b>		
Basic	57 580 269	49 786 372
Bonus - Accrual for Dec Bonus	4 719 296	518 491
Medical aid - company contributions	2 929 383	2 601 570
UIF	477 696	408 310
Bargaining Council	25 854	22 130
SDL	831 402	582 225
Leave Pay - Provision Charge	1 198 569	6 111 615
Defined contribution plans	10 604 721	9 248 541
Salary Allowances - Travel, motor car, accommodation, subsistence and other allowances	4 710 418	3 585 265
Overtime payments	1 813 806	1 406 820
Post Employment Medical Aid Benefits and long service leave - Interest Charge	2 792 437	2 264 437
Post Employment Medical Aid Benefits and long service leave - Current Service Cost Restated	1 773 514	1 366 631
Acting allowances	79 596	372 330
Housing benefits and allowances	92 975	67 214
Stipend Ward Committee - temporary employees	3 484 000	3 478 238
Long-term benefits - incentive scheme	3 361 176	-
	<b>96 475 112</b>	<b>81 820 189</b>

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
Car Allowance	-	110 833
Contributions to Pension Funds	-	34 023
Contribution to UIF and SDL	-	7 151
Leave Pay	-	102 584
	-	45
	-	<b>708 279</b>

### Remuneration of Acting Municipal Manager (From 24 February 2014 until 31 August 2014) then Director Planning and Development Mr. NW Phala

Annual Remuneration	799 256	618 605
Car Allowance	120 000	100 000
Acting Allowance (Municipal Manager)	18 000	38 077
Contributions to Pension Funds	59 944	46 395
Travelling and Subsistence	3 613	12 840
Contribution to UIF and SDL	10 397	8 391
Housing Subsidy	1 668	64
	<b>1 012 878</b>	<b>824 372</b>

### Remuneration of Chief Finance Officer (Mr. MS Monageng)

Annual Remuneration	434 663	660 000
Car Allowance	167 474	270 000
Travelling and Subsistence	1 634	1 067
Contribution to UIF and SDL	7 625	10 554
Termination pmt - leave	89 709	-
Bargaining Council	46	76
	<b>701 151</b>	<b>941 697</b>

### Remuneration of Acting Chief Financial Officers

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>30. Employee related costs (continued)</b>		
Mr R Palmer	4 590	-
Mr ML Sebelemetja	160 063	-
Mr MP Mthimunye	34 318	-
	<b>198 971</b>	<b>-</b>
<b>Remuneration of Acting Directors Corporate Services</b>		
Mr LR Mafiri	29 365	-
Mr MM Mokganyetji	-	161 280
	<b>29 365</b>	<b>161 280</b>
<b>CRemuneration of Acting Directors Social Services</b>		
Mr MM Mokganyetji	24 883	-
Ms Ms Mokhulwane	14 183	-
Mr C Coetzee	17 313	-
	<b>56 379</b>	<b>-</b>
<b>Municipal Manager from (1September 2014) Director Corporate Services - MS RM Maredi (from 1 June 2014)</b>		
Annual Remuneration	749 456	57 752
Car Allowance	120 000	10 000
Non Pensionable Allowance	22 500	2 500
Contributions to Medical and Pension Funds	56 022	4 143
Housing allowance	2 500	-
Travelling and Subsistence	4 912	-
Leave Payout	46 538	-
Contribution to UIF and SDL	11 188	790
Annual Bonus	35 312	-
Acting Allowance	29 160	-
Contribution to Bargaining Council	80	-
	<b>1 077 668</b>	<b>75 185</b>
<b>Director Community Services (Mr. Tshesane)</b>		
Annual Remuneration	654 713	652 041
Car Allowance	136 403	148 803
Termination pmt - leave	76 253	-
Contributions to Pension Funds	98 207	97 806
Travelling and Subsistence	-	14 422
Contribution to Medical Aid	19 497	19 350
Contribution to UIF and SDL	9 741	9 200
Contribution to Bargaining Council	73	76
	<b>994 887</b>	<b>941 698</b>
<b>Director Infrastructure (Ms. RF Morudu)</b>		
Annual Remuneration	724 610	694 167
Car Allowance	197 847	212 500
Contribution to Bargaining Council	80	-
Contribution to UIF and SDL	10 450	10 426
Contributions to Pension Funds	38 613	76
	<b>971 600</b>	<b>917 169</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand

	2015	2014
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### 30. Employee related costs (continued)

#### Director Strategic Management (Mr. MM Kgwale)

Annual Remuneration	774 094	709 847
Car Allowance	108 000	108 000
Travel and subsistence	6 413	6 704
Contributions to Pension Funds	58 057	53 239
Normal Bonus	63 557	58 273
NPA	29 870	-
Contribution to UIF and SDL	10 743	9 797
Contribution to Bargaining Council	80	76
	<b>1 050 814</b>	<b>945 936</b>

#### Remuneration of Acting Director Strategic Management

Mr KJ Motha	30 019	-
Ms RP Mdluli	14 284	-
	<b>44 303</b>	<b>-</b>

#### Remuneration of Acting Director Planning and Development

Mr BO Sethojoa	56 038	105 579
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### 31. Remuneration of councillors

Mayor	787 981	675 358
Speaker	633 811	544 215
Executive Committee Councillors	3 889 980	2 251 230
Ordinary Councillors	13 370 996	12 057 139
Chief Whip	593 866	508 816
Cellphone allowances - To be recovered	(432 720)	-
	<b>18 843 914</b>	<b>16 036 758</b>

#### 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 55.

#### Remuneration of Mayor

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>31. Remuneration of councillors (continued)</b>		
Public Office Remuneration	257 038	411 689
Car Allowance	127 092	164 077
Basic Salary	347 184	-
Contributions to Medical and Pension Funds	93 717	89 617
Re - imburse Allowance	-	5 380
Cellphone allowance retrospective	-	4 596
Other - Data, cellphone, adjustments, parking and subscriptions	51 721	-
Overpayment paid back after year end	(88 771)	-
	<b>787 981</b>	<b>675 359</b>
Additional text		
<b>Remuneration of Speaker</b>		
Public Office Remuneration	135 914	330 578
Car Allowance	160 772	131 262
Basic Salary	236 566	-
Contributions to Medical and Pension Funds	56 230	73 476
Re - imburse Allowance	-	4 304
Cellphone allowance retrospective	-	4 596
Other - Data, cellphone, adjustments, parking and subscriptions	44 329	1
	<b>633 811</b>	<b>544 217</b>
<b>Remuneration of Executive Committee</b>		
Public Office Remuneration	1 176 454	1 503 830
Car Allowance	928 758	529 148
Basic Salary	1 028 116	-
Contributions to Medical and Pension Funds	289 219	110 562
Re - imburse Allowance	-	23 976
Other - Data, cellphone, adjustments, parking and subscriptions	467 433	25 911
Cellphone allowance retrospective	-	57 804
	<b>3 889 980</b>	<b>2 251 231</b>
<b>Remuneration of Chief Whip</b>		
Public Office Remuneration	134 919	306 781
Car Allowance	149 085	123 058
Basic Salary	191 214	-
Contributions to Medical and Pension Funds	75 783	70 347
Re - imburse Allowance	-	4 035
Cellphone allowance retrospective	-	4 596
Other - Data, cellphone, adjustments, parking and subscriptions	42 865	-
	<b>593 866</b>	<b>508 817</b>
<b>Remuneration of Ordinary Councillors</b>		
Public Office Remuneration	6 040 148	7 716 857
Car Allowance	2 853 101	2 772 005
Basic Salary	1 475 678	-
Contributions to Medical and Pension Funds	783 469	879 962
Re - imburse Allowance	-	95 549
Other - Data, cellphone, adjustments, parking and subscriptions	2 218 601	12 600
Cellphone allowance retrospective	-	580 166
	<b>13 370 997</b>	<b>12 057 139</b>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>32. Administrative expenditure</b>		
Administration and management fees -RTMC and Other	574 646	571 163
<b>33. Debt impairment</b>		
Contributions to debt impairment provision	9 620 743	9 372 152
Contribution to Traffic fine debt impairment provision	1 736 171	872 511
	<b>11 356 914</b>	<b>10 244 663</b>
<b>34. Investment revenue</b>		
<b>Interest revenue</b>		
Bank and investments	3 390 756	3 063 982
Interest charged on trade and other receivables	5 860 975	6 632 858
Interest received - Eskom	574 394	533 959
	<b>9 826 125</b>	<b>10 230 799</b>
<b>35. Depreciation</b>		
Property Plant and Equipment	32 042 158	32 548 462
<b>36. Gains and losses on biological and other assets</b>		
Gain (loss) on valuation and write off of biological, other and heritage assets	(2 135 548)	(53 999)
<b>37. Auditors' remuneration</b>		
Fees	2 984 500	1 500 430
<b>38. Grants and subsidies paid</b>		
<b>Expenditure on specific conditional grants received</b>		
FMG Grant Expenditure	1 187 579	1 491 456
MSIG Expenditure	644 000	795 689
	<b>1 831 579</b>	<b>2 287 145</b>
<b>39. Bulk purchases</b>		
Electricity	51 852 916	48 014 426

Please refer to note 51 for additional information disclosed in terms of the MFMA requirements.



# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>40. Cash generated from operations</b>		
(Deficit) surplus	(2 626 651)	23 122 267
<b>Adjustments for:</b>		
Depreciation and amortisation	32 042 158	32 548 462
(Gains) / losses on sale of assets and liabilities	2 135 548	53 999
Gain on discontinued operations	16 807 895	-
Income from equity accounted investments	(4 090 000)	(4 765 000)
Fair value adjustments	(278 209)	2 131 468
Impairment (reversal)/write off	649 448	(1 250 000)
Debt impairment	11 356 913	10 244 663
Movements Landfill accruals	6 872 782	3 845 644
Movements in retirement benefit assets and liabilities	2 595 371	3 251 107
Movements in provisions	556 836	1 367 857
Waive SDM non cash	(16 807 893)	-
Restatement long service leave awards	-	(1 173 134)
Non Cash Movement - Escom deposit	(568 808)	-
Non Cash Movement Other financial Liabilities and Fair value adjustments	58 209	-
Non Cash Movement - Valuation Heritage Capitalised	(12 452)	-
<b>Changes in working capital:</b>		
Inventories	(347 807)	(378 647)
Receivables from exchange transactions	15 425 618	(1 404 652)
Consumer debtors	(9 543 518)	(12 752 256)
Other receivables from non-exchange transactions	(403 979)	(333 214)
Payables from exchange transactions	11 056 651	4 587 882
VAT	(14 158 967)	(1 696 802)
Unspent conditional grants and receipts	6 550 289	8 875 822
Consumer deposits	2 360 768	(5 218)
	<b>59 630 202</b>	<b>66 270 248</b>

### 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 2015

## Notes to the Annual Financial Statements

Figures in Rand 2015 2014

### 42. Commitments

#### Authorised capital expenditure

##### Already contracted for but not provided for

• Property, plant and equipment - excluding VAT	7 835 579	6 168 336
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##### Total capital commitments

Already contracted for but not provided for	7 835 579	6 168 336
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This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

#### Operating leases - as lessee (expense)

##### Minimum lease payments due

- within one year	12 970 078	748 531
- in second to fifth year inclusive	21 057 612	335 511
	<b>34 027 690</b>	<b>1 084 042</b>

Operating lease payments represent rentals payable by the municipality for certain of its office equipment and fleet. These 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	1 090 111
- in second to fifth year inclusive	1 037 203	2 127 314
	<b>2 127 314</b>	<b>3 217 425</b>

### 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 R0 (2015) R4 476 429 (2014) R 3 454 434 (2013).

A number of cases against the Municipality was completed during the year and no additional claims are expected.

### 44. Related parties

#### Relationships

##### Remuneration of Councillors

Councillors - Councillor remuneration - Refer to note 31	18 843 915	16 036 758
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The salary in total paid to the mayor is not included in this amount. Due to an administrative issue an overpayment of R 88 770.62 was made near year end. The relevant overpayment was paid back by the mayor after year end.

Post employment benefit plan for employees	9	
Post employment benefit plan for employees and/or other related parties	30 763 711	28 168 340

- Refer to Note 9 - Municipal Gratuity Fund		
S55 and S57 Employees remuneration	30	
Municipal Manager (Section 55) and Other Directors (Section 57)	6 194 054	5 354 333
Remuneration - Refer to note 30		

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand

2015

2014

### 45. Prior period errors

The following prior year error was identified and adjusted retrospectively:

CORRECTED IN 2013/2014 FINANCIAL PERIOD

1. These items was restated as receivables from exchange transactions for 2014. - 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) For information on the restatement refer to note 44.s

2. An employee was paid an acting allowance of R 31 224 during the 2013/14 period. As this was not a valid allowance the amount was recovered. A sundry debtor was raised for 2013/14 and the related salary expense were reduced with (R 31 224).

3. The municipal consumption was not paid for all accounts during the 2013/14 period. This resulted in an increased general expense - Municipal Consumption of R 1 079 706 and reduction of consumer debtors of (R 1 079 706). The amounts allocated to the different types of consumers are for Government and other - (R 1 079 706). The amount per type of current period 2014 consumption was (R 1 038 770) - Electricity 2014, (R 2 302) Refuse 2014. This resulted in an adjustment of (R 1 041 072) in the disclosure of Consumer debtors for exchange transactions. The amount per type of levy was (R 3 286) Other 2014 and (R 32 061) for Estate Tax 2014, This resulted in an adjustment of (R 35 348) in the consumer debtors from non exchange transactions.

4. The actual amount provided for bonus provision in the 2013/14 financial year was understated with R 53 063. This resulted in an understatement of the provision for bonusses (Trade payables for exchange transactions) of (R 53 063) and an understatement of employee costs of R 53 063.

5. The actuarial valuation for long service bonusses were calculated on an incorrect base assumption. This created an understatement of the provision for long service bonusses of (R -1 173 133) and an understatement of expenditure of the cost (Post Employment Medical Aid Benefits and long service leave - Current Service Cost) of R -1 173 133 Actuarial profit loss (R 1 173 133). The effect was an increase in the non current portion of (R 90 942), the effect was a further increase in the current portion of (R 90 942)

6. VAT was claimed on Sekhukhune Water related transaction expenditure. This was not in line with the directive received for these types of transactions. The amount was restated and corrected in the 2011 VAT returns and reallocated to decrease the VAT receivable account with (R1 564 377) and the related Trade Receivable from exchange transactions on Sekhukhune related transaction increased with R1 564 377.

7. Employees that earned in excess of R 183 008 was paid overtime - this was not correctly disclosed as irregular expenditure. The disclosure was appropriately updated in the notes and restated with R 44 871.

8. VAT was restated on overpayments and reduced by R 412 945.95 (2012/13 R 412 945.95).

9. Property plant and equipment was restated due to some items being depreciated below zero values. The error was corrected and resulted in an increase in accumulated depreciation - other assets reducing with R 63 548 and depreciation reducing with R 63 548 for the 2013/14 period.

10. A payment was receipted for an amount of R 470 033 in the bank during year end 2014 as unknown deposit. This was reallocated to insurance claim debtors for the 2014 period as more information was received for the deposit during the 2014/2015 financial period.

(The correction number is indicated in brackets next to the item adjusted.)

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>45. Prior period errors (continued)</b>		
<b>Statement of financial position</b>	<b>2013 / 2014</b>	<b>2012/ 2013</b>
Accumulated Surplus (8)	412 946	-
Property plant and Equipment - Other assets (8)	-	63 548
<b>Consumer debtors</b>	-	-
- Consumer Debtors From Exchange Transactions (3)	(1 041 063)	-
- Consumer Debtors From Non Exchange Transactions (3)	(38 638)	-
<b>Receivables from exchange transactions</b>	-	-
- Receivables from exchange transactions (6) Sekhukhune District Municipality VAT	1 564 377	1 564 377
- Receivables from exchange transactions - Sundry Debtors Insurance claim	(470 033)	-
- Receivables from exchange transactions (1,2) - Sundry debtors Long term Rentals	643 564	-
- Receivables from exchange transactions (1,2) - Sundry debtors Bonus repayable	31 224	-
<b>Trade and other receivables</b>	-	-
- Trade and other receivables (1) Long Term Rentals from contingent assets	(643 564)	-
<b>Trade and other payables</b>	-	-
- Trade and other payables bonus provision - from restated amount processing error (4) (5)	(53 063)	-
- Trade and other payables - Insurance payment reclassified	470 033	-
<b>Provision for long service bonus</b>	-	-
- Provision for long service bonus - current service cost, interest cost and actuarial profit/loss (5) Non current portion	(1 082 191)	-
- Provision for long service bonus - current service cost, interest cost and actuarial profit/loss (5) Current portion	(90 942)	-
VAT payable / receivable (6) (8)	(1 977 323)	(1 977 323)
	<b>(2 274 673)</b>	<b>(349 398)</b>
<b>-Statement of Financial Performance</b>		
Licenses and permits	-	412 946
Depreciation	-	(63 548)
Employee related costs - Acting Allowances (2)	(31 224)	-
Employee related costs - Bonus provision (4)	53 063	-
Employee related costs - Long Service Awards - Actuarial gains/losses (5)	1 173 133	-
General expenses (3)	1 079 706	-
	<b>2 274 678</b>	<b>349 398</b>

## 46. 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, 17, 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.

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand

2015

2014

### 46. Risk management (continued)

#### 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 0.76 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	2015	2014
Receivables - From Exchange Transactions	2 908 660	18 625 800
Receivables - From Non Exchange Transactions	3 032 296	2 628 317
Consumer Debtors - From Exchange Transactions	6 137 351	6 036 714
Consumer Debtors - From Non Exchange Transactions	12 606 685	14 520 714

### 47. 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.

### 48. 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.

### 49. Unauthorised expenditure

11 202 663

5 766 279

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand

	2015	2014
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### 49. Unauthorised expenditure (continued)

2015 - Unauthorised operating expenditure is due to non-cash backed expenditure exceeding the budget R 11 202 663.07

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.

### 50. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure - 2015 Interest paid on late payments	1 978	-
Fruitless and wasteful expenditure - 2015 Interest paid on late payments Condoned	(1 978)	-
Fruitless and wasteful expenditure - 2014 Interest paid on late payments	-	36 420
	<u>-</u>	<u>36 420</u>

Fruitless and wasteful expenditure relates to penalties and interest on the late payment of suppliers R 1 978 (2015) , 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

Current year	2 583 765	36 420
Prior years	9 030 941	8 994 521
	<u>11 614 706</u>	<u>9 030 941</u>

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand 2015 2014

### 50. Fruitless and wasteful expenditure (continued)

#### Details of fruitless and wasteful expenditure – current year

Interest paid due to payment process 2015	Disciplinary steps taken/criminal proceedings Condoned by Council	1 978
Payment made to the lawyer for settlement of CFO case	To be condoned by Council	2 583 765
		<b>2 585 743</b>

### 51. Irregular expenditure

Opening balance - Adjusted and resated (7)	49 280 366	24 012 141
Add: Irregular Expenditure - current year	22 748 812	25 224 038
Additional Disclosure Prior year irregular identified (7)	-	44 187
Less: Amounts condoned - 2015	(2 038 493)	-
	<b>69 990 685</b>	<b>49 280 366</b>

#### Analysis of expenditure awaiting condonation per age classification

Current year	22 748 812	25 224 038
Prior years	49 236 179	24 012 141
Restatement 2012/13 (7)	44 187	44 187
Condonement by Council - 2015	(2 038 493)	-
	<b>69 990 685</b>	<b>49 280 366</b>

#### Details of irregular expenditure

	Disciplinary steps taken	
2012 Payment on Security Services	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 overtime paid	Under investigation - Restatement	44 187
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
2015 SCM procedures not followed	Under investigation	15 633 819
2015 Overpayment of Councillors cellphone	Under investigation	432 720
2015 SCM Payments made to connected persons or companies - conflict of interest	Investigated	6 603 496
2015 SCM procedures not followed	Condoned	(2 038 493)
		<b>69 911 908</b>

### 52. Additional disclosure in terms of Municipal Finance Management Act

#### Electricity distribution losses

Losses incurred - R	10 458 734	12 407 336
% loss incurred	15.370 %	17.610 %
Purchased units	(68 039 403)	(70 436 216)
Sold units	57 580 669	58 028 862
	-	-

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>52. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
<b>SALGA Fees</b>		
Current year subscription / fee	981 433	966 695
Amount paid - current year	(981 433)	(966 695)
	-	-
<b>PAYE and UIF</b>		
Current year subscription / fee	13 333 414	12 080 317
Amount paid - current year	(13 333 414)	(12 080 317)
	-	-
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	17 074 797	20 036 249
Amount paid - current year	(17 074 797)	(20 036 249)
	-	-
<b>VAT</b>		
VAT receivable	25 558 369	11 399 403

VAT output payables and VAT input receivables are shown in note 15.

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.

Due to the accrual basis of accounting applied the amount disclosed for VAT include the total movement of VAT accounts. The basis includes a set of accounts that indicate the amount accrued for VAT in debtors and creditors separate from the amount receivable or owed to SARS. The basis of accounting does not lend itself to the separate disclosure of vat movement items. In terms of the prescribed guidelines only the nett VAT receivable or payable are disclosed.

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2015:

30 June 2014	Non Current - Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr Moloba A	63	810	873
Cllr Mahlase K	37	443	480
Cllr Mahlangu TS	20	243	263
	<b>120</b>	<b>1 496</b>	<b>1 616</b>

### 53. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	5 060 000	5 280 000
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# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand 2015 2014

### 53. 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.

### 54. 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
Emergencies (5)	-	376 651
Vehicles stripped and to be repaired (13)	-	193 323
Venue - nearer and only (14)	-	244 051
Specialist services (8)	-	452 698
Insufficient suppliers and or quotations could be obtained	-	111 223
	<b>-</b>	<b>1 826 033</b>

### 55. Public Office Holders Remuneration

#### All Public Officers Remuneration Disclosure

	Basic Salary	Public Office Allowance	Travel Allowance	Other Receipts	Pension Fund Contributi on	Medical Aid Contributi on	Skills Contributi on	Total package 2015
<b>Non-Executive Members</b>								
Cllr JL Mathebe	347 184	257 038	127 092	45 705	93 717	-	6 016	876 752
Cllr TM Phahlamohlaka	191 214	134 919	149 085	38 760	46 682	29 101	4 104	593 865
Cllr TS Mahlangu	236 566	135 914	160 772	39 970	56 230	-	4 358	633 810
Cllr R Alberts (Exco Member)	28 425	128 206	74 095	83 664	23 679	-	2 213	340 281
Cllr TJ Lepota (Exco Member)	214 281	134 920	158 778	47 975	52 716	-	4 130	612 800
Cllr NN Mahlangu (Exco Member)	63 854	128 206	85 778	45 172	28 994	-	2 165	354 169
Cllr EM Masemola (Exco Member)	193 870	134 919	134 718	38 760	49 654	23 474	4 083	579 478
Cllr MK Tshoshane	34 799	126 863	53 887	42 853	-	-	1 813	260 215
Cllr AB Mahlangu	43 124	128 807	89 324	44 318	-	35 534	2 383	343 490
Cllr J Mahlangu	13 712	125 967	53 887	45 172	21 086	-	1 529	261 353
Cllr MD Mahlangu	34 799	126 863	55 070	45 408	-	-	1 845	263 985
Cllr KS Mahlase	51 597	127 658	77 824	47 570	27 061	-	2 059	333 769
Cllr MN Malatji	13 712	125 967	53 887	45 172	21 086	-	1 529	261 353
Cllr MS Malekane	13 712	125 967	53 887	45 066	21 086	-	1 529	261 247
Cllr AM Maloba	174	123 511	53 887	45 243	18 292	19 135	1 585	261 827
Cllr DS Mamaila	13 712	125 967	55 769	39 026	21 086	-	1 517	257 077

# ELIAS MOTSOLEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand					2015		2014	
<b>55. Public Office Holders Remuneration (continued)</b>								
Cllr MS Marapi	13 712	125 967	53 887	45 066	21 086	-	1 529	261 247
Cllr MS Maselela	13 712	125 967	53 887	45 066	21 086	-	1 529	261 247
Cllr HS Mashifane	34 799	126 863	53 887	45 408	-	-	1 845	262 802
Cllr MS Mashilo	34 799	126 863	59 439	45 408	-	-	1 845	268 354
Cllr WM Matemane	-	104 667	53 887	38 760	15 121	40 977	1 645	255 057
Cllr SM Mathale	34 799	126 863	53 887	45 408	-	-	1 845	262 802
Cllr MS Matlala	14 607	125 967	56 418	46 559	20 191	-	1 621	265 363
Cllr TS Matsepe	34 799	126 863	60 597	45 408	-	-	1 845	269 512
Cllr MP Matshipa	34 799	126 863	58 619	46 662	-	-	1 845	268 788
Cllr ST Matsomane	34 799	126 863	53 887	45 408	-	-	1 845	262 802
Cllr SH Mehlape	187 105	120 000	132 906	47 386	46 492	27 681	3 976	565 546
Cllr CT Mhlanga	13 712	125 967	53 889	45 202	21 086	-	1 529	261 385
Cllr I Mkhalihiphi	13 712	125 967	53 887	45 231	21 086	-	1 529	261 412
Cllr TN Mmutle	13 714	125 967	53 885	45 240	21 086	-	1 529	261 421
Cllr VV Moganedi	13 712	125 967	53 887	45 069	21 086	-	1 529	261 250
Cllr MP Mokgabudi	13 712	125 967	53 887	38 744	21 086	-	1 517	254 913
Cllr MT Mokganyetji	34 799	126 863	53 887	45 408	-	-	1 845	262 802
Cllr I Mogkomogane	32 089	116 100	49 396	29 040	-	-	2 686	229 311
Cllr MP Mokone	34 799	126 863	53 887	45 440	-	-	1 845	262 834
Cllr OE Motau	13 712	125 967	53 887	45 066	21 086	-	1 529	261 247
Cllr MG Motlale	1 469	124 558	53 887	45 243	18 853	17 118	1 581	262 709
Cllr DM Mzinyane	78 658	128 807	69 155	45 593	-	-	2 415	324 628
Cllr ME Nduli	51 597	127 658	69 155	45 066	27 061	-	2 009	322 546
Cllr SF Nkosi	34 799	126 863	53 887	45 408	-	-	1 845	262 802
Cllr TJ Ntuli	34 799	126 863	53 887	45 408	-	-	1 845	262 802
Cllr ML Phala	34 799	126 863	56 679	46 564	-	-	1 845	266 750
Cllr A Phatlane	39 231	168 365	89 727	45 066	32 227	-	2 200	376 816
Cllr RJ Podile	34 799	126 863	53 887	45 408	-	-	1 845	262 802
Cllr MF Rakoena	34 799	126 863	54 078	45 440	-	-	1 845	263 025
Cllr MW Ramphisa	34 799	126 863	53 887	45 440	-	-	1 845	262 834
Cllr SL Skosana	-	88 581	53 887	38 525	13 421	58 764	1 756	254 934
Cllr LH Tshoma	13 712	125 967	54 663	45 128	21 086	-	1 529	262 085
Cllr MS Tshoma	13 712	125 967	53 887	45 307	21 086	-	1 529	261 488
Cllr MW Pitje	13 712	125 967	53 887	43 208	21 086	-	1 529	259 389
Cllr GD Matjomane (Exco Member)	214 283	134 920	155 084	47 060	52 716	-	4 136	608 199
Cllr FM Mogotji (Exco Member)	92 848	129 436	74 095	43 032	-	-	2 568	341 979
Cllr MJ Mohlala (Exco Member)	63 854	128 206	90 364	47 302	28 994	-	2 165	360 885
Cllr JJ Skosana (Exco Member)	92 848	129 437	74 095	42 386	-	-	2 568	341 334
Cllr MD Tladi (Exco Member)	63 854	128 206	81 752	45 889	28 994	-	2 165	350 860
Cllr MZ Buta	51 597	127 658	73 785	45 066	27 061	-	2 009	327 176
Cllr RSA Kabinie	78 658	128 807	73 887	45 593	-	-	2 415	329 360
Cllr JP Kotze	34 799	126 863	53 887	45 408	-	-	1 845	262 802
Cllr MF Madihlaba	34 799	126 863	53 887	43 032	-	-	1 813	260 394
Cllr MM Maepa	13 712	125 967	53 887	45 064	21 086	-	1 529	261 245
Overpayment to be recovered per person	-	-	-	(432 720)	-	-	-	(432 720)
Overpayment Mayor to be recovered	-	(88 771)	-	-	-	-	-	(88 771)
	<b>3 278 763</b>	<b>7 655 706</b>	<b>4 218 809</b>	<b>2 264 729</b>	<b>1 045 532</b>	<b>251 784</b>	<b>128 597</b>	<b>18 843 919</b>