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ELIAS MOTSOALEDI LOCAL MUNICIPALITY



18

ANNUAL REPORT



ELIAS MOTSOALEDI LOCAL MUNICIPALITY

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A collage of images featuring people and fresh produce. The top left shows a woman in a green hat and shirt. The top right shows a woman in a yellow dress with a green beaded necklace. The bottom right shows a woman in a colorful, patterned dress holding a large head of green leafy vegetables. The bottom left shows a close-up of white onions and green leafy vegetables. The background is a light green.

CHAPTER 1

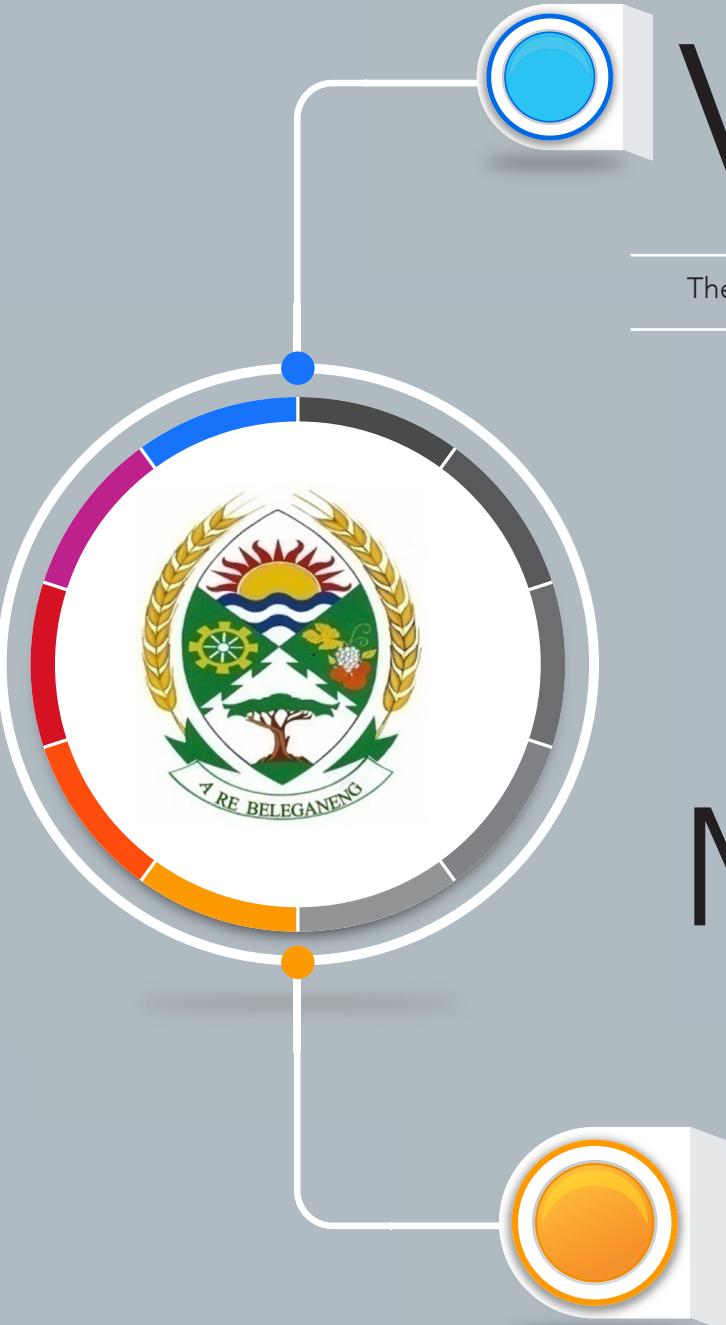
MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

ACRONYMS

ACRONYMS

| | |
|---------|--|
| AG | : Auditor General |
| AFS | : Annual Financial Statements |
| ANC | : African National Congress |
| AIDS | : Acquired immunodeficiency syndrome |
| BPSA | : Bolshevik Party of South Africa |
| 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 |
| CPMD | : Certificate Programme in Management Development |
| CWP | : Community Works Programme |
| EMLM | : Elias Motsoaledi Local Municipality |
| DA | : Democratic Alliance |
| EFF | : Economic Freedom Fighters |
| EPWP | : Expanded Public Works Programme |
| ESS | : Employee Self Service |
| EXCO | : Executive Committee |
| FBE | : Free Basic Electricity |
| GIS | : Geographic Information System |
| GRAP | : General Recognized Accounting Practice |
| HIV | : human immunodeficiency virus |
| HR | : Human Resources |

| | |
|--------|--|
| ICT | : Information Communication Technology |
| IDP | : Integrated Development Plan |
| INEP | : Integrated National Electrification Program |
| KM | : Kilometre |
| LAC | : Local AIDS Council |
| LGAAC | : Local Government Advanced Accounting Certificate |
| LUMS | : Land Use Management System |
| LGSETA | : Local Government Sector Education Training Authority |
| LGMIM | : Local Government Municipal Improvement Model |
| LED | : Local Economic Development |
| LLF | : Local Labour Forum |
| MIG | : Municipal Infrastructure Grant |
| MP | : Mpumalanga Party |
| MPAC | : Municipal Public Account Committee |
| MFMA | : Municipal Finance Management Act |
| MFMP | : Municipal Finance Management Programme |
| MSA | : Municipal Systems Act |
| Mscoa | : Municipal Standard Charts of Accounts |
| N/A | : Not applicable |
| NARSA | : National Archive Regulation of South Africa |
| OHS | : Occupational Health and Safety |
| PMS | : Performance Management System |
| SAMEBA | : South African Maintenance and Estate Beneficiaries Association |
| SCM | : Supply Chain Management |
| SDBIP | : Service Delivery and Budget Implementation Plan |
| SDM | : Sekhukhune District Municipality |
| SMME | : Small, Medium and Micro Enterprises |
| SPLUMA | : Spatial Planning and Land Use Management Act |
| TB | : Tuber Colossus |
| WSP | : Work Skill Plan |



VISION

The agro-economical and ecotourism heartland

MISSION

The Elias Motsoaledi Local Municipality is committed to:

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



MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A : MAYOR'S FOREWORD

1.1 Mayor's foreword

Councillor Julia Lata Mathebe

Mayor: Elias Motsoaledi Local Municipality

VISION

"The agro-economical and ecotourism heartland"

The vision statement of the municipality which serves as a blueprint for developmental programme is "The agro-economical and ecotourism heartland". It dawns upon the leadership that providing the complete account on the responsibilities conferred upon the entire municipality will always be a daunting task to the electorate. This report is therefore intended to attest to the collective efforts of the administrative and political arms of the municipality to progressively address the expectations of our people.

INTRODUCTION

It is a pleasure for me to present Elias Motsoaledi Local Municipality 2017/2018 Annual Report to our residents and other interested parties. The 2017/2018 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

During planning phase, the municipality had an engagement with the province and Sekhukhune district municipality to ensure alignment of provincial and municipal growth inclusive of development strategy hence the IDP has incorporated projects for both province and district municipality. The IDP was therefore tabled before council for adoption and was submitted to all sector departments and the district.

The Municipality 's performance is measured by satisfying its key developmental objectives which are as follows:

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

Municipality has 02 licensed landfill site in Groblersdal and Roosenekal and one transfer station in Hlogotlou. 6.3 kms of road was bladed during the year under review

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. 6.3 kms of road was bladed during the year under review. Municipality is licensed to provide electricity in 2 wards, ward 13 and ward 30 (Groblersdal and Roosenekal areas). The other 28 wards are Eskom licensed areas. Municipality has a backlog of 3.5% (3268) households without electricity. A total number of 60251 Households (96.5%) has access to Electricity (serviced both Eskom and EMLM). Eight villages namely Makaepa, Tambo village, Masakaneng, Jabulani D3, Waalkraal A, Elandsdoorn A, Matsitsi and Jerusalema were electrified through INEP grant and EMLM funds. Municipality has created 370 jobs through EPWP projects and 1181 jobs created through CWP.

PUBLIC PARTICIPATION

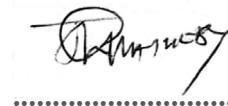
The municipality has 300 ward committees who conducts public meetings in their respective wards together with ward councillors and submit monthly reports to the Speaker. During the year under review 23 public meetings were held in different wards. Public participation process is used to inform communities about success and challenges that municipality encounter during service delivery. Public participation sessions were conducted through 2017/2018 IDP and Budget process where communities were given an opportunity to raise their needs to be incorporated in the 2017/2018 IDP and budget and only prioritized and budgeted needs were incorporated in the reviewed 2017/2018 IDP and budget for implementation.

AGREEMENTS / PARTNERSHIPS

The municipality is currently partnering with NYDA for implementation of entrepreneurship artisan programme for youth development.

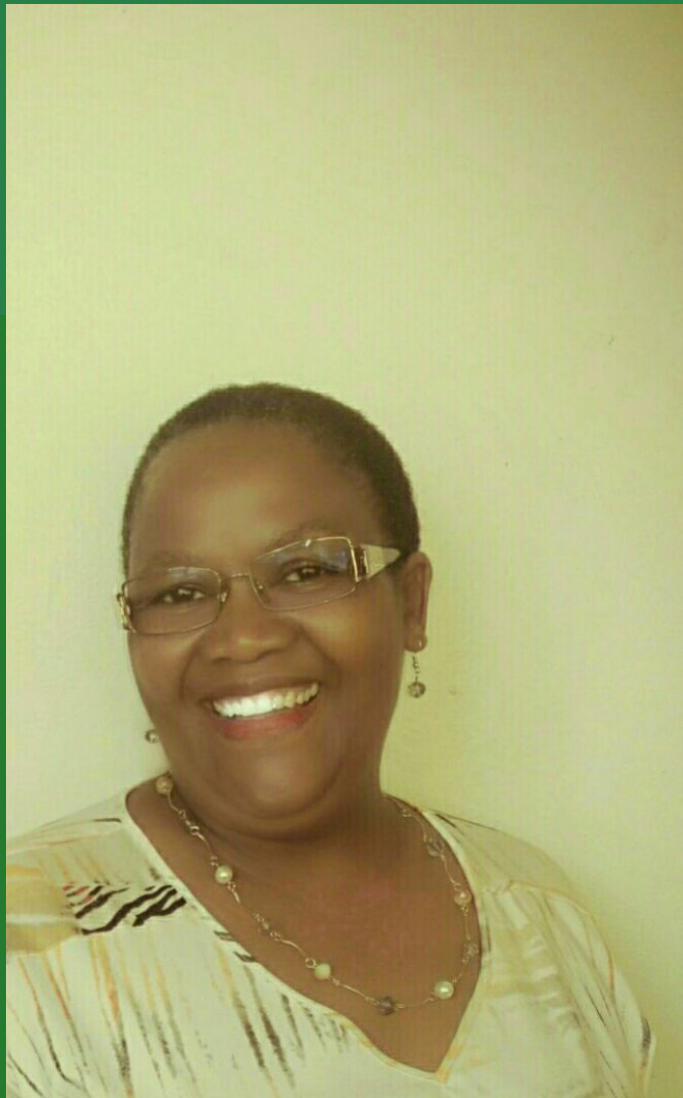
CONCLUSION

I wish to thank all councillors, staff, resident's stakeholders in particular rate payers for their contributions to pay for services. Together we strive to take our municipality forward.



J. L. MATHEBE

MAYOR



R.M MAREDI
MUNICIPAL MANAGER

EXECUTIVE SUMMARY

COMPONENT B : EXECUTIVE SUMMARY

1.2 Executive Summary

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 2017/2018 financial year. Chapter 12 of MFMA Section 121 (1) stipulates that every municipality must for each financial year prepare an annual report in accordance with this Chapter. EMLM has compiled the annual report to comply with legislation to give members of community and all stakeholders the performance of the municipality as to how the IDP and budget was implemented.

The municipality is established to perform the following functions:

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

Municipality does not have sharing of powers with any entity nor the sector departments. It only monitors some of the projects which are implemented by sector departments within the jurisdiction of the municipality such as housing projects. The municipality also signs the memorandum of understanding with the Department of Roads on behalf of licensing functions and Department of Public Works for EPWP projects

For the year under review, the municipality obtained unqualified audit opinion for the first time which is the great achievement. The municipality is looking forward to achieving clean audit in future as we are currently busy with action plan with the enthusiasm of addressing and resolving audit findings raised by the office of the Auditor General South Africa. EMLM is a rural municipality with high volume of outstanding consumer debtors that leads to financial burden with under-payment for municipal services. The municipality has however developed the Revenue Enhancement Strategy to address this challenge since the outstanding debt affects the cash-flow status of the municipality. The Municipality had a total revenue budget of R444, 744 excluding capital transfers. The actual revenue realized is R423, 980 million and this resulted in under-performance variance of R20, 764 million. All gazetted grants and subsidies amounting to R297, 023 million was received during the 2017/18 financial year, an additional Municipal Infrastructure Grant (MIG) allocation of R11 million was received. The grants contributed a major portion of the total revenue base. The grants dependency rate was 46% on capital expenditure and 62% on actual revenue generated. For the year under review municipality had unspent Municipal Infrastructure Grant (MIG) of R437 927 and Integrated National Electrical Programme Grant (INEPG) of R10 744

and the rollover for unspent portion of conditional grants is been approved by National Treasury. The municipality had 100% spending on Finance Management Grant (FMG); Expanded Public Works Programme (EPWP) and equitable shares.

Municipality has 07 filled posts for senior managers and all of them concluded their performance agreements and their performance was assessed by assessment panel during February 2018. No senior manager qualified for performance bonuses during the year under review as per the outcome of the performance assessment.

Council has adopted the Risk Management Policy, Risk Management Strategy and Risk registers (Strategic and Operational) that enable management to proactively identify and respond appropriately to all significant risks that could impact on business objectives. In line with the approved Risk Management Policy and Risk Management Strategy a top down approach has been adopted in developing the risk profiles of the organization. The results of the strategic and operational assessments were used to compile a risk register. Below is the top five risks identified and mitigation measures were implemented to address the risks.

- Inadequate strategies for financial sustainability
- Fraud, theft and corruption
- Failure to maintain proper accounting and management records
- Labour unrest/industrial action
- Land use disputes



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R.M MAREDI
MUNICIPAL MANAGER

1.3 MUNICIPAL 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 Bronkhorstspruit, 115 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 Middelburg.

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 31 Wards and 61 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

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

1.3.1 Population group

Table 2: Total Municipal Population

| Population | 2011 | 2016 | % Incr. |
|------------|---------|---------|---------|
| Males | 115503 | 125 133 | 8.34% |
| Females | 133860 | 143 123 | 6.92% |
| Total | 249 363 | 268 256 | 7.58% |

Source: STATS SA, Census 2011 and Community Survey 2016

Of the total population of 268 256(97, 9%) is African black, with the otWher population groups making up the remaining (2, 1%).

Table 3: Population by Ethnic Group

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

Source: 2016 STATS SA Community survey

Table 4: Population by Age Group

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

Source: 2016 Stats SA Community survey

Table 4: Household by Ethnic and Gender Group

| Population Group | Females | Male | Total |
|------------------|---------------|---------------|---------------|
| Black African | 34 111 | 30 339 | 64 450 |
| Colored | 106 | 34 | 140 |
| Indian or Asian | 0 | 78 | 78 |
| White | 470 | 1 220 | 1 690 |
| Other | - | - | - |
| TOTAL | 34,688 | 31,671 | 66,359 |

Source: Stats SA. CS 2016

- There are 53.7% females and 46.3% males within the Municipality
- There is a large segment of youth (under 19 years) which comprises 47.9% of the total population

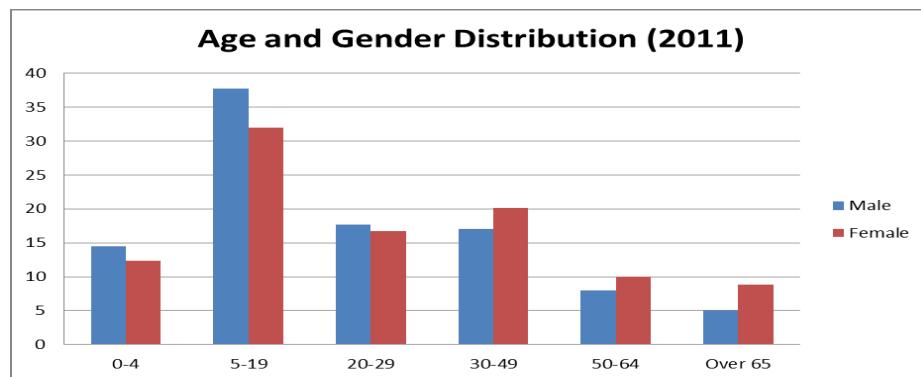
Table 5: Economic profile (employment)

| 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: Language Preference within the municipality

| Language | % |
|----------------|-------|
| Afrikaans | 2,2% |
| English | 0,2% |
| Isindebele | 15% |
| Isixhosa | 0,2% |
| Isizulu | 8,4% |
| Sepedi | 59,9% |
| Sesotho | 1,1% |
| Setswana | 7,1% |
| Sign language | 0,0% |
| Siswati | 1,5% |
| Tshivenda | 0,2% |
| Xitsonga | 1,5% |
| Other | 0,5% |
| Not applicable | 2,2% |

Source: Stats SA .CS 2016

Table 7: The marital status within the municipality

| Group | % |
|-----------------|-------|
| Married | 16,6% |
| Living together | 2,4% |
| Never married | 50,6% |
| Widower/widow | 2,2% |
| Separated | 0,1% |
| Divorced | 0,4% |

The tables below indicate the tenure status in the municipal area. There is a clear indication that more of the land is occupied by individuals who have ownership than those that rent. The average household size has declined from 4.5 to 4.1 in 2001 and 2011 respectively.

Table 8: Age structure

| Age | 2011 | % | 2016 | Percentage % |
|--------------|----------------|------------|---------------|--------------|
| 0-14 | 89 772 | 36 | 89 680 | 33,4 |
| 15-65 | 142 136 | 57 | 156229 | 58,2 |
| 65+ | 17 455 | 7 | 22347 | 8,3 |
| Total | 249 363 | 100 | 268256 | 99,9 |

Source: Stats SA 2011 and CS 2016

3.1.3. HOUSEHOLD DISTRIBUTION (Source: STATS SA community survey 2016)

The average household size of 4:1 person has been influenced by the fact that approximately (38, 7%) of households have two (2) or less occupants. This phenomenon could be as a result of several factors including incorrect baseline data or that younger people have set up their own homes but this is contrary to the statistics with respect to age which reflects that there is a large segment of youth (under 19 years) which comprises 47.9% of the total population.

Table 9: Household Size

| Household Size | Number 2016 |
|----------------|-------------|
| 1 | 15, 524 |
| 2 | 10, 015 |
| 3 | 9, 402 |
| 4 | 9, 268 |
| 5 | 7, 739 |
| 6 | 5, 513 |
| 7 | 3, 111 |
| 8 | 2, 214 |
| 9 | 1, 405 |
| 10+ | 2, 169 |
| Total | 66, 359 |

Source: stats SA. CS 2016

Interesting to note that (58, 1%) of all households are owned with the majority fully paid off.

Table 10: Tenure Status

| Tenure Status | 2016 |
|----------------------------|---------|
| Rented | 3, 834 |
| Owned but not yet paid off | 5, 120 |
| Occupied rent-free | 14, 247 |
| Owned and fully paid off | 37, 498 |
| Other | 5, 152 |
| Total | 65, 851 |

Source: Stats SA. CS 2016

Another notable feature of the household statistics is that approximately (87, 4%) of all dwellings can be classified as formal structures as reflected in the following table.

Table 11: Type of dwelling per household

| Type Of Dwelling | 2016 |
|--|----------------|
| House or brick/concrete block structure on a separate stand or yard or on a farm | 48, 781 |
| Traditional dwelling/hut/structure made of traditional materials | 2, 740 |
| Flat or apartment in a block of flats | 192 |
| Cluster house in complex | 12 |
| Townhouse (semi-detached house in a complex) | 29 |
| Semi-detached house | 559 |
| House/flat/room in backyard | |
| Informal dwelling (shack; in backyard) | 2, 404 |
| Informal dwelling (shack; not in backyard; e.g. In an informal/squatter settlement or on a farm) | 1, 028 |
| Room/flat let on a property or larger dwelling/servants quarters/granny flat | 771 |
| Caravan/tent | 21 |
| Other | 1, 408 |
| TOTAL | 66, 359 |

Source: Stats SA. CS 2016

Table 12: Natural resources within EMLM

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

1.4 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. 6.21 kms of road was surfaced during the year under review. Municipality is licensed to provide electricity in 2 wards, ward 13 and ward 30 (Groblersdal and Roosenekal areas). The other 29 wards are Eskom licensed areas. The Municipality has managed to increase our revenue base by acquiring the Electricity distribution license of the following areas: Game Farm, Twin City Mall, Masakaneng and Mapoch Grond. Municipality has a backlog of 4.7% (3112) households without electricity. A total number of 66330 Households (95.3%) has access to Electricity (serviced both Eskom and EMLM). The municipality received an allocation of R15 million for INEP in 2017/2018 financial year. Jerusalema and Matsitsi, Makaepea, Tambo and Jabulani, Waalkraal A, Elandsdoorn A and Masakaneng villages were electrified using the allocated funds from INEP.

Municipality has created 370 jobs through EPWP projects which is an increase from 96 EPWP jobs created in the previous year and 1 jobs were created through CWP.

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

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

1.5 FINANCIAL HEALTH OVERVIEW

EMLM is a rural municipality with high volume of outstanding consumer debtors and this leads to financial burden with none and/or under-payment for municipal services. The municipality has however developed the Revenue Enhancement Strategy to address this challenge since the outstanding debt affects the cash-flow status of the municipality.

The Municipality had a total revenue budget of R462, 883 million that was adjusted upwards to R543, 093 million during budget adjustment. The actual revenue realized is R529, 180 million and this resulted in under-performance variance of R13, 912 million. All gazetted grants and subsidies amounting to R297, 023 million as well as an additional MIG allocation of R11 million were received during the financial year under review and they contributed a major portion of source of funding for capital budget of the municipality and the grants dependency rate was 78% on capital expenditure budget and 60% on revenue budget. The municipality had unspent MIG of R818 thousand and INEP of R44 thousand in 2017/18 financial year and the roll over still need to be applied for the unspent portion of conditional grants. The other conditional grants, that is FMG and EPWP achieved 100% spending.

1.5.1 EXPENDITURE

The original budget for operating expenditure was R386, 388 million that was adjusted upwards to R429, 392 million and the actual expenditure thereof is R515, 101 million. This reflects a negative variance of R85, 709 million that is partly attributed to donated electrification projects that were implemented in Eskom licensed areas and high debt impairment. The major portion of operating expenditure is employee related cost that had original budget of R123, 460 million and the budget was adjusted upwards to R126, 137 million and the actual expenditure thereof is R127, 201 million and this reflected over-spending variance of R1, 064 million that is attributed to overtime and redemption of leave days.

Table 12: Summary of financial overview

| Financial Overview – 2017//18 | | | |
|-------------------------------|-----------------|-------------------|---------|
| R'000 | | | |
| Details | Original Budget | Adjustment Budget | Actual |
| Grants | 297,023 | 324,512 | 323,651 |
| Taxes, levies and tariffs | 116,294 | 127,627 | 100,850 |
| Other | 49,566 | 90,954 | 104,679 |
| Sub -Total | 462,883 | 543,093 | 529,180 |
| Less Expenditure | 386,388 | 429,392 | 515,101 |
| Net Total | 76,495 | 113,701 | 14,079 |

Table 13: Operating ratios

| Operating Ratios | |
|-----------------------|--------|
| Detail | % |
| Employee Costs | 29,13% |
| Repairs & Maintenance | 1,28% |
| Capital cost | 1,39% |

Table 14: Total capital expenditure

| Total Capital Expenditure (R'000) | | |
|-----------------------------------|---------|---------|
| Detail | 2016/17 | 2017/18 |
| Original Budget | 94,449 | 77,302 |
| Adjustment Budget | 87,620 | 110,949 |
| Actual | 80,665 | 108,124 |

1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

1.6.1 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 has 361 employees, 01 employees was terminated/ dismissed due to a charge of misconduct, 01 resigned due to normal retirement age of sixty-five (65) and 03 employees passed-on. The municipality has 07 critical positions of which all of the seven (07) is filled.

1.6.2 COMMITTEES

The Municipality established the following committees as per the prescripts in strengthening the human resource management.

- Local Labour Forum Committee
- Occupational Health and Safety Committee
- Training and Development Committee
- Employment Equity Committee/ Affirmative Action Committee
- EAP committee
- Batho Pele committee

1.6.3 BURSARIES

Municipality assisted 20 students with registration fees at registered tertiary institutions to the value of R212 000. Preference was awarded to students from poor family backgrounds.

1.6.4 WORKPLACE SKILLS PLAN (WSP)

Municipality has developed the WSP for the year for 2017/2018 and it was submitted to LGSETA during April (month) 2018 together with the Annual Training report for the year under review. 61 employees and 12 councillors received training for the year under review. No mandatory grants in the form of rebates were received from the LGSETA for the year under review.

1.7 AUDITOR GENERAL'S REPORT

For the year under review, the municipality obtained unqualified audit opinion for the first time which is the great achievement. The municipality is looking forward to achieving clean audit in future as we are currently busy with action plan with the enthusiasm of addressing and resolving audit findings raised by the office of the Auditor General South Africa.

| Basis for qualified opinion | | | |
|-----------------------------|-------------------------------------|---|------------------|
| No. | 2015/2016 | 2016/2017 | 2017/2018 |
| | Property rates | Revenue. Unknown properties on the valuation roll | (Not applicable) |
| | Property plant and equipment | VAT receivable | |
| | Fruitless and wastefull expenditure | Payables from exchange transactions | |
| | Irregular expenditure | Lease rentals on operating lease | |
| | | Receivables from exchange transactions | |
| | | Section 32 Expenditures (Irregular, fruitless and wasteful and unauthorised expenditures) | |

1.8 STATUTORY ANNUAL REPORT PROCESS FOR 2018/2019

Table 16: statutory annual report process

| No | Activity | Date | Responsibility |
|----|---|------------------------------|-------------------|
| 1 | Finalise 4 th quarter report for previous financial year | 30 July 2018 | Municipal Manager |
| 2 | Submit draft annual report to internal audit and Auditor General | 31 August 2018 | Municipal Manager |
| 3 | Audit/Performance Committee considers draft annual report of municipality | 17 August 2018 | Municipal Manager |
| 4 | Municipality submits draft annual report, including the consolidated annual financial statements and the performance report, to the Auditor General | 31 August 2018 | Municipal Manager |
| 5 | Auditor General assesses draft annual report, including the consolidated annual financial statements and performance data | 31 August – 28 November 2018 | Auditor General |
| 6 | Municipalities receive and start to address the Auditor General's comments | 30 November 2018 | Municipal Manager |
| 7 | Mayor tables annual report and audited financial statements to council, complete with the Auditor General's Report | 24 January 2018 | Mayor |
| 8 | Audited annual report is made public and representation is invited | 29 January 2019 | Municipal Manager |
| 9 | MPAC Committee assesses the annual report | 07-08 March 2019 | MPAC Chairperson |
| 10 | Council adopts oversight report | 26 March 2019 | Council |
| 11 | Oversight report is made public | 01 April 2019 | Municipal Manager |
| 12 | Oversight report is submitted to relevant provincial councils | 01 April 2019 | Municipal Manager |

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

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



CHAPTER 2 GOVERNANCE

COMPONENT A : POLITICAL AND ADMINISTRATIVE GOVERNANCE

2 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.

2.1 POLITICAL GOVERNANCE

Council established Section 80 committees which provides general oversight and monitor the activities in the municipality over both the administrative and executive arms of the municipality. This section 80 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)
- Section 79 portfolio committee
- Section 80 committee
- Corporate services Portfolio committee

- Infrastructure services Portfolio committee
- Budget and Treasury Portfolio committee
- Community Services Portfolio committee
- Development planning Portfolio committee
- Executive Support Portfolio committee

The Speaker is a full-time councillor and takes responsibility for council meetings operations. 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.

The council comprises of 06 political parties namely: African National congress (ANC) with 41 seats, Economic Freedom Fighters (EFF) with 10 seats, Democratic Alliance (DA) with 05 seats, and Bolshevik Party of South Africa (BPSA) with 03 seats, Mpumalanga Party (MP) with 01 seat and South African Maintenance and Estate Beneficiaries Association (SAMEBA) with 01 seat. The Council of the municipality is composed as follows; 54 part-time Councillors, 7 full-time Councillors namely Mayor, Speaker, Chiefwhip, MPAC Chairperson and three members of the Executice committee of council (EXCO) which consist of ten council members.

The council comprises of 06 political parties namely: African National congress (ANC) with 41 seats, Economic Freedom Fighters (EFF) with 10 seats, Democratic Alliance (DA) with 05 seats, and Bolshevik Party of South Africa (BPSA) with 03 seats, Mpumalanga Party (MP) with 01 seat and South African Maintenance and Estate Beneficiaries Association (SAMEBA) with 01 seat.

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. Councillor's participation in various committees is satisfactory. For the year under review, council held 4 ordinary and 7 special meetings

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..

Table 1: Committee annual meetings

| Name of Meeting | Annual Target | Number of meetings convened | Number of meetings materialised | Total number of apologies received |
|---------------------------|---------------|-----------------------------|---------------------------------|------------------------------------|
| Council committees | | | | |
| Corporate Services | 12 | 12 | 12 | 0 |
| Executive Support | 12 | 0 | 0 | 0 |
| Finance Department | 12 | 10 | 10 | 5 |
| Infrastructure Department | 13 | 13 | 13 | 28 |
| Development Planning | 12 | 10 | 10 | 1 |
| Community Services | 12 | 12 | 12 | 9 |
| Labour Forum | 12 | 12 | 09 | 13 |
| EXCO | 11 | 11 | 11 | 12 |
| Special EXCO | - | 5 | 5 | 6 |
| Council | 4 | 4 | 4 | 30 |
| Special Council | 7 | 7 | 7 | 61 |
| MPAC | 10 | 14 | 14 | 17 |
| SCM committees | | | | |
| Specification | As and when | 5 | 5 | 2 |
| Evaluation | As and when | 10 | 10 | 2 |
| Adjudication | As and when | 9 | 9 | 1 |

Table 2: EMLM Councillors information

| WARD | PARTY | SURNAME | FULL NAMES | GENDER | CONTACT NO. |
|------|-------|------------|--------------------|--------|--------------|
| 1 | ANC | Mphela | Mojabeng Amelia | F | 078 423 2082 |
| 2 | ANC | Phatlane | Alfred | M | 078 423 2094 |
| 3 | ANC | Mamakoko | Mokgohlwe Lettie | F | 078 423 2010 |
| 4 | ANC | Moima | Lizzy Mahlatse | F | 078 423 2233 |
| 5 | ANC | Makweoane | Agnes Mapetle | F | 078 423 2131 |
| 6 | ANC | Ndlovu | Raymond Ndumiso | M | 078 423 2245 |
| 7 | ANC | Phala | Magabolle Lucas | M | 078 423 2280 |
| 8 | ANC | Ratlou | Sefako Winter | M | 078 423 2067 |
| 9 | ANC | Ratau | Rose Mmapule | F | 078 423 2074 |
| 10 | ANC | Madisa | Kgadi Francinah | F | 078 423 2283 |
| 11 | ANC | Namane | Given Ranyaba | M | 078 423 2038 |
| 12 | ANC | Phorotlhoe | Thabiso Andries | M | 078 423 2033 |
| 14 | ANC | Bogopa | Botha | M | 078 423 2263 |
| 15 | ANC | Mahlangu | Julia | F | 078 423 2177 |
| 16 | ANC | Zulu | Ben Madolombane | M | 078 423 2306 |
| 17 | ANC | Ratau | Tsimisi Thabiso | M | 078 423 2154 |
| 18 | ANC | Machipa | Toudi Aron | M | 078 423 2114 |
| 19 | ANC | Masimula | Phahlana | M | 078 423 2273 |
| 20 | ANC | Skhosana | Waziwa Jim | M | 078 423 2251 |
| 21 | ANC | Makeke | George Monnana | M | 078 423 2127 |
| 22 | ANC | Matsepe | Motlalekgomo Maria | F | 078 423 2088 |

| WARD | PARTY | SURNAME | FULL NAMES | GENDER | CONTACT NO. |
|------|-------|---------------|-------------------|--------|--------------|
| 23 | ANC | Mahlangu | Nomsa Ndazi | F | 078 423 2259 |
| 24 | ANC | Mokganyetji | Thomas Mareme | M | 078 423 2272 |
| 25 | ANC | Maphophha | Emily Maabele | F | 078 423 2069 |
| 26 | ANC | Motlafe | Manthwaleng Girly | F | 078 423 2059 |
| 27 | ANC | Mokwane | Magdeline Kubane | F | 078 423 2149 |
| 28 | ANC | Maipushe | Sekina Manku | F | 0784232118 |
| 29 | ANC | Malatji | Meriam Nape | F | 078 423 2202 |
| 30 | ANC | Kgopa | Kgabo Silas | M | 078 423 2295 |
| 31 | ANC | Msiza | Mothibe Rhodes | M | 078 423 2125 |
| PR1 | ANC | Mathebe | Julia Lata | F | 078 423 2078 |
| PR2 | ANC | Matjomane | Germinor Delly | F | 078 423 2200 |
| PR3 | ANC | Tladi | Magetle David | M | 078 423 2060 |
| PR4 | ANC | Phahlamohlaka | Tebogo Maferuke | M | 078 423 2234 |
| PR5 | ANC | Mehlape | Salminah Hlaole | F | 078 423 2036 |
| PR6 | ANC | Mmutle | Thabo Nelson | M | 078 423 2308 |
| PR7 | ANC | Phetla | Mannyane Grace | F | 078 423 2281 |
| PR8 | ANC | Matsepe | Thapelo Stephina | F | 078 423 2179 |
| PR9 | ANC | Makunyane | Hlako Justice | M | 078 423 2051 |

| WARD | PARTY | SURNAME | FULL NAMES | GENDER | CONTACT NO. |
|------|--------|------------|--------------------------|--------|--------------|
| PR10 | ANC | Mashilo | Malope Samaria | F | 078 423 2107 |
| PR11 | ANC | Makitla | Ramotlogeli Johannes | M | 078 423 2118 |
| PR1 | BPSA | Mogotji | Fanie Motshole | M | 078 423 2142 |
| PR2 | BPSA | Madondo | Vernatia-Claudia Philile | F | 078 423 2035 |
| PR3 | BPSA | Mohlala | Moses Themba | M | 078 423 2152 |
| 13 | DA | Oosthuizen | Willem Nicolaas Saaiman | M | 078 423 2117 |
| PR1 | DA | Alberts | Rots | M | 078 423 2066 |
| PR2 | DA | Mathebe | Chipane Norman | M | 078 423 2186 |
| PR3 | DA | Tshivhula | Murathi Pat | M | 078 423 2282 |
| PR4 | DA | Kotze | Johan Pieter | M | 078 423 2063 |
| PR1 | EFF | Hlathi | Margaret Zodwa | F | 078 423 2195 |
| PR2 | EFF | Shai | Kweletsi Collen | M | 078 423 2016 |
| PR3 | EFF | Lecheko | Virginia Morotse | F | 078 423 2037 |
| PR4 | EFF | Ngwenya | Zodwa | F | 078 423 2183 |
| PR5 | EFF | Ntuli | Mamotale Brenda | F | 0837988080 |
| PR6 | EFF | Mosotho | Mooimane Tatane | M | 078 423 2034 |
| PR7 | EFF | Ranala | Maselopi | F | 078 423 2171 |
| PR8 | EFF | Ntheko | Tshepo Mokgobo | M | 078 423 2181 |
| PR9 | EFF | Mthombeni | Vensile Lea | F | 078 423 2119 |
| PR10 | EFF | Maloba | Alpheus Matome | M | 078 423 2053 |
| PR1 | MP | Ramphisa | Motiba William | M | 078 423 2182 |
| PR1 | SAMEBA | Matunyane | Nthabiseng Topsion | F | 078 423 2124 |

Table 3: Executive committee members

| Surname and Initials | Party | Ward no./ PR | Contact number | Gender |
|-----------------------------|--------------|---------------------|-----------------------|---------------|
| Cllr: Mathebe L.J | ANC | PR | 078 423 2078 | Female |
| Cllr: Machipa T.A | ANC | 18 | 078 423 2114 | Male |
| Cllr: Matjomane G.D | ANC | PR | 078 423 2200 | Female |
| Cllr: Phatlane A | ANC | 02 | 078 423 2094 | Male |
| Cllr: Mmutle T.N | ANC | PR | 078 423 2308 | Male |
| Cllr: Mashilo M.S | ANC | PR | 078 423 2107 | Female |
| Cllr: Phetla M.G | ANC | PR | 078 423 2281 | Female |
| Cllr: Maloba A.M | EFF | PR | 078 423 2053 | Male |
| Cllr: Shai K.C | EFF | PR | 078 423 2016 | Male |
| Cllr: Kotze J.P | DA | PR | 078 423 2063 | Male |

2.1.1 Section 80 committees

The established section 80 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 80 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.

Table 4: Section 79 portfolio committees

| COMMITTEE | CHAIRPERSON | MEMBERS |
|--|------------------------------|--|
| Municipal Public Accounts Committee (MPAC) | Clr. Hlako Justice Makunyane | 1.Clr. M.S. Mohlala 2.Clr. G.M. Motlafe 3.Clr. G.M. Makeke 4.Clr. J. Mahlangu 5.Clr. V.M Lecheko 6.Clr. M.L. Phala 7. Clr. S.H. Mehlapa |
| Rules & Petitions | Clr. S.M. Maipushe | 1.Clr. M. R. Msiza 2.Clr. T. M. Mokganyetji 3.Clr. S.W. Ratlou 4.Clr. T. A. Phorotlhoe 5.Clr. M.N. Malatji 6.Clr. P. Madondo |
| Ethics | Clr. M.L. Phala | 1.Clr. M.G. Motlafe 2. Clr. G.M. Makeke 3. Clr. J. Mahlangu 4. Clr. T.M. Phahlamohlaka 5. Clr. A. Phatlane 6. Clr. V.L Mthobeni 7. Clr. N.T. Matunyane 8. Cllr M.P. Tshivhula |
| Executive Support | Clr. T.M. Phorotlhoe | 1.Clr. P. Masimula 2. Clr. K.S. Kgopa 3. Clr. T.T. Ratau (Whip) 4. Clr.M.B. Ntuli 5. Clr. F.M. Mogotji |
| Corporate Services | Clr. M.N. Malatji | 1.Clr. G.R. Namane 2. Clr. M.L. Mamakoko 3. Clr. M.M. Matsepe (Whip) 4. Clr. R.J. Makitla 5. Clr. M.P. Tshivhula 6. Clr. M.T. Mosotho |
| Community Services | Clr. T.M. Mokganyetji | 1.Clr. M.K. Zulu 2. Clr. A.M. Mokweoane (Whip) 3.Clr. M.K. Mokwane 4. Clr. W. Oosthuizen 5. Clr. V.M. Lecheko |
| Budget & Treasury | Clr. S.W.Ratlou | 1.Clr. E.M. Maphopha 2. Clr. L.M. Moima (Whip) 3. Clr. B. Bogopa 4. Clr. J. Kotze 5. Clr. S. Ngwenya |
| Development, Planning & LED | Clr. N.N. Mahlangu | 1.Clr. R.N. Ndlovu 2. Clr. R.M. Ratau 3. Clr. S.M. Maipushe (Whip) 4. Clr. N.C. Mathebe 5. Clr. M. Ranala |
| Infrastructure | Clr. M.R. Msiza | 1.Clr. W.J. Skosana 2. Clr.M.A. Mphela (Whip) 3. Clr. K. F. Madisa 4. Clr. T.S. Matsepe 5. Clr. A. Rots 6. Clr. M.Z. Hlathi |

| COMMITTEE | CHAIRPERSON | MEMBERS |
|--|------------------------|--|
| Local Geographical Names Change Committee (LGNCC) | | 1.Clr. K.P. Madisa 2.Leader of Executive Business 3. Chair of Chairs 4. Chairperson of Section 79 Development, Planning & LED 5. Chairperson of Rules & Petition Committee 6. Exco Member- Development, Planning & LED 7. Whip of Council 8. Party Whips of the Opposition Parties in Council 9. District Representative- Cllr. M.G. Motlafe 10. Traditional Authorities in Council |
| Committee of Presiding Officers | Speaker | Clr. M.D. Tladi |
| | Chair of Chairs | Clr. S.H. Mehlape |
| Leader of Executive Business | Clr A. Machipa | |
| Council Whippety | Chief Whip of Council | |
| | Party Whip of ANC | |
| | Party Whip of EFF | |
| | Party Whip of DA | |
| | Party Whip of BPSA | |
| | Party Whip of SAMEBA | |
| | Party Whip of MP | |
| Sekhukhune District Representatives | Political Party | Councilor |
| | ANC | 1.Clr. M.L. Phala 2.Clr. M.G. Motlafe 3.Clr. S.H. Mehlape 4.Clr. G.M. Makeke 5.Clr. J. Mahlangu |
| | DA | 6.Clr. C.N. Mathebe |
| | EFF | 1. Cllr. M.T. Mosotho |

| COMMITTEE | CHAIRPERSON | MEMBERS |
|------------------------------|--------------------|---|
| SECTION 80 COMMITTEES | | |
| COMMITTEE | CHAIRPERSON | MEMBERS |
| Budget & Treasury | Clr. T.A. Machipa | 1. Clr.T.A. Phorotlhoe 2. Clr. W.J. Skosana 3. Clr. M.A. Mphela (Whip) 4. Clr. M.N. Malatji 5. Clr Matsepe TS 7. Clr Dr Rotze 8. Clr Hlathi M.Z |
| Committee | Chairperson | Members |
| Infrastructure | Clr Matjomane G.D | 1. Clr Mokganyetji TM 2. Clr Zulu M.K 3. Clr Makweoane Mk 4. Clr Momwane M.K 5. Clr Kotze 6. Clr Shai K.C |
| Community Services | Clr Mashilo S.M | 1. Clr Ratlou S.W 2. Clr Maphopha E.M 3. Clr Moima L.M 4. Clr Bogopa B 5. Clr Maloba 6. Clr Mathebe C.N |
| Corporate Services | Clr Phatlane A | 1. Clr Msiza M.R 2. Clr Masimula P 3. Clr Kgopa K.S 4. Clr Ratau T 5. Clr Ntuli MB 6. Clr Oosthuizen W |
| Development Planning | Clr Mmutle N.T | 1. Clr Madisa K.F 2. Clr Namane G.R 3. Clr Mamakoko M.L 4. Clr Matsepe N.M 5. Clr Makitla R.J 6. Clr Mosotho M.T 7. Clr Tshivhula M.D |
| Executive Support | Clr Phetla PM | 1. Clr Ndlovu R.N 2. Clr Ratau R.M 3. Clr Maipushe S.M 4. Clr Ranala M 5. Clr Mogotji F.M 6. Clr Mahlangu W.N |

1.1.1 POLITICAL LEADERSHIP

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 provided 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.



Councillor Julia Lata Mathebe

Mayor

POWERS AND FUNCTIONS OF THE SPEAKER

- To preside at meetings of the council where he/she is present;
- To ensure that the council meets at least quarterly;
- To ensure compliance with the code of conduct for councillors, standing rules and order and other relevant governing laws 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.
- Ensures that councillor's motions are prepared and timeously tabled in terms of the procedural rules of Council



Councillor Mageatle David Tladi
Speaker

POWERS AND FUNCTIONS OF COUNCIL WHIP

The Notice on the Upper Limits on Councillor Remuneration has introduced the Office of the Whip of Council in 2006. The Chief 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. The Council of EMLM resolved to include and elect a Chiefwhip in its structure, 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



Council Whip

Cllr. Tebogo Phahlamohlaka

- Advise the Speaker on the amount of time to be allocated to speakers and the order of such speakers
- Addressing the 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

MEMBERS OF EXECUTIVE COMMITTEE



Cllr Matjomane Germinor Delly
Political Head Infrastructure
Treasury



Cllr Phatlane Alfred
Political Head Corporate Services



Cllr Machipa Aron
Political Head Budget and Treasury



Cllr Mashilo Samaria Malope
Political Head Community Services



Cllr Phetla Mannyana Grace
Political Head Executive Support



Cllr Mmutle Thabo Nelson
Political Head Planning & LED



Cllr Maloba Alpheus Matome
EXCO Member



Cllr Shai Kweletsi Collen
EXCO Member



Cllr Kotze Johan Pieter
EXCO Member

FUNCTIONS OF EXECUTIVE COMMITTEE AS PER DELEGATION OF POWERS

- 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;
- To report to council on all decisions taken by it; and 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;

1.1.3 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 services are 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.

The municipality during the financial year under review (2017 / 2018) advertised and filled the following Senior Management posts namely: Municipal Manager, Senior Manager Community services, Senior Manager Executive Support and the Senior Manager Corporate Services. By the end of the financial year, all vacancies for senior management were filled. The administrative components of the municipality comprise of seven (7) senior managers and 28 managers.

Table 5: 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 |
| | Manager: IDP | Mr. K. J Motha | Male |
| | Manager: PMS | Ms R.P. Mdluli | Female |
| | Manager: Legal services | Ms PZP. Masutha | Female |
| | Chief Compliance and verification | Mr. KH Masemola | Male |
| | | | |
| Executive Support | Senior manager : Executive support | Mr. M M Kgwale | Male |
| | Manager: Communications | Vacant | - |
| | Manager: Council Support | Mrs M Burger | Female |
| | Manager: IGR | Mr. M. J. Mathebe | Male |
| | Manager: Mayor Support | Vacant | |
| | | | |
| Corporate Services | Senior Manager : Corporate Services | Mr. N.D Matumane | Male |
| | Manager: Human Resources and Development | Mr. L.M. Mafiri | Male |
| | Manager: Administration and Records | Mr. G.M Ditshego | Male |
| | Manager: ICT | Mr T. L. Mashaba | Male |
| | | | |
| Finance | Chief Financial Officer | Mr. P. G. Mapheto | Male |
| | Deputy CFO | Mr. M.L. Sebelemetja | Male |
| | Manager: Expenditure | Mr. C. Mtsweni | Male |
| | Manager: Budget and Treasury | Vacant | |
| | Manager: Assets | Mr. M. C Tjane | Male |
| | Manager: Supply Chain Management | Mr M P. Mthimunye | Male |
| | Manager: Revenue | Mr B Mohlamme | Male |
| | | | |
| Infrastructure | Senior Manager : Infrastructure | Ms. M.R Makgata | Female |
| | Electrical Engineer | Mr K.K. Mametsa | Male |
| | Manager: Roads | Vacant | - |
| | Manager: PMU | Mr. F. Debeila | Male |
| | Superintendent Roads Construction Unit | Mr. J Malaka | Male |
| | | | |

| Directorate | Designation | Initial and Surname | Gender |
|----------------------|--|----------------------------|---------------|
| Community Services | Senior manager: Community Services | Ms. E Kegopotsemang | Female |
| | Manager: Environmental services | Ms M Mokhulwane | Female |
| | Manager: Licensing | Ms. MV Matlala | Female |
| | Manager: Traffic | Mr. C Coetzee | Male |
| | Manager: Fleet | Mr. V Masilela | Male |
| | Manager: Hlogotlou | Mr. L. A Madiba | Male |
| | Manager: Roossenekal | Mr. M.J Maboa | Male |
| | Manager: Motetema | Mr. C. C. Masemola | Male |
| | | | |
| Development Planning | Senior manager : Development Planning | Mr. N. W. Phala | Male |
| | Manager: Development and Town Planning | Vacant | |
| | Manager: LED | Mr Sebei | Male |
| | Manager: Property Management and Housing | Mr. R Palmer | Male |
| | | | |

COMPONENT B : INTERGOVERNMENTAL RELATIONS

1.2 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.

1.2.1 Intergovernmental relations

On 30th October 2017, the municipality hosted a joint program with Limpopo department of social development, under theme 'Community profiling" at Tafelkop Stadium in Ward 27 of Elias Motsoaledi Local Municipality. The aim of the encourage observing the living condition of the fellow community members so to facilitate government intervention through available programs.

1.2.2 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 6: 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 |
| MPAC forums | Council Support Manager | Provincial and District |
| District Environmental Forum | Manager Environmenta | District |
| Provincial Waste and Environmental Forum | Manager Environmental | Provincial |
| Chiefwhip's Forum | Mnager Council support | District and Provincial |
| District Town Planners Forum | Town Planner | District and Province |

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.

1.2.3 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
- Municipal Public Accounts Committee forum.
- Provincial Waste Management Forum
- Provincial Town Planners Forum
- Provincial EPWP Incentive Grant Sector Forum
- Provincial IDP Forum
- Provincial Speaker's Forum
- Provincial Chiefwhip's 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 B : PUBLIC ACCOUNTABILITY AND PARTICIPATION

1.3 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 complements 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.

1.3.1 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.

Through this dictum, the people envisaged for a democracy whose attributes would be; people first in a government of the people by the people, a democracy wherein no decision would be taken without consultation of the people.

1. This was brought to life by the democratic breakthrough of 1994, the adoption of the

Constitution in 1996, and the formation of local government in 2000 and the subsequent laws that governs it. Chapter 4 of the Municipal System Act states A municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose-

- a. **encourage, and create conditions for, the local community to participate in the affairs of the municipality, including in-**
 - i. The preparation, implementation and review of its integrated development plan in terms of Chapter 5;
 - ii. the establishment, implementation and review of its performance management system in terms of Chapter 6;
 - iii. the monitoring and review of its performance, including the outcomes and impact of such performance;
 - iv. the preparation of its budget; and
 - v. strategic decisions relating to the provision of municipal services in terms of Chapter 8;
- b. **contribute to building the capacity of-**
 - i. the local community to enable it to participate in the affairs of the municipality; and

- ii. councillors and staff to foster community participation; and
- c. use its resources, and annually allocate funds in its budget, as may be appropriate for the purpose of implementing paragraphs (a) and (b)

In Elias Motsoaledi Local Municipality, Public Participation is not an abstraction and it is not done merely for compliance, it is a platform for self-determination of the people by the people. The people directs the type of service delivery and type of administration they want. During the year under review both the Mayor and Speaker had numerous outreach programs to engage with communities of Elias Motsoaledi Local Municipality.

During the year under review, the Mayor embarked on two outreach programs amongst the numerous interactions she had with communities. The Mayor had Outreach programs at Masoying on the 22 September 2017 and another one in Dikgalaopeng on 19 June 2018.

During her interactions with Stakeholders in Masoying, she was made aware of a destitute family that stayed in a delapidated structure, which she made a commitment to ensure that they are housed in a proper house; a VIP Toilet and a wheel chair ramp are provided as soon as possible. Upon her leaving that village she ensured that the family is put on the priority list of housing beneficiaries and ultimately awarded a house.

In Dikgalaopeng amongst the issues raised were the appalling state of Dikgalaopeng primary school, the potholes on the access road to Dikgalaopeng and the lack of running water, which the community used to have.

In the same period under review the Speaker as well had an outreach program, which was held at Motsephiri village, ward 21 on the 22 November 2017. The objective of the Speaker's outreach is to play oversight over the service delivery programs as led by the executive. The issues that were raised were, a need for storm water control on the current

road project, request for electrification of the new extension of the village and lack of water received attention of the council

The Mayor champions the welfare and the rights of children within the municipality, the mayor launched child headed programme as mandated by the Limpopo Provincial Aids Council forum that all political principals in the province should atleast adopt one child headed family to alleviate poverty. The Mayor adopted, Mrs. Ndlandla Masimula at Hlogotlou village and the municipality entered in to a three months programme with Groblersdal Super Spar for provision of grocery amounted to R1 000.00. The municipality again facilitated the RDP house to be build in that household.

The Office of the Mayor mainstream coordinates, advocate, support and promote the rights of disability and the aged people within the municipality. On 8 November 2017, the municipality managed to establish disability and aged forums which shall be the advisory structures in the municipality on the developmental and the rights issues pertaining to them. The municipality in partnership with SEDA conducted business-coaching seminar for both elderly and disability people at Ratanang centre (Elansdoorn) the 4th of May 2018.

During the year under review, the municipality held nine (09) IDP consultation meetings to consults communities for needs analysis. In 04 wards, the meeting was unsuccessfull due to non-attendance of community members. Community needs were incorporated in the reviewed 2017/2018 IDP/ Budget where priority was done based on available budget. All senior managers together with 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 they expect from the municipality.

1.3.2 Communication, participation and forums

Communication and engagement approaches of the municipality plays an important role in contributing to the public's understanding of public service and their engagement with local issues.

Public participation in the municipality is coordinated through the ward committee, petitions committee, public hearings, and IDP and Budget public participation meetings and Mayoral Izimbizos. These forums are also utilized as report back platforms on service delivery matters. The Speaker of Council plays an important role in coordinating public participation. The municipality uses notice boards, website, newspapers, rates payers and Facebook page to spread information, new plans, budget priorities, etc. The work of the Unit is informed by the municipal communications policy and communication strategy, which centralises the communications function in the Communications Unit.

The ward committee structures are used to narrow the gap between the municipality and communities, since ward committees have the knowledge and understanding of the residents and communities they represent. Community Development Workers (CDWs) act as a link between accessing communities in relation to community development initiatives/programmes.

The IDP forum is constituted by Councillors representatives from business organisations, Magolisi, ward committee, CDW, NGOs/ CBOs, government departments, parastatal organizations, Communication forum, Budget steering committee and stakeholder representatives of unorganized groups. The representatives are given an opportunity to represent community interests and contribute knowledge and ideas, building consensus and support for the planning process itself, and ensuring a broader ownership of the outcomes.

Media briefings are held to update the media about the latest information of the municipality. Bulk sms system is used to disseminate prompt information to the community

Quarterly community izimbizo/Mayoral outreach were held in different wards to report government programmes and services delivery. Radio slots as and when needed were utilised to update the community about municipal programmes and projects. Quarterly newsletters (**INFORMER**) were produced and distributed throughout the municipality. Both the IDP, Annual report and Multi-year Budget for 2017/2018 From (**July 2017 to June 2018**) were open for public comments prior approval by council. The documents were available for inspection at all municipal libraries, satellite offices, Meshate (Tribal-offices) and main office in Groblersdal.

1.3.3 Ward Committees

After the inauguration of new council, EMLM established ward committees in terms of Municipal Structures Act of 1998 and it has 310 ward committee members, which is 10 members per ward. All wards managed to elect ward committee members. Ward committees were trained during February 2017 to acquire skills to implement responsibilities vested in them, and furthermore other sessions to capacitate ward committees were held namely; ward committee conference one on the 27-29 August 2017 at Bele Bela forever resort and the other at Groblersdal DLU Hall on the 11 June 2018. Ward Committees assist members of the community by advising, assisting in organising community meetings and enable them to participate in those public meetings and take decisions that will take service delivery forward in our communities.



Public meetings

1.1.1 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 public meetings were held in different wards. All public meetings held were beneficial. Most of queries raised were water related queries and were referred to Sekhukhune district municipality.

| PUBLIC MEETINGS | | | | | | |
|-----------------|-------------------------------|--------------------|---|--|---------------------------------------|--|
| Ward no | Nature and purpose of meeting | number of meetings | Number of Participating Municipal Councillors | Number of Participating Municipal Administrators | Number of Community members attending | |
| 01 | Community meeting | 11 | 01 | 00 | 2015 | |
| 02 | Community meeting | 06 | 01 | 00 | 1262 | |
| 03 | Community meeting | 05 | 01 | 00 | 952 | |
| 04 | Community meeting | 06 | 01 | 00 | 834 | |
| 05 | Community meeting | 07 | 01 | 03 | 95 | |
| 06 | Community meeting | 10 | 01 | 02 | 1096 | |
| 07 | Community meetings | 08 | 02 | 00 | 423 | |
| 08 | Community meeting | 07 | 01 | 03 | | |
| 09 | Community meetings | 10 | 01 | 00 | 1986 | |
| 10 | Community meeting | 14 | 02 | 00 | 1988 | |

| PUBLIC MEETINGS | | | | | | |
|-----------------|-------------------------------|--------------------|---|--|---------------------------------------|--|
| Ward no | Nature and purpose of meeting | number of meetings | Number of Participating Municipal Councillors | Number of Participating Municipal Administrators | Number of Community members attending | |
| 11 | Community meeting | 06 | 01 | 00 | 532 | |
| 12 | Community meeting | 11 | 01 | 00 | 849 | |
| 13 | Community meeting | 3 | 02 | 05 | 276 | |
| 14 | Community meeting | 4 | 01 | 0 | 109 | |
| 15 | Community meeting | 16 | 03 | 04 | 947 | |
| 16 | Community meeting | 08 | 01 | 0 | 147 | |
| 17 | Community meeting | 12 | 02 | 0 | 512 | |
| 18 | Community meeting | 15 | 01 | 01 | 140 | |
| 19 | Community meeting | 10 | 01 | 0 | 210 | |
| 20 | Community meeting | 07 | 01 | 0 | 765 | |
| 21 | Community meeting | 07 | 01 | 0 | 765 | |

| Issues raised by community | Issue addressed (Yes/No) | Dates and manner of feedback given to community |
|--|---|---|
| <ul style="list-style-type: none"> Inadequacy of bulk water capacity to supply all residence R25 be repaired and storm water control Re-Graveling of internal roads Illegal dumpings | No No Yes No | Community meeting |
| <ul style="list-style-type: none"> Water shortage Magagamatala Taring of road (patching) need for clinic at Magagamatala electrification | no no no no | Community meeting |
| <ul style="list-style-type: none"> Resealing of internal streets storm water network need for community hall outdoor gymnasium need for CPF water leakage community clinic to be equipped | yes yes no yes no no no | Community meeting |
| <ul style="list-style-type: none"> electrification Masakaneng bulk water re graveling of streets paving of road to moshate | Yes No Yes Yes | Community meeting |
| <ul style="list-style-type: none"> Water shorgate RDP houses VIP toilets Road paving Masoying road | Yes Yes Yes | Community meeting |
| <ul style="list-style-type: none"> Slovo electrification Clinic | Yes No | Community meeting |
| <ul style="list-style-type: none"> Paving of internal roads Water reticulation project RDP houses project | Yes Yes Yes | Community meeting |
| <ul style="list-style-type: none"> Electrification (eskom) Patching of tarred road Cleaning of illegal dumping Vip toilets | Yes No No Yes | Community meeting |
| <ul style="list-style-type: none"> Water retulation Regravelling not properly done | No | Community meeting |
| <ul style="list-style-type: none"> Unoccupied structures are base for littering and house criminals RDP houses Water | No No Yes | Community meeting |
| <ul style="list-style-type: none"> RDP houses Tarring Access Road | Yes yes | Community meeting and Speakers outreach |

| PUBLIC MEETINGS | | | | | | |
|------------------------|--------------------------------------|---------------------------|--|---|--|--|
| Ward no | Nature and purpose of meeting | number of meetings | Number of Participating Municipal Councillors | Number of Participating Municipal Administrators | Number of Community members attending | |
| 22 | Community meeting | 14 | 01 | 0 | 739 | |
| 23 | Community meeting | 11 | 01 | 00 | 380 | |
| 24 | Community meeting | 14 | 01 | 0 | 740 | |
| 25 | Community meeting | 13 | 02 | 0 | 810 | |
| 26 | Community meeting | 11 | 01 | 0 | 383 | |
| 27 | Community meetin | 10 | 01 | 01 | 315 | |
| 28 | Community meeting | 07 | 01 | 0 | 465 | |
| 29 | Community meeting | 11 | 01 | 0 | 440 | |
| 30 | Community meeting | 09 | 04 | 03 | 710 | |
| 31 | Community meeting | 11 | 01 | 00 | 805 | |

| Issues raised by community | Issue addressed (Yes/No) | Dates and manner of feedback given to community |
|---|-------------------------------------|---|
| <ul style="list-style-type: none"> Legolaneng Road project Vip toilets | Yes | Community meeting |
| <ul style="list-style-type: none"> Water project Need for Dumping/ put skip Electricity of new section | No No | Community meeting |
| <ul style="list-style-type: none"> Legolaneng road Electrification Phomola Clinic RDP houses Fencing of cemeteries Regular cleaning of dumping next to caltex | Yes Yes No Yes No No | Community meeting |
| <ul style="list-style-type: none"> Need for borehole Electrification Makaepa Patching of potholes/Roads Water Renovate Dikgalaopeng primary | No Yes Yes No No | Community meeting |
| <ul style="list-style-type: none"> Leakage of bulk water pipes Illegal connection of water Vip toilets Construction – road paving | No No Yes | Community meeting |
| <ul style="list-style-type: none"> Road mainly the one to Stadium Increase number of High mast lights Water | No No No | Community meeting |
| <ul style="list-style-type: none"> Electrification Gravelling of Roads Water Mobile clinic | Yes Yes No No | Community meeting |
| <ul style="list-style-type: none"> Repairs of boreholes RDP & dumping site needed Patching of boreholes | Yes | Community meeting |
| <ul style="list-style-type: none"> RDP houses for people residing in farms Disconnection of electricity (electricity to be sold straight from Eskom) Land for housing Vip toilets | No No | Community meeting |
| <ul style="list-style-type: none"> Sewer leakage takes long to be fixed. Need for land. Bulk water not enough for all. High bill of water Illegal speed humps&potholes | Yes | Community meeting |

1.1.2 WARD BASED MEETINGS

| Ward Name (Number) | Name of Ward Councillor and Elected Ward Committee Members | Committee Established (Yes/No) | Number of Monthly Committee Meetings Held During Year | Number of Monthly Reports Submitted to Speakers 'Office on Time | Number of Quarterly Public Ward Meetings Held During Year |
|--------------------|--|--------------------------------|---|---|---|
| Ward No 01 | Cllr Mphela M.A | Yes | 11 | 11 | 4 |
| | Ward Committee | | | | |
| | Julia Maredi | | | | |
| | Simphiwe Mahlangu | | | | |
| | Jane Sibiloane | | | | |
| | Martha Nxumalo | | | | |
| | junior Thethé | | | | |
| | Anges Mmotong | | | | |
| | Simphiwe Mthombeni | | | | |
| | Samual Phasha | | | | |
| | Christa kotelo Mabodika | | | | |
| | Kgati Maepa | | | | |
| | | | | | |
| Ward No 02 | Cllr Phatlane A | Yes | 9 | 9 | 4 |
| | Ward Committee | | | | |
| | Mathabathe Mpho | | | | |
| | Monage Tshepo Khama | | | | |
| | Mahlangu Geeilbooi | | | | |
| | Makua Samuel | | | | |
| | Dunge Olgar | | | | |
| | Bafedi Aibiot (Deceased) | | | | |
| | Mankge Hermans | | | | |
| | Moloi Abednigo | | | | |
| | Phatlane Lucy | | | | |
| | Boroko Kodisang Mathews | | | | |
| | | | | | |

| Ward Name (Number) | Name of Ward Councillor and Elected Ward Committee Members | Committee Established (Yes/No) | Number of Monthly Committee Meetings Held During Year | Number of Monthly Reports Submitted to Speakers 'Office on Time | Number of Quarterly Public Ward Meetings Held During Year |
|--------------------|--|--------------------------------|---|---|---|
| Ward No 03 | Cllr Mamakoko M.L | Yes | 11 | 11 | 4 |
| | Ward Committee | | | | |
| | Mputsu David Mahlangu | | | | |
| | Sonia Magashule | | | | |
| | Marie Mokwala | | | | |
| | Matron Mokwana | | | | |
| | Stephina Modiba | | | | |
| | Mary Tshego | | | | |
| | Mmapula Kgaphola | | | | |
| | Delige Mothibi | | | | |
| | Lucy Kgaphola | | | | |
| | Frans Makua | | | | |
| | | | | | |
| Ward No 04 | Cllr Moima L.M | Yes | 6 | 6 | 4 |
| | Ward Committee | | | | |
| | Dipuo Mashabelo | | | | |
| | Lebogang Dinba | | | | |
| | Kanyane Mphahlele | | | | |
| | Vacant (on CWP) | | | | |
| | Fatima Thabethe | | | | |
| | Selina Matlou | | | | |
| | Lucas Mathimunyane | | | | |
| | Kenneth Malapele | | | | |
| | Anges Ramphisa | | | | |
| | Israel Malapela | | | | |
| | | | | | |

| 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 Makweoane | Yes | 7 | 7 | 3 |
| | Ward Committee | | | | |
| | Violet Mashigo | | | | |
| | Fannie Nkambule | | | | |
| | Monicca Mkgatsela | | | | |
| | Sharleen Mphake | | | | |
| | Mankwe Mokgabudi | | | | |
| | Petrus Matentshi | | | | |
| | Mapaseka Mokgabudi | | | | |
| | Leshate Mashabela | | | | |
| | Nelson Mogano | | | | |
| | Thili Lepota | | | | |
| | | | | | |
| Ward No 06 | Cllr Ndlovu R.N | Yes | 9 | 9 | 4 |
| | Ward Committee | | | | |
| | Thethan Mahlangu | | | | |
| | Ntombi Mahlaba | | | | |
| | Nokuthula Reginah | | | | |
| | Winile Ndlangamandla | | | | |
| | Zakhele Hlathi | | | | |
| | Sipho Mandlazi | | | | |
| | Adelaide Limakwe | | | | |
| | Elizabeth Mpshe(Resigned) | | | | |
| | Delisa Joseph | | | | |
| | Popi Mashego | | | | |
| | | | | | |

| 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 Ward Committees: Philimon Moshiga Brenda Phasha Nomsa Sibeko Glass Makatelele Jan Mtshweni Busisiwe Magolego Tebogo Mokgoadi Ericca Makuwa Benjamane masweu Simon Thipe | Yes | 8 | 8 | 4 |
| | | | | | |
| Ward No 08 | Cllr Ratlou S.W Ward committees Charlotte Mogudi Moshingwaneng Ditshego Isaiah Mahlangu Annah Wessels Friedah Phetla Bangiswane Mthombeni Ditsheso Mokotedi Albert Mafa Elias Mamohlale Gloria Rahlogo | Yes | 11 | 11 | 4 |
| | | | | | |

| Ward Name (Number) | Name of Ward Councillor and Elected Ward Committee Members | Committee Established (Yes/No) | Number of Monthly Committee Meetings Held During Year | Number of Monthly Reports Submitted to Speakers 'Office on Time | Number of Quarterly Public Ward Meetings Held During Year |
|--------------------|--|--------------------------------|---|---|---|
| Ward No 09 | Cllr Ratau R.M | Yes | 11 | 11 | 4 |
| | Ward Committees: | | | | |
| | Elijah Ntombela | | | | |
| | Isaac Makofane | | | | |
| | Mafa Mashinini | | | | |
| | Sebongile Mohlape | | | | |
| | Coshiwe Nkambule | | | | |
| | Eric Nkosi | | | | |
| | Louisa Masilela | | | | |
| | Fortune Tsholofelo | | | | |
| | Aaron Mtshweni | | | | |
| | Joseph Manzini | | | | |
| | | | | | |
| Ward No 10 | Cllr Madisa K.F | Yes | 11 | 11 | 4 |
| | Ward Committees: | | | | |
| | Rita Rahlogo | | | | |
| | Mathebe Rebbeca | | | | |
| | Katlego Sifoleshe Madire | | | | |
| | Modupi Mohlamanyane | | | | |
| | Ivy Madisa | | | | |
| | Zodwa Ngele | | | | |
| | Sandra Ramphisa | | | | |
| | Mathebe Buti | | | | |
| | .Malefahlo Mokgase | | | | |
| | mohlamonyane Motsumi | | | | |
| | | | | | |

| 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 Namane G.R | Yes | 4 | 4 | 1 |
| | Ward Committees: | | | | |
| | 1 Wonderboy Cekhu | | | | |
| | 2 Delane Mugeri | | | | |
| | 3 Eleoner Matlou | | | | |
| | 4 Sepadi Mampuru | | | | |
| | 5 Malelula leopo | | | | |
| | 6 Samora Madisa | | | | |
| | 7 Rina Mutha | | | | |
| | 8 Moses Mafiri | | | | |
| | 9 Thobile Mathibedi | | | | |
| | 10 Anges setoto Magopa | | | | |
| | | | | | |
| Ward No 12 | Cllr Phorothhoe | Yes | 10 | 10 | 4 |
| | Ward Committees | | | | |
| | Mmadisele Mathebe | | | | |
| | Moleme Podile | | | | |
| | Mmalehu Mohlala | | | | |
| | Mothaku Namane | | | | |
| | Calvin Mathunyane | | | | |
| | Elizabeth Monageng | | | | |
| | Doctor Nakedi | | | | |
| | Alfred Makitla | | | | |
| | Betty Mathebe | | | | |
| | Klass Mathebe | | | | |
| | | | | | |

| 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 Oosthuizen W.N.S | Yes | 5 | 5 | 1 |
| | Ward Committees: | | | | |
| | Martin Coetsee | | | | |
| | Dirk Hessels | | | | |
| | phochanaD.M | | | | |
| | Maria D.Fourie | | | | |
| | J.H Mmakole | | | | |
| | Dirk Walker | | | | |
| | T.S Matsomane | | | | |
| | A.J Schombee | | | | |
| | Franska Kleinhans | | | | |
| | Shaun A.Mellors | | | | |
| | | | | | |
| Ward No 14 | Cllr: Bogopa B | Yes | 1 | 1 | 0 |
| | Ward Committees: | | | | |
| | Bareng Mphahlele(Resigned) | | | | |
| | Phakwane Mareng | | | | |
| | Moses Boshielo | | | | |
| | Chikane Kgorutle | | | | |
| | Makeke Mantwa | | | | |
| | Dipou Matlala | | | | |
| | Stepen Maleka | | | | |
| | Jaremia Phetla | | | | |
| | Enock Ramoispa | | | | |
| | Maggie Isa | | | | |
| | | | | | |

| Ward Name (Number) | Name of Ward Councillor and Elected Ward Committee Members | Committee Established (Yes/No) | Number of Monthly Committee Meetings Held During Year | Number of Monthly Reports Submitted to Speakers 'Office on Time | Number of Quarterly Public Ward Meetings Held During Year |
|--------------------|--|--------------------------------|---|---|---|
| Ward No 15 | Cllr: Mahlangu J | Yes | 11 | 11 | 4 |
| | Ward Committees: | | | | |
| | Lucas Zwane | | | | |
| | Rinah Mahlangu | | | | |
| | Job Tshepo Mokwena | | | | |
| | Sbongile Nkosi | | | | |
| | Sibongile Masilela | | | | |
| | Mpho Skosana(expelled) | | | | |
| | Johannah Mashiya | | | | |
| | Malehu Mokoana | | | | |
| | Jan Masimula | | | | |
| | Msanomnlane Mahlangu | | | | |
| | | | | | |
| Ward No 16 | Cllr: Zulu B.M | Yes | 2 | 2 | 1 |
| | Ward Committees | | | | |
| | Mapule Mokgolokgotho | | | | |
| | Jabulane Mahlangu | | | | |
| | Sarah Skosana | | | | |
| | Fanie Makua | | | | |
| | December Msitsa | | | | |
| | Sinah Mahlangu | | | | |
| | Maria Mthimunyane | | | | |
| | Nick Mgidi | | | | |
| | Khomotso Maphosa(not on IEC roll) | | | | |
| | Kodin Skhosana | | | | |
| | | | | | |

| 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: Ratau T.T | Yes | 7 | 7 | 0 |
| | Ward Committees: | | | | |
| | Irene Mokwana | | | | |
| | Moetana Mohlala | | | | |
| | Rankepile Mabelane | | | | |
| | Kagiso Mabelane | | | | |
| | Gabriel Magashula | | | | |
| | Moeti Mkhondo | | | | |
| | Motlalepule Madihlaba | | | | |
| | Freddy Nkadimeng(decease | | | | |
| | Andries Hlabishe | | | | |
| | Annah Masemola | | | | |
| | | | | | |
| Ward No 18 | Cllr: Machipa T.A | Yes | 5 | 5 | 2 |
| | Ward Committees: | | | | |
| | Martha Mohlahlo | | | | |
| | Jamis Chego | | | | |
| | Maria Tshehla | | | | |
| | Mojalefa Rankwe | | | | |
| | Tumishi Mohlahlo | | | | |
| | Annah Mnguni | | | | |
| | Elsa Fenyane | | | | |
| | Sydney Phetla | | | | |
| | Shemeng Mtshweni | | | | |
| | Maria Makuwa | | | | |
| | | | | | |

| 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: Masimula P Ward Committees: Sophi Maseola Amos Gabril Sinkie Skosana Ranapo Chigo Rose Mtshweni Sophie Masimula Shabangu Dlalabaphi Getrude Mashiane Mahlangu Khonzeph Nkosinathi Machuka | Yes | 6 | 6 | 4 |
| | | | | | |
| Ward No 20 | Cllr Skhosana W.J Ward Committees: monica Madihlaba Lina Makaleng Felicia Mokoana Zodwa Mokwena Nteseng Madihlaba Patricia Sekgala Shima Monaledi thabo Skosana Debora Maredi Thapedi letageng | Yes | 9 | 9 | 4 |
| | | | | | |

| Ward Name (Number) | Name of Ward Councillor and Elected Ward Committee Members | Committee Established (Yes/No) | Number of Monthly Committee Meetings Held During Year | Number of Monthly Reports Submitted to Speakers 'Office on Time | Number of Quarterly Public Ward Meetings Held During Year |
|--------------------|--|--------------------------------|---|---|---|
| Ward No 21 | Cllr: Makeke G.M | Yes | 6 | 6 | 3 |
| | Ward Committees: | | | | |
| | 1 Mavis Theresia Mthimunye | | | | |
| | 2 David Skhosana | | | | |
| | 3 Joel Mohlahlo | | | | |
| | 4 Khoza Dipuo | | | | |
| | 5 Kate Matenchi | | | | |
| | 6 Lejatau Seroka | | | | |
| | 7 Elsie Mamonyane | | | | |
| | 8 Sonnyboy Sekele | | | | |
| | 9 Dorcas Makeke | | | | |
| | 10 Motlapele Nkgudi | | | | |
| | | | | | |
| Ward No 22 | Cllr Matsepe M.M | Yes | 10 | 10 | 3 |
| | Ward Committees: | | | | |
| | Mathibela Mashego | | | | |
| | Annah Radingwana | | | | |
| | Frans Mdebele | | | | |
| | Tebogo Tau | | | | |
| | Stephina Mokwal | | | | |
| | Thabo Radingwana | | | | |
| | Leah Tshoma | | | | |
| | Jan Mashilanwako | | | | |
| | Patrick Moramaga | | | | |
| | lindiwe Maleka | | | | |

| 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 | No | 11 | 11 | 4 |
| | Ward Committees: | | | | |
| | Regina Ntuli | | | | |
| | Lydia Lerobane | | | | |
| | Jimmy Masemola | | | | |
| | Thokozile Ntuli | | | | |
| | Milzon Madihlaba | | | | |
| | Busisiwe Motha | | | | |
| | Simon Sithole | | | | |
| | Rose Mokoana | | | | |
| | Sipho Mahlangu | | | | |
| | Sylvia Chego | | | | |
| | | | | | |
| Ward No 24 | Cllr: M.M | Yes | 11 | 11 | 4 |
| | Ward Committees: | | | | |
| | Isaac Maladi | | | | |
| | Mpotsing Mtshweni | | | | |
| | Prince Maloma | | | | |
| | Meshack Thobejane | | | | |
| | Dorothy Makeke | | | | |
| | Maputana Moloko | | | | |
| | Martha Monareng | | | | |
| | Thabeng Nyalungu | | | | |
| | Elizabeth Mathunyane | | | | |
| | Amos Tshoma | | | | |
| | | | | | |

| 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: Maphopa E.M | Yes | 6 | 6 | 1 |
| | Ward Committees: | | | | |
| | Jane Lekala | | | | |
| | Makgadi Malatji | | | | |
| | Sarah Makuwa | | | | |
| | Julia Mohlala | | | | |
| | Lerato Skosane | | | | |
| | Jack Motsana | | | | |
| | Reneilwe Rampedi | | | | |
| | khomotso Ramphisa | | | | |
| | Francinah Mampuru | | | | |
| | Thobole Matsepe | | | | |
| | | | | | |
| Ward No 26 | Cllr:Motlafe M. G | Yes | 11 | 11 | 4 |
| | Ward Committees: | | | | |
| | Sepedi Mohlala | | | | |
| | Mmantwe Tagane | | | | |
| | Matlakala Knowledge | | | | |
| | Ditau Magampa | | | | |
| | Deborah Mashabela | | | | |
| | Dazie Msiza | | | | |
| | Amos Chabedi | | | | |
| | Mapule Mmuledi | | | | |
| | Karabo Matshingwane | | | | |
| | Mmabatsheleng Matsepe | | | | |
| | Matladi Tshepho | | | | |

| Ward Name (Number) | Name of Ward Councillor and Elected Ward Committee Members | Committee Established (Yes/No) | Number of Monthly Committee Meetings Held During Year | Number of Monthly Reports Submitted to Speakers 'Office on Time | Number of Quarterly Public Ward Meetings Held During Year |
|--------------------|--|--------------------------------|---|---|---|
| Ward No 27 | Cllr: Mokwane M.K | Yes | 6 | 6 | 1 |
| | Ward Committees: | | | | |
| | Job Matladi | | | | |
| | Lebogang Choma | | | | |
| | Tebatso Sihlangu | | | | |
| | Mogudi Meba | | | | |
| | Dudu Mokadi | | | | |
| | Frans Tlaka | | | | |
| | Motebu Arimbi | | | | |
| | Thabo Makua | | | | |
| | Caroline Mantsolo | | | | |
| | Thandi makuwa | | | | |
| | | | | | |
| Ward No 28 | Cllr:Maipushe S.M | Yes | 9 | 9 | 4 |
| | Ward Committees: | | | | |
| | Klass Maredi | | | | |
| | Modupi Fenyane | | | | |
| | Evah Matuludi | | | | |
| | Prudence Skosana | | | | |
| | Pratick Tladi | | | | |
| | Rachel Mohlala | | | | |
| | Amos Ntobeng | | | | |
| | Sarah Pheladi | | | | |
| | Lucas Aphane | | | | |
| | Victor Seopela | | | | |
| | | | | | |

| 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: Malatji M.N | Yes | 11 | 11 | 4 |
| | Ward Committees: | | | | |
| | Thuso Makuwa | | | | |
| | Reginah Makuwa | | | | |
| | Lindiwe Mahlangu | | | | |
| | Grace Malatji | | | | |
| | Diale Motla | | | | |
| | Caroline Matjomane | | | | |
| | Victor Diago | | | | |
| | Thabang Fenyane | | | | |
| | Gautana Matsumane | | | | |
| | Lazarus Rakgalakane | | | | |
| Ward No 30 | Cllr: Kgopa K.S | Yes | 6 | 6 | 3 |
| | Ward Committees: | | | | |
| | Ammina Magakwe | | | | |
| | Sebutjwane Maduna | | | | |
| | Seraki Motstsaa | | | | |
| | Jim Molapo | | | | |
| | Bongi Maabane | | | | |
| | Thabiso Matenji | | | | |
| | Mahlonoko Riba | | | | |
| | Patricia Mokwena | | | | |
| | Sinky Kodi | | | | |
| | Lina Masango | | | | |
| Ward 31 | Cllr : Msiza M.R | | | | |
| | Ward Committee | Yes | 7 | 7 | 4 |

| 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 |
|--------------------|--|--------------------------------|---|---|---|
| | Gladys Maake | | | | |
| | Kgaogelo Dikotope | | | | |
| | Alfred Manasoe | | | | |
| | Moses simpho | | | | |
| | Peter Tsokela | | | | |
| | Lombard Mamogobo | | | | |
| | Lebogang Mpunga(Resigned) | | | | |
| | Ramosohlo Kgongane | | | | |
| | Enny Matsepe | | | | |
| | Prince Thobejane | | | | |
| | | | | | |

1.1 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

1.1 RISK MANAGEMENT

Elias Motsoaledi Local municipality is critically aware of the impact of risks on service delivery. As Such, it has developed extensive risk-mitigation measures for both strategic and operational risks that have been identified. This chapter provides a high-level overview of these proactive and reactive plans.

MFMA section 62 (i) (c) requires the municipality to have and maintain an effective, efficient and transparent system of risk management. For the year under review 95% of identified risks were addressed. Both risk management strategy and implementation plan were reviewed. For the year under review no cases of fraud and corruption was received that warranted internal/external investigations. There is effective risk management committee in place which meets once in a quarter and the meeting is chaired by member of audit committee.

Top ten risks identified:

| Top risk identified | |
|---|---|
| Risk | Progress to date |
| Lack of inter-governmental relations | The Department of Sports Arts and Culture is on the process of renovating the Library so for the following have been fixed: Door locks replaced; One part of the Library painted ; broken toilets fixed; the Air conditioner will be fixed also and they have replaced the small windows with solid ones. |
| Lack unrest/ Industrial Action | Addressed. New appointed employees were workshop and inducted about Service Charter. Last LLF Meeting was held on the 12 th June 2018. |
| Inappropriate land use practice & Hazardous Buildings | continuous implementation of SPLUMA bylaw |
| Environmental Pollution | Awareness Campaign conducted Skip bins in place strategically to avoid illegal dumping that might harm the Environment |
| Road accident and fatalities | There was a community safety forums meetings that deals with issues Road accident and fatalities |
| Inadequate strategies for financial sustainability | Budget policy was reviewed and approved with 2017/18 MTREF and National Treasury Circular on cost containment measures is been used to curb non-key expenditure items |
| Declining revenue collections & rising customer-debt levels | Credit Control Policy was reviewed and Approve by Council |
| Fraud, Theft and Corruption | System for cross check is procured to ensure validation of potential suppliers prior to finalization of appointments. Training was done on cross check validation system. Anti- Fraud and Corruption awareness conducted. |
| Roll over of Projects | Monthly reports are submitted by consulting Engineers Monthly site meetings are held during implementation of projects |
| Ineffective communication (Internal and External) | Report submitted to Council on monthly basis Suggestion boxes available in municipal buildings but not utilized efficiently Turnaround time of 25 working days not adhered to due to the nature of cases |

1.1.1 RISK FINANCE

Risk Finance is a risk management strategy taken by the municipality to transfer the risks from loss, theft, damages of assets as well as other perils to a third party. In its simplest form, risk finance is taking out insurance on municipal owned assets. The EMLM has over the past five years experienced a gradual increase in the number of insurance claims, and therefore the cost of insurance.

1.1.2 FRAUD AND ANTI-CORRUPTION STRATEGY

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 officials responsible for the risk management of the municipality. Key risk areas and significant findings are reported quarterly to the Audit Committee.

1.2 PUBLIC SATISFACTION SURVEY

No public satisfaction survey was conducted during the year under review.

1.3 SUPPLY CHAIN MANAGEMENT

Municipality has SCM policy in place to minimize fraud and corruption. There are SCM committees in place that are reviewable as and when required to ensure value for money in awarding of tenders. For the year under review fourteen (14) tenders were awarded.

Table 7: Information of SCM committees

| Description | Number of meetings | members of the committee | functions |
|-----------------------------|---------------------------|--|--|
| Bid specification committee | 5 | Manager: Assets Deputy Property Management Electrical Technician Superintended: Roads SCM Practitioner(Secretariat) Manager: Fleet Management | <ul style="list-style-type: none"> Compile a proper and unbiased specification for a specific requirement Ensure proper Terms of Reference are drawn up for the service required clearly indicating the scope of the requirements, the ratio between price and functionality, evaluation criteria as well as their weights and values Ensuring availability of funds Set ranges indicating breakdown of points, percentages as provided in the relevant sliding scales for the selected specified goals |
| Bid Evaluation committee | 10 | Senior Manager: Infrastructure Deputy CFO Manager waste and environmental services Manager Legal Services SCM Practitioner PMU Technician SCM Practitioner(Secretariat) | <ul style="list-style-type: none"> Evaluate the bids in accordance with the specifications for a specific procurement Evaluate as per the set out point system and PPPFA Evaluate each bidders' ability to execute the contract Check in respect of the recommended bidder whether municipal rates and taxes and municipal services are not in arrears Submit to the adjudication committee a report and recommendations regarding the award of the bid or other related matter. |
| Bid Adjudication committee | 9 | Senior Manager: Infrastructure Community Services Senior Manager: Infrastructure Executive Support Senior Manager: Infrastructure Corporate Services Senior Manager: Infrastructure development planning Chief Financial Officer Manager SCM Accountant Demand and Acquisition (Secretariat) | <ul style="list-style-type: none"> Ensure that all necessary bid documents have been submitted Ensure that disqualifications are justified and valid and accountable reasons / motivations were furnished for passing over bids. Ensure that scoring has been fair, consistent and correctly calculated and applied; and bidder's declarations of interests have been taken cognizance of. Make final awards or a recommendation to the Accounting Officer to make final award; or make another recommendation to the Accounting officer on how to proceed with the relevant procurement Consider and rule on all recommendations / reports regarding the amendments ,variations, extension, cancellations or transfer of contracts awarded |

1.4 BY-LAWS

For the year under review, the municipality has developed 03 by-laws which were approved by council for public participation. No by-law gazetted during the year under review.

Table 8: Information of by-laws

| By-laws introduced during year 2017/2018 | | | | | |
|--|---------|---|-------------------------------|----------------------------|---------------------|
| 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 |
| By-law regulating dogs and cats | Yes | No | - | No | - |
| Tarriff by-law | Yes | No | - | No | - |
| Properties rates by-law | Yes | No | - | No | - |

1.5 WEBSITE

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

Table 9: 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 | - |
| All current budget-related policies | Yes | - |
| The previous annual report 2015/2016 | Yes | - |
| The annual report 2016/2017 published | Yes | - |
| All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act 2017/2018 and resulting scorecards | Yes | - |
| All service delivery agreements 2017/2018 | no | n/a |
| All long-term borrowing contracts 2017/2018 | 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 2017/2018 | n/a | n/a |
| Contracts agreed in 2017/2018 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 2017/2018 | n/a | n/a |
| All quarterly reports tabled in the council in terms of section 52 (d) during 2017/2018 | Yes | - |

1.6 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 is comprising of five (05) members appointed for the period of three (03) years with effect from January 2016. The Audit Committee reported to council on their activities and recommendations as required by the Audit Committee Charter and section 166 of the MFMA. For the year under review, four (4) ordinary and five (05) special audit committee meetings were held.

Table 10: Audit Committee members

| Surname and initials | Gender |
|------------------------------|--------|
| Ramutsheli M.P (Chairperson) | Female |
| Mathabathe M.G | Male |
| Thipe M.M | Male |
| Chuene V.K | Male |
| Mojapelo M.O | Male |

Table 11: Attendance of meetings

| NO | AUDIT COMMITTEE | ORDINARY MEETINGS | | | | | SPECIAL MEETINGS | | | | | |
|----|-------------------------------------|-------------------|---|---|---|-------|------------------|---|---|---|---|-------|
| | | 1 | 2 | 3 | 4 | Total | 1 | 2 | 3 | 4 | 5 | Total |
| 1 | Mrs Ramutsheli M.P (Chairperson) | 1 | 1 | 1 | 0 | 3 | 1 | 0 | 1 | 1 | 1 | 4 |
| 2 | Mr Mathabathe M.G | 1 | 1 | 1 | 1 | 4 | 1 | 1 | 1 | 1 | 1 | 5 |
| 3 | Adv. Thipe M.M | 1 | 1 | 1 | 1 | 4 | 1 | 1 | 0 | 1 | 1 | 4 |
| 4 | Mr. Chuene V.K | 1 | 1 | 1 | 1 | 4 | 1 | 1 | 1 | 1 | 1 | 5 |
| 5 | Mr. Mojapelo M.O | 0 | 0 | 1 | 1 | 2 | 1 | 1 | 1 | 0 | 1 | 4 |

Legend

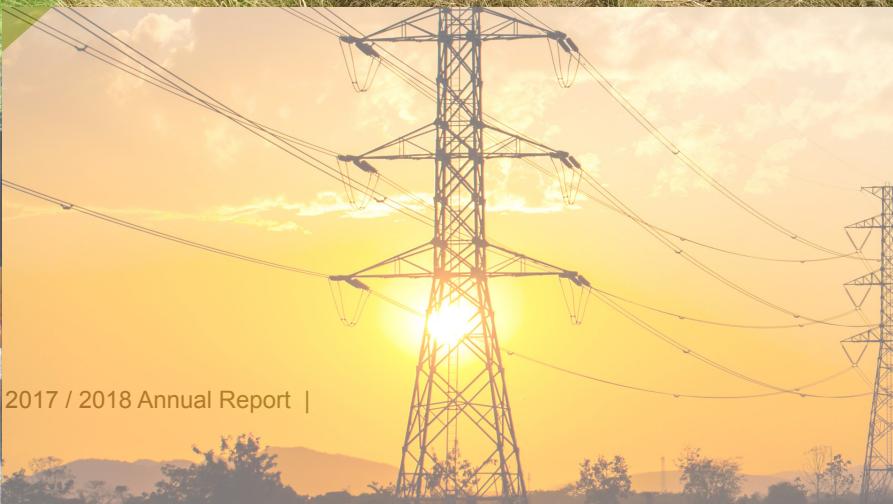
1: Attended

0: Not attended



CHAPTER 3

SERVICE DELIVERY PERFORMANCE



COMPONENT A : BASIC SERVICES

1.1 ELECTRICITY

Municipality is licensed to provide electricity in 2 wards, which are ward 13 and ward 30 (Groblersdal and Roossenekal areas), and the other 29 wards are Eskom licensed areas. We have managed to increase our revenue base by acquiring the Electricity distribution license of the following areas: Game Farm, Twin City Mall, Masakaneng and Mapoch Grond. The municipality is planning to upgrade the current Groblersdal substation from 20MVA to 40MVA as it will reach its full capacity and will have a negative economic growth of the municipality.

Municipality has a backlog of 4.7% (3112) households without electricity. A total number of 66 330 Households (95.3%) has access to Electricity (serviced both Eskom and EMLM). The municipality received an allocation of R15 million for INEP in 2017/2018 financial year. Jerusalema and Matsitsi, Makaapea, Tambo and Jabulani, Waalkraal A, Elandsdoorn A and Masakaneng villages were electrified using the allocated funds from INEP. The progress for electrification projects was at 98% at the end of the financial year; all villages are energised except for Masakaneng which is still under construction. 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.

The municipality has appointed a service provider for the Development development of Public lighting master plan.

The status of the two licensed areas can be summarized by the following analysis

| Strengths | Weakness |
|---|---|
| <ul style="list-style-type: none"> • We have 11Kv 1 x 20MVA ring feed for Groblersdal and 11Kv 5MVA overhead for Roossenekal • Stable underground cable network • Qualified human resource • Up to date Eskom Account for both Areas • Ability to complete the Electrification projects • Fleet to service the two areas is available • Provision of high-mast lights to various wards | <ul style="list-style-type: none"> • Inability to carry out major maintenance due to budget constraints • Deteriorating Network from lack of maintenance • Lack of Bulk statistical metering system • Inability to realise full collection from Consumers at Roossenekal • Lack of revenue enhancement strategy. |
| Opportunities | Threats |
| <ul style="list-style-type: none"> • Revenue base can be increased. • We can establish system of improving revenue collection through the use of prepayment • Groblersdal Capacity can be upgraded to 11Kv 2 x 20 MVA | <ul style="list-style-type: none"> • The loss of the one 20 MVA transformer will pose a problem to Municipal Customers. • Inability of paying Eskom account and Maintaining the high mast lights in various wards due to none payment customers • Skill retention strategy |

Table 1: Employees in electricity unit information

| Employees: Electricity Services | | | | | |
|--|------------------|----------------|------------------|---|--|
| Job Level task grades | 2016/17 | 2017/18 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | No. | % |
| 0 – 3 | 0 | | | | 0% |
| 4 – 6 | 03 | 06 | 03 | 03 | 33% |
| 7 – 9 | 01 | 02 | 01 | 01 | 0% |
| 10 – 12 | 04 | 05 | 04 | 01 | 20% |
| 13 – 15 | 0 | 01 | 0 | 01 | 100% |
| 16 – 18 | 01 | 01 | 01 | 0 0 | 0% |
| Total | 09 | 15 | 09 | 06 | 20% |

Table 2: Capital expenditure on Electricity services**Capital expenditure on Electricity services**

| Capital Expenditure Year 2017/18: Electricity Services | | | | | |
|---|----------------------------|------------------------------|-------------------------------|-----------------|-------------------------|
| Capital Project | 2017/18 | | | | |
| | Original budget | Budget Adjustment | Actual Expenditure | Variance | Total Budget |
| Total All | R 15 000 000 | 0 | R14 955 835.75 | | |
| | | | | | |
| Electrification of Makaepa | 810,540.00 | 4,467,660.00 | 1,529,052.10 | | |
| Electrification of Tambo village | 1,728,240.00 | 1,728,240.00 | | | |
| Electrification of Masakaneng | 4,700,220.00 | 588,240.00 | 4,261,959.02 | | |
| Electrification of Jabulani D3 | 1,152,540.00 | 1,152,540.00 | | | |
| Electrification of Waalkraal A | 2,489,760.00 | 2,640,240.00 | 2,639,802.34 | | |
| Electrification of Elandsdoorn A | 375,060.00 | 971,280.00 | 612,950.00 | | |
| Electrification of Matsitsi | 1,647,300.00 | 2,814,660.00 | 2,994,501.54 | | |
| Electrification of Jerusalem | 1,097,820.00 | 132,240.00 | | | |

1.2 WASTE MANAGEMENT

Elias Motsoaledi Local Municipality renders an effective refuse removal service to households and Businesses in the following areas: Motetema, Hlogotlou, Groblersdal, Roosnenekal (Town & RDP). During the year under review the municipality was unable to render refuse removal services to Elanddoorn, O R Tambo Township and Walter Sisulu RDP. Refuse removal service has been outsourced to Selema Plant Hire/ Mashumi Construction Supply and Projects. Municipality provides street cleaning and litter picking services in Groblersdal town only, cleaning of illegal dumps is being done as when as it is required throughout the municipality. The project has created 30 Job opportunities.

1.2.1 Landfill sites:

Municipality has two (2) licensed Landfill sites, namely Groblersdal, Roosenekal and one (1) transfer station at Hlogotlou. The municipality has outsourced the management of landfill sites to Selema Plant Hire. The project has generated 08 job opportunities for the local communities inclusive of all available skills.

Table 3: Waste streams:

| Waste streams | Total volumes in tons |
|----------------|-----------------------|
| Domestic waste | 4276.088 |
| Business Waste | 2486.615 |
| Builders Waste | 26660.84 |
| Garden Waste | 4453.635 |

1.2.1 Recycling:

Table 4: 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 |

1.2.1 Awareness campaigns

The Municipality has conducted Environmental Awareness and cleaning campaigns in schools and cemeteries in conjunction with councillors, CWP's and EPWP's. The campaigns were conducted in the following areas:

- Jafta primary school
- Zenzeleni secondary school
- Motetema cemetery
- Groblersdal landfill site

Table 5: Distribution of skips (Rented skip bins on monthly basis)

| Area | No. of containers | WARD | Frequency of collection |
|-------------------------------|-------------------|------|-------------------------|
| Mall @ Moutsiya | 1 | 4 | As and when is required |
| Philadelphia hospital | 4 | 6 | As and when is required |
| Moutse Mall | 3 | 11 | As and when is required |
| Cashbuild Moutse | 1 | 11 | As and when is required |
| Game Centre | 1 | 13 | As and when is required |
| New Shoprite | 2 | 13 | As and when is required |
| Old Shoprite | 1 | 13 | As and when is required |
| Cashbuild Groblersdal | 1 | 13 | As and when is required |
| BP Garage | 1 | 13 | As and when is required |
| Shanduka Beverages | 1 | 13 | As and when is required |
| Sasol Garage | 1 | 13 | As and when is required |
| OK Food | 1 | 13 | As and when is required |
| JD group | 1 | 13 | As and when is required |
| Vleismark butchery | 1 | 13 | As and when is required |
| Puma Avant | 1 | 13 | As and when is required |
| Look out Lodge | 2 | 14 | As and when is required |
| Schoeman Boerdery | 1 | 13 | As and when is required |
| Groblersdal mall | 6 | 13 | As and when is required |
| Super spar – Groblersdal mall | 2 | 13 | As and when is required |

Table 6: Skip bins places at strategically points to address illegal dumping

| Area | Number of containers | Ward | Frequency of collection |
|--|----------------------|------|-------------------------|
| Groblerdal Taxi rank | 3 | 13 | As and when is required |
| Groblerdal bus terminal | 1 | 13 | As and when is required |
| Marble hall road next to standard bank | 1 | 13 | As and when is required |
| Voortrekker street | 2 | 13 | As and when is required |
| Open space behind quality meat | 1 | 13 | As and when is required |
| Complex next to Nandos | 1 | 13 | As and when is required |
| Home affairs | 1 | 13 | As and when is required |
| Parking opposite Groblersdal library | 1 | 13 | As and when is required |
| EMLM main Office | 1 | 13 | As and when is required |
| Mogaung | 1 | 22 | As and when is required |
| Luckau | 1 | 24 | As and when is required |
| Medupi crèche | 1 | 25 | As and when is required |
| U save Tafelkop | 1 | 26 | As and when is required |
| Tafelkop (Stadium) | 1 | 27 | As and when is required |
| Tafelkop: Boikano disability center | 1 | 28 | As and when is required |
| Tafelkop – Motetema road | 1 | R579 | As and when is required |

Table 7: Level of service for refuse removal for households

| Service Area/Suburb | Collection Day | | | |
|------------------------|-------------------------------------|-------------|-------------|-------------|
| | | 2015/2016 | 2016/2017 | 2017/2018 |
| Roossenekal | Monday & Thursday | 578 | 578 | 578 |
| Groblerdal A and B | Tuesday - A Thursday - B | 1300 | 1300 | 1300 |
| Hlogotlou A, B and RDP | Wednesday - A Friday - B and RDP | 3220 | 3220 | 3220 |
| Motetema | Tuesday | 1142 | 1142 | 1142 |
| TOTAL | | 9578 | 9578 | 9578 |

Table 8: Employees for Solid Waste Management Services

| Employees: Solid Waste Management Services | | | | | | |
|--|-----------|-------|-----------|----------------------------------|-----------------------------------|--|
| Job Level task grades | 2016/17 | | 2017/18 | | | |
| | Employees | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) | |
| | No. | No. | No. | No. | % | |
| 4 – 6 | 11 | 58 | 11 | 47 | 81% | |
| 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 | 71% | |

1.2.2 FREE BASIC SERVICES AND INDIGENT SUPPORT

EMLM has an indigent policy in place which outlines criteria for registering indigents. Free basic electricity is the only benefit that municipality provides to indigents households. The number of indigent registered in the financial year under review increased to 10028 (9933 in 2016/17 financial year) only 1967 were configured by Eskom to receive free basic electricity which is an increase from 2016/17 financial year. Municipality provides free basic electricity to both Eskom- and municipal-licensed areas. Municipality budgeted R1, 260 million for free basic electricity and the actual expenditure thereof amounted to R663 thousand by the end of the financial year.

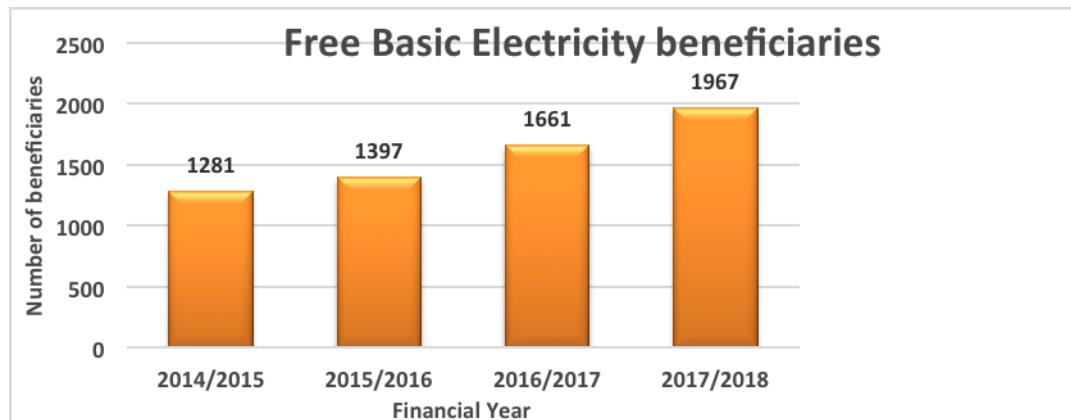
Graph 2: Free Basic Electricity beneficiaries

Table 9: Financial Performance 2017/18: Cost to Municipality of Free Basic Services Delivered.

| | Financial Performance 2017/2018: Cost to Municipality of Free Basic Services Delivered | | | | | |
|--------------------------------|--|---------|-----------------|-------------------|---------|--------------------|
| | R'000 | | | | | |
| Services Delivered | 2015/16 | 2016/17 | 2017/2018 | | | |
| | Actuals | Actuals | Original Budget | Adjustment budget | Actuals | Variance to Budget |
| Electricity | R195 | R195 | R2,000 | R1,260 | R663 | R596 |
| Mayor and Council: Mayor | R 0 | R 0 | R213 | R213 | R177 | R34 |
| Waste Management (Solid Waste) | R 0 | R 0 | R0 | R0 | R0 | R0 |
| Total | R1 000 | R195 | R2,213 | R1,473 | R840 | R630 |

COMPONENT B : ROAD TRANSPORT

1.1 TRANSPORT OVERVIEW

EMLM has one mode of transport: which is road transport. Communities depend on buses, taxis and their own cars for transportation. There are two bus companies within the municipality, namely Great North Transport and PUTCO. Great North Buses provide services locally in all 31 wards and PUTCO Buses provide services from Groblersdal and Moutse area to City of Tshwane on daily basis. PUTCO service in Groblersdal is available only in the morning and afternoon as compared to Moutse area where the service to City of Tshwane is available the whole day. Most community members rely on buses as the cheapest mode of transport and few utilises taxis and their own cars as mode of transport. Buses are available in all 31 wards to commute people to their destination. Most community members rely on bus services because of their accessibility to remote areas as compared to taxis that use main roads only. The municipality has appointed a service provider for the development of roads and storm water master plan, the objectives is to get the maintenance plan, conditional assessment of the roads and priority list in terms of maintaining and upgrading the municipal roads.

1.1.1 PERFORMANCE ON ROADS

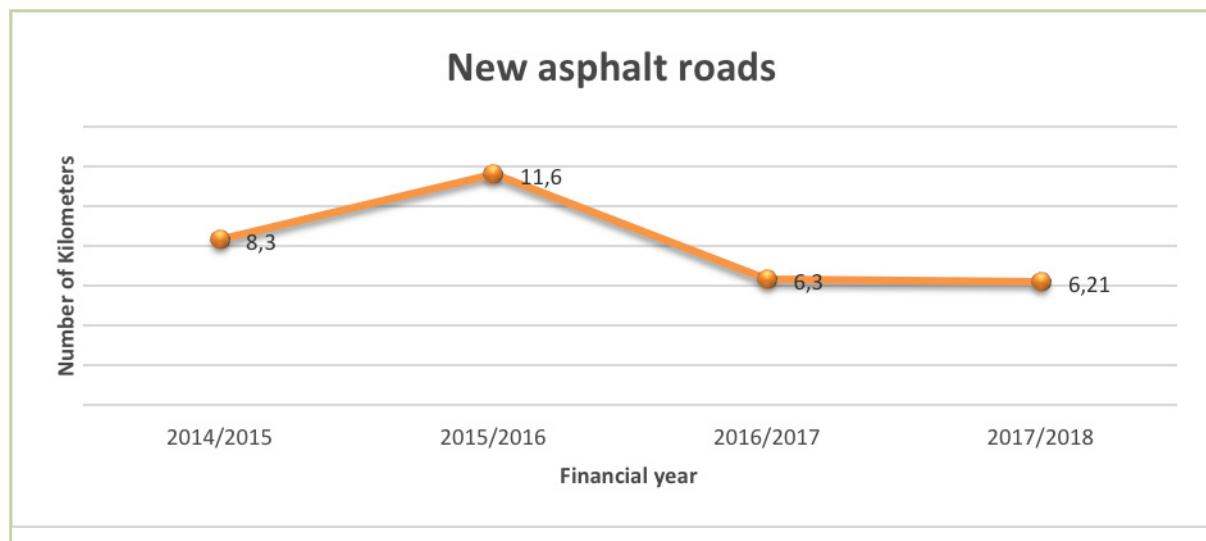
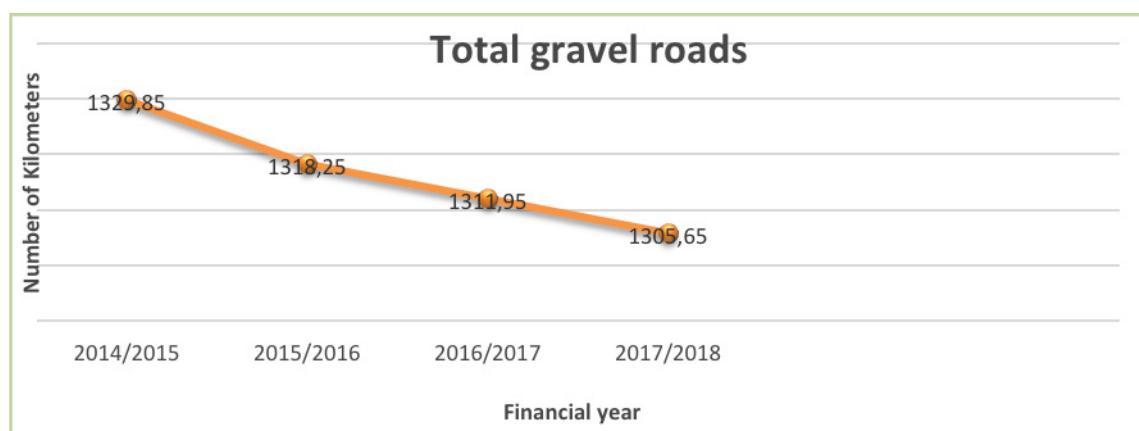
The municipality has a backlog of 1305.65km of gravel roads and 6.21km of roads were constructed during the year under review. 6.21km of roads are surfaced since the start of the current political term with MIG and EMLM fund to eradicate backlog. The total capital budget of municipality was R77 301 754 that was adjusted upwards to R110 949 069 during the special adjustment budget and the actual expenditure was R108 124 941. The municipality has gravel road programme in place. 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. The municipality 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 the Municipality relies on Grants for roads projects. To improve accessibility to villages, 0km has been regravelled and 641km bladed.

Table 10: Gravelled and asphalted roads

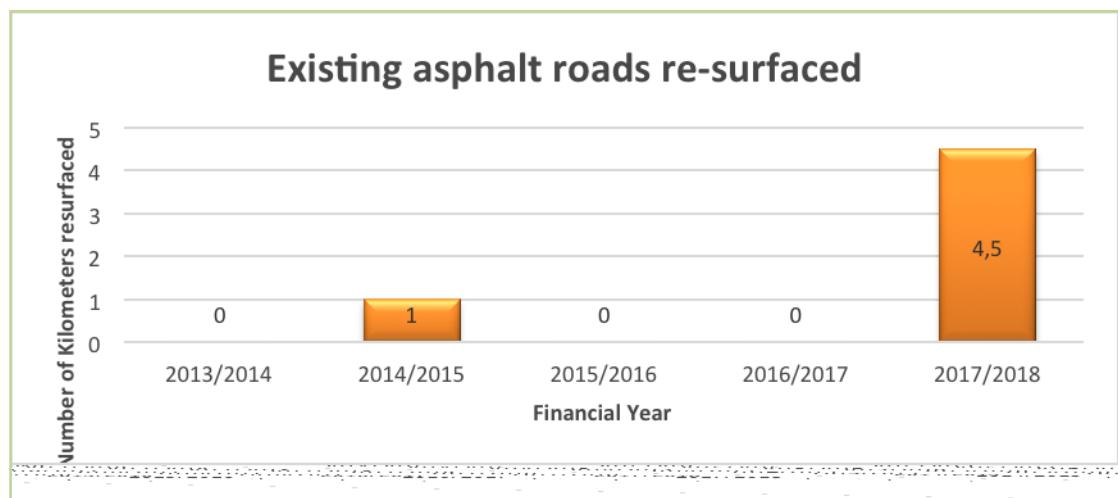
| Gravel Road Infrastructure | | | | | Kilometres |
|----------------------------|--------------------|------------------------------|---|---------------------------------|------------|
| | Total gravel roads | New gravel roads constructed | Gravel roads upgraded to asphalt / surfaced roads | Gravel roads graded /maintained | |
| 2013/14 | 1338.15km | 0km | 5.6km | 101.25km | |
| 2014/15 | 1329.85km | 15km | 8.3km | 285km | |
| 2015/16 | 1318.25km | 0km | 11.6km | 153km | |
| 2016/17 | 1311.95km | 0km | 6.3km | 573km (Bladed) | |
| 2017/18 | 1305.65km | 0km | 6.21km | 641km (Bladed) | |

Table 11: Asphalted Road Infrastructure

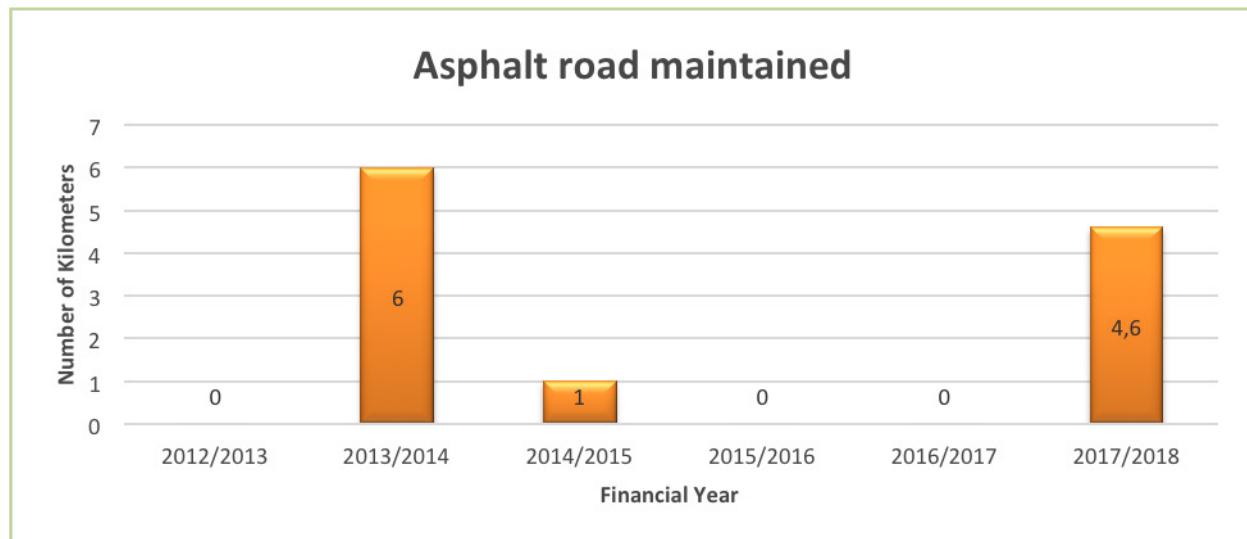
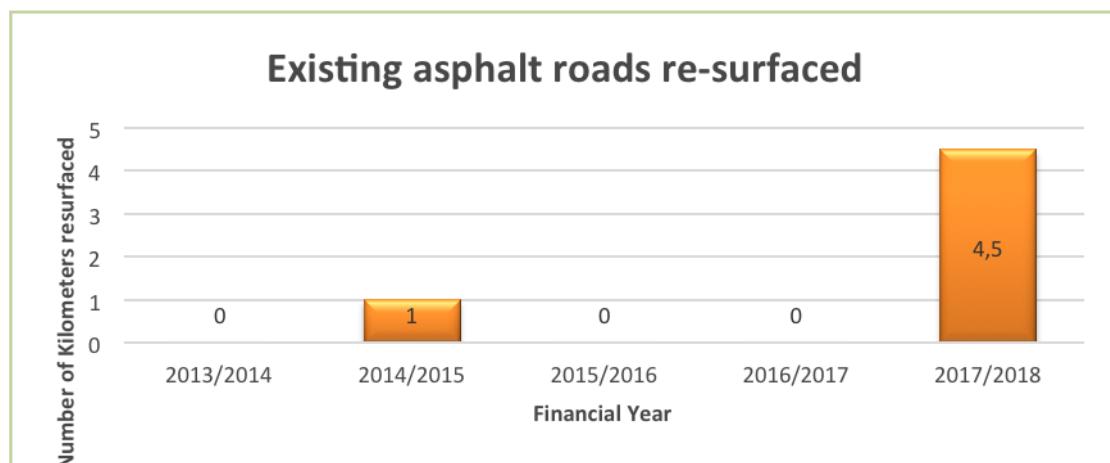
| Asphalted Road Infrastructure | | | | | Kilometres |
|-------------------------------|-----------------------|------------------------------|------------------------------------|--------------------------|------------|
| | Total roads (backlog) | New asphalt / surfaced roads | Existing asphalt roads re-surfaced | Asphalt roads maintained | |
| 2013/14 | 1338.15km | 5.6km | 0km | 6km | |
| 2014/15 | 1329.85km | 8.3km | 1km | 1km | |
| 2015/16 | 1318.25km | 11.6km | 0km | 0km | |
| 2016/17 | 1311.95km | 6.3km | 0km | 0km | |
| 2017/18 | 1305.65km | 6.21km | 4.5km | 4.6km | |

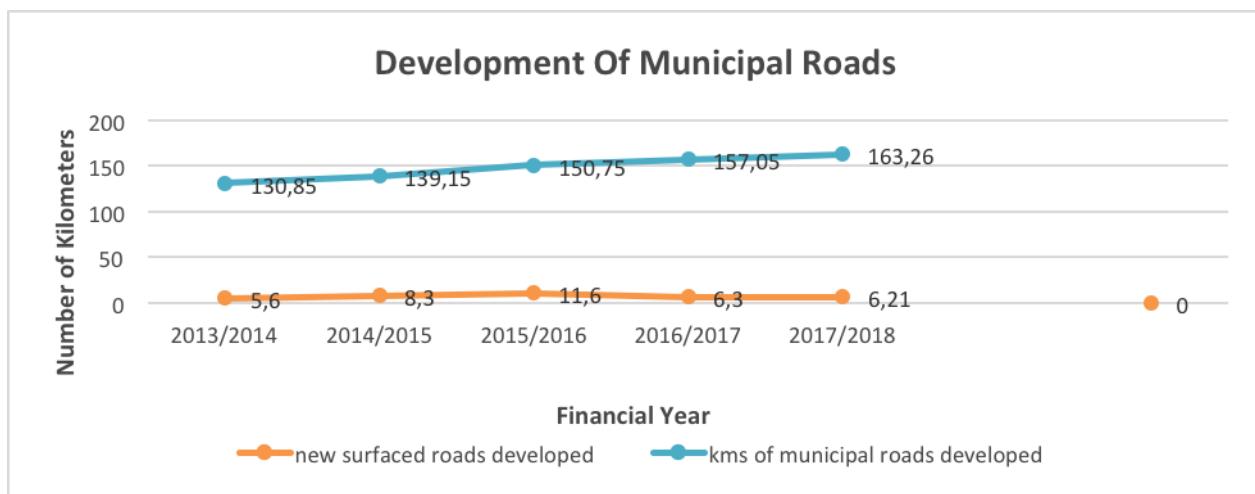
Graph 3: New asphalt road constructed**Graph 4: Total Gravel roads**

Graph 5: Gravel roads graded/ maintained



Graph 6: Existing asphalt roads re-surfaced



Graph 8: Development of municipal roads**Table 12: Roads and stormwater services employees**

| Employees: Roads and storm water services | | | | | | |
|---|------------------|--------------|------------------|---|---|--|
| Job Level task grade | 2016/17 | 2017/2018 | | | | |
| | Employees No. | posts No. | Employees No. | Vacancies (fulltime equivalents) No. | Vacancies (as a % of total posts) % | |
| 4 – 6 | 68 | 84 | 64 | 20 | 23% | |
| 7 – 9 | 01 | 06 | 06 | 0 | 0% | |
| 10 - 12 | 0 | 02 | 01 | 01 | 50% | |
| 13 - 15 | 02 | 02 | 01 | 01 | 50% | |
| Total | 71 | 94 | 72 | 22 | 23% | |

Table 13: Development of municipal roads

| Development of municipal roads as required | new surfaced roads developed | km of municipal roads developed |
|--|------------------------------|---------------------------------|
| 2013/2014 | 5.6km | 130.85km |
| 2014/2015 | 8.3km | 139.15km |
| 2015/2016 | 11.6 km | 150.75km |
| 2016/2017 | 6.3km | 157.05km |
| 2017/2018 | 6.21km | 163.26km |

Table 14: Capital Expenditure for road services

| Capital Projects | 2017/18 | | | | | R' 000 |
|---|---------|-------------------|--------------------|-------------------------------|-------------------|--------|
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Source of funding | |
| | | | | | | |
| Kgaphamadi Bus Route | 5, 263 | 5, 263 | 5, 153 | 110 | MIG | |
| Kgoshi Rammupudu Road | 8, 924 | 8, 756 | 8, 482 | 274 | MIG | |
| Mathula Bus Road | 8, 411 | 7, 991 | 7, 952 | 39 | MIG | |
| Zaaiplaas JJ Road | 4, 386 | 5, 132 | 5, 040 | 93 | MIG | |
| Tambo / Walter Sisulu Road | 5, 446 | 5, 288 | 5, 197 | 91 | MIG | |
| Naganeng Bus Road | 10, 526 | 27,866 | 27,298 | 568 | MIG | |
| Development of Fleet Centre / Workshop | 3,947 | 1,143 | 105 | 1, 332 | Revenue | |
| Hlogotlou Streets Surfacing | 3,333 | 5,844 | 5,830 | 14 | Revenue | |
| Marapong Bridge | - | 1, 584 | 1,583 | 1 | Revenue | |
| Rehabilitation of Dikgalaopeng Road | 877 | 1,754 | 1,805 | (50) | Revenue | |
| Groblersdal Roads and Streets (Renewal) | 2,632 | 5,632 | 7,386 | (1754) | Revenue | |
| Klip and Kanaal | - | 186 | 186 | - | Revenue | |
| Mogaung | - | 5, 197 | 5, 016 | 181 | MIG | |
| Laersdrift road | - | 323 | 321 | 2 | MIG | |
| Hlogotlou stadium | - | 8, 079 | 8, 079 | - | MIG | |



1.1.2 MUNICIPAL INFRASTRUCTURE GRANT EXPENDITURE

Table 15: Municipal infrastructure grant expenditure

| Municipal Infrastructure Grant (MIG)* Expenditure 2017/2018 on Service backlogs | | | | | | |
|---|----------|-------------------|---------|-----------------|-------------------|---|
| R' 000 | | | | | | |
| Details | Budget | Adjustment Budget | Actual | Variance | | Major conditions applied by donor (continue below if necessary) |
| | | | | Original Budget | Adjustment Budget | |
| Infrastructure - Road transport | | | | | | |
| Roads, Pavements & Bridges | R49,000 | R64,373 | R63,555 | (R15,457) | R818 | |
| Storm water | R0 | R0 | R0 | R0 | R0 | |
| Infrastructure - Electricity | | | | | | |
| Generation | R0 | R0 | R0 | R0 | R0 | |
| Street Lighting | R0 | R0 | R0 | R0 | R0 | |
| Infrastructure - Other | | | | | | |
| Transportation | R0 | R0 | R0 | R0 | R0 | |
| Gas | R0 | R0 | R0 | R0 | R0 | |
| Other Specify: | | | | | | |
| Sports - Outdoor | R0 | R8,079 | R8,079 | (R8,079) | R0 | |
| Street Parking | R0 | R0 | R0 | R0 | R0 | |
| Waste Management | R0 | R0 | R0 | R0 | R0 | |
| Total | R 49,000 | R72,452 | R71,634 | (R22,634) | R818 | |

COMPONENT C : PLANNING AND DEVELOPMENT

1.1 Departmental Overview

The core functions of Development Planning department are as follows;

- Spatial Planning and Land Use Management,
- Upholding building regulations to promote uniform standards in terms of building of structures as per the provision of National Building Regulations and Building Standards Act (103:1977).
- Property Management
- Promoting Local Economic Development

The total number of land use and land development applications received and processed within a period of 90 days are thirty-two (32). Those applications were in the form of rezoning, subdivisions, consolidations, alienation, removal of restrictive conditions, township establishments, consent uses, leasing of municipal land and way-leave services.

Table 16: The processed Land Use Applications

| ITEM NO | Description |
|------------|--|
| DP17/18-01 | Proposed subdivision, consolidation and simultaneous rezoning of part of portion 0 and part of portion 2 of farm Frishgewaad 131 js in accordance to the subdivision of agricultural land act (70:1970) reading together with the EMLM spatial planning and land use management by-law (2016). |
| DP17/18-02 | Proposed transfer of erf 1039 Elandsdoorn "a" township |
| DP17/18-03 | Proposed removal of restrictive conditions on title in terms of section 63 of the emlm spatial planning and land use management by-law (2016) reading together with section 41(2) of the spatial planning and land use management act (16:213). The remainder of erf 1807, Groblersdal. |
| DP17/18-05 | Proposed removal of restrictive conditions on title and simultaneous rezoning of erf 119 Groblersdal extension 1 in accordance with section 56 (1) of the town planning and township ordinance (15:1986), reading together with section 62 of the EMLM spatial planning & land use management by-law (2016) |
| DP17/18-17 | Proposed lease of motetema community hall (part of erf 677 Motetema "a" township) |
| DP17/18-20 | Proposed permission to use part of erf 403 on portion 13 of farm Klipbank (Masakaneng) as a place of worship. |

| ITEM NO | Description |
|--------------|--|
| DP17/18-23 | Proposed subdivision of the remainder of portion 4 (creating portion 27) of farm luckau 127 js in accordance with the emlm spatial planning and land use management by-law (2016) |
| DP17/18-24 | Proposed acquisition of erf 1016 & 1017, Hlogotlou "B" township |
| DP17/18-25 | Proposed acquisition of erf 1015, Hlogotlou "B" township |
| DP17/18-26 | Proposed permission to occupy: part of Elandsdoorn 56js |
| DP17/18-30 | Request for rent-free storage facility by iec |
| DP17/18-38 | Proposed subdivision and rezoning of the remainder of farm Klipbank 26js (to be known as portion 70 of farm Klipbank 26js) in accordance to section 65 and 62 of the emlm spatial planning and land use management –by law (2016) |
| DP17/18-39 | Proposed township formalisation in accordance to chapter 5 of the EMLM spatial planning and land use management by-law (2016): remainder of portion 4 of farm Goederede 60js (Zuma Park) |
| DP17/18-37 | Proposed requisition of outdoor advertising rights on erf 768, extension 12 by Groblersdal taxi association |
| DP17/18-46 | Proposed consolidation of portion 7 of erf 634 with the remainder and subsequent subdivision creating portions 9 to 33 of erf 634 of the Groblersdal ext 9 in terms of emlm spatial planning and land use management by-law (2016) |
| DP17/17-47 | Proposed industrial township establishment on portion 26 of Farm Klipbank 26js |
| DP17/18-48 | Proposed lease of erf 768 Groblersdal extension 12,known as taxi rank to operate a private primary health care clinic |
| DP17/18-51 | Proposed amendment or cancellation of approved subdivision plan of the remainder of portion 4 of farm luckau 127 js as per provision of section 68 of emlm spatial planning and land use management by-law and proposed consolidation and subsequent subdivision of portion 4 and portion 9 of farm luckau 127js in terms of section 71 and 65 of EMLM spluma-by law (2016) , read together with the subdivision of agricultural land act, 1970 (act 70 of 1970) |
| DP17/18-53 | Proposed application to free lease and establishment of offices for fully functional nyda branch in Elias Motsoaledi Local Municipality |
| DP17/18-62 | Proposed rezoning of erf 145 laersdrif as per provision of section 62 of EMLM spatial planning and land use management by-law (2016) |
| DP17/18-66 | Proposed rezoning of erf 537 Groblersdal ext 7 in accordance with section 62 of the emlm spatial planning and land use management by-law (2016) |
| DP17/18-67 | Proposed removal of restrictive conditions on title in terms of section 63 of emlm spatial planning and land use management by-law (2016) and simultaneously rezoning of erf 119 Groblersdal in accordance with section 56(1) of the town planning and township ordinance (15:1986) reading together with section 62 of emlm spluma by-law (2016) |
| Departmental | Propose wayleave, haaroff and chris wild street Groblersdal |
| Departmental | Proposed wayleave (underground cable), erf 280 & 290 Groblersdal |
| Departmental | Proposed wayleave (sewer connection),erf 280 Groblersdal |
| Departmental | Proposed consent use of portion 97 of erf 766 Groblersdal |
| Departmental | Proposed wayleave (side walk), erf 280 Groblersdal |

| ITEM NO | Description |
|--------------|--|
| Departmental | Proposed special consent interms of section 74 of emlm spatial planning and land use management by-law (2016), portion 29 Uitspanning 38js. |
| Departmental | Proposed special consent interms of section 74 of emlm spatial planning and land use management by-law (2016),portion 1 of Zoetmelksfontein 36js |
| Departmental | Proposed special consent interms of section 74 of emlm spatial planning and land use management by-law (2016), erf 254 Groblersdal ext 2 |
| Departmental | Proposed special consent interms of section 74 of emlm spatial planning and land use management by-law (2016), remainder of farm Walkraal 35js. |
| Departmental | Proposed wayleave ,erf 818 Groblersdal. |

Since the development planning department is the custodian of land use and land development management, the implementation of Spatial Planning and Land Use Management (SPLUMA), Act no 16 of 2013 is at the core of the departmental functions. In supporting the traditional authorities on proper planning for human settlements, the municipality has undertaken the process of demarcating sites for the Bantwane (at Tambo village), Bakgaga ba Kopa (at Tafelkop) and Matlala Lehwelere (GaMatlala village) Traditional authority respectively. These undertakings seek to create and foster a sustainable and uniform use of land.

Presumably the above arrangement will result in cheaper installation of engineering serves (i.e. water, sewer, electricity, storm water and internal roads) and solid waste.

Challenges and Opportunities

This entails problems that currently experienced by the local authority and have a bearing in land development matters in general. In addition, opportunities to that effect are also tabled in order to privilege the community with possible opportunities the municipality is likely to harness.

Challenges

- Illegal selling of municipal and or state owned land by unauthorised people,
- Inadequate business and industrial sites,
- Mushrooming of informal settlements,
- Poorly managed government owned properties i.e. houses that are owned by the Department of Public Works in Groblersdal town.
- Land invasion

Opportunities

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

Table 17: Employees for Planning Services

| Job Level | 2017/18 | | | |
|--------------|---------------|-------------------|---|---------------------------------|
| | Posts (No) | Employees (No) | Vacancies - fulltime equivalents (No) | Vacancies (% of total posts) |
| 7 – 9 | 2 | 1 | 1 | 50% |
| 10 – 12 | 2 | 1 | 1 | 50% |
| 13 – 15 | 2 | 1 | 1 | 50% |
| 16 – 18 | 1 | 1 | 0 | 0% |
| Total | 7 | 4 | 3 | 43% |

1.1.1 Local Economic Development

The purpose of Local Economic Development (LED) unit is to build up the economic capacity of a local area in order to improve its economic future and the quality of life for all. The LED unit facilitates the processes by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation. In essence the unit endeavours to create a conducive environment for the sustainable growth and development of Small, Medium and Micro Enterprises (SMMEs), implementing Job Creation initiatives i.e. EPWP, CWP and e.t.c.

Some of the activities in pursuit of the above are as follows;

1.1.1.1 Business Compliance and Procurement Seminar

On the 7th of November 2017, the LED unit within the municipality in collaboration Sekhukhune District Municipality has organised a one-day Seminar on Business Compliance and procurement. These was as a response to the fact that the majority of SMMEs within Elias Motsoaledi Local Municipality are not in compliance with legal laws and regulatory frameworks that govern procurement of goods and services within the country. The purpose was to share information with SMMEs, Co-operatives, Rural and Township enterprises on business compliance and government procurement systems with the aim to ensure that the targeted enterprises understand and comply with relevant legislations and unlock the challenges faced by businesses in order to improve access to services at local level.

Business compliance refers to the companies obeying all of the legal laws and regulations in regard to how they manage their business entity, their staff and treatment of their consumers. SMME's and registered businesses are required by law to adopt compliance controls and meet all necessary legal requirements. Compliance and regulation controls is still a challenge on the part of our SMME's and upcoming entrepreneurs.

The seminar was a one-day event with a positive outcome of 205 delegates from different institutions and enterprises throughout the municipality and nearby municipalities, hosted at Sedupe Sa Kopa Guesthouse at Tafelkop. The seminar focused on the following topics:

- Tax Compliance and related regulations
- UIF, COIDA registration and letter of good standing
- SMMEs and Cooperatives governance and annual returns
- Quality assurance

1.1.1.2 **Yellow Arum Lily Festival**

Yellow Arum Lily festival is an annual event organised by Rosenekal Tourism Association, Elias Motsoaledi Local Municipality and Limpopo Tourism Association, the 2017 event was organized on the last weekend of November started from the 24th -26th of November. The event was hosted at Roseekal Primary school in Elias Motsoaledi Local Municipality. The overall objective was to popularize the event and attract visitors to come to Rosenekal to celebrate the flower called Yellow Arum Lily. The Yellow Arum Lilly is a unique flower which grows in the Roossenekal area, especially in the rocky outcrops of Steenkampsberg Mountain, celebrated for its magnificent springtime display.

Apart from celebrating and admiring this floral phenomenon, the tourists have enjoyed different activities which ranged from bike race, beer garden, miss yellow arum lily festival, baby photo competition and antique valuation. The 2017 event has improved quite significantly as it has managed to attract over thousand (1000) visitors across the country, mainly from Gauteng, Mpumalanga and Limpopo. The festival is considered as one of the main tourist attraction within the municipal area.

Participants respond regarding the festival was positive as it was able to foster community pride, teach people new things, and strengthen relationships. The festival was a success as all participants were looking forward to next year's event. First time visitors were very much impressed with the whole layout of the festival and had a very fruitful experience with this exciting local attraction within borders of the municipality.

1.1.1.3 SMMEs Training Workshop

In order to build up economic capacity of local area, the LED unit in conjunction with Limpopo Economic Development Agency has organised a yearly training program targeting SMMEs and cooperatives. These was done with an objective to train SMMEs and cooperatives to be able to operate their business activities in a more efficient and effective manner. The 70 delegates from different enterprises attended the business training programmes structured as follows:

- Practical Costing & Pricing: 25-26/04/2017
- Basic Accounting Practices: 30-31/05/2017
- Manage Finance: 29-30/06/2017
- Basic Financial Statements: 27-28/07/2017
- Customer Care: 28-29/09/2017
- Income Tax: 26-27/10/2017
- Tendering: 28-30/11/2017
- Project Management: 24-26/01/2018
- Business Plan: 26-27/04/2018

3.4.1.4 E-Portal Workshop

EMLM LED unit has organised a workshop with Provincial Treasury on the 19th of April 2018 in Elias Motsoaledi Local Municipality Chamber. The workshop aimed at ensuring that all potential service providers has an easy access to advertised bids and are provided with an opportunity to supply PFMA compliant institutions with goods and services as they may require. The 178 members of SMMEs who attended the session were demonstrated on how to access the information on all tenders made by all public sector institutions. The workshop focused on capacitating SMMEs on the importance of accessing tenders online. The E-portal provides a single point of access to information on all tenders made by all public sector organisations at all spheres of government.

1.1.1.5 Agricultural Seminar

Agricultural seminar was organised on the 23rd of May 2018 as a joint collaboration between Elias Motsoaledi Local Municipality and Sekhukhune District Municipality with an aim to unlock the challenges encountered by small scale farmers. The challenges which was addressed by the presenters during the seminar includes issues of lack of access to finance, production inputs, markets and low level of skills amongst the emerging farmers. The overall objective for the seminar was to capacitate small scale farmers to be able produce sufficient good

quality products for the markets in order to generate sufficient revenue to sustain their farming enterprises.

The seminar has capacitated over 264 emerging farmers across the municipality. The presenters were officials from Agricultural Research Council, National Agricultural Marketing Council, Small Enterprise Development Agency, Land bank, Mac Cain, Technoserve, NTK and Department of Rural Development and Land Reform.

1.1.1.5 Groblersdal Mall Development

On the 26 October 2017, a ground breaking retail development which covers an area of about 34 288 m² was officially opened in Groblersdal, Elias Motsoaledi Local Municipality. The development with more than 85 stores offers shoppers in the region the opportunity to access a wide variety of retail offerings, brands and services. Groblersdal Mall may be the catalyst for future growth in the regional node of Groblersdal and surrounding areas. The mall's first phase of development has created more than 1000 job opportunities for unemployed local people during construction and post construction.

Table 18: Jobs created through CWP

| Job creation through CWP* | | |
|---------------------------|--------------|--------------|
| Year | No. of Wards | Participants |
| 2014/2015 | 13 | 500 |
| 2015/2016 | 29 | 768 |
| 2016/2017 | 30 | 1264 |
| 2017/2018 | 31 | 1181 |

*- Community Works Programme

Table 19: Jobs created through EPWP

| Job creation through EPWP* Projects | | |
|-------------------------------------|---------------|------------------------------------|
| Year | EPWP Projects | Jobs created through EPWP Projects |
| | No | No |
| 2014/2015 | 17 | 421 |
| 2015/2016 | 9 | 99 |
| 2016/2017 | 3 | 373 |
| 2017/2018 | 3 | 370 |

* - Extended Public Works Programme



Table 20: Employees for Local Economic Development

| Employees: Local Economic Development | | | | | |
|--|------------------|------------------|-----------------------------------|------------------|--|
| Job Level | 2017/2018 | | | | |
| | Posts | Employees | Vacancies equivalents) | (fulltime | Vacancies (as a % of total posts) |
| | No. | No. | No. | | % |
| 4 – 6 | 1 | 0 | 1 | | 100% |
| 7 – 9 | 1 | 1 | 0 | | 0% |
| 10 – 12 | 2 | 1 | 1 | | 50% |
| 13 – 15 | 1 | 1 | 0 | | 0% |
| 19 – 20 | 0 | 0 | 0 | | 0% |
| Total | 5 | 3 | 2 | | 40% |

COMPONENT D : COMMUNITY AND SOCIAL SERVICES

1.1 Overview

1.1.1 LIBRARIES

Municipality operates library services in Groblersdal, Roosenekal and Sephaku village to improve the culture of learning.

Table 21: Employees for libraries

| Job Level task grades | Employees: Libraries | | | | |
|--------------------------|----------------------|--------------|------------------|---|--|
| | 2017/18 | | | | |
| | Employees No. | Posts No. | Employees No. | Vacancies (fulltime equivalents) No. | Vacancies (as a % of total posts) % |
| 4 - 6 | 0 | 0 | 0 | 0 | 0 |
| 7 - 9 | 0 | 03 | 0 | 0 3 | 0% |
| 10 - 12 | 03 | 03 | 03 | 0 3 | 100% |
| 16 - 18 | 0 | 0 | 0 | 0 | 0 |
| Total | 03 | 06 | 03 | 0 3 | 100% |

1.1.2 CEMETERIES

The municipality has a total number of 84 cemeteries and only 04 are well maintained which are: Groblersdal, Roosenekal, 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.

1.1.3 SAFETY AND SECURITY

1.1.3.1 Traffic

The Municipality provides public safety services through effective and informed Law-enforcement of the National Road Traffic Act, National Land Transport Act, National Land Transport Transition Act 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.

The Municipality Complement Traffic Officers with a vehicle allowance to execute their official duties, resulting in the availability of sufficient Traffic vehicles at all times with no maintenance cost for council. The Traffic division provide a 24-hour service to the public, by working 12-hour shifts. This ensures vehicle and pedestrian traffic are controlled effectively (24) twenty-four hours a day (365) three hundred and sixty-five days a year. This initiative curbes unnecessary overtime and traffic officers are complimented with a shift allowance to cover the hours worked.

The vast increase in vehicle population and limited resources resulted in the Municipality embarking on a project to outsource speed and red light law enforcement cameras by effectively executing speed law enforcement at 20 identified hot spots in the area of jurisdiction of Elias Motsoaledi Local Municipality. The Speed law enforcement projects effectively issue an average of 16 000 transgressors with penalties, that not only affects speed calming but also contributes tremendously to the revenue of the Municipality.

The safety and security of Elias Motsoaledi community is also receiving priority attention through the surveillance project the Public Safety division in collaboration with the Community Safety Forum (CSF) and SAPS are embarking on. The project is to install (CCTV) surveillance- and License Plate Recognition cameras for Groblersdal central business area and all entering and exit routes with a central control room to monitor them and communicate information of transgressors to Traffic Officers on duty. The aim is to develop a centralized control room to monitor and control the safety and security of the community and ensure the business area is crime free.

Joint operations with Limpopo Provincial Department of Transport and the SAPS aim to reduce accidents during the festive seasons that include the Easter - and Christmas holidays.

Table 23: Law Enforcement statistics

| Description | 2015/2016 | VALUE | 2016/2017 | VALUE | 2017/2018 | VALUE |
|--------------------------------|------------------|----------------|------------------|-----------------|------------------|-----------------|
| Total Section 56 issued | 5 498 | R 5 873 300.00 | 5 886 | R 5 643 800.00 | 3 974 | R 4 541 750.00 |
| Total Section 341 issued | 1 029 | R 789 800.00 | 1 530 | R 1 023 000.00 | 117 | R 88 000.00 |
| Total Camera fines printed | 0 | 0 | 68 579 | R 50 003 500.00 | 100 854 | R 77 911 050.00 |
| Total Section 56 paid | 1 303 | R 496 746.00 | 1 169 | R 515 870.00 | 789 | R 648 030.00 |
| Total Section 341 paid | 105 | R 33 850.00 | 53 | R 31 150.00 | 12 | R 8 800.00 |
| Total Camera fines paid | 0 | 0 | 3 714 | R 1 953 015.00 | 11 623 | R 6 684 828.00 |
| Total Section 56 withdrawn | 936 | R 587 500.00 | 1 142 | R 857 500.00 | 1 441 | R 1 315 750.00 |
| Total Section 341 withdrawn | 130 | R 51 500.00 | 327 | R 182 700.00 | 6 | R 6 750.00 |
| Total Camera fines closed | | | 11 742 | R 8 553 500.00 | 13 841 | R 10 947 800.00 |
| Warrants | 482 | R 485 950.00 | 1 528 | R 1 698 700.00 | 1 423 | R 1 823 250.00 |
| Total Section 56 outstanding | 2 678 | R 2 691 600.00 | 2 514 | R 2 741 300.00 | 1 744 | R 2 229 500.00 |
| Total Camera fines outstanding | 0 | 0 | 53 123 | R 39 496 985.00 | 75 390 | R 60 278 422.00 |
| Total Section 341 outstanding | 792 | R 608 700.00 | 1 148 | R 796 000.00 | 107 | R 78 750.00 |

1.1.3.2 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. The electronic learners' license is the corrective measure implemented to curb corruption in the 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 three financial years:

| Description | 2015/2016 | 2016/2017 | 2017/2018 |
|---|-----------|-----------|-----------|
| number of learners application received | 1194 | 1330 | 902 |
| number of learners licence passed | 755 | 806 | 510 |
| number of learners licence failed | 354 | 473 | 349 |

Table 24: Learners licence information

Table 25: Driver's license information

| Description | 2015/2016 | 2016/2017 | 2017/2018 |
|--|-----------|-----------|-----------|
| number of drivers licence application received | 1295 | 1482 | 1813 |
| number of drivers licence passed | 1041 | 1228 | 1581 |
| number of drivers licence failed | 166 | 127 | 138 |

COMPONENT E : CORPORATE POLICY OFFICES AND OTHER SERVICES

1.1 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. 6.21km of roads were completely surphased through MIG grant and internal funding in the year under review.

1.2 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.

1.3 INFORMATION TECHNOLOGY

EMLM has ICT unit in place with the total number of 07 officials and most of the services are outsourced. ICT unit is responsible for running daily, weekly, monthly data and backups. It ensures that municipal website is always functional and provides user support. There is a helpdesk where all ICT 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 26: Employees for ICT unit

| Employees: ICT Services (how many employees on the listed task grades and vacancies) | | | | |
|--|-----------|-----------|----------------------------------|-----------------------------------|
| Job Level | 2017/2018 | | | |
| | Posts | Employees | Vacancies (fulltime equivalents) | Vacancies (as a % of total posts) |
| | No. | No. | No. | % |
| 4 - 6 | 1 | 1 | 0 | 0% |
| 7 - 9 | 0 | 0 | 0 | 0 |
| 10 - 12 | 5 | 4 | 1 | 20% |
| 13 - 15 | 1 | 1 | 0 | 0% |
| 19 - 20 | 0 | 0 | 0 | 0 |
| Total | 7 | 6 | 1 | 14% |

Table 27: Capital expenditure for ICT unit

| Capital Expenditure 2017/2018: ICT Services | | | | | |
|---|---------|-------------------|--------------------|-------------------------------|---------------------|
| Capital Projects | 2017/18 | | | | |
| | Budget | Adjustment Budget | Actual Expenditure | Variance from original budget | Total Project Value |
| Total All | | | | | |
| Computer Equipment | 300 000 | 800 000 | 700 232.90 | 99 767.10 | 700 232.90 |

COMPONENT F : PERFORMANCE REPORT (INSTITUTIONAL SCORECARD)

DEVELOPMENT PLANNING DEPARTMENT

KPA 1: SPATIAL DEVELOPMENT ANALYSIS AND RATIONALE

Strategic Goal: Integrated Human Settlement

| Strategic Objective | Programme | KPI | Budget Source | Adjustment budget | Expenditure |
|--|---|--|---------------|-------------------|-------------|
| To provide a systematic integrated spatial / land development policy | Land Use Management | Number of informal settlements targeted for upgrading (Zuma Park) | 500 000 | 500 000 | 500 000 |
| | | % Development of a Spatial Development Framework | 500 000 | 461 000 | 461 000 |
| | | % of Site demarcation projects completed (Ba-Kopa, Ntwane, Ga-Matlala Lehwelere) | 1 000 000 | 1 000 000 | 1 000 000 |
| | | % projects implemented based on SPLUMA | 300 000 | 300 000 | 300 000 |
| To provide a systematic integrated spatial / land development policy | Land Use Management | % of land use applications received and processed within 90 days | n/a | n/a | n/a |
| Increase regularisation of built environment | Compliance with National building regulations | % of new building plans of less than 500 square metres assessed within 10 days of receipt of plans | n/a | n/a | n/a |
| | | % of new building plans of more than 500 square meters assessed within 28 days of receipt of plans | n/a | n/a | n/a |
| | | % of inspections conducted on building construction with an approved plan to ensure compliance with National Building Regulations and Building Standards | n/a | n/a | n/a |

| | Audited Baseline 2015/16 | Annual target | Progress to date | Challenges | Remedial Action | Evidence | Achieved / Not achieved |
|--|--------------------------|---------------|----------------------------|--|--|---|-------------------------|
| | | | | | | | |
| | 5 | 1 | site demarcation completed | none | none | demarcation application | Achieved |
| | New | 100% | 50% draft SDF in place | Prolonged consultation processes | The SDF was approved on 24 July 2018 | approved SDF and council resolution | Not Achieved |
| | 50% | 100% | Approved General Plans | none | none | approved General Plan by Surveyor General | achieved |
| | 50% | 100% | 100% | none | none | land use application register | achieved |
| | 100% | 100% | 100% | none | none | land use application register | achieved |
| | 100% | 100% | 99% | One plan was assessed on the 11 th day. | To ensure that we stick to turn around time of 10 days | building plans application register | Not achieved |
| | 100% | 100% | 100% | none | none | building plans application register | achieved |
| | 100% | 100% | 100% | none | none | inspection report | achieved |

KPA 3: LOCAL ECONOMIC DEVELOPMENT

Strategic Goal: Growing Inclusive Economy

| Strategic Objective | Programme | KPI | Budget Source | Adjustment budget | Expenditure |
|--|---------------------------------|---|---------------|-------------------|-------------|
| To facilitate economic growth and sustainable job creation | EPWP | Number of job opportunities provided through EPWP grant by 30 June 2018 (GKPI) | EPWP grant | EPWP grant | EPWP grant |
| | | Number of networking events held by 30 June 2018 | opex | opex | opex |
| | Economic growth and development | Number of SMME's and Co-operatives capacity building workshops held by 30 June 2018 | Opex | Opex | Opex |
| | | Review of LED Strategy | 500 | 500 | 0 |

| | Audited Baseline 2015/16 | annual target | 2017/18 | | | Evidence | Achieved / Not achieved |
|--|--------------------------|---------------|--|---|-----------------------------|--|-------------------------|
| | | | Progress to date | Challenges | Remedial Action | | |
| | 451 | 69 | 69 | none | none | List of approved appointees | achieved |
| | new | 2 | 3 networking events hosted | none | none | reports and attendance registers | achieved |
| | new | 4 | 13 capacity building workshop for cooperatives/ SMMEs took place | none | none | reports and attendance registers | achieved |
| | 1 | 1 | no progress | non reactive bidders delays appointment | re-advertisement to be done | Approved LED strategy and council resolution | not achieved |

KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Goal: Sound Governance

| Strategic Objective | Programme | KPI | Budget Source | Adjustment budget | Expenditure |
|--|-----------------|--|---------------|-------------------|-------------|
| To create a culture of accountability and transparency | Audit | Obtain an Unqualified Auditor General opinion for the 2017/18 financial year | n/a | n/a | n/a |
| | | % of Auditor General matters resolved as per the approved audit action plan by 30 June 2018 (Dev. Planning Dept.) | n/a | n/a | n/a |
| | Risk Management | % execution of identified risk management plan within prescribed timeframes per quarter (Dev. Planning Dept.) | n/a | n/a | n/a |

| | Audited Baseline 2015/16 | annual target | 2017/18 | | | Evidence | Achieved / Not achieved |
|--|-----------------------------|---------------------|-------------------|---|-------------------------------------|----------------------------------|-------------------------|
| | | | Progress to date | Challenges | Remedial Action | | |
| | Qualified Opinion | unqualified opinion | qualified opinion | MSCOA migration resulting with the misclassification on accounts, unknown properties on the valuation roll, SCM and Revenue | Implementation of audit action plan | AGSA audit report | Not achieved |
| | New | 100% | 100% | none | none | audit action plan | Achieved |
| | 90% | 100% | 100% | none | none | quarterly risk assessment report | Achieved |

CORPORATE SERVICES DEPARTMENT

KPA 2: INSTITUTIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION

Strategic Goal: Capacitated and Effective Human Capital

| Strategic Objective | Programme | KPI | Budget Source | Expenditure | Audited Baseline 2016/17 |
|---|----------------------------|--|---------------|-------------|--------------------------|
| To attract, develop and retain ethical and best human capital | Organizational Development | Number of people from employment equity target groups employed in the three highest level of management in compliance with a municipality's approved employment equity plan (GKPI) | Opex | Opex | 0 |
| | | % of budget spent implementing the Workplace Skills Plan by the 30 Jun 2018 (GKPI) | Opex | Opex | 1% |
| | | Submission of Review ICT master plan to council by 30 June 2018 | n/a | n/a | 1 |
| | | Review organizational structure and align to the IDP and Budget by 30 June 2018 | Opex | Opex | 1 |

| | 2017/2018 | | | | Evidence | Achieved / Not Achieved |
|--|---------------|--|---|---|---|-------------------------|
| | Annual Target | Progress to date | Challenges | Remedial Actions | | |
| | 3 | 6 people from employment equity target groups employed in the three highest level of management namely Maredi RM, Kegopotsemang GE, Kgwale MM, Matumane N, Matlala MV and Maboa JM | None | None | Appointment letters | Achieved |
| | 1% | 0.9% (i.e. R1,116,618 / 126,137,000) of the employees' payroll budget spent implementing the Workplace Skills Plan by the 30 June 2018 into s30 of Skills Development Act 97 of 1998 | Attributable breakdown of expenditure per Department: *MM:36% *DVP:48% *ES:53% *Com Serv:57% *Corp:58% *INFR:68% *BTO:96% | Engagement with underperforming departments to prioritise & leverage employees' training including training of low level employees. | *Section 71 Report *Training Budget Performance Summary | Achieved |
| | 1 | 1 reviewed ICT Master Plan submitted and approved by Council by 26th June 2018 | None | None | <i>Council Resolution no. C17/18-68 Approved at Ordinary Council Sitting of 26th June 2018</i> | Achieved |
| | 1 | 1 reviewed Organisational Structure aligned to IDP/Budget submitted and approved by Council by 29th May 2018 | None | None | <i>Council Resolution no. C17/18-82 Approved at Special Council Sitting of 29th May 2018 (copy of organogram available)</i> | Achieved |

KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Goal: Sound Governance

| Strategic Objective | Programme | KPI | Budget Source | Expenditure | Audited Baseline 2016/17 | |
|--|-----------------|---|---------------|-------------|--------------------------|--|
| To create a culture of accountability and transparency | Audit | Obtain an Unqualified Auditor General opinion for the 2016/17 financial year | n/a | n/a | Qualified Opinion | |
| | | % of Auditor General matters resolved as per the approved audit action plan by 30 June 2018 (Corporate Serv. Dept.) | n/a | n/a | New | |
| | Risk Management | % execution of identified risk management plan within prescribed timeframes per quarter (Corporate Serv. Dept.) | n/a | n/a | 90% | |

| | 2017/2018 | | | | Evidence | Achieved / Not achieved |
|------|---|-------------------|---|---|----------------------------------|-------------------------|
| | annual target | Progress to date | Challenges | Remedial Actions | | |
| | Unqualified opinion | Qualified Opinion | MSCOA migration resulting with the misclassification on accounts, unknown properties on the valuation roll, SCM and Revenue | Implementation of audit action plan | AGSA audit report | Not achieved |
| 100% | 86% (i.e. 12/14) of Auditor General matters addressed / resolved | | The unresolved matters involved: *Cascading of PMS to employees below s56/57 Managers *Non-compliance with HR Policy | *Consider piloting cascading implementation of individual PMS to Employees below s56/57 (line function managers). *Ensure diligent compliance with HR Policy in future recruitment processes | Audit Action Plan | Not achieved |
| 100% | 92% (i.e. 23/25) risk management actions addressed/ excluded | | ICT risk actions required implementation with financial implications. Insufficient budget contributed to non-implementation of ICT risk actions | Review of Risk Register commensurate with available financial capacity of the municipality | Quarterly Risk Assessment Report | Not achieved |

CORPORATE CAPITAL PROJECTS

| Ward No. | Project | Strategic Objective | key performance indicator | Original Budget R 000's 2017-18 | Adjustment Budget R 000's 2017-18 | Expenditure | Audited Baseline 2016/17 |
|----------|--------------------|---|----------------------------------|---------------------------------|-----------------------------------|---|--------------------------|
| n/a | furniture | improved efficiency and effectiveness of the municipal administration | % Purchase of furniture | 200 000 | 500000 | 44% (i.e. R218,085.00 / R500,004.00) spent on purchase of furniture | 100% |
| n/a | computer equipment | Improved efficiency and effectiveness of the municipal administration | % Purchase of computer equipment | 300 000 | 800000 | R 248 748 | 100% |

| | Annual Target 2017/18 | Progress to date | Challenges | Remedial Actions | Evidence | Achieved / Not achieved |
|--|-------------------------------------|---|--|---|---|--------------------------------|
| | 100% purchase of furniture | *44% (i.e. R218,085.00 / R500,004.00) spent on purchase of furniture *Requisition submitted to SCM Office | *Delays of SCM processes *Office furniture still in dire demand | Engage SCM office to speed up the procurement of the requested items | Delivery note | Not achieved |
| | 100% purchase of computer equipment | 31% (248 748/800 000) purchase of computer equipment | Delayed turnaround time for delivery by services provider | Monitoring and Evaluation has been leveraged to ensure expeditious delivery by service provider | *Delivery note *Project Segment Report | Not Achieved |

OFFICE OF MUNICIPAL MANAGER

KPA 2: INSTITUTIONAL DEVELOPMENT AND MUNICIPAL TRANSFORMATION

Strategic Goal: Capacitated and Effective Human Capital

| Strategic Objective | Programme | KPI | Budget Source | Expenditure | Audited Baseline 2015/16 |
|---|------------------------|--|---------------|-------------|--------------------------|
| Improved efficiency and effectiveness of the Municipal Administration | Performance Management | % of KPIs and projects attaining organisational targets (total organisation) by 30 June 2018 | Opex | opex | 71% |
| | | Final SDBIP approved by Mayor within 28 days after approval of Budget | n/a | n/a | 1 |

| | 2017/2018 | | | | | Achieved / Not achieved |
|--|---------------|------------------|---|--|--------------------|----------------------------|
| | Annual target | Progress to date | Challenges | Remedial action | Evidence | |
| | 95% | 67% | There are General KPI's that poses performance challenges to the institution. Refer to summary. | to restructure, minimise or remove some of them in the next financial year | performance report | not achieved |
| | 1 | 1 | none | none | approved SDBIP | Achieved |

KPA 3: LOCAL ECONOMIC DEVELOPMENT

Strategic Goal: Growing Inclusive Economy

| Strategic Objective | Programme | KPI | Budget Source | Expenditure |
|--|-----------|--|---------------|-------------|
| To facilitate economic growth and sustainable job creation | EPWP | Grant agreement signed between EMLM and dept. of public works stipulating the EPWP targets | n/a | n/a |

KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Strategic Goal: Sustainable Financial Viability

| Strategic Objective | Programme | KPI | Budget Source | Expenditure |
|---|-------------|--|---------------|-------------|
| To implement sound Financial management practices | Expenditure | % spend of the Total Operational Budget excluding non-cash items by the 30 June 2018 | Opex | Opex |
| | | Remuneration (Employee Related Costs and Councillors Remuneration) as % of Total Operating Expenditure per quarter | Opex | Opex |

| | Audited Baseline 2015/16 | 2017/2018 | | | | | Achieved / Not achieved |
|--|--------------------------|---------------|------------------|---|--|------------------------|-------------------------|
| | | Annual target | Progress to date | Challenges | Remedial action | Evidence | |
| | new | 1 | 1 | none | none | signed grant agreement | achieved |
| | Audited Baseline 2015/16 | 2017/2018 | | | | | Achieved / Not achieved |
| | 91% | 95% | 86% | operational projects under corporate and community services no expenditure was realised by the end of June | the projects are planned for the next financial year 2018/2019 | section 71 | not achieved |
| | New | <39% | <44% | expenditure on overtime realised during January and February 2018 as resolved by council to address roads maintenance and repairs following rainy seasons and December emergency holidays | control of cost drives on employee cost | section 71 | Not Achieved |

KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Goal: Sound Governance

| Strategic Objective | Programme | KPI | Budget Source | Expenditure | Audited Baseline 2015/16 |
|---|-------------------------------|--|---------------|-------------|--------------------------|
| To strengthen participatory governance within the community | Good Governance and oversight | Submission of Final audited consolidated Annual Report to Council on or before end of January 2018 | n/a | n/a | 1 |
| | | % of Council meetings resolutions resolved within the prescribed timeframe (3 months) | n/a | n/a | 50% |
| | IDP Development | Final IDP tabled and approved by Council by the 31 May 2018 | n/a | n/a | 1 |
| To create a culture of accountability and transparency | Audit | Obtain an Unqualified Auditor General opinion for the 2016/17 financial year | n/a | n/a | Qualified Opinion |
| | | % of Auditor General matters resolved as per the approved audit action plan by 30 June 2018 (Total organisation) | n/a | n/a | New |
| | Risk Management | % execution of identified risk management plan within prescribed timeframes per quarter (Total organization) | n/a | n/a | 90% |

| | 2017/2018 | | | | | Achieved / Not achieved |
|---------------------|-------------------------|---|---|----------------------------------|--------------------|-------------------------|
| | Annual target | Progress to date | Challenges | Remedial action | Evidence | |
| | 1 | 1 | none | none | council resolution | achieved |
| | 100% | 100% | none | none | council resolution | achieved |
| | 1 | 1 | none | none | council resolution | achieved |
| unqualified opinion | qualified audit opinion | MSCOA migration resulting with the misclassification on accounts, unknown properties on the valuation roll, SCM and Revenue | Implementation of audit action plan | AGSA audit report | | Not achieved |
| 100% | 82% | 18% in progress -ongoing process of contract management, termination of contracts and updating of contract register | Contract end users to ensure constant reporting of contract activities to legal services. | audit action plan | | Not achieved |
| 100% | 95% | remaining risk are long term risks | to reduce the target in the next financial year to can accommodate long term risks | quarterly risk assessment report | | Not achieved |

INFRASTRUCTURE DEPARTMENT

KPA 3: LOCAL ECONOMIC DEVELOPMENT

Strategic Goal: Growing Inclusive Economy

| Strategic Objective | Programme | KPI | Budget Source | Adjustment budget | Expenditure |
|--|-----------|---|---------------|-------------------|-------------|
| To facilitate economic growth and sustainable job creation | EPWP | Number of additional jobs to be created using the Expanded Public Works Programme guidelines and other municipal programmes | MIG, INEP | MIG, INEP | MIG, INEP |

| | Audited Baseline 2015/16 | 2017/2018 | | | | | Achieved / Not achieved |
|--|--------------------------|---------------|------------------|--|--|-----------------------------|-------------------------|
| | | Annual report | Progress to date | Challenges | Remedial action | Evidence | |
| | 451 | 630 | 468 | Unable to reach the Provincial Public Works allocated target+J15 | to reduce the target in the 2018/19 financial year | list of approved appointees | Not achieved |

KPA 4 - BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Strategic Goal: Accessible and Sustainable Infrastructure and Basic Services

| Strategic Objective | Programme | KPI | Budget Source | Adjustment budget | Expenditure | Audited Baseline 2015/16 |
|---|-----------------------|--|-----------------|-------------------|---------------|--------------------------|
| Reduction in the level of Service Delivery backlogs | Electricity | % of households with access to basic levels of electricity by the 30 June 2018 (GKPI) | INEP | 600 000 | 663 614,26 | 100% |
| | | % development of lighting master plan | opex | 600 000 | 0 | New |
| | | Number of additional households living in formal areas provided with electricity connections | INEP 15 000 000 | INEP 15 000 000 | 14 955 835,75 | New |
| | Roads and storm water | KMs of new paved roads to be built | MIG | MIG | MIG | 11.6km |
| | | KMs of roads resurfaced/rehabilitated/resealed | MIG | MIG | MIG | New |
| | | % Development of roads master plan and maintenance plan | opex | 1 500 000 | 1 208 483,83 | New |
| | | Road signs, main holes, temporary bridges and sign boards | 0 | 500 000 | 165087 | new |

| | 2017/2018 | | | | | Achieved / Not achieved |
|--|---------------|------------------|--|---|---|-------------------------|
| | Annual target | Progress to date | Challenges | Remedial action | Evidence | |
| | 100% | 98% | The municipality is wait for the supplier line by Eskom, installation of vending system before installing the meters in order for the municipality to be able to sell electricity for Masakaneng community members | Application done to Eskom for supplier line and the vending system will be installed in the next financial year | completion certificate | Not achieved |
| | 80% | 15% | Delayed receipt of public lighting infrastructure Asset Register information | Market Demand was engaged to assist in fast tracking the process | progress report | Not achieved |
| | 1000 | 796 | Electrification of Masakaneng is at 90% progress, and wait for the supplier line by Eskom | Application for the supplier line submitted to Eskom | beneficiary list and completion certificate | Not achieved |
| | 8.6km | 8.26km | Naganeng Road is a multi-year project with a total scope of 5.2km and is done in phases | to put the correct kilometres that can be achieved within a financial year | completion certificate | Not achieved |
| | 2kms | 4.5km | None | None | completion certificate | Achieved |
| | 100% | 100% | none | none | roads master plan and maintenance plan | achieved |
| | 100% | 95% | 19 out of 20 items delivered and Delivery note and invoice falls in the financial year 2018/2019 | The remaining one item delivery to be confirmed | delivery note and invoice | Not Achieved |

KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Strategic Goal: Sustainable Financial Viability

| Strategic Objective | Programme | KPI | Budget Source | Adjustment budget | Expenditure | Audited Baseline 2015/16 | |
|---|--------------------|--|---------------|-------------------|-------------|--------------------------|--|
| Reduction in the level of Service Delivery backlogs | Project Management | % development of capital project implementation plan and submit to Municipal Manager for approval by 30 June 2018 | Opex | Opex | Opex | New | |
| | | % spending on MIG funding by the 30 June 2018 | MIG | MIG | MIG | 100% | |
| | | % development of roads and lighting master plan (Zero weighted. Projects separated for proper reporting) | 2 000 000 | 0 | 0 | New | |

| | 2017/2018 | | | | | Achieved / Not achieved |
|--|--|--|--|--|---|--|
| | Annual target | Progress to date | Challenges | Remedial action | Evidence | |
| | 100% | 100% | None | None | capital project implementation plan and submission register | Achieved |
| | 100% | 100% | None | None | MIG monthly report | Achieved |
| | (Zero weighted. Projects separated for proper reporting) | (Zero weighted. Projects separated for proper reporting) |

KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Goal: Sound Governance

| Strategic Objective | Programme | KPI | Budget Source | Adjustment budget | Expenditure | Audited Baseline 2015/16 | |
|--|-----------------|---|---------------|-------------------|-------------|--------------------------|--|
| To create a culture of accountability and transparency | Audit | Obtain an Unqualified Auditor General opinion for the 2016/17 financial year | n/a | n/a | n/a | Qualified Opinion | |
| | | % of Auditor General matters resolved as per the approved audit action plan by 30 June 2018 (Infrastructure Dept.) | n/a | n/a | n/a | New | |
| | Risk Management | % execution of identified risk management plan within prescribed timeframes per quarter (Infrastructure Dept.) | n/a | n/a | n/a | 90% | |

| | 2017/2018 | | | | | Achieved / Not achieved |
|--|---------------------------|-------------------|---|-------------------------------------|----------------------------------|-------------------------|
| | Annual target | Progress to date | Challenges | Remedial action | Evidence | |
| | unqualified audit opinion | Qualified Opinion | MSCOA migration resulting with the misclassification on accounts, unknown properties on the valuation roll, SCM and Revenue | Implementation of audit action plan | AGSA audit report | Not achieved |
| | 100% | 100% | none | none | audit action plan | Achieved |
| | 100% | 100% | None | None | quarterly risk assessment report | Achieved |

INFRASTRUCTURE CAPITAL PROJECTS

| Ward No. | Project | Strategic Objective | key performance indicator | Original Budget R 000's 2017-18 | Adjustment budget R 000's 2017-18 | Expenditure |
|-----------|---|---|--|---------------------------------|-----------------------------------|--------------|
| 25 | Electrification of households at Makaepea village | Reduction in the level of service delivery backlogs | % electrification of households in makaepea | 710 526 | 3 912 755 | 1 275 655,55 |
| | Electrification of households at Thambo village (extension) | Reduction in the level of service delivery backlogs | % electrification of households in Thambo village (extensions) | 1 515 789 | 1 515 789 | 741 243,74 |
| 14 | Electrification of households at Masakaneng | Reduction in the level of service delivery backlogs | % electrification of households in Masakaneng | 4 122 807 | 515 722 | 4 022 834,67 |
| 9 | Electrification of households at Jabulani D3 | Reduction in the level of service delivery backlogs | % electrification of households in Jabulani D3 | 1 010 526 | 1 010 526 | 592 774,73 |
| 21 | Electrification of households at Jerusalema | Reduction in the level of service delivery backlogs | % electrification of households in Jerusalema | 963 158 | 116 228 | 706 526,25 |
| All wards | Designs for electrification of villages | Reduction in the level of service delivery backlogs | % development of electrification designs | 877 193 | 449 812 | 0 |
| 4 | Electrification of household at waalkraal A | Reduction in the level of service delivery backlogs | % electrification of households at waalkraal A | 2 184 211 | 2 315 795 | 2 328 820,65 |
| 8 | Electrification of household at Elandsdoorn A | Reduction in the level of service delivery backlogs | % electrification of households at Elandsdoorn A | 328 947 | 851 974 | 471 709,28 |
| 18 | Electrification of households at Matsitsi | Reduction in the level of service delivery backlogs | % electrification of households in matsitsi | 1 444 737 | 2 469 293 | 2 303 816,24 |
| 20 | Hlogotlou street and storm water control | Reduction in the level of service delivery backlogs | % construction of Hlogotlou street and storm water control | 3 333 333 | 5 843 790 | 5 830 051,43 |

| | Audited Baseline 2015/16 | Annual target | Progress to date | Challenges | Remedial action | Evidence | Achieved / Not achieved |
|--|---------------------------------|--------------------------------------|------------------------------|--|--|------------------------|--------------------------------|
| | new | 100% | 100% complete, and energized | There are remaining 369 households to be electrified for total cost of R3,7mil | The municipality to avail funds in the next financial year to electrify the remaining households | Completion Certificate | Achieved |
| | new | 100% | 100% complete, and energized | There are remaining 1117 households to be electrified for total cost of R15mil | The municipality to avail funds in the next financial year to electrify the remaining households | Completion Certificate | Achieved |
| | new | designs completed and site hand over | 90% | None | None | Progress report | Achieved |
| | new | 100% | 100% complete, and energized | None | None | Completion Certificate | Achieved |
| | new | 100% | 100% complete, and energized | None | None | Completion Certificate | Achieved |
| | New | 100% | 100% complete | None | None | Design Report | Achieved |
| | new | 100% | 100% complete, and energized | None | None | Completion Certificate | Achieved |
| | new | 100% | 100% complete, and energized | None | None | Completion Certificate | Achieved |
| | new | 100% | 100% complete, and energized | None | None | Completion Certificate | Achieved |
| | 100% | 100% | 100% complete | None | None | Completion Certificate | Achieved |

| Ward No. | Project | Strategic Objective | key performance indicator | Original Budget R 000's 2017-18 | Adjustment budget R 000's 2017-18 | Expenditure |
|----------|--|---|--|---------------------------------|-----------------------------------|--------------|
| 21 | Kgaphamadi construction of bus road, bridge and storm water control PH 1C (1km) | Reduction in the level of service delivery backlogs | % construction of Kgaphamadi bus road, bridge and storm water control PH 1C (700m) | 5 263 158 | 5 263 158 | 5 152 744,91 |
| 26 | Kgoshi-Rammupudu construction of access road and storm water control PH 1C | Reduction in the level of service delivery backlogs | % construction of kgoshi Rammupudu road | 8 924 272 | 8 756 | 8 481 502,64 |
| 25 | Kgoshi-Matsepe construction of access road and storm water control PH 1A (Zero weighted. Project not registered with MIG) | Reduction in the level of service delivery backlogs | % construction of kgoshi Matsepe road | 2 710 526 | 0 | 0 |
| 10 | Kgoshi Mathebe Road Construction (Zero weighted. Project not registered with MIG) | Reduction in the level of service delivery backlogs | % construction of Mathebe road | 3 333 333 | 0 | 0 |
| 25 | Rehabilitation of dikgalaopeng road and storm water control | Reduction in the level of service delivery backlogs | % rehabilitation of dikgalaopeng road and storm water control | 877 193 | 1 754 386 | 1 804 605 |
| 25 | Rehabilitation of Ramogwerane to Nkadimeng road and storm water | Reduction in the level of service delivery backlogs | % Rehabilitation of Ramogwerane to Nkadimeng road and storm water | 877 193 | 877 193 | 0 |
| 13 | Groblerdal roads and streets | Reduction in the level of service delivery backlogs | % maintenance of Groblersdal roads and streets | 2 631 579 | 5 631 579 | 7 385 738,01 |
| 19 | Mathula construction of road and storm water control PH 1B | Reduction in the level of service delivery backlogs | % construction of Mathula road and storm water control | 8 410 581 | 7 991 | 7 951 573,48 |

| | Audited Baseline 2015/16 | Annual target | Progress to date | Challenges | Remedial action | Evidence | Achieved / Not achieved |
|--|---------------------------------|----------------------|-------------------------|--|--|------------------------|--------------------------------|
| | 100% | 100% | 74% | The planned was wrongly entered as 1km in the adjusted SDBIP, though the tendered and appointment was 0,74km | Phase one was completed and project continues in phase two (2018/2019) | Completion Certificate | Not Achieved |
| | 100% | 100% | 100% complete | The remaining length of the road is 2.1km and the remaining balance will only do 1.3km of road. | The municipality to apply for MIG extra funding | Completion Certificate | Achieved |
| | new | zero weight | Zero weighted | Zero weighted | Zero weighted | zero weight | zero weight |
| | New | zero weight | Zero weighted | Zero weighted | Zero weighted | zero weight | zero weight |
| | new | 100% | 100% | The contractor was disrupted by the Ward 25 community demanding employment | The municipality to intervene and proceed with work on ward 17 & 25 only | Completion Certificate | achieved |
| | new | 100% | 0% | project deferred to 2018/19 financial year | project to be implemented in 2018/19 financial year | Progress Report | Not achieved |
| | New | 100% | 100% complete | None | None | Completion Certificate | Achieved |
| | 100% | 100% | 100% complete | None | None | Completion Certificate | achieved |

| Ward No. | Project | Strategic Objective | key performance indicator | Original Budget R 000's 2017-18 | Adjustment budget R 000's 2017-18 | Expenditure |
|----------|---|---|---|---------------------------------|-----------------------------------|---------------|
| 14 | Naganeng construction of bus road and storm water control PH 1A | Reduction in the level of service delivery backlogs | % construction of Naganeng road and storm water control | 10 526 316 | 27 866 | 27 298 035,31 |
| 16 | Zaaiplaas construction of JJ road and storm water control PH 1C | Reduction in the level of service delivery backlogs | % construction of JJ road and storm water control | 4 385 965 | 5 132 310 | 5 039 582,44 |
| 9 | Tambo road construction | Reduction in the level of service delivery backlogs | % construction of Tambo road | 5 445 849 | 5 288 | 5 196 943,86 |
| 31 | Motetema street upgrade | Reduction in the level of service delivery backlogs | % upgrading of Motetema street | 877 193 | 877 193 | 0 |
| | Marapong bridge | Reduction in the level of service delivery backlogs | % construction of Marapong bridge | 0 | 1 584 474 | 1 583 889,2 |
| 13 | Klip and Kanaal | Reduction in the level of service delivery backlogs | % construction of Klip and Kanaal | 0 | 186 362 | 186 362 |
| n/a | Machinery and equipment | Reduction in the level of service delivery backlogs | % purchase of machinery and equipment | 500 000 | 1 100 000 | 1445293,8 |
| n/a | Vehicles (Zero weighted) | Reduction in the level of service delivery backlogs | number of vehicles to be purchased | 700 000 | 0 | 0 |

| | Audited Baseline 2015/16 | Annual target | Progress to date | Challenges | Remedial action | Evidence | Achieved / Not achieved |
|--|---------------------------------|----------------------|-------------------------|---|---|------------------------|--------------------------------|
| | new | 70% | 95% complete | None | None | Progress Report | Achieved |
| | 100% | 100% | 100% complete | The remaining length of the road is 2.1km and the remaining balance will only do 0.6km of road. | The municipality to apply for MIG extra funding | Completion Certificate | Achieved |
| | New | 100% | 100% complete | None | None | Completion Certificate | Achieved |
| | New | 100% | 0% | project deferred to 2018/19 financial year | project to be implemented in 2018/19 financial year | Progress Report | Not achieved |
| | 50% | 100% | 100% complete | None | None | Completion Certificate | Achieved |
| | 50% | 100% | 100% complete | None | None | Completion Certificate | Achieved |
| | New | 100% | 100% | None | None | Delivery Note | Achieved |
| | new | 100% | Zero weighted | Zero weighted | Zero weighted | Zero weighted | Zero weighted |

| Ward No. | Project | Strategic Objective | key performance indicator | Original Budget R 000's 2017-18 | Adjustment budget R 000's 2017-18 | Expenditure |
|----------|--|---|--|---------------------------------|-----------------------------------|-------------|
| 13 | Development of workshop | Reduction in the level of service delivery backlogs | % development of workshop | 3 947 368 | 1 436 911 | 104 983,2 |
| 30 | normalisation of electricity supply for Rossenekal | Reduction in the level of service delivery backlogs | % normalisation of electricity supply for Rossenekal | n/a | 1 739 | 1 739 |

2016/2017 Rolled Over Projects

| | | | | | | |
|----|---|---|--|---|-----------|-------------|
| 30 | electrification of Tshehla Trust | Reduction in the level of service delivery backlogs | % electrification of households at Tshehla trust | 0 | 165 789 | 195 150,32 |
| 13 | Laersdrift road | Reduction in the level of service delivery backlogs | % construction of Laersdrift road | 0 | 322 807 | 321 102,88 |
| | Mogaung road | Reduction in the level of service delivery backlogs | % construction of Mogaung road | 0 | 5 197 354 | 5 015 921,2 |
| 20 | Multipurpose sports (Hlogotlou stadium) | Reduction in the level of service delivery backlogs | % construction of Hlogotlou stadium | 0 | 8 078 532 | 8 078 532 |

| | Audited Baseline 2015/16 | Annual target | Progress to date | Challenges | Remedial action | Evidence | Achieved / Not achieved |
|--|---------------------------------|----------------------|-------------------------|--|---|------------------------|--------------------------------|
| | 0,25 | 100% | 0% appointment stage | The non-responsiveness of the bids and reallocation of the budget following budget adjustment | The project is planned for 2018/2019 financial year | None | Not achieved |
| | new | 100% | 95% | community interference which stopped the normalisation process | the matter reported to legal division and legal proceeding to be instituted against property owners | status quo report | Not Achieved |
| | | | | | | | |
| | 50% | 100% | 100% complete | None | None | Completion Certificate | Achieved |
| | 50% | 100% | 100% complete | None | None | Completion Certificate | Achieved |
| | 50% | 100% | 100% complete | The remaining length of the road is 3.25km and the remaining budget will only do 1.25km | The municipality to apply for MIG extra funding | Completion Certificate | Achieved |
| | 50% | 100% | 100% complete | The stadium requires a surfaced running track, palisade fencing on the outside boundaries, volley ball court and paved parking lot | The municipality was advised by SRSA to apply for special grant for the 2019/2020 financial year | Completion Certificate | Achieved |

COMMUNITY SERVICES

KPA 4 – BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Strategic Goal: Accessible and Sustainable Infrastructure and Basic Services

| Strategic Objective | Programme | KPI | Budget Source | Expenditure | Audited Baseline 2015/16 |
|---|--------------------------|--|---------------|-------------|--------------------------|
| Reduction in the level of Service Delivery backlogs | Waste management | % of households with access to a minimum level of basic waste removal by 30 June 2018 (once per week) (GKPI) | Opex | Opex | New |
| To facilitate promotion of education upliftment within communities | Education/ Libraries | Number of initiatives held to promote library facilities by 30 June 2018 | n/a | n/a | 4 |
| To ensure communities are contributing towards climate change and reduction of carbon footprint | Environmental management | Number of waste minimization projects initiated by 30 June 2018 (Environmental awareness programmes) | Opex | Opex | 4 |
| Increase the accessibility of emergency services to the community | Disaster management | Number of disaster awareness campaigns conducted by 30 June 2018 | Opex | Opex | 8 |
| Facilitate safe and secure neighborhoods | Safety and security | Number of community safety forum meeting held | n/a | n/a | New |

| 2017/2018 | | | | | |
|---------------|------------------|--|---|----------------------------------|-------------------------|
| Annual target | Progress to date | Challenges | Remedial action | Evidence | Achieved / Not achieved |
| 16.5% | 9% | there was a miscalculation of the percentage as we have used the denominator of old number of population instead of new number of population | to use the correct number for denominator | schedule of collection | Not Achieved |
| 4 | 4 | None | None | Attendance register and minutes | Achieved |
| 4 | 4 | None | None | Reports and attendance registers | Achieved |
| 4 | 4 | None | None | Attendance register and minutes | Achieved |
| 4 | 4 | None | None | Attendance register and minutes | Achieved |

KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Goal: Sound Governance

| Strategic Objective | Programme | KPI | Budget Source | Expenditure | Audited Baseline 2015/16 | |
|--|-----------------|---|---------------|-------------|--------------------------|--|
| To create a culture of accountability and transparency | Audit | Obtain an Unqualified Auditor General opinion for the 2016/17 financial year | n/a | n/a | Qualified Opinion | |
| | | % of Auditor General matters resolved as per the approved audit action plan by 30 June 2018 (CS Dept.) | n/a | n/a | New | |
| | Risk Management | % execution of identified risk management plan within prescribed timeframes per quarter (CS Dept.) | n/a | n/a | 90% | |

| | 2017/2018 | | | | | Achieved / Not achieved |
|--------------------|-------------------|---|-------------------------------------|----------------------------------|--------------|----------------------------|
| | Annual target | Progress to date | Challenges | Remedial action | Evidence | |
| Unqualified | Qualified Opinion | MSCOA migration resulting with the misclassification on accounts, unknown properties on the valuation roll, SCM and Revenue | Implementation of audit action plan | AGSA audit report | Not achieved | |
| 100% | 100% | None | None | Audit action plan | Achieved | |
| 75% | 100% | None | None | Quarterly risk assessment report | Achieved | |

| CAPITAL PROJECTS | | | | | | |
|------------------|--|---|--|---------------------------------|-----------------------------------|-------------|
| Ward No. | Project | Strategic Objective | key performance indicator | Original Budget R 000's 2017-18 | adjustment Budget R 000's 2017-18 | expenditure |
| All wards | Grass cutting Industrial Machine (lawnmower, chain saw, brush cutters, pole) | Reduction in the level of service delivery backlogs | number of grass cutting industrial machine purchased | 400 000 | 400 000 | 325 200 |
| 13 | upgrading of driving license testing centre | Reduction in the level of service delivery backlogs | % upgrading of driving licence testing centre | 500 000 | 500 000 | 434 136,70 |

| | Audited Baseline 2015/16 | Annual target | Progress to date | Challenges | Remedial action | Evidence | Achieved / Not achieved |
|--|---------------------------------|--|---|-------------------|------------------------|------------------------|--------------------------------|
| | new | 7 Grass cutting equipment | 26 Grass cutting Equipment delivered in Third Quarter | None | None | Delivery Note | Achieved |
| | 50% | 100% upgraded driving license testing centre | 100% | None | None | completion certificate | Achieved |

BUDGET AND TREASURY DEPARTMENT

KPA 4 – BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Strategic Goal: Improved Social Well-Being

| Strategic Objective | Programme | KPI | Budget Source | Expenditure |
|--|-----------|--|---------------|-------------|
| To provide free basic services to registered indigents | Indigents | % of (indigents) households with access to free basic electricity services by 30 Jun 2018 (GKPI) | opex | opex |
| | | Number of additional households provided with access to Free Basic Electricity | opex | opex |

| | Audited Baseline 2015/16 | 2017/2018 | | | | | Achieved / Not achieved |
|--|--------------------------|---------------|------------------|------------|-----------------|----------------------------|-------------------------|
| | | Annual target | Progress to date | Challenges | Remedial action | Evidence | |
| | 14% | 2,5% | 19% | None | None | indigent register | Achieved |
| | New | 200 | 228 | None | None | Eskom beneficiary register | Achieved |

KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Strategic Goal: Sustainable Financial Viability

| Strategic Objective | Programme | KPI | Budget Source | Expenditure |
|---|----------------------------------|--|-----------------------|-----------------------|
| To implement sound Financial management practices | Financial management | Cost coverage ratio by the 30 June 2018 (GKPI) | N/A | N/A |
| | Revenue | % outstanding service debtors to revenue by the 30 June 2018 (GKPI) | N/A | N/A |
| | | % Debt coverage ratio by the 30 June 2018 (GKPI) | N/A | N/A |
| | Compliance with MFMA legislation | Submission of MTRE Budget to Council 30 days before the start of the new FY | N/A | N/A |
| Compliance to MFMA legislation | Legislative compliance | Audited Annual Financial Statements (AFS) and Audit report submitted to Council by December 2017 | N/A | N/A |
| | SCM | number of monthly SCM deviation reports submitted to the Municipal Manager | N/A | N/A |
| To implement sound financial management practices | Expenditure | % Payment of creditors within 30 days | Opex and capex budget | Opex and capex budget |
| | Assets management | Number of assets verification reports submitted to Municipal Manager by 30 June 2018 | n/a | n/a |

| | Audited Baseline 2015/16 | 2017/2018 | | | | | Achieved / Not achieved |
|--|--------------------------|---------------|------------------|---|---|---|-------------------------|
| | | Annual target | Progress to date | Challenges | Remedial action | Evidence | |
| | 2:01 | 4:01 | 4:01 | incorrect target | to rectify the target in 2018/2019 financial year | section 71 | Not achieved |
| | 13% | 5% | 15% | incorrect target | to rectify the target in 2018/2019 financial year | section 71 | Not achieved |
| | 191% | 200% | 200% | none | None | section 71 | achieved |
| | 1 | 1 | 1 | None | None | council resolution | Achieved |
| | 1 | 1 | 1 | none | none | council resolution | achieved |
| | 12 | 12 | 12 | None | None | deviation register | Achieved |
| | 100% | 100% | 100% | None | None | creditors age analysis | achieved |
| | 1 | 2 | 1 | the KPI was over targeted as only one verification is accurate which is the one of year end | to rectify the target in 2018/2019 financial year | assets verification report signed by MM | Not achieved |

KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Goal: Sound Governance

| Strategic Objective | Programme | KPI | Budget Source | Expenditure | Audited Baseline 2015/16 | |
|--|-----------------|--|---------------|-------------|--------------------------|--|
| To create a culture of accountability and transparency | Audit | Obtain an Unqualified Auditor General opinion for the 2016/17 financial year | n/a | n/a | Qualified Opinion | |
| | | % of Auditor General matters resolved as per the approved audit action plan by 30 June 2018 (Finance Dept.) | n/a | n/a | New | |
| | Risk Management | % execution of identified risk management plan within prescribed timeframes per quarter (Finance Dept.) | n/a | n/a | 90% | |

| | 2017/2018 | | | | | Achieved / Not achieved |
|--|---------------------------|-------------------------|--|---|----------------------------------|-------------------------|
| | Annual target | Progress to date | Challenges | Remedial action | Evidence | |
| | unqualified audit opinion | Qualified Audit Opinion | Issues on irregular expenditures, unknown properties and technical issues related to the financial system that could not be resolved or approved by AG for adjustments during the audit. | Implementation of the audit action plan. | AGSA audit report | Not achieved |
| | 100% | 67% | Matters that will be resolved on finalisation of the annual financial statements for the year ended 30 June 2018 | Finalisation of the matters reported on the audit action plan on preparation of the annual financial statements for the year ended 30 June 2018 | audit action plan | Not achieved |
| | 100% | 93% | Delay in the establishment of indigent committee and asset management steering committees | Ensure the functionality of the committees in 2018/2019 financial year and records the minutes and proof thereof for audit purposes | quarterly risk assessment report | not achieved |

EXECUTIVE SUPPORT

KPA 4 - BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Strategic Goal: Improved Social Well-Being

| Strategic Objective | Programme | KPI | Budget Source | Expenditure | Audited Baseline 2015/16 |
|--|------------------------|---|---------------|-------------|--------------------------|
| Facilitate promotion of health and well-being of communities | Transversal programmes | number of Transversal programmes implemented in terms of mainstreaming with respect to HIV/AIDS, Gender, Disabled, Woman and Children Rights by the 30 Jun 2018 | Opex | Opex | New |

| | 2017/2018 | | | | | Achieved / Not achieved |
|--|---------------|------------------|------------|-----------------|-----------------------------------|-------------------------|
| | Annual target | Progress to date | Challenges | Remedial action | Evidence | |
| | 4 | 10 | None | None | programme and attendance register | Achieved |

KPA 6: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Goal: Sound Governance

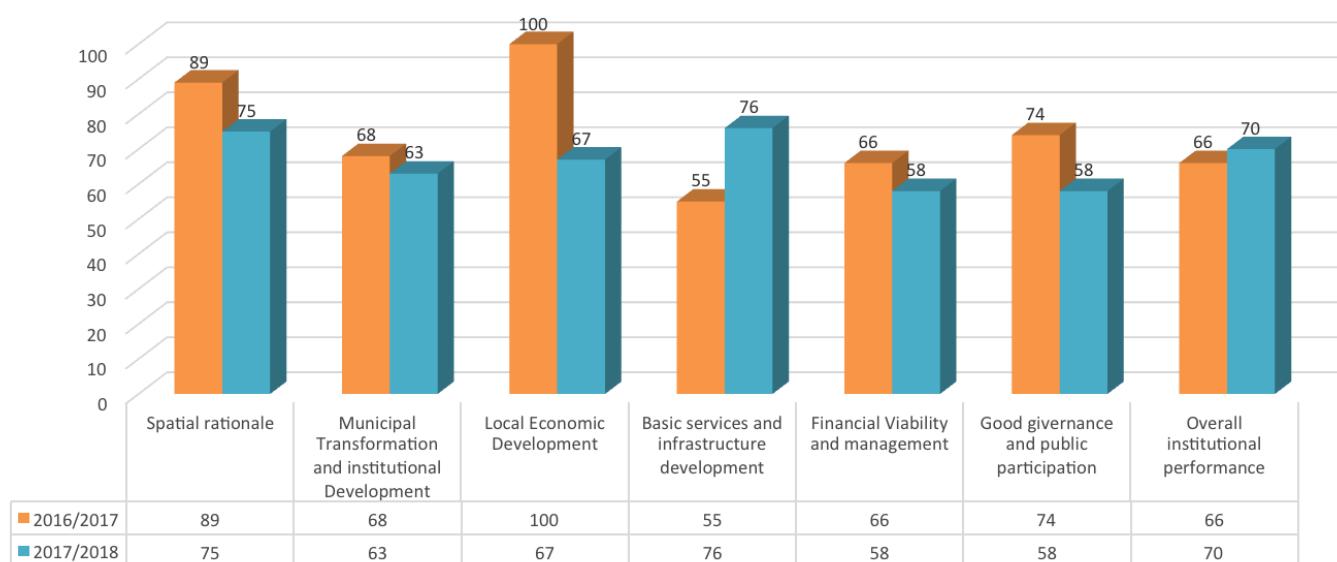
| Strategic Objective | Programme | KPI | Budget Source | Expenditure |
|---|-------------------------|---|---------------|--------------|
| To strengthen participatory governance within the community | Community Participation | number of quarterly reports submitted to Council in terms of items raised during public participation; within the mandate of Council, that are processed and resolved within (3) months | n/a | n/a |
| | | number of Community Satisfaction Surveys conducted by the 30 Jun 2018 | Opex | Opex |
| To create a culture of accountability and transparency | MPAC | number of MPAC quarterly reports submitted to council | n/a | n/a |
| Facilitates promotion of health and well-being of communities | Mayoral programme | number of Mayoral outreach projects initiated by 30 Jun 2018 | 1 110 000 | 1 618 549,37 |
| | Speakers programme | number of Speaker's outreach projects initiated by 30 Jun 2018 | 700 000 | 1 530 344,93 |
| | MPAC programme | number of MPAC outreach projects initiated by 30 Jun 2018 | 400 000 | 338 600 |
| To create a culture of accountability and transparency | Audit | Obtain an Unqualified Auditor General opinion for the 2016/17 financial year | n/a | n/a |
| | | % of Auditor General matters resolved as per the approved audit action plan by 30 June 2018 (Executive Support Dept.) | n/a | n/a |
| | Risk Management | % execution of identified risk management plan within prescribed timeframes per quarter (Executive Support Dept.) | n/a | n/a |

| | Audited Baseline 2015/16 | 2017/2018 | | | | | Achieved / Not achieved |
|--|--------------------------|---------------------------|-------------------|---|---|----------------------------------|-------------------------|
| | | Annual target | Progress to date | Challenges | Remedial action | Evidence | |
| | New | 4 | 3 | Item was submitted to council but it was deferred | Return item to council for consideration | council resolution | Not achieved |
| | N/A | 1 | 0 | there was no community survey | community survey to be done in the next financial year 2018/19 | community survey report | Not achieved |
| | New | 4 | 4 | none | none | council resolution | achieved |
| | 14 | 2 | 3 | none | none | report and attendance register | achieved |
| | New | 2 | 3 | none | none | report and attendance register | achieved |
| | New | 1 | 1 | none | none | report and attendance register | achieved |
| | Qualified Opinion | unqualified audit opinion | Qualified Opinion | MSCOA migration resulting with the misclassification on accounts, unknown properties on the valuation roll, SCM and Revenue | Implementation of audit action plan | AGSA audit report | Not achieved |
| | New | 100% | 0% | the department did not have any finding as it was not audited in 2016/2017 financial year | the department did not have any finding as it was not audited in 2016/2017 financial year | none | Not achieved |
| | 90% | 100% | 89% | still in progress of finalising the remaining one finding | to be finalised in the next financial year | quarterly risk assessment report | Not achieved |

Summary of Comparison of Annual Performance between 2016/17 and 2017/18 Report

| Number | Key Performance Area | Total number of KPIs | | Number of KPI's achieved | | |
|--------|--|----------------------|-----------|--------------------------|-----------|--|
| | | 2016/17 | 2017/18 | 2016/17 | 2017/18 | |
| 1 | Spatial Rationale | 9 | 8 | 8 | 6 | |
| 2 | Municipal transformation and institutional development | 27 | 8 | 17 | 5 | |
| 3 | Local economic development | 4 | 6 | 4 | 4 | |
| 4 | Basic service delivery and Infrastructure development | 67 | 49 | 29 | 35 | |
| 5 | Financial viability and management | 30 | 13 | 18 | 7 | |
| 6 | Good governance and public participation | 34 | 12 | 23 | 7 | |
| | TOTAL | 171 | 96 | 99 | 64 | |

| | Number of KPI's not achieved | | Zero weighted | | Performance percentage per KPA | |
|--|------------------------------|-----------|---------------|----------|--------------------------------|------------|
| | 2016/17 | 2017/18 | 2016/17 | 2017/18 | 2016/17 | 2017/18 |
| | 1 | 2 | 0 | 0 | 89% | 75% |
| | 8 | 3 | 2 | 0 | 68% | 63% |
| | 0 | 2 | 0 | 0 | 100% | 67% |
| | 24 | 11 | 14 | 3 | 55% | 76% |
| | 9 | 5 | 3 | 1 | 66% | 58% |
| | 8 | 5 | 3 | 0 | 74% | 58% |
| | 50 | 28 | 22 | 4 | 66% | 70% |

Performance per KPA



CHAPTER 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A : INTRODUCTION TO MUNICIPAL PERSONNEL

4 OVERVIEW

4.1 Employees totals, Turnover and Vacancies

Municipality advertise vacant posts in the national print media and on the municipal website and those who are interested they do apply for the advertised posts. Municipality follows its approved recruitment policy in filling of the vacant positions.

Table 1: staff turnover

| Description | Total |
|-------------------------------|-------|
| Dismissal/ Terminations | 1 |
| Contract ended | 0 |
| Retention | 0 |
| Death | 3 |
| Retirements | 1 |
| Ill health | 1 |
| Resignation | 0 |
| Total number of vacancies | 20 |
| Total number of employees | 367 |
| Total posts on the organogram | 387 |

Table 2: Turnover rate

| Details | Turn-over Rate | | |
|-----------|--|--|-----------------|
| | Total Appointments as of beginning of Financial Year | Terminations during the Financial Year | Turn-over Rate* |
| | No. | No. | |
| 2016/2017 | 364 | 21 | 5.8% |
| 2017/2018 | 361 | 22 | 6% |

* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year

Table 3: Organisational structures information

| Description | 2017/2018 | | | |
|---|----------------|------------|-----------|-------------|
| | Approved Posts | Employees | Vacancies | Variance |
| | No. | No. | No. | % |
| Infrastructure services | 89 | 82 | 7 | 7.8% |
| Municipal manager' office and Planning and Local Economic Development | 30 | 26 | 4 | 13% |
| Community services | 124 | 122 | 2 | 1.6% |
| Corporate Support & Executive support Services | 87 | 83 | 4 | 4.5% |
| Budget and Treasury | 57 | 54 | 3 | 0.5% |
| | | | | |
| Totals | 387 | 367 | 20 | 0.5% |

Table 3: Vacancy rate information

| Vacancy Rate 2017/2018 | | | |
|--|-----------------------|---|--|
| 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 | 0 | 0 |
| CFO | 1 | 0 | 0 |
| Other S57 Managers (excluding Finance Posts) | | | |
| Executive Support | 1 | 0 | 0 |
| Development Planning | 1 | 0 | 0 |
| Community Services | 1 | 0 | 0 |
| Infrastructure | 1 | 0 | 0 |

| Vacancy Rate 2017/2018 | | | |
|--|------------------------------|--|---|
| 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 | 0 | 0 |
| Corporate Services | 1 | 0 | 0 |
| Other S57 Managers (Finance posts) | 0 | 0 | 0 |
| | | | |
| Senior management: Levels 13-15 (Excluding Finance Posts) | | | |
| Chief Risk Management Officer(T15) | 1 | 0 | 0 |
| Manager Internal Auditor (T15) | 1 | 0 | 0 |
| Manager PMS (T15) | 1 | 0 | 0 |
| Manager Communication (T15) | 1 | 3 years | 0 |
| Manager IDP (T15) | 1 | 0 | 0 |
| Manager Environmental Services | 1 | 0 | 0 |
| Manager Public Safety (T15) | 1 | 0 | 0 |
| Manager Licensing (T15) | 1 | 0 | 0 |
| Manager Motetema Service Delivery Point(T15) | 1 | 0 | 0 |
| Manager Hlogotlou Service Delivery Point (T15) | 1 | 0 | 0 |
| Manager Roossenekal Service Delivery Point(T15) | 1 | 0 | 0 |
| Electrical Engineer (T16) | 1 | 0 | 0 |
| Manager Electrical (T15) | 1 | 3years | 0 |

| Vacancy Rate 2017/2018 | | | |
|---|------------------------------|--|---|
| 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 | 0 | 0 |
| Manager PMU (T15) | 1 | 0 | 0 |
| Manager Road, Storm water & Maintenance (T15) | 1 | 1 year | 0 |
| Manager /Superintendant Road Construction (T15) | 1 | 0 | 0 |
| Legal Advisor (T16) | 1 | 0 | 0 |
| Manager Executive Support (T16) | 1 | 1 year | 0 |
| Manager Human Resource (T15) | 1 | 0 | 0 |
| Manager Council Support (T15) | 1 | 0 | 0 |
| Manager ICT (T15) | 1 | 0 | 0 |
| Manager Assets | 1 | 0 | 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 |
| Manager LED | 1 | 0 | 0 |
| Manager fleet | 1 | 0 | 0 |
| Deputy CFO | 1 | 0 | 0 |
| Vacancy Rate 2017/2018 | | | |

COMPONENT B : MANAGING THE MUNICIPAL WORKFORCE

1.1 POLICIES

The municipality has developed policies as a guideline to all officials and are reviewed as and when the need arises. For the year under review twenty (20) policies were reviewed and five (05) policies developed.

Table 4: Approved and reviewed policies

| No. | Policy name | Approved | Reviewed | Resolution number | Date approved |
|-----|--|----------|----------|-------------------|---------------|
| | SCM Policy for Infrastructure Procurement and Delivery Management | | | BT17/18-02 | 30/08/2017 |
| | Revised 2017/2018 financial year Credit Control and Debt Collection policy | | | BT17/18-14 | 30/08/2017 |
| | Mayoral and councillors' municipal owned vehicle policy | | | C17/18-42 | 29/11/2017 |
| | Councillors protection policy | | | M17/18-15 | 29/11/2017 |
| | Project Steering Committees and Community Liaison Officers policy | | | I17/18-70 | 27/02/2018 |
| | Credit control policy | | | BT17/18-67 | 29/05/2018 |
| | Investment policy | | | BT17/18-67 | 29/05/2018 |
| | Budget policy | | | BT17/18-67 | 29/05/2018 |
| | Borrowing policy | | | BT17/18-67 | 29/05/2018 |
| | Expenditure management policy | | | BT17/18-67 | 29/05/2018 |
| | Assets management policy | | | BT17/18-67 | 29/05/2018 |
| | Supply chain management policy | | | BT17/18-67 | 29/05/2018 |
| | Indigent policy | | | BT17/18-67 | 29/05/2018 |
| | Virements policy | | | BT17/18-67 | 29/05/2018 |
| | Funding and reserves policy | | | BT17/18-67 | 29/05/2018 |
| | Property rates policy | | | BT17/18-67 | 29/05/2018 |
| | Tariff policy | | | BT17/18-67 | 29/05/2018 |
| | Roads and storm water policy | | | I17/18-79 | 29/03/2018 |
| | IT Governance Framework | | | C17/18-68 | 27/06/2018 |
| | Information Security Policy | | | C17/18-68 | 27/06/2018 |
| | Change Control Management Policy | | | C17/18-68 | 27/06/2018 |

| No. | Policy name | Approved | Reviewed | Resolution number | Date approved |
|-----|----------------------------|----------|----------|-------------------|---------------|
| | Disaster Recovery Plan | | | C17/18-68 | 27/06/2018 |
| | User Access Control Policy | | | C17/18-68 | 27/06/2018 |
| | Health and safety policy | | | C17/18-85 | 27/06/2018 |
| | Employment Equity Policy | | | C17/18-89 | 27/06/2018 |

1.2 INJURIES, SICKNESS AND SUSPENSIONS

Table 6: Cost of injuries on duty

| Number and Cost of Injuries on Duty | | | | | |
|---------------------------------------|--------------------|------------------------------|---|-----------------------------------|----------------------|
| Type of injury | Injury Leave Taken | Employees using injury leave | Average injury leave taken per employee | Average Injury Leave per employee | Total Estimated Cost |
| | Days | No. | % | Days | R'000 |
| Required basic medical attention only | None | 08 | None | None | R 439 |
| Temporary total disablement | None | None | None | None | 0 |
| Permanent disablement | none | None | none | none | None |
| Fatal | none | None | none | none | None |

Table 7: Average sick leave per employees

| 2017/2018 - Number of days and Cost of Sick Leave (excluding injuries on duty) | | | | | | |
|--|------------------|--|----------------------------|--------------------------|-----------------------------------|--|
| Salary band | Total sick leave | Proportion of sick leave without medical certification | Employees using sick leave | Total employees in post* | *Average sick leave per Employees | |
| | Days | % | No. | No. | Days | |
| Unskilled (Levels 1-4) | 153 | 28% | 29 | 117 | 1.31 | |
| Semi-Skilled (Levels 5) | 140 | 32.14% | 14 | 36 | 3.88 | |
| Skilled (levels 6-7) | 248 | 21.37% | 20 | 68 | 3.65 | |
| Specialised skilled (Levels 8-10) | 142 | 25.35% | 28 | 60 | 2.37 | |
| Professional (Level 11-14) | 201 | 20.40% | 26 | 45 | 4.47 | |
| Managerial skilled (Level 15) | 45 | 44.44% | 13 | 27 | 1.67 | |
| Strategic Management (MM and S57) | 11 | 0 | 2 | 7 | 1.57 | |
| Total | | | | | | |

* - Number of employees in post at the beginning of the year

*Average calculated by taking sick leave in column 2 divided by total employees in column 5

Average sick leave per Employees (excl IOD)

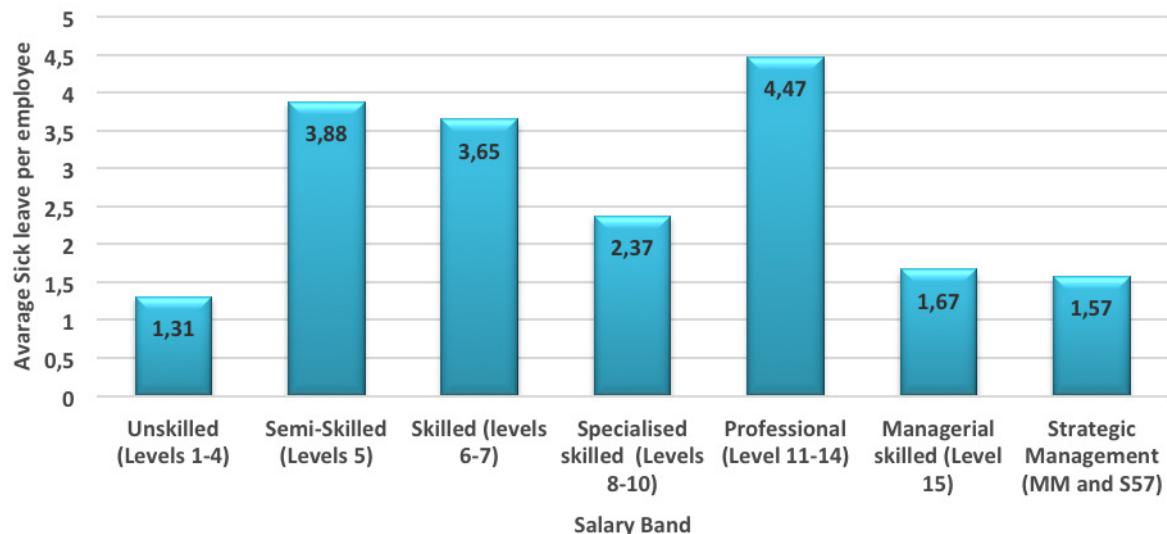


Table 7: Number and period of suspension

| Number and period of suspension | | | | |
|---------------------------------|--|--------------------|---|---------------------------------|
| Position | Nature of Alleged Misconduct | Date of suspension | Disciplinary action taken or Status of Case and Reasons why not Finalized | Date Finalized |
| Assistant Sup Traffic | 1. Misuse of municipal Fire Arm. 2. Unauthorised possession of municipal property. 3. Violation of Fire Arm Control Act 60 of 2000 | None | The case is still pending/ not finalised. | The matter is still in process. |

Table 8: 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 |
| None | None | None | None |

1.3 PERFORMANCE MANAGEMENT

In EMLM, performance management is limited to Section 56 Managers. The municipality has conducted the 2016/2017 annual performance assessments for 04 senior managers who signed the performance agreements and no senior manager qualified for performance bonuses. The 2017/2018 mid-year assessment was also conducted as a monitoring process to detect poor performance at an early stage. Through the session, senior managers 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 9: Performance agreements

| Signing of performance agreement | | |
|---------------------------------------|--------|------------|
| Officials | signed | not signed |
| Municipal Manager | Yes | |
| Senior manager: Executive Support | Yes | |
| Chief financial officer | Yes | |
| Senior manager : community services | Yes | |
| Senior manager: Infrastructure | Yes | |
| Senior manager : development planning | Yes | |
| Senior manager : Corporate services | Yes | |

COMPONENT C : CAPACITATING THE MUNICIPAL WORKFORCE

1.1 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, 91 employees and 12 councillors received different training. The WSP and annual training report were submitted to LGSETA.

Municipality budgeted R 1 030 260 adjusted to R1 650 250 for training and spent R1 116 618. The variance for the year was R 533 632.00. Municipality did not receive mandatory grants in the form of rebates from LGSETA for the year under review.

Table 10: Training for officials

| Programme | No. Of Officials | Males | Female | Status |
|--|------------------|-----------|-----------|-----------|
| Post Graduate Diploma in monitoring and evaluation | 2 | 1 | 1 | Completed |
| Records Management | 38 | 23 | 15 | Completed |
| Audit & National treasury Reporting (munsoft) | 2 | 2 | 0 | Completed |
| GAP System | 4 | 3 | 1 | Completed |
| Customer Debtors & Month end (munsoft) | 3 | 2 | 1 | Completed |
| Vat Recon, Audit & NT Reporting & Stores (munsoft) | 4 | 4 | 0 | Completed |
| Stores Management (munsoft) | 7 | 5 | 2 | Completed |
| Incident investigation (Lateral insurance) | 13 | 12 | 3 | Completed |
| VIP Payroll system | 2 | 2 | 0 | Completed |
| Project, Budget and IDP Training | 4 | 4 | 0 | Completed |
| Supply Chain Management | 5 | 5 | 0 | Completed |
| Caseware tarining | 5 | 5 | 0 | Completed |
| Total | 91 | 68 | 23 | |

Table 11: training for councillors

| Programme | No. Of Councillors | Males | Female | Status |
|--|-----------------------|-----------|-----------|-----------|
| Risk and Audit Indaba | 5 | 5 | 0 | Completed |
| Higher Certificate in municipal Governance | 3 | 2 | 1 | Completed |
| Councillor Induction Programme | 58 | 31 | 27 | Completed |
| TOTAL | 66 | 38 | 28 | |

Table 12: Compliance with prescribed minimum competency levels

| Prescribed minimum competency levels | | | | | | |
|---|---|--|--------------------------------------|--|---|--|
| Description | A Total number of officials employed by municipality (regulation 14(4)(a) and (c)) | B Total number of officials employed by municipal entities (regulation 14(4)(a) and (c)) | Consolidated: Total of A and B | Consolidated: Competency assessments completed for A and B (regulation 14(4) (b)and (d)) | Consolidated: total number of officials whose performance agreements comply with regulation 16 (regulation 14(4)(f)) | Consolidated: total number of officials that meet prescribed competency levels (regulation 14(4) (e)) |
| Financial officials | | | | | | |
| Accounting Officer | 1 | 0 | 1 | 1 | 1 | 1 |
| Chief Financial Officer | 1 | 0 | 1 | 1 | 1 | 1 |
| Senior Managers | 4 | 0 | 4 | 4 | 4 | 4 |
| Any other financial officials | 45 | 0 | 38 | 0 | 0 | 27 |
| Finance managers | 5 | 0 | 5 | 0 | 0 | 5 |
| Supply chain management officials | 4 | 0 | 4 | 0 | 0 | 4 |
| Heads of supply chain unit | 1 | 0 | 1 | 0 | 0 | 1 |
| Supply chain management senior managers | 0 | 0 | 0 | 0 | 0 | 0 |

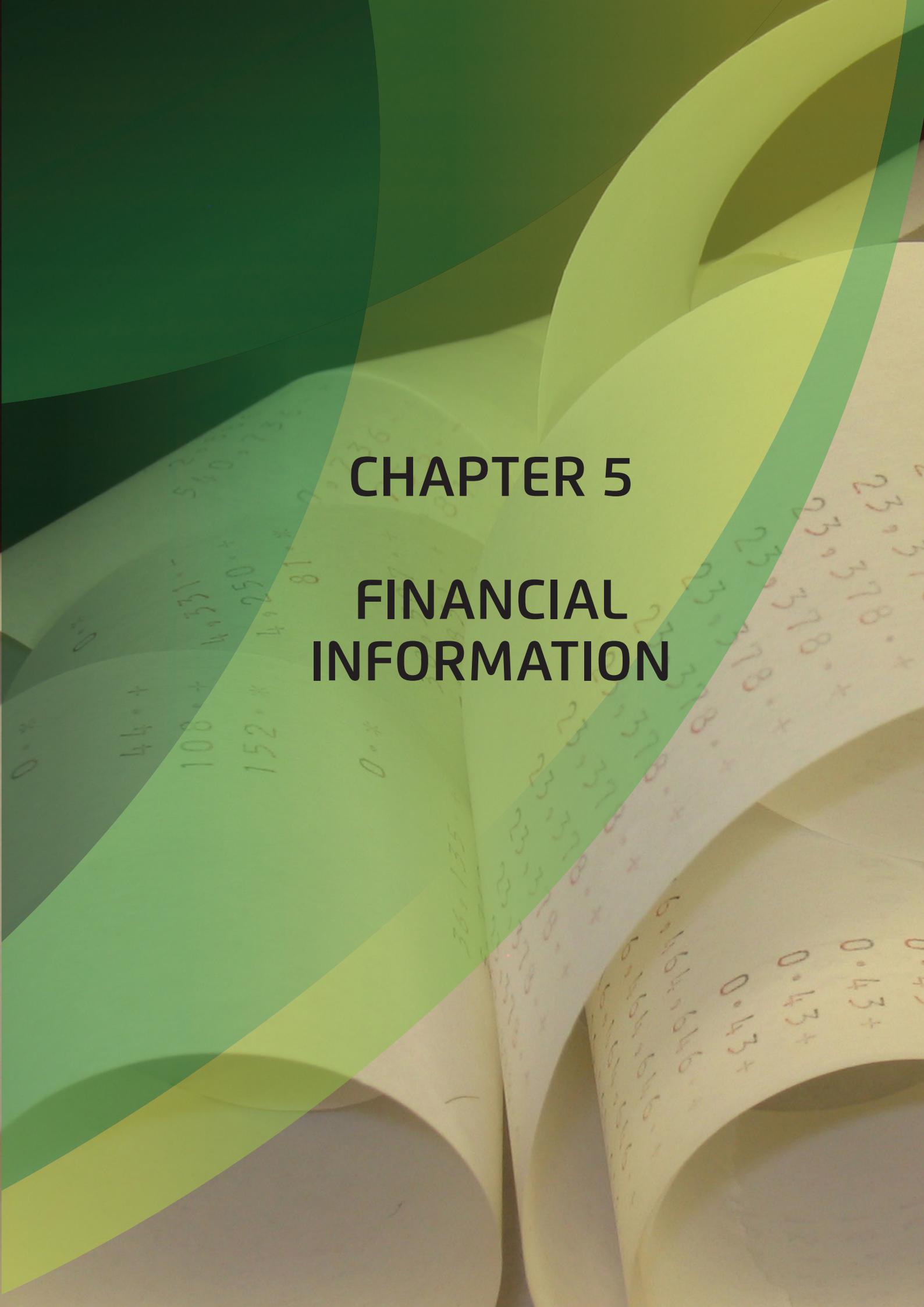
COMPONENT D : MANAGING THE WORKFORCE EXPENDITURE

1.1 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.

1.2 DISCLOSURE OF FINANCIAL INTEREST

Disclosure forms are given to all officials and councillors at the beginning of the financial year for completion



CHAPTER 5

FINANCIAL INFORMATION

CHAPTER 5: FINANCIAL PERFORMANCE

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

Elias Motsoaledi Local Municipality handed over the 2017/18 annual financial statements to the Auditor General (Limpopo) on 31st August 2018 as per the Municipal Finance Management Act. The aforesaid components of the financial statements are discussed in detail below:

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

| Description | 2016/17 | Budget Year 2017/18 | | | | |
|--|------------------|---------------------|-----------------|-----------------|-----------------|-----------------|
| | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | Original budget | Adjusted budget |
| R thousands | | | | | % | % |
| Revenue By Source | | | | | | |
| Property rates | 25 815 | 26 472 | 34 805 | 25 977 | 1.87% | 25.37% |
| Service charges - electricity revenue | | 81 206 | 81 206 | 67 575 | 16.79% | 16.79% |
| Service charges - refuse revenue | | 8 616 | 11 616 | 7 344 | 14.76% | 36.78% |
| Service charges - other | 6 506 | — | — | — | 0.00% | 0.00% |
| Rental of facilities and equipment | | 1 935 | 1 000 | 944 | 51.21% | 5.57% |
| Interest earned - external investments | 1 319 | 3 701 | 2 500 | 2 928 | 20.90% | -17.11% |
| Interest earned - outstanding debtors | 2 889 | 6 280 | 14 260 | 9 695 | -54.87% | 32.01% |
| Dividends received | 6 469 | — | — | — | 0.00% | 0.00% |
| Fines, penalties and forfeits | | 30 000 | 55 016 | 67 325 | -124.42% | -22.37% |
| Licences and permits | 50 885 | 5 171 | 4 500 | 4 956 | 4.16% | -10.13% |
| Agency services | 5 255 | — | — | — | 0.00% | 0.00% |
| Transfers and subsidies | | 226 163 | 226 163 | 226 163 | 0.00% | 0.00% |
| Other revenue | 213 105 | 2 499 | 13 678 | 11 073 | -343.16% | 19.04% |
| Gains on disposal of PPE | 8 098 | — | — | — | 0.00% | 0.00% |
| Total Revenue (excluding capital transfers and contributions) | 320 341 | 392 023 | 444 744 | 423 980 | -8.15% | 4.67% |
| Expenditure By Type | | | | | | |
| Employee related costs | 117 781 | 123 460 | 126 137 | 123 639 | -0.15% | 1.98% |
| Remuneration of councillors | 20 298 | 22 113 | 23 430 | 22 874 | -3.44% | 2.38% |
| Debt impairment | 21 128 | 26 372 | 26 372 | 29 916 | -13.44% | -13.44% |
| Depreciation & asset impairment | 47 998 | 51 200 | 51 200 | 54 284 | -6.02% | -6.02% |
| Finance charges | 1 426 | 3 124 | 1 124 | 281 | 91.00% | 75.00% |
| Bulk purchases | 65 729 | 69 165 | 70 165 | 68 602 | 0.81% | 2.23% |
| Other materials | 12 873 | 13 497 | 11 821 | 9 806 | 27.35% | 17.05% |
| Contracted services | 43 080 | 25 350 | 65 237 | 67 951 | -168.05% | -4.16% |
| Transfers and subsidies | 708 | 3 724 | 2 984 | 780 | 79.05% | 73.86% |
| Other expenditure | 161 695 | 48 384 | 50 923 | 84 091 | -73.80% | -65.13% |
| Loss on disposal of PPE | 3 360 | — | — | 711 | 0.00% | 0.00% |
| Total Expenditure | 496 076 | 386 388 | 429 392 | 462 934 | -19.81% | -7.81% |
| Surplus/(Deficit) | (175 735) | 5 635 | 15 352 | (38 954) | | |
| Transfers and subsidies - capital | 68 930 | 70 860 | 98 349 | 97 901 | | |
| Surplus/(Deficit) after capital transfers & contributions | (106 805) | 76 495 | 113 701 | 58 946 | | |
| Taxation | — | — | — | — | | |
| Surplus/(Deficit) after taxation | (106 805) | 76 495 | 113 701 | 58 946 | | |
| Attributable to minorities | — | — | — | — | | |
| Surplus/(Deficit) attributable to municipality | (106 805) | 76 495 | 113 701 | 58 946 | | |
| Share of surplus/ (deficit) of associate | — | — | — | — | | |
| Surplus/ (Deficit) for the year | (106 805) | 76 495 | 113 701 | 58 946 | | |

| Description | 2016/17 | Budget Year 2017/18 | | | |
|--|------------------|---------------------|------------------|------------------|--------------------|
| | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | Full Year Forecast |
| R thousands | | | | | |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash | 5 288 | 4 400 | 4 400 | 6 194 | 4 400 |
| Call investment deposits | 15 657 | 28 568 | 4 252 | – | 4 252 |
| Consumer debtors | 20 636 | 34 600 | 30 600 | 24 953 | 30 600 |
| Other debtors | 42 835 | 36 846 | 42 846 | 30 866 | 42 846 |
| Current portion of long-term receivables | – | – | – | – | – |
| Inventory | 3 202 | 3 200 | 3 500 | 3 328 | 3 500 |
| Total current assets | 87 618 | 107 614 | 85 598 | 65 342 | 85 598 |
| Non current assets | | | | | |
| Long-term receivables | – | – | – | – | – |
| Investments | – | – | – | – | – |
| Investment property | 55 728 | 96 146 | 55 728 | 53 739 | 55 728 |
| Investments in Associate | – | – | – | – | – |
| Property, plant and equipment | 938 356 | 957 866 | 957 866 | 951 854 | 957 866 |
| Agricultural | – | – | – | – | – |
| Biological assets | – | – | – | – | – |
| Intangible assets | 291 | – | 291 | 85 | 291 |
| Other non-current assets | 12 396 | 12 786 | 12 786 | 13 169 | 12 786 |
| Total non current assets | 1 006 770 | 1 066 797 | 1 026 671 | 1 018 848 | 1 026 671 |
| TOTAL ASSETS | 1 094 388 | 1 174 411 | 1 112 269 | 1 084 189 | 1 112 269 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Bank overdraft | – | – | – | – | – |
| Borrowing | 6 900 | 8 608 | 5 608 | 193 | 5 608 |
| Consumer deposits | 5 633 | 5 089 | 5 089 | 5 249 | 5 089 |
| Trade and other payables | 82 244 | 45 253 | 50 253 | 81 839 | 50 253 |
| Provisions | 4 904 | 1 542 | 1 542 | 4 058 | 1 542 |
| Total current liabilities | 99 680 | 60 491 | 62 491 | 91 339 | 62 491 |
| Non current liabilities | | | | | |
| Borrowing | – | 16 500 | 19 500 | 3 667 | 19 500 |
| Provisions | 89 811 | 82 233 | 86 933 | 90 288 | 86 933 |
| Total non current liabilities | 89 811 | 98 733 | 106 433 | 93 955 | 106 433 |
| TOTAL LIABILITIES | 189 492 | 159 224 | 168 924 | 185 294 | 168 924 |
| NET ASSETS | 904 896 | 1 015 187 | 943 345 | 898 896 | 943 345 |
| COMMUNITY WEALTH/EQUITY | | | | | |
| Accumulated Surplus/(Deficit) | 904 896 | 1 015 187 | 943 345 | 898 896 | 943 345 |
| Reserves | | – | | – | – |
| TOTAL COMMUNITY WEALTH/EQUITY | 904 896 | 1 015 187 | 943 345 | 898 896 | 943 345 |

COMMENT ON FINANCIAL PERFORMANCE

Revenue

Property rates

The original budget for property rates for 2017/18 financial year was R26, 472 million which was adjusted upwards to R34, 805 million and the actual revenue billed is R25, 977 million. This gave rise to an unfavourable variance of 1, 87% and 25, 37% respective on original budget and adjusted budget.

Service charges

This is made up of service charges for electricity and refuse removal and the original budget thereof was R89, 822 million that was slightly adjusted downwards to R92, 822 million and the actual revenue generated was R74, 919 million that reflects a 16,59% and 23,90% unfavourable variance respectively on both original budget and adjusted budget.

Investment revenue

The investment revenue is mainly interest earned on the external investments that the municipality has made throughout the financial year. Interest on investments budget was adjusted downwards to R2, 500 due to under performance in the first few months of the financial year, and this resulted in the actual interest earned exceeding the adjusted budget by 17,11%. The performance of this revenue line item reflects an improved investment practice of the municipality.

Transfer recognized - operational

This is revenue realized from both conditional and unconditional operating grants and subsidies including equitable share. The results show full spending of both conditional and unconditional grants and with regards to conditional grants, all grants were spent in line with the conditions of the respective grants.

Other Income

The over performance of other revenue is attributed to revenue from clearance certificates and advertisement boards. This revenue is hard to accurately project due to its dependency on the rate of consumers who turn up for those revenue related activities, and hence the inconsistencies between the budget and actuals thereof. The adjusted budget was slightly close to the actual revenue received.

Expenditure

Employee related cost

The over performance of employee related cost is as a result of classification of remuneration of ward committee members that according to GRAP is part of employee related cost and in terms of mSCOA is part of general expenses. In terms of the financial statements presentation, the line item is classified as employee related cost yet the budget is sitting under general expenses. In addition, the over performance has partially resulted from actuarial gains and losses as well as other actuary related expenses that were not incorporated in the budget particularly on original budget. There is underspending of 1,98% based on the adjusted budget.

Remuneration of Councillors

Remuneration of Councillors relates to salaries of Public Office Bearers and the original budget thereof was R22, 113 million that was adjusted downwards to R23, 430 million and the actual expenditure incurred

amounted to R22, 874 million. The increase from 2016/17 to 2017/18 financial year expenditure is as a result of implementation of upper limits.

Depreciation and asset impairment

Provision was made in the budget for capital asset depreciation and impairment and the budget thereof was R51, 200 million and it was deemed to be closely in line with the 2016/17 actuals, however number of assets that were not included in the asset register were included; some assets were incorrectly valued and donated assets no accounted for and this resulted in depreciation and assets impairment materially increasing from R47, 998 million to R54, 284 million and also had a negative impact on unauthorised expenditure.

Materials and bulk purchases

This line item was mainly for purchase of electricity. The bulk purchase expenditure was within the approved budget thereof and this gave rise to an favourable variance of 0, 81% and 2, 27% respective on original budget and adjusted budget. Other materials mainly relate to materials and supplies relating to both repairs and maintenance and cleaning materials. The actual expenditure thereof is lower than 2016/17 expenditure and both original and adjusted budget.

Transfers and grants – expenditure

Transfers and grants refer to subsidies made to indigent and pensioners consumers, external bursaries warded, and medical aid contributions made to pensioners who are former employees of the municipality. The subsidies were done in the form of special rebates on property rates and free basic electricity.

The budget provision still appears to be too little in light of Equitable share allocation that amounted to R223, 019 million since this is the source of funding thereof. The number of registered indigents is still little and hence the underspending of R780 million of the budget allocated for this subsidy.

Finance charges

Finance charges is mainly interest on finance lease and this was informed by the amortisation schedule thereof. The original budget thereof was R3, 124 million the budget was later revised and led to downward adjustment to R1, 124 million. The actual expenditure incurred was R281 thousand that is materially less than 2016/17 actuals. The contract ended during the course of the year.

Other expenditure

Other expenditure line item includes items such as debt impairment; contracted services; lease rentals on operating lease; loss on disposal of property, plant and equipment as well as general expenses. The actual expenditure is higher as compared to 2016/17 financial year actuals and this is attributed to debt impairment of traffic fines; contracted services and leases.

| Description | 2016/17 | Budget Year 2017/18 | | | | | | |
|---|----------------|---------------------|-----------------|-----------------|----------------|---------------|-----------------|-------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | YearTD budget | Budget original | Adjustment budget |
| R thousands | | | | | | | % | % |
| <u>EXPENDITURE</u> | | | | | | | | |
| <u>Operating expenditure of Transfers and Grants</u> | | | | | | | | |
| National Government: | 214,632 | 226,163 | 226,163 | 226,163 | 226,163 | 100.0% | 100.0% | |
| Local Government Equitable Share | 211,912 | 223,019 | 223,019 | 223,019 | 223,019 | 100.0% | 100.0% | |
| Finance Management | 1,625 | 1,700 | 1,700 | 1,700 | 1,700 | 100.0% | 100.0% | |
| EPWP Incentive | 1,095 | 1,444 | 1,444 | 1,444 | 1,444 | 100.0% | 100.0% | |
| Total operating expenditure of Transfers and Grants: | 214,632 | 226,163 | 226,163 | 226,163 | 226,163 | 100.0% | 100.0% | |

COMMENT ON OPERATING TRANSFERS AND GRANTS:

All grants gazetted for 2017/18 financial year were received and cognizance should be taken that the above table does not include capital grants. The total amount received on operational grants amounted to R226,163 during the 2017/18 financial year. All grants were received from national sphere of government and nothing was gazetted to be received from the provincial government and the district municipality and/or any other source.

COMMENT ON CONDITIONAL GRANTS AND GRANTS RECEIVED FROM OTHER SOURCES:

No grants were received from other sources.

5.3 ASSET MANAGEMENT

| Description | 2016/17 | Budget Year 2017/18 | | | | | |
|-----------------------------------|-----------------|---------------------|-----------------|---------------|-----------------|-----------------|--|
| | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | Original budget | Adjusted budget | |
| R thousands | | | | | % | % | |
| Repairs and Maintenance | 10,353 | 11,311 | 12,693 | 12,305 | 3.18% | 2.87% | |
| Depreciation and asset impairment | 47,998 | 51,200 | 51,200 | 54,284 | -6.02% | -6.02% | |
| Renewal of existing assets | 40,622 | 38,974 | 42,414 | 42,569 | -9.23% | -0.37% | |
| Asset register summary (WDV) | 938,356 | 1,054,011 | 1,013,885 | 951,854 | 9.69% | 6.12% | |

COMMENT ON ASSET MANAGEMENT:

The actual asset register value for 2017/18 is R951, 854 million and the original budget thereof was R1, 054 billion that was adjusted down to R1, 013 billion during the adjustments budget. Taking the actual book value as at end of 2017/18 financial year of R938, 356 million, and the asset register value had increased and this attributed to high spending on capital budget and assets that were not included in the register and incorrectly valued in the previous financial years that are now recorded in the register.

The additional assets that were recognized resulted in increase on depreciation and asset impairment of R6, 286 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 (renewal of existing assets) amounting to R41, 674 million and repairs and maintenance amounting to R12,305 million was incurred during the 2017/18 financial year and this reflects increased spending of capital budget and repairs and maintenance budget when taking the 2016/17 financial year results into account.

| Description | 2016/17 | Budget Year 2017/18 | | | | |
|--|-----------------|---------------------|-----------------|---------------|-----------------|-----------------|
| | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | Original budget | Adjusted budget |
| R thousands | | | | | % | % |
| Repairs and Maintenance Expenditure | 10 353 | 11 311 | 12 693 | 12 305 | 3.18% | 2.87% |

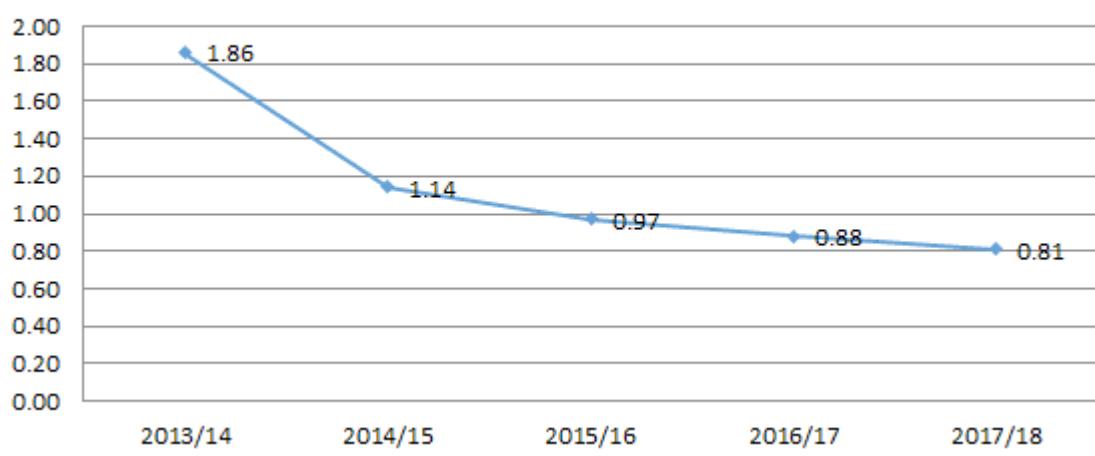
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The repairs and maintenance budget represent 3, 18% of the total original budget and 2, 87% of the adjusted budget and in terms of the actual expenditure, the spending represent 2,74% of the total operating expenditure incurred for 2017/18 financial year. A total of R12, 305 million was spent, reflecting an over-spending variance of 9% based on original budget and under-spending variance 3, 0% based on adjusted budget.

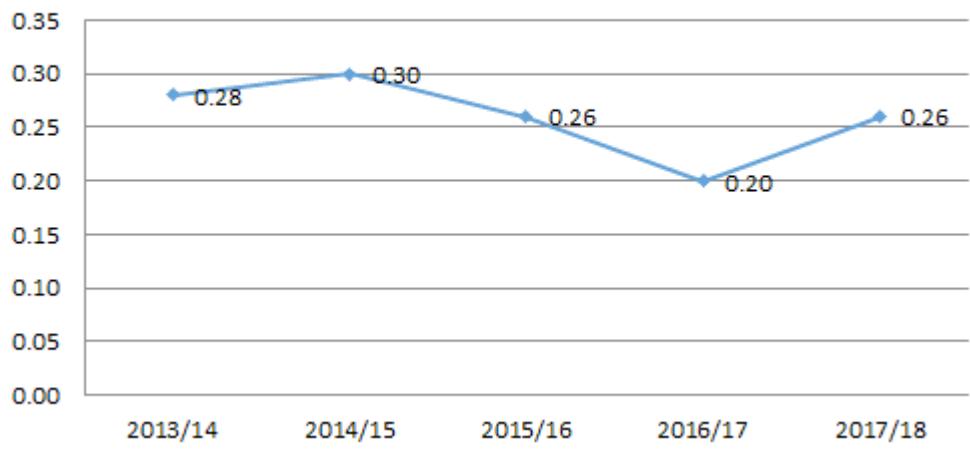
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Graph 1: Liquidity ratio

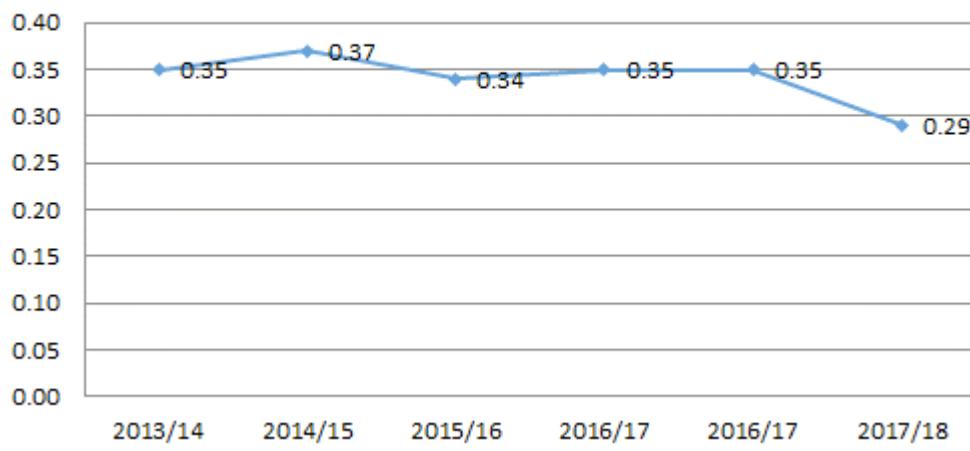
Liquidity Ratio



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; however, the graph portrays a picture that shows a staggering liquidity ratio for 2017/18 financial year since the ratio is less than 1. This is attributed to high amount of invoices that were paid at year end using accruals.

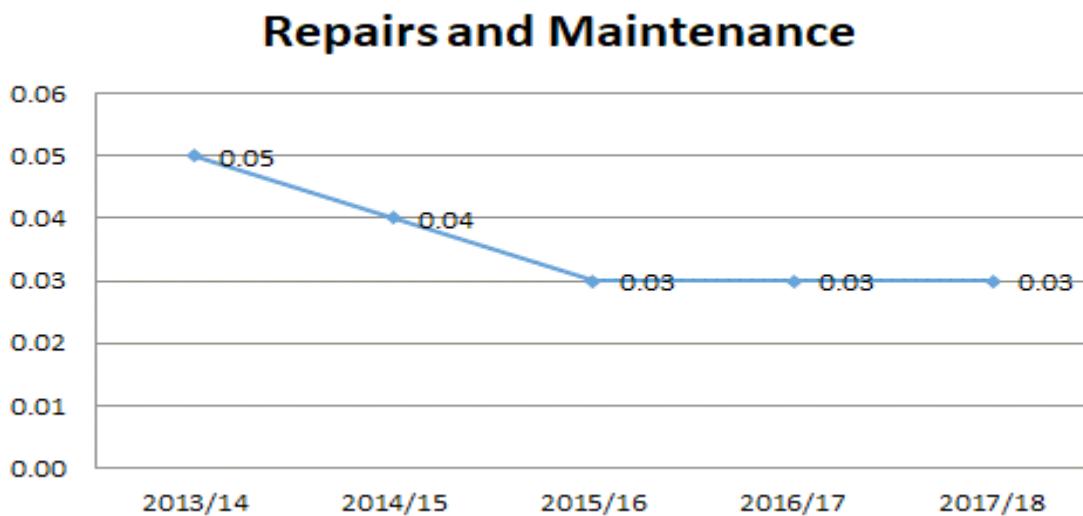
Graph 2: Outstanding Debtors to revenue**Outstanding Debtors to Revenue**

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 thereof. A lower score is better. The graph shows that the municipality has a ratio of 0.26 outstanding debtors that has slightly increased by 0.06 when compared to 2016/17 ratio.

Graph 3: Employee cost**Employee cost**

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

Graph 4: Repairs and maintenance



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

COMMENT ON FINANCIAL RATIOS:

The municipality is still facing a challenge of achieving 8% threshold of operating expenditure for repairs and maintenance. Liquidity ratio is negatively affected by invoiced that are paid accruals at year end since the magnitude thereof was too high in 2017/18 financial year as those invoices are treated as current liabilities. The municipality is in a process of implementing cost containment measures as documented in the National Treasury Instruction letter number 03 and this will result in improved liquidity ratio and in addition, it will do away with unnecessary expenditure.

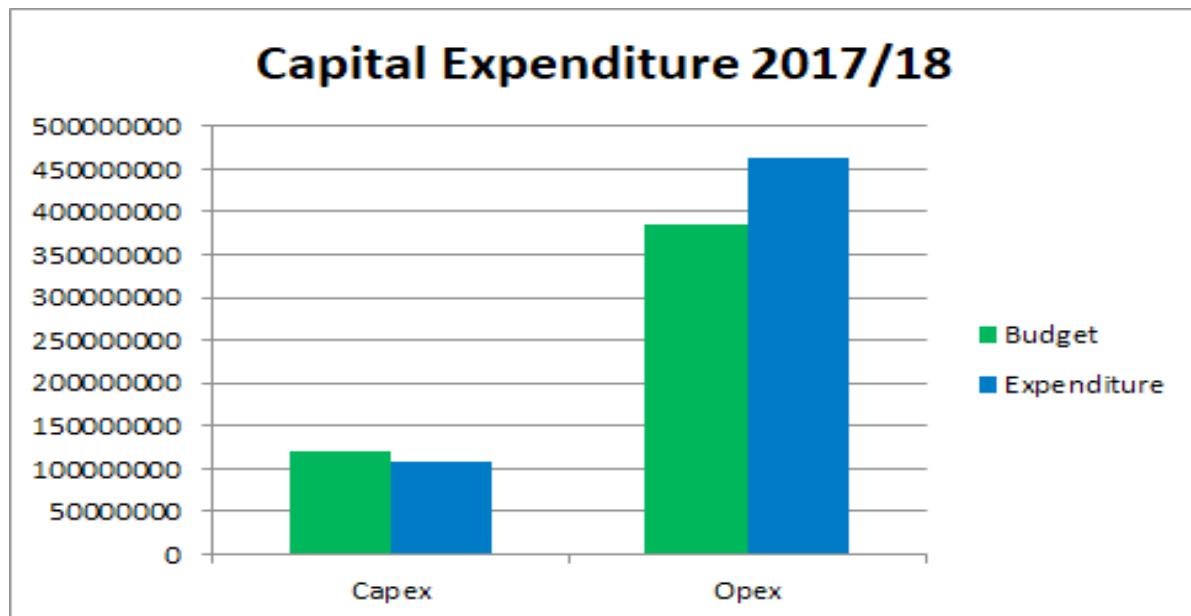
COMPONENT B : SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to projects and/or items whose outputs will result in assets that will have to be documented in the asset register. Capital expenditure is funded from grants and own revenue. Component B deals with capital spending, indicating where the funding comes from and whether the Municipality is able to spend the available funding as planned. In this component, it is important to indicate the different sources of funding as well as how these funds are spent.

5.5 CAPITAL EXPENDITURE

Graph 5: CAPITAL EXPENDITURE 2017/18



5.6 SOURCES OF FINANCE

| Description | 2016/17 | Budget Year 2017/18 | | | | |
|-------------------------------------|-----------------|---------------------|-----------------|----------------|-----------------|-----------------|
| | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | Original budget | Adjusted budget |
| R thousands | | | | | | |
| Capital Transfers and Grants | | | | | | |
| National Government: | 68 895 | 62 158 | 98 274 | 83 864 | -34.92% | 14.66% |
| Provincial Government: | - | - | - | - | - | - |
| District Municipality: | - | - | - | - | - | - |
| Other grant providers: | - | - | - | - | - | - |
| Total transfer recognised | 68 895 | 62 158 | 98 274 | 83 864 | -34.92% | 14.66% |
| Public contribution and donations | - | - | - | - | - | - |
| Borrowings | - | - | - | - | - | - |
| Internally generated funds | 11 770 | 15 144 | 22 992 | 23 699 | -56.49% | -3.07% |
| Total capital funding | 80 665 | 77 302 | 121 267 | 107 563 | -39.15% | 11.30% |
| Capital expenditure | | | | | | |
| Roads, pavements and bridges | 59 730 | 54 263 | 94 628 | 89 829 | -65.54% | 5.07% |
| Electricity | 11 151 | 13 158 | 13 158 | 12 946 | 1.61% | 1.61% |
| ICT equipment | 1 168 | 300 | 800 | 749 | -149.62% | 6.39% |
| Office furniture | 340 | 200 | 500 | 362 | -80.80% | 27.68% |
| Machinery and Equipment | 2 100 | 900 | 1 500 | 3 138 | -248.70% | -109.22% |
| Sports and recreation | 1 694 | - | 8 079 | - | - | 100.00% |
| Other | 4 482 | 8 481 | 2 603 | 539 | 93.64% | 79.29% |
| Total | 80 665 | 77 302 | 121 267 | 107 563 | -39.15% | 11.30% |
| Roads, pavements and bridges | 74.05% | 70.20% | 78.03% | 83.51% | | |
| Electricity | 13.82% | 17.02% | 10.85% | 12.04% | | |
| ICT equipment | 1.45% | 0.39% | 0.66% | 0.70% | | |
| Office furniture | 0.42% | 0.26% | 0.41% | 0.34% | | |
| Machinery and Equipment | 2.60% | 1.16% | 1.24% | 2.92% | | |
| Sports and recreation | 2.10% | 0.00% | 6.66% | 0.00% | | |
| Other | 5.56% | 10.97% | 2.15% | 0.50% | | |

COMMENT ON SOURCES OF FUNDING:

The original capital budget for 2017/18 financial year was R77, 302 million that was adjusted upward to R121, 267 million. The actual expenditure is R107, 563 million and this reflects an under-spending variance of 11,30% and this under spending was on grants funded and internally funded projects.

Funding of capital budget:

Original budget: R62, 158 million was funded by grants and R15, 144 million was funded internally
 Adjusted budget: R98, 274 million was funded by grants and R22, 992 million was funded internally
 Actual expenditure: R83, 864 million was funded by grants and R23, 699 million was funded internally

5.7 CAPITAL SPENDING ON FIVE LARGEST PROJECTS

| Capital Expenditure on Five Largest Projects* | | | | | |
|---|-----------------|-------------------|--------------------|-----------------------|-------------------------|
| Name of Project | R'000 | | | Variance Current Year | |
| | Original Budget | Adjustment Budget | Actual Expenditure | Original Variance (%) | Adjustment Variance (%) |
| A - Naganeng Bus Road | 10, 526 | 27,866 | 27,298 | 61% | -2% |
| B - Kgoshi Rammupudu Road | 8, 924 | 8, 756 | 8, 482 | -5% | -3% |
| C - Mathula Bus Road | 8, 411 | 7, 991 | 7, 952 | -6% | 0% |
| D - Tambo / Walter Sisulu Road | 5, 446 | 5, 288 | 5, 197 | -5% | -2% |
| E - Zaaiplaas JJ Road | 4, 386 | 5, 132 | 5, 040 | 13% | -2% |

| Name of Project - A | Naganeng Bus Road |
|------------------------------|---|
| Objective of Project | Reduction in the level of service delivery backlogs |
| Delays | None |
| Future Challenges | None |
| Anticipated citizen benefits | Easy access to services |

| Name of Project - B | Kgoshi Rammupudu Road |
|------------------------------|---|
| Objective of Project | Reduction in the level of service delivery backlogs |
| Delays | Community disrupting the completion of the additional works at phase 1C with reasons relating to subcontracting |
| Future Challenges | The remaining length of the road is 2,1km and remaining budget will only do 1,3km. |
| Anticipated citizen benefits | Easy access to services |

| Name of Project - C | Mathula Bus Road |
|------------------------------|---|
| Objective of Project | Reduction in the level of service delivery backlogs |
| Delays | None |
| Future Challenges | None |
| Anticipated citizen benefits | Easy access to services |

| | |
|------------------------------|---|
| Name of Project - D | Tambo / Walter Sisulu Road |
| Objective of Project | Reduction in the level of service delivery backlogs |
| Delays | None |
| Future Challenges | None |
| Anticipated citizen benefits | Easy access to services |

| | |
|------------------------------|---|
| Name of Project - E | Zaaiplaas JJ Road |
| Objective of Project | Reduction in the level of service delivery backlogs |
| Delays | None |
| Future Challenges | The remaining length of the road is 2,1km and remaining budget will only do 0,6km |
| Anticipated citizen benefits | Easy access to services |

COMMENT ON CAPITAL PROJECTS:

During 2017/18 Financial Year, the Municipality received a Total Allocation of R66 860 000.00 of MIG grant. A total of nine (9) projects were implemented, of which all eight (8) roads projects and one (1) sports facility were constructed. As at end of the financial year, only eight projects were completed and one was a multi-year project that continued into 2018/19 FY. Four projects [Mogaung Project (ward 22), Laersdrift Project (ward 30), Hlogotlou Stadium Project (Ward 20) and Naganeng Project (Ward)] were rolled over from the 2016/17 FY with the approved amount of R 16 361 941.46. Three (3) projects were completed as at end June 2018 only Naganeng Project continued into the 2018/19 FY because it was a multi-year project and was completed in October 2018.

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS - OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

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

| Service Backlogs as at 30 June 2018 | | | | |
|--|---------------------------------------|-------|--|-------|
| Households (HHs) | | | | |
| | *Service level above minimum standard | | **Service level below minimum standard | |
| | No HHs | % HHs | No HHs | % HHs |
| Electricity | 66 330 | 95.3% | 3112 | 4.7 % |
| Waste management | 66 330 | 0% | 66 330 | 16.5 |
| Housing | | | | |
| % HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements. | | | | |

COMMENT ON BACKLOGS:

There is a minor backlog in terms of electricity only 4.7% backlog has been identified with regards to households that do not have access to basic electricity. This backlog is due to expansion of the existing villages.

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. The identified backlog of unsurfaced roads and storm water controls is up to 92% on the municipal road networks.

The municipality has a program for re-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.

| Municipal Infrastructure Grant (MIG)* Expenditure 2017/2018 on Service backlogs | | | | | | |
|---|----------|-------------------|---------|-----------------|-------------------|---|
| R' 000 | | | | | | |
| Details | Budget | Adjustment Budget | Actual | Variance | | Major conditions applied by donor (continue below if necessary) |
| | | | | Original Budget | Adjustment Budget | |
| Infrastructure - Road transport | | | | | | |
| Roads, Pavements & Bridges | R49,000 | R64,373 | R63,555 | (R15,457) | R818 | Prioritize residential infrastructure for roads and sports facilities |
| Storm water | R0 | R0 | R0 | R0 | R0 | |
| Infrastructure - Electricity | | | | | | |
| Generation | R0 | R0 | R0 | R0 | R0 | |
| Street Lighting | R0 | R0 | R0 | R0 | R0 | |
| Infrastructure - Other | | | | | | |
| Transportation | R0 | R0 | R0 | R0 | R0 | |
| Gas | R0 | R0 | R0 | R0 | R0 | |
| Other Specify: | | | | | | |
| Sports - Outdoor | R0 | R8,079 | R8,079 | (R8,079) | R0 | |
| Street Parking | R0 | R0 | R0 | R0 | R0 | |
| Waste Management | R0 | R0 | R0 | R0 | R0 | |
| Total | R 49,000 | R72,452 | R71,634 | (R22,634) | R818 | |

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 all the short term investment.

| Description | 2016/17 | Budget Year 2017/18 | | |
|---|-----------------|---------------------|------------------|------------------|
| | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual |
| R thousands | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Property rates | 20 966 | 21 177 | 26 104 | 25 978 |
| Service charges | 69 070 | 83 078 | 79 245 | 62 834 |
| Other revenue | 10 066 | 13 516 | 24 449 | 14 831 |
| Government - operating | 214 632 | 226 163 | 226 163 | 226 163 |
| Government - capital | 83 703 | 70 860 | 81 860 | 97 901 |
| Interest | 10 410 | 5 579 | 5 352 | 12 621 |
| Dividends | - | - | | - |
| Payments | | | | |
| Suppliers and employees | (308 578) | (320 424) | (328 227) | (343 895) |
| Finance charges | (1 426) | (3 124) | (4 124) | (281) |
| Transfers and Grants | (521) | (3 724) | (3 724) | - |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | 98 321 | 93 102 | 107 098 | 96 151 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Receipts | | | | |
| Proceeds on disposal of PPE | - | - | 600 | 2 400 |
| Decrease (Increase) in non-current debtors | - | - | - | - |
| Decrease (increase) other non-current receivables | (529) | - | - | - |
| Decrease (increase) in non-current investments | | - | - | - |
| Payments | | | | |
| Capital assets | (80 665) | (77 302) | (110 949) | (106 505) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | (81 193) | (77 302) | (110 349) | (104 105) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Receipts | | | | |
| Short term loans | - | - | - | - |
| Borrowing long term/refinancing | - | - | - | - |
| Increase (decrease) in consumer deposits | 21 | 111 | (433) | - |
| Payments | | | | |
| Repayment of borrowing | (8 170) | (8 608) | (8 608) | (6 900) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | (8 149) | (8 497) | (9 041) | (6 900) |
| NET INCREASE/ (DECREASE) IN CASH HELD | 8 979 | 7 304 | (12 292) | (14 853) |
| Cash/cash equivalents at beginning: | 11 965 | 25 664 | 20 944 | 21 048 |
| Cash/cash equivalents at month/year end: | 20 944 | 32 968 | 8 652 | 6 194 |

COMMENT ON CASH-FLOW OUTCOMES:

Cash and cash equivalent at the beginning of the financial year was R21, 048 million and when comparing this to the cash and cash equivalent as at end of 2017/18 financial year, the results reflects a decrease in cash and cash equivalent of R14, 853 million and this portrays a negative picture about cash management of the municipality and this is supported by unfavourable liquidity ratio. Cognizance should be taken that the municipality is still dependent on grants since a major portion of revenue realized is made up of transfer recognized (both operating and capital).

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

| Actual Borrowings 2015/16-2017/18 | | | |
|--|---------------|--------------|----------|
| Instrument | R'000 | | |
| | 2015/16 | 2016/17 | 2017/18 |
| Municipality | | | |
| Long-term loans (annuity/reducing balance) | - | - | - |
| Long-term loans (non-annuity) | - | - | - |
| Local registered stock | - | - | - |
| Instalment credit | - | - | - |
| Financial leases | 15,069 | 6,900 | 0 |
| PPP liabilities | - | - | - |
| Finance granted by cap equipment supplier | - | - | - |
| Marketable bonds | - | - | - |
| Non-marketable bonds | - | - | - |
| Bankers acceptances | - | - | - |
| Financial derivatives | - | - | - |
| Other securities | - | - | - |
| Municipal Total | 15,069 | 6,900 | - |
| Municipal Entities | | | |
| Long-term Loans (annuity/reducing balance) | - | - | - |
| Long-term Loans (non-annuity) | - | - | - |
| Local registered stock | - | - | - |
| Instalment credit | - | - | - |
| Financial leases | - | - | - |
| PPP liabilities | - | - | - |
| Finance granted by cap equipment supplier | - | - | - |
| Marketable bonds | - | - | - |
| Non-Marketable bonds | - | - | - |
| Bankers acceptances | - | - | - |
| Financial derivatives | - | - | - |
| Other Securities | - | - | - |
| Entities Total | - | - | - |

| Municipal and Entity Investments 2015/16 – 2017/18 | | | |
|---|--------------|----------------|----------------|
| | R'000 | 2015/16 | 2016/17 |
| Investment type | | Actual | Actual |
| Municipality | | | |
| Securities - national government | | – | – |
| Listed corporate bonds | | – | – |
| Deposits –bank | 6,899 | 15,631 | – |
| 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 | | – | – |
| Municipal Entities | | | |
| Securities - National government | | – | – |
| Listed corporate bonds | | – | – |
| Deposits – Bank | | – | – |
| Deposits - Public Investment Commissioners | | – | – |
| Deposits - Corporation for Public Deposits | | – | – |
| Bankers' acceptance certificates | | – | – |
| Negotiable certificates of deposit- Banks | | – | – |
| Guaranteed endowment policies (sinking) | | – | – |
| Repurchase agreements – Banks | | – | – |
| Municipal bonds | | – | – |
| Other | | – | – |
| Entities Sub-Total | 6,899 | 15,631 | – |
| Consolidated Total: | 6,899 | 15,631 | – |

COMMENT ON BORROWING AND INVESTMENTS:

The municipality had no borrowing in the form of finance lease for heavy machinery and equipment amounting to as at end of 2017/18 financial year as compared to prior year.

The closing balance on investments was R0 that is materially lower than 2015/16 and 2016/17 financial years. This however, portrays a negative picture regarding the investment practice of the municipality.

5.11 PUBLIC-PRIVATE PARTNERSHIPS

PUBLIC-PRIVATE PARTNERSHIPS

Not applicable

COMPONENT D : OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

The financial statements for the 2017/18 financial year presents an irregular expenditure of R84, 524 million as opening balance and during the year irregular expenditure amounting to R82, 618 million was incurred. This leaves the municipality with overall irregular expenditure of R167, 142 million that emanated from procurement of goods and services without fully following the supply chain management processes. For 2017/18 financial year none of the year to date irregular expenditure was written by Council of the municipality however an amount to the tune of R 134, 166 million was written off by Council for 2016/17 financial year.

The municipality has started with the implementation of central supplier database that has been rolled out by National Treasury with the intention of maintaining a database of organisations, institutions and individuals who can provide goods and services to government institutions. This database serves as the single source of key supplier information for organs of state and it provides consolidated, accurate, up-to date, complete and verified supplier information to procuring organs of state.

5.13 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 statement.

Elias Motsoaledi local municipality was audited on annual financial statements that were prepared using MSCOA trial balance and general ledger.

5.14 Service provider's performance

| Project Name | 2017/2018 budget | Challenges (any signs of poor performance) |
|--|------------------|---|
| Kgaphamadi Construction of Bus road | R6 000 000.00 | None |
| Kgoshi Rammupudu Construction of access road | R9 981 336.14 | Community unrest |
| Mathula Construction of Access Road and stormwater control Phase 1 | R9 109 315.79 | Community unrest |
| Zaaiplaas Construction of JJ road and Stormwater control Phase 1E | R5 850 833.40 | None |
| Tambo Construction of Bus Road and Stormwater Control Phase 1C | R6 028 514,67 | None |
| Naganeng Construction of Bus Road Stormwater Phase 1A | R28 818 714.95 | None |
| Hlogotlou Street surfacing | R 7 000 000.00 | None |
| Mogaung construction of Bus Route | R6 000 000.00 | None |
| Monsterlus/Hlogotlou Stadium | R11 125 000.00 | Confusion during Appointment of service provider. |
| Rehabilitation of Dikgalaopeng road and stormwater control | R 2 017 100.00 | None |
| Groblerdal Roads and Streets | R 8 493 856.30 | None |
| Electrification of masakaneng Village phase 3 (221 HH) | R3 457 924.38 | None |
| Electrification of Households Makaepa Village phase 3 (279 HH) | R 1 510 497.10 | None |
| Electrification of Household Jerusalema and matsitsi Village phase 3 (230HH) | R 2 947 493.64 | None |
| Electrification of Household Tambo Village phase 2 (233HH) | R2 880 000.00 | None |

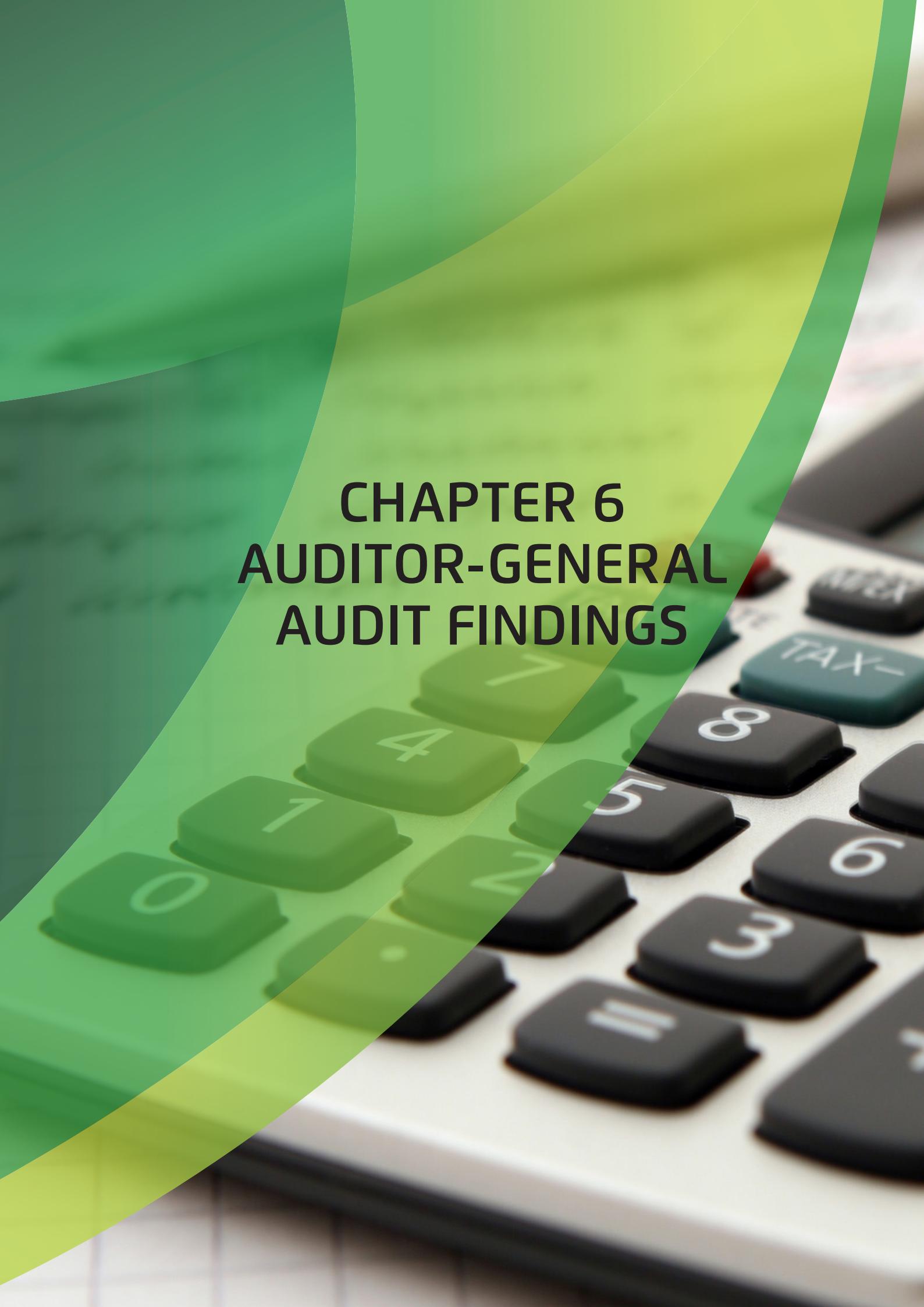
| | Mitigations (any warning given to the service provider) | Name of Consultant / Contractor | Assessment Rating or comments | Construction Tender Awarded to |
|--|---|---|--------------------------------------|---|
| | None | Sky High Engineers (Engineer) | 3 | Maswekameng Construction |
| | | Maswekameng Construction | 3 | |
| | MMC attended the meetings with the community to solve the issues | Tlou Intergrated (Engineers) | 2 | Shatadi Developers |
| | | Shadadi Developers | 2 | |
| | MMC attended the meetings with the community to solve the issues | SMV Autosmart (Engineer) | 3 | Mothakge Phadima Construction |
| | | Mothakge Phadima Construction | 2 | |
| | None | Onboard Consulting (Engineer) | 3 | Moleleki wa Tlala Construction |
| | | Moleleki wa Tlala Construction | 3 | |
| | None | TM Khoza (Engineer) | 3 | NJ Nkosana Construction |
| | | NJ Nkosana Construction | 3 | |
| | None | Dolmen Engineers(Engineer) | 3 | Sihle Civils (Engineer) |
| | | Sihle Civils (Engineer) | 3 | |
| | None | SML Consulting | 3 | Stonefound Construction |
| | | Stonefound Construction | 3 | |
| | None | MTP Consultants | 3 | Patrick Makgoka Construction |
| | | Patrick Makgoka Construction | 3 | |
| | Service provider appointed trough CSD and SRSA panel of Contractors | Vuka Africa consulting | 2 | Moepeng Traders |
| | | Moepeng Traders | 2 | |
| | None | Moleleki A Tlala Transport | 3 | Moleleki A Tlala Transport |
| | None | Kgwadi Ya Madiba General Trading and Projects | 4 | Kgwadi Ya Madiba General Trading and Projects |
| | None | NSK Electrical | 3 | KF Phetla Projects |
| | | KF Phetla | 3 | |
| | None | NSK Electrical | 3 | Lefumo la Barena |
| | | Lefumo la Barena | 3 | |
| | None | NSK Electrical | 3 | KF Phetla Projects |
| | | KF Phetla Projects | 3 | |
| | None | NSK Electrical | 3 | Lefumo La marema |
| | | Lefumo La marema | 3 | |

| Project Name | 2017/2018 budget | Challenges (any signs of poor performance) |
|--|------------------|---|
| Electrification of Household Waalkral village phase 2 (166HH) | R 2 640 005.76 | None |
| Electrification of Household Elansdoorn village phase 2 (88HH) | R971 250.78 | None |
| Recapitalisation of fleet and management solutions as and when required for a contract period of 3 years | R13,097, 672.50 | None |
| Event Management Service Provider | - | None |
| Event Management Service Provider | - | None |
| Event Management Service Provider | - | None |
| Event Management Service Provider | - | None |
| Event Management Service Provider | - | None |
| Accommodation Service Provider | - | None |
| Accommodation Service Provider | - | None |
| Accommodation Service Provider | - | None |
| Selema Plant Hire /Mashumi Construction supply JV | 2 622 000.00 | None |
| Selema Plant Hire Construction | 320 000.00 pm | None |
| Server, network maintenance and support | R2, 730, 698 | No skill transfer |
| Microsoft software licensing | R 924 911 | Submission of invoice in dollars |
| Maintenance of telephone management system | R2, 738, 597 | Budget management system was not properly functional |
| Bulk printing maintenance and support | R788, 314 | Undesirably slow turnaround time in providing maintenance, repair & support |
| Supply & delivery of computer hardware devices | R800,000 | Delivery of goods & services behind scheduled time |
| Network services subscription | R1, 700, 000 | Inadequate network coverage within municipal jurisdiction |
| Network services subscription | R760, 564 | Failure to attend performance evaluation meeting without apology |
| Financial system/ reporting | - | None |
| Printing of statements | - | None |

| | Mitigations (any warning given to the service provider) | Name of Consultant / Contractor | Assessment Rating or comments | Construction Tender Awarded to |
|--|--|--|--------------------------------------|---------------------------------------|
| | None | AES Consulting | 3 | KF Phetla Projects |
| | | KF Phetla Projects | 3 | |
| | None | NSK Electrical | 3 | KF Phetla Projects |
| | | KF Phetla Projects | 3 | |
| | None | Fleet Horizon Solutions | 5 | n/a |
| | None | 247 Travel And Tourism | 4 | n/a |
| | None | Pheladi Noko B1 Funeral | 4 | n/a |
| | None | Roneli Developers Pty Ltd | 4 | n/a |
| | None | Sekhoba Projects | 4 | n/a |
| | None | Lemon Peel Marketing | 4 | n/a |
| | None | Reakgona Travel Services | 4 | n/a |
| | None | KDM Travel Express | 4 | n/a |
| | None | Babirwa Travel | 4 | n/a |
| | None | Mr Sihlangu | 3 | n/a |
| | None | Mr Bill Ramonyai | 3 | n/a |
| | Service provider was engaged to implement skills transfer | PMH | 3 | n/a |
| | Continuous engagement with National / Provincial Treasury | Microsoft | 3 | n/a |
| | The system was fixed to the extent that it is now properly functional | MHOFU | 3 | n/a |
| | Continuous engagement with service provider i.e. 16/07/2018 | Canon Masakhane | 2 | n/a |
| | Continuous engagement with service provider i.e. 16/07/2018 | Moagi Technologies | 2 | n/a |
| | Continuous engagement with service provider for adequate network coverage or coverage by alternative | MTN | 2 | n/a |
| | Continuous engagement with service provider i.e. 16/07/2018 | VODACOM | 2 | n/a |
| | None | Munsoft | 3 | n/a |
| | None | CAB Holdings | 3 | n/a |

| Project Name | 2017/2018 budget | Challenges (any signs of poor performance) |
|--|-----------------------------------|--|
| Asset Management | External funding | None |
| Financial system | R 120 000 pa | None |
| Financial services | Bank charges | None |
| Payment service | R4.72 per transaction | None |
| Validations | Monthly debit order R45 000.00 | None |
| Payroll services | - | None |
| Review of Spatial Development Framework | R960 450. 00 | None |
| Site Demarcations at Bakopa, Ntwane & Matlala Lehwelere | R1000 000 | None |
| Zuma Park settlement formalization/ site demarcation | R500 000 | None |
| Rezoning of Hoepheop park | R230 280 | None |
| Township Establishment Portion 39 of farm Klipbank (Game Farm) | - | Yes |
| Outdoor advertising | - | Yes |
| Rating description | | |
| Poor Performance | 1 | |
| Fair Performance | 2 | |
| Good Performance | 3 | |
| Excellent Performance | 4 | |
| Outstanding Performance | 5 | |

| | Mitigations (any warning given to the service provider) | Name of Consultant / Contractor | Assessment Rating or comments | Construction Tender Awarded to |
|--|--|--|--------------------------------------|---------------------------------------|
| | None | Market Demand | 3 | n/a |
| | None | Caseware | 3 | n/a |
| | None | Nedbank | 3 | n/a |
| | None | Pay@ | 3 | n/a |
| | None | Cross Check | 3 | n/a |
| | None | VIP | 3 | n/a |
| | None | Pfukani Kusile Consulting | 3 | n/a |
| | None | Nhlase Development Consultants | 3 | n/a |
| | None | Mok Development Consultants | 3 | n/a |
| | None | MOK Development Consultants | 3 | n/a |
| | Handed to legal | YB Mashalaba & Associates | 1 | n/a |
| | Notified about displeasure of service | DirectoSign | 2 | n/a |
| | | | | |
| | | | | |
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| | | | | |
| | | | | |

A close-up photograph of a calculator's numeric keypad and some function keys. The calculator is white with black keys. The keys visible include '0', '1', '2', '3', '4', '5', '6', '7', '8', '9', 'TAX-' (in green), and 'M' (in green). The background features a large, semi-transparent green and yellow diagonal stripe pattern.

CHAPTER 6

AUDITOR-GENERAL

AUDIT FINDINGS

Report of the auditor-general to the Limpopo legislature and the council of Elias Motsoaledi Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of Elias Motsoaledi Local Municipality set out on pages 309 to 392 , which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Elias Motsoaledi Local municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with (South Africa Standard of Generally Recognised Accounting Practice (SA standard 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, 2017 (Act No. 3 of 2017) (DoRA)

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of the corresponding figures

7. As disclosed in note 41 to the financial statement, the corresponding figures for 30 June 2017 have been restated as a results of errors discovered in the financial statements of the municipality at, and for the year ended, 30 June 2017.

Significant uncertainties

- As disclosed in note 38 to the financial statements, the municipality is the defendant in various lawsuits. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Unauthorised expenditure

- As disclosed in note 45 to the financial statements, unauthorised expenditure to the amount of R75 392 906 was incurred, as the total amount appropriated in the municipality's approved budget has been overspent.

Material distribution losses

- As disclosed in note 48 to the financial statements, material electricity losses of R14 505 057 (2016-17: R21 199 619) was incurred, which represents 29.8% (2016-17: 44%) of total electricity purchased.

Other matters

- I draw attention to the matters below. My opinion is not modified in respect of these matters. Unaudited disclosure notes
- In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Unaudited supplementary schedules

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

Responsibilities of the accounting officer for the financial statements

- The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA standards of GRAP and the requirements of the MFMA and the DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

- My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an

audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.
18. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
19. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2018.

| Objectives | Pages in annual performance report |
|--|---------------------------------------|
| KPA 1: Spatial development analysis and rationale | 7-8 |
| KPA 4: Basic service delivery and infrastructure development | 14,15, 21 - 23, 26 - 37, 38-40 and 45 |

21. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
22. The material findings in respect of the usefulness and reliability of the selected development priorities are as follows:

KPA 1: Spatial development analysis and rationale.

% projects implemented based on SPLUMA

23. Performance indicators are not measurable, the source information and evidence for achieving the planned target does not relate to the indicator.

% of inspections conducted on building construction with an approved plan to ensure compliance with National Building Regulations and Building Standards.

KPA 4: Basic service delivery and infrastructure development

Various indicators

25. The systems and processes that enable reliable reporting of the achievement against these targets was not adequately designed. As a result, I was unable to obtain sufficient appropriate audit evidence for the reported achievements. Limitations were placed on the scope of my work as I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report.

| Indicator description | Reported Planned target | Reported achievement |
|---|-------------------------|----------------------|
| % electrification of households in Makaepa | 100% | 100% |
| % electrification of households in Thambo village (extension) | 100% | 100% |
| % electrification of households in Jabulani O3 | 100% | 100% |
| % electrification of households in Jerusalem | 100% | 100% |
| % electrification of households at WaalkraaA | 100% | 100% |
| % electrification of households at Elandsdoorn A | 100% | 100% |
| % electrification of households in Matsitsi | 100% | 100% |

% electrification of households at Tshehla trust

26. The percentage achievement for the target reported in the annual performance report was 100%. However, the supporting evidence provided did not agree to the reported achievement and indicated an achievement of 0%.

Other matter

Achievement of planned targets

27. Refer to the annual performance report on pages 7- 8, 14,15, 21 -23, 26- 37, 38-40 and 45 for information on the achievement of planned targets for the year. This information should be considered in the context of the opinions expressed on the usefulness and reliability of the reported performance information in paragraph 29 of this report.

Report on the audit of compliance with legislation

Introduction and scope

28. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

29. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements, performance and annual report

30. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

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

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

33. Effective steps were not taken to prevent irregular expenditure amounting to R74 094 607, as required by section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by the evaluation and adjudication criteria applied in evaluating and adjudicating bids, the bid adjudication committee decided to award the bids to someone other than the one recommended by the bid evaluation committee and awards being made to suppliers not receiving the highest points without objectionable and reasonable basis for the deviation.

Revenue management

34. An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.

Asset management

35. Funds were invested with Venda building society (VBS), in contravention of municipal investment regulation 6.

36. Capital assets were permanently disposed of without the approval of the council, as required by section 14(2)(a) of the MFMA.

Procurement and contract management

37. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.
38. Bid specifications for some of the tenders were drafted in a biased manner and did not allow all potential suppliers to offer their goods or services, in contravention of SCM regulation 27(2)(a). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the EMLM 19/2018 - Recapitalisation of fleet and management solutions.
39. Some of the contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a) and the preferential procurement regulations. Similar non compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the EMLM 05/2018- Groblersdal and street maintenane and resealing and EMLM 22/2018 -Appointment for panel of five attorneys for 3 years.
40. Bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by preferential procurement regulation 9(1). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the procurement of protective clothing.
41. Commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by preferential procurement regulation 9(1). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the procurement of protective clothing.
42. Commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by preferential procurement regulation 9(5). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the procurement of protective clothing.
43. Sufficient appropriate audit evidence could not be obtained that all extensions or modifications to contracts were approved by a properly delegated official, as required by SCM regulation 5.
44. 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, in contravention of the code of conduct for councillors issued in terms of the Municipal Systems Act, 2000 (Act No. 32 of 2000).
45. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
46. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, in contravention of section 116(2)(c) of the MFMA.

Fraud and consequence management

47. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
48. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Other information

49. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in the auditor's report.
50. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
51. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
52. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate, however, if it is corrected this will not be necessary.

Internal control deficiencies

53. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
54. The review and monitoring of the financial and performance reporting, by the accounting officer is inadequate. This resulted in the annual financial statements and the annual performance report containing material misstatements.
55. The action plan developed by the municipality to address internal and external audit findings does not ensure that root causes that resulted in the findings are resolved.

56. The municipality did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.
57. Management's ineffectiveness in implementing recommendations from the internal and external auditors as well as inaccurate and unreliable financial and performance reports submitted prevented the audit committee to evaluate and monitor responses to risks in order to promote accountability and service delivery. Oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations was thus not effective.

*Auditor General
Polokwane*

30 November 2018



Auditing to build public confidence

Annexure- Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the municipality's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Elias Motsoaldei Local Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

COMPONENT B : AUDITOR GENERAL'S OPINION 2017/2018

1.2 AUDITOR GENERAL'S REPORT 2017/2018

| Auditor – General's Report on Financial Performance 2017/2018 | |
|---|---------------------|
| Audit Report Status*: | Unqualified Opinion |

| Non- Compliance Issues | Remedial Action Taken |
|----------------------------------|-----------------------------|
| As stipulated in the AGSA report | Audit action plan developed |

| Auditor-General's Report on Service Delivery and Infrastructure Development KPA 4 : 2017/2018 | |
|---|-------------------|
| Audit Report Status: | Qualified Opinion |

| Auditor-General's Report on Spatial Development Analysis and Rationale KPA 1 : 2017/2018 | |
|--|-------------------|
| Audit Report Status: | Qualified Opinion |

| Non-Compliance Issues | Remedial Action Taken |
|----------------------------------|-----------------------------|
| As stipulated in the AGSA report | Audit Action Plan developed |

1.3 MUNICIPAL MANAGER AND CHIEF FINANCIAL OFFICER'S COMMENTS:

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 2018 of the municipality was submitted to the Auditor General on the 31st August 2018.

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 2017/2018 was submitted to the Accounting Officer on 30 November 2018.

The financial statements as on 30 June 2018 of the municipality was submitted within two months of the financial year end to the Auditor General on the 31 August 2018.

The municipality has received an Unqualified Audit opinion for the financial year ended 30 June 2018.

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

1.4 AUDIT COMMITTEE COMMENTS:

The Audit Committee of the municipality has considered the Auditor General of South Africa (AGSA) report at a special meeting held with AGSA on 24 November 2018. The report showed a significant improvement with the 2017/2018 audit outcome which was evidenced by an unqualified audit opinion as compared to a qualified audit opinion from the previous 2016/2017 financial year. The Audit Committee expressed their appreciation to the municipality's management for the efforts which have been applied into improving the control environment. The Committee advised that management should develop an adequate Action Plan to address the findings which have been highlighted in the audit report as these may create problems in the upcoming audits if not attended to. The Audit Committee requested that management should put reasonable measures in place to ensure that there is no regression from the current audit opinion, instead further improvement is expected in the future years.

AUDIT ACTION PLAN

FINANCIAL YEAR 2017/18

| | |
|--------------------------|--|
| Municipality Name | Elias Motsoaledi Local Municipality |
| Audit Opinion | Unqualified |
| Reporting Period | |

| | Audit Findings | Category of Finding | Description of Finding | Finding status | Root Cause |
|---|-----------------------|--|---|-----------------------|---|
| 1 | Records | Matters affecting the auditor's report | Compliance Roads Infrastructure: Planning and overall management-control deficiencies | New | lack of adequate controls to ensure that roads infrastructure is properly planned and managed |
| 2 | Procurement | Matters affecting the auditor's report | consequence management-investigation not conducted | New | Delay in appointment of investigator |

| | Action Plan Description | Start Date | Completion Date | Position | Progress | Narrative to Progress |
|--|--|-------------------|------------------------|-------------------------------|-----------------|--|
| | Developed roads maintenance plan during 2017/2018 to be approved by Council | 01-Dec-18 | 30-Jun-19 | Senior Manager Infrastructure | In progress | the plan developed and awaiting adoption by council |
| | implement the approved annual program for road maintenance | 01-Dec-18 | 30-Jun-19 | | | |
| | Use the condition assessment, performed by the district municipality, for every road under the municipality. | n/a | n/a | | | |
| | | | | | | |
| | Tender re-advertised on 12 November 2018 | 15-Jan-19 | 15-Feb-19 | Municipal Manager | In progress | Evaluation committee to sit on 15 January 2019 to evaluate the tender of the investigator and the appointment to be finalised on or before 15 February 2019. |
| | Management will ensure the appointment process is expedited so that MPAC can finalise the process to ensure compliance | | | | | |
| | | | | | | |

| | Audit Findings | Category of Finding | Description of Finding | Finding status | Root Cause |
|---|--------------------------|--|---|-----------------------|--|
| 3 | Immovable Assets | Matters affecting the auditor's report | Differences between fixed asset register and financial statements | New | Financial statements not supported by reliable information |
| 4 | Predetermined Objectives | Matters affecting the auditor's report | % of projects implemented based on SPLUMA | New | Target not planned properly |
| 5 | Predetermined Objectives | Matters affecting the auditor's report | % Electrification of households at Tshehla trust | New | Roll over project-completion certificate with 2016/2017 date |
| 6 | Predetermined Objectives | Matters affecting the auditor's report | % electrification of households | New | Lack of reliable supporting evidence |
| 7 | Predetermined Objectives | Matters affecting the auditor's report | % of inspections conducted on building construction with an approved plan to ensure compliance with National Buiding Regulations and building standards | New | Management did not draft the indicator in a way that is measurable |
| 8 | Procurement | Matters affecting the auditor's report | COMAF 15-SCM-Contracts not signed for procurement above R 200 000 | New | Agreement not documeneted in writing |

| Action Plan Description | Start Date | Completion Date | Position | Progress | Narrative to Progress |
|---|------------|-----------------|-------------------------------|-----------------|---|
| Will rectify this matter at the next council meeting asset does not physically exist anymore due to it not being found for two consecutive financial years and therefore should not be part of fixed asset register | 07-Dec-18 | 31-Mar-19 | CFO | In progress | The item served in Exco meeting that took place on 14 December 2018 |
| To review the target and indicator based on previous years trends | 10-Jan-19 | 30-Jan-19 | Senior Manager Planning | Not yet started | to start during mid year budget/ SDBIP adjustment |
| The completion certificate for roll over amount to be issued | 01-Dec-18 | 30-Jun-19 | Senior manager Infrastructure | In progress | To be rectified |
| to review the supporting documents for the KPI achieved | 01-Dec-18 | 30-Jun-19 | senior manager infrastructure | | |
| To revise the 2018/2019 SDBIP to specify the relevant legislation sections | 01-Dec-18 | 30-Jan-19 | Senior Manager Planning | In progress | to revise during midyear budget/sdbip adjustment |
| Ensure written contracts are entered into and signed | 01-Dec-18 | 30-Jan-19 | Senior Manager Infrastructure | In progress | ongoing process- ensure that all the contracts are signed |

| | Audit Findings | Category of Finding | Description of Finding | Finding status | Root Cause |
|----|-----------------------|--|---|-----------------------|--|
| 9 | Procurement | Matters affecting the auditor's report | COMAF 20-Awards made to suppliers who did not submit the declaration forms | New | Controls in the supply chain management regulations not implemented |
| 10 | Procurement | Matters affecting the auditor's report | COMAF 20-Bid documents to support section 32 procurement not submitted | New | lack in reasonable steps to detect and prevent irregular expenditure from occurring |
| 11 | Procurement | Matters affecting the auditor's report | COMAF 20-Awards made to suppliers related to person I the service of the municipality without valid declaration | New | lack of properly designed financial disclosure forms |
| | Bank | Matters affecting the auditors report | ISS 83- Compliance asset management | New | Management not aware that that VBS bank not registered |
| 13 | Immovable Assets | Matters affecting the auditor's report | PPE- Derecognised assets not authorised | New | Management oversight- did not ensure all assets derecognised are authorised by council |

| | Action Plan Description | Start Date | Completion Date | Position | Progress | Narrative to Progress |
|--|---|------------|-----------------|----------|-----------------|--|
| | Cross check verification system to be used before awarding tenders to suppliers | 14-Dec-18 | 30-Jun-19 | CFO | In progress | |
| | To confirm the tax compliance status, independent declaration and the terms of reference amongst others for section 32 procurements. | 07-Dec-18 | 30-Jun-19 | CFO | In progress | The bid document in question was subsequently submitted to the auditors, however, management will ensure that the requisite documents are obtained when procuring through section 32 |
| | Financial disclosure form to include provision for disclosure of spouse, partner and close family members, | 07-Jan-19 | 30-Jun-19 | CFO | Not yet started | |
| | Controls put in place to ensure that such non compliance does not occur again | 31-Aug-18 | 30-Nov-18 | CFO | Completed | All investments with VBS have matured and withdrawn. No more investment with mutual banks |
| | Will rectify this matter at the next council meeting asset does not physically exist anymore due to it not being found for two consecutive financial years and therefore should not be part of fixed asset register | 07-Dec-18 | 31-Mar-19 | CFO | In progress | The item served in Exco meeting that took place on 14 December 2018 |

| | Audit Findings | Category of Finding | Description of Finding | Finding status | Root Cause |
|----|------------------------|--|--|-----------------------|---|
| 14 | Payments | Matters affecting the auditor's report | COMAF 31- Expenditure- payments made after 30 days | New | late capturing on the system |
| 15 | Revenue | Matters affecting the auditor's report | Revenue:1- Reconciliationon revenue streams not performed | New | controls not implemented over daily and monthly processing and reconciling of transactions |
| 16 | Procurement | Matters affecting the auditor's report | COMAF 31- Expenditure- fruitless and wasteful expenditure | Recurring | lack of proper management of funds |
| 17 | Other Disclosure | Other important matters | COMAF 54- Provisions- Illegal dumping on Dennilton Landfill site | New | Lack of proper procedures to ensure compliance with laws and regulations as well as to minimise losses |
| 18 | Information Technology | Other important matters | ISS 1-Lack of monitoring performance of consultants rendering services to the municipality | New | Non-establishment of a service level monitoring process No personnel assigned accountabilit for the SLA monitoring |
| 19 | Information Technology | Other important matters | ISS 2- Lack of evidence of review of user access rights | New | role of reviewig user access rights on munsoft not assigned to an ndividual |

| Action Plan Description | Start Date | Completion Date | Position | Progress | Narrative to Progress |
|---|------------|-----------------|-----------------------------------|-------------|--|
| Maintain adequate cash and cash equivalent so that the municipality will be able to service its obligations as and when they become due | 07-Dec-18 | 30-Jun-19 | CFO | In progress | Invoices are monitored to ensure that they do not get paid after 30 days of receipt thereof |
| Reconciliations for property rates and fines, penalties and forfeiture will be performed on the monthly basis | 11-Dec-18 | 30-Jun-19 | CFO | In progress | The service provider used for preparing financials is currently assisting with the preparation of the reconciliation |
| Complete the register of fruitless and wasteful expenditure | 11-Dec-18 | 30-Jun-19 | CFO | In progress | Close monitoring of Eskom and SARS payments to ensure that penalties for identified and reported late payment are |
| To put plans in place for future rehabilitation | Ongoing | | Senior manager Community services | In progress | the Municipality will continue to clear the illegal dumping at Dennilton |
| to establish service monitoring process and evidence of monitoring retained | 07-Jan-19 | 30-Jun-19 | CFO | In progress | The Consultants will be evaluated on a quarterly basis and contract management management is current amongst the functions of Chief Compliance Officer |
| Management (IT and finance) ensure user access policy and procedures are implemented. | 30-Nov-18 | 31-Jan-19 | Manager ICT | In progress | Iso is currently performing munsoft weekly review on user access rights and logins |
| User access rights/profiles to be regularly reviewed to confirm profiles are in line with job responsibilities. | 07-Jan-19 | 30-Jun-19 | CFO | In progress | The user acces rights will be reviewed on a quarterly basis |

| | Audit Findings | Category of Finding | Description of Finding | Finding status | Root Cause |
|----|------------------------|----------------------------|---|-----------------------|--|
| 20 | Information Technology | Other important matters | ISS.98- Inadequate user access management processes and lack of segregation of duties on VIP Payroll system | New | No Senior person allocated who could review approve the transactions performed by user |
| 21 | Information Technology | Other important matters | ISS.99- Electronic funds transfer procedure not adequately documented | Recurring | Expenditure procedure manual not adequately designed and documented |
| 22 | Bank | Other important matters | ISS 78-Commaf 23- Cash and cash equivalents- overstatements- overstatement. | New | Lack of adequate complete, accurate and reliable supporting documents |
| 23 | Other Disclosure | Other important matters | COMAF 30-Cashflow | New | Lack of effective review |

| Action Plan Description | Start Date | Completion Date | Position | Progress | Narrative to Progress |
|---|------------------------|------------------------|---|--------------------------------|---|
| proper segregation of duties to be updated and corrected | 07-Jan-19 | 31-Mar-19 | CFO/ Manager Expenditure Manager ICT | In progress | Seggregation of duties will be enforced between Payroll Officer and Accountant Payroll in that the official that created a batch will not be allowed to delete it. |
| Review the expenditure procedure manual to ensure that the following key aspects are included in the procedure manual: segregation of duties, controls within the payment file, change controls when updating banking details on master file, reviews of audit trail, reconciliation of successful and unsuccessful payments. Amount limits. | 07-Jan-19 | 31-Mar-19 | CFO/Manager Expenditure | In progress | The department is in a process of developing and documenting procedure manual for EFT transactions |
| Ensure that reconciling items are cleared off within reasonable time Adjust the cash flow and related notes with differences | 11-Dec-18 11-Jan-19 | 30-Jun-19 15-Feb-19 | CFO CFO | In progress Not yet started | Currently the focus is put on clearing long outstanding reconciling items The matter will be addressed during preparation of six months financial statements |

| | Audit Findings | Category of Finding | Description of Finding | Finding status | Root Cause | |
|----|----------------|-------------------------|--|----------------|--|--|
| 24 | Payments | Other important matters | ISS86-Employee cost-overtime paid exceed 30% | Recurring | Internal controls not effectively communicated, established and maintained | |
| 25 | Payments | Other important matters | ISS 87- Employee cost-overtime worked prior approval | Recurring | inadequate review of processing of overtime paid to employees. | |

| | Action Plan Description | Start Date | Completion Date | Position | Progress | Narrative to Progress |
|--|--|------------|-----------------|-----------------------------------|-----------|--|
| | Ensure awareness and full implementation of the policy to prevent non compliance | 11/12/2018 | 11/12/2018 | Senior manager corporate services | Completed | An Awareness Email was sent to all the employees on the 11th December 2018 in terms of which the documented Overtime Standard Operating Management Procedures was annexed thereto for all employees' attention, perusal & perusal. Refer to attached proof of email & documented Overtime Standard Operating Management Procedures as Portfolio of Evidence to this narrative. |
| | implementation of developed checklist for the processing of overtime | 11/12/2018 | 11/12/2018 | Senior manager corporate services | Completed | An Awareness Email was sent to all the employees on the 11th December 2018 in terms of which the documented Overtime Standard Operating Management Procedures was annexed thereto for all employees' attention, perusal & perusal. Refer to attached proof of email & documented Overtime Standard Operating Management Procedures as Portfolio of Evidence to this narrative. |

| | Audit Findings | Category of Finding | Description of Finding | Finding status | Root Cause | |
|----|----------------|-------------------------|---|----------------|--|--|
| 26 | Payments | Other important matters | ISS 88- Employee cost- non compliance with basic conditions of employment act | Recurring | inadequate review of processing of overtime paid to employees. | |
| 27 | Payments | Other important matters | Employee cost- incorrect tax calculations | New | Accounts not effectively reconciled monthly | |
| 28 | Payments | Other important matters | COMAF 57- Employee cost fringe benefits | Recurring | Controls not implemented to ensure compliance with tax act | |

| | Action Plan Description | Start Date | Completion Date | Position | Progress | Narrative to Progress |
|--|---|------------|-----------------|-----------------------------------|-----------------|--|
| | to ensure awareness and full implementation of the checklist and policy to prevent non compliance | 11/12/2018 | 11/12/2018 | Senior manager corporate services | Completed | An Awareness Email was sent to all the employees on the 11th December 2018 in terms of which the documented Overtime Standard Operating Management Procedures was annexed thereto for all employees' attention, perusal & perusal. Refer to attached proof of email & documented Overtime Standard Operating Management Procedures as Portfolio of Evidence to this narrative. |
| | Correct tax calculation set up on the system Pass journal within the control account disclosed under note 19 payables from exchange transactions-trade payables | 07-Dec-18 | 31-Mar-19 | CFO | Completed | The system vendor has verified tax calculation set-up on the VIP system |
| | Management to decide on increasing the monthly rental to be market related or to tax the employees on the fringe benefit part of the rental or to dispose off the houses that are currently rented out to employees | 07-Jan-19 | 30-Jun-19 | CFO | Not yet started | |

| | Audit Findings | Category of Finding | Description of Finding | Finding status | Root Cause |
|----|-----------------------|----------------------------|---|-----------------------|---|
| 29 | Records | Other important matters | ISS,84-Control deficiencies in the management of consultants | New | lack of adequate controls to ensure consultants are properly managed and that skills are properly transferred to the municipality |
| 30 | Movable Assets | Other important matters | COMAF 19- Municipality's assets not accounted for in the asset register | New | lack of controls to ensure that all assets accounted for in the register exist |
| 31 | Immovable Assets | Other important matters | COMAF 19-PPE- Duplicate assets | New | lack of proper review of the fixed assets register |
| 32 | Immovable Assets | Other important matters | ISS71- Incorrect classification | New | lack of proper review of the fixed assets register |
| 33 | Immovable Assets | Other important matters | ISS 85-PPE- Overstatement of work in progress asset | New | lack of proper review of WIP register |
| 34 | Immovable Assets | Other important matters | ISS 91- Understatement of depreciation | New | lack of review to ensure the financial information not complete and accurate |
| 35 | Immovable Assets | Other important matters | ISS 49- Overstatement of investment property | New | lack of review to ensure the financial information not complete and accurate |

| | Action Plan Description | Start Date | Completion Date | Position | Progress | Narrative to Progress |
|--|--|------------|-----------------|--|--|-----------------------|
| | action plan on the internal audit report corporate services department to draft a policy on the use of consultants in which the detailed framework on dealing with the use of consultants will be explained | 01/01/2019 | 04/04/2019 | CFO Senior Manager Corporate services | Not yet started Not Yet Started | Not Yet Started |
| | The Asset Management team to ensure that all assets of the municipality are included in the Assets Register | 07-Jan-19 | 28-Feb-19 | CFO | Not yet started | |
| | The Asset Management team still to do data cleansing to ensure that no assets are accounted for twice | 07-Jan-19 | 28-Feb-19 | CFO | Not yet started | |
| | Include asset 47035 as a transfer from WIP and reclassify as buildings as per COMAF 02 | 07-Jan-19 | 30-Jan-19 | CFO | Not yet started | |
| | Adjustment approved | 07-Jan-19 | 30-Jan-19 | CFO | Completed | to be verified by IA |
| | Adjustment approved | 07-Jan-19 | 30-Jan-19 | CFO/Manager Asset | Completed | to be verified by IA |
| | Adjustment approved | 07-Jan-19 | 30-Jan-19 | CFO | Completed | to be verified by IA |

| | Audit Findings | Category of Finding | Description of Finding | Finding status | Root Cause |
|----|--------------------------|----------------------------|---|-----------------------|--|
| 36 | Payments | Other important matters | ISS 94-COMAF 34-Expenditure-VAT input incorrectly claimed | New | Lack of review of payments an non compliance with the VAT Act |
| 37 | Predetermined Objectives | Other important matters | ISS 8-AOPO-COMAF 11- Presentation of APR | New | Annual performance report not well presented lack of effective review of the APR |
| 38 | Procurement | Other important matters | ISS 29-COMAF 15-SCM- Uneconomical use of resources in the procurement of fleet management solutions | New | Lack of internal controls to ensure the municipal resources are used effectively and efficiently |
| 39 | Procurement | Other important matters | ISS 38-COMAF 15-SCM- Expenditure was incurred after the contract has expired. | New | Lack of proper contract management |
| 40 | Revenue | Other important matters | ISS 42-Debtors-Non compliance with credit policy | New | policy and procedures not effectively communicated to ensure execution of internal control |
| 41 | Revenue | Other important matters | ISS 76- Licenses and permits revenue | New | Lack in proper record keeping |
| 42 | Revenue | Other important matters | ISS 110-COMAF 55- Loss of revenue from unknown properties | New | Lack of effective monitoring to ensure correct rates are used |
| 43 | Payments | Other important matters | ISS 67-COMAF 29- VAT Returns not submitted timeously | New | Lack in internal controls to ensure returns are submitted on time |

| | Action Plan Description | Start Date | Completion Date | Position | Progress | Narrative to Progress |
|--|--|------------|-----------------|--------------------------------|-----------------|---|
| | Adjust VAT control account and relevant expenditure item | 01-Nov-18 | 30-Nov-18 | CFO | Completed | Adjustments were approved and correctly effected in the financial statements and the finding was subsequently resolved. |
| | To be constant in presenting indicators in the APR | 10-Dec-18 | 30-Jan-19 | Senor Manager Planning and LED | In progress | to revise the sdbip in line with the finding during midyear adjustment |
| | Provide proof for lease versus buy option weighed Sufficient proof that buy option was not selected due to cash flow constraint | 07-Jan-19 | 31-Mar-19 | CFO | Not yet started | |
| | Improve contract management processes and ensure proper controls are in place to manage contracts | 07-Jan-19 | 30-Jun-19 | CFO | Not yet started | |
| | Will put more emphasis on the controls going forward | 07-Jan-19 | 30-Jun-19 | CFO | Not yet started | |
| | To provide missing payment on a complete list for payments for the year | 13-Nov-18 | 20-Nov-18 | CFO | Completed | COMAF 44 was subsequently resolved |
| | Management to revisit the unknown properties population with the aim of identifying the owners thereof | 07-Jan-19 | 30-Jun-19 | CFO | Not yet started | |
| | In future the municipality will submit returns on time | 07-Dec-18 | 30-Jun-19 | CFO | In progress | The returns are currently getting submitted on time |

APPENDICES

APPENDIX A- COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

| Surname | Full names | full time/ Part time FT/PT | Committee Allocated |
|--------------------|--------------------------------|----------------------------|--|
| Mphela | Mojabeng Amelia | PT | Finance. Council |
| Phatlane | Alfred | FT | Corporate Services EXCO Council Meeting Ethics |
| Mamakoko | Mokgohlwe Lettie | PT | Planning Council |
| Moima | Lizzy Mahlatse | PT | Community Services Council |
| Makweoane | Agnes Mapetle | PT | Infrastructure Council |
| Ndlovu | Raymond Ndumiso | PT | Executive Council |
| Phala | Magabolle Lucas | PT | MPAC: member Ethics Council |
| Ratlou | Sefako Winter | PT | Community Services Council Rule and petition |
| Ratau | Rose Mmapule | PT | Executive Support Council |
| Madisa | Kgadi Francinah | PT | Planning Council |
| Namane | Given Ranyaba | PT | Planning Council |
| Phorothlhoe | Thabiso Andries | PT | Finance. Council Rules and petitions |
| Oosthuizen | Willem Nicolaas Saaiman | PT | Council Executive Support |
| Bogopa | Botha(M) | PT | Community Services Council |
| Mahlangu | Julia (F) | PT | Ethics Council |

| | Ward and /or Party represented | No of council meetings held | no. of council meetings attended | No. of apologies for non-attendance | No of Absence without leave |
|--|--------------------------------|-----------------------------|----------------------------------|-------------------------------------|-----------------------------|
| | ward | 11 | 10 | 1 | 0 |
| | ward | 11 | 7 | 2 | 2 |
| | ward | 11 | 9 | 2 | 0 |
| | ward | 11 | 9 | 2 | 1 |
| | ward | 11 | 10 | 1 | 0 |
| | ward | 11 | 7 | 3 | 1 |
| | ward | 11 | 10 | 1 | 0 |
| | ward | 11 | 11 | 0 | 0 |
| | ward | 11 | 11 | 0 | 0 |
| | ward | 11 | 09 | 0 | 2 |
| | ward | 11 | 11 | 0 | 0 |
| | ward | 11 | 10 | 0 | 1 |
| | ward | 11 | 11 | 0 | 0 |
| | ward | 11 | 04 | 1 | 6 |
| | ward | 11 | 09 | 1 | 1 |

| Surname | Full names | full time/ Part time FT/PT | Committee Allocated |
|-------------|------------------------------|----------------------------|---|
| Zulu | Ben Madolombane (M) | PT | Infrastructure Council |
| Ratau | Tsimisi Thabiso(M) | PT | Corporate Services Council Meeting |
| Machipa | Toudi Aron (M) | FT | Head Finance. EXCO Council |
| Masimula | Phahlana (M) | PT | Corporate Services Council |
| Skhosana | Waziwa Jim (M) | PT | Finance. Council |
| Makeke | George Monnana (M) | PT | Ethics MPAC Member Council |
| Matsepe | Motlalekgomo Maria(F) | PT | Planning council |
| Mahlangu | Nomsa Ndazi (F) | PT | Council Executive Support |
| Mokganyetji | Thomas Mareme (M) | PT | Infrastructure Rules and Petitions Council |
| Maphopha | Emily Maabele | PT | Community Services Council |
| Motlafe | Manthwaleng Girly | PT | Ethics Council |
| Mokwane | Magdeline Kubane | PT | Infrastructure Council |
| Maipushe | Sekina Manku | PT | Rules and Petitions Council |
| Malatji | Meriam Nape | PT | Finance. Council Rule and petition |
| Kgopa | Kgabo Silas | PT | Corporate Services Council |
| Msiza | Mothibe Rhodes | PT | Corporate Services Council Rules and petition |
| Mathebe | Julia Lata | FT | EXCO/Mayor Council |
| Matjomane | Germinor Delly (F) | FT | Head Infrastructure Council |
| Tladi | Magetle David | FT | Speaker |

| | Ward and /or Party represented | No of council meetings held | no. of council meetings attended | No. of apologies for non-attendance | No of Absence without leave |
|--|--------------------------------|-----------------------------|----------------------------------|-------------------------------------|-----------------------------|
| | ward | 11 | 09 | 1 | 1 |
| | ward | 11 | 10 | 0 | 1 |
| | ward | 11 | 11 | 0 | 0 |
| | ward | 11 | 09 | 1 | 1 |
| | ward | 11 | 11 | 0 | 0 |
| | ward | 11 | 11 | 0 | 0 |
| | ward | 11 | 07 | 4 | 0 |
| | ward | 11 | 09 | 1 | 1 |
| | ward | 11 | 08 | 3 | 0 |
| | ward | 11 | 09 | 1 | 1 |
| | ward | 11 | 11 | 0 | 0 |
| | ward | 11 | 11 | 0 | 0 |
| | ward | 11 | 11 | 0 | 0 |
| | ward | 11 | 08 | 2 | 1 |
| | ward | 11 | 11 | 0 | 0 |
| | ward | 11 | 10 | 1 | 0 |
| | PR | 11 | 10 | 1 | 0 |
| | PR | 11 | 11 | 0 | 0 |
| | PR | 11 | 10 | 0 | 1 |

| Surname | Full names | full time/ Part time FT/PT | Committee Allocated |
|---------------|--------------------------|----------------------------|--------------------------------------|
| Phahlamohlaka | Tebogo Mafereke | FT | Ethics Council |
| Mehlape | Salminah Hlaole | PT | MPAC: member Council |
| Mmutle | Thabo Nelson | PT | Head Planning Council EXCO |
| Matsepe | Thapelo Stephina | PT | Finance. Council |
| Makunyane | Hlako Justice | PT | MPAC-Chairperson Council |
| Mashilo | Malope Samaria | PT | Head Community Services Council EXCO |
| Phetla | Mannyana Grace | PT | Head Executive Support Council |
| Makitla | Ramotlogeli Johannes | PT | Planning Council |
| Mogotji | Fanie Motshole | PT | Executive Support Council |
| Madondo | Vernatia-Claudia Philile | PT | Rules and Petitions Council |
| Mohlala | Moses Themba | PT | MPAC member Council |
| Alberts | Rots | PT | Infrastructure council |
| Mathebe | Chipane Norman | PT | Community Services Council Planning |
| Tshivhula | Murathi Pat | PT | Corporate Services Council Ethics |
| Kotze | Johan Pieter | PT | Finance. Council |
| Hlathi | Margaret Zodwa | PT | council |
| Shai | Kweletsi Collen | PT | EXCO Council |
| Lecheko | Virginia Morotse | PT | Planning Council |

| | Ward and /or Party represented | No of council meetings held | no. of council meetings attended | No. of apologies for non-attendance | No of Absence without leave |
|--|--------------------------------|-----------------------------|----------------------------------|-------------------------------------|-----------------------------|
| | PR | 11 | 10 | 1 | 0 |
| | PR | 11 | 10 | 1 | 0 |
| | PR | 11 | 05 | 4 | 2 |
| | PR | 11 | 07 | 4 | 0 |
| | PR | 11 | 07 | 2 | 2 |
| | PR | 11 | 11 | 0 | 0 |
| | PR | 11 | 11 | 0 | 0 |
| | PR | 11 | 11 | 0 | 0 |
| | PR | 11 | 4 | 3 | 4 |
| | PR | 11 | 9 | 0 | 2 |
| | PR | 11 | 09 | 2 | 0 |
| | PR | 11 | 11 | 0 | 0 |
| | PR | 11 | 07 | 0 | 4 |
| | PR | 11 | 11 | 0 | 0 |
| | PR | 11 | 08 | 2 | 1 |
| | PR | 11 | 06 | 5 | 0 |
| | PR | 11 | 04 | 7 | 0 |
| | PR | 11 | 06 | 1 | 4 |

| Surname | Full names | full time/ Part time FT/PT | Committee Allocated |
|------------------|---------------------------|----------------------------|--|
| Ngwenya | Zodwa | PT | Council |
| Ntuli | Mamotale Brenda | PT | Council Infrastructure |
| Mosotho | Mooimane Tatane | PT | Council Planning |
| Ranala | Maselopi | PT | Council Executive Support |
| Ntheko | Tshepo Mokgobo | PT | Council |
| Mthombeni | Vensile Lea | PT | Corporate Services Council Ethics |
| Maloba | Alpheus Matome | PT | Community Services Council EXCO Rules and Petitions |
| Ramphisa | Motiba William | PT | Council |
| Matunyane | Nthabiseng Topsion | PT | Finance. Council Finance |

| | Ward and /or Party represented | No of council meetings held | no. of council meetings attended | No. of apologies for non-attendance | No of Absence without leave |
|--|--------------------------------|-----------------------------|----------------------------------|-------------------------------------|-----------------------------|
| | PR | 11 | 09 | 0 | 2 |
| | PR | 11 | 09 | 0 | 2 |
| | PR | 11 | 03 | 4 | 4 |
| | PR | 11 | 08 | 3 | 0 |
| | PR | 11 | 07 | 4 | 0 |
| | PR | 11 | 09 | 0 | 2 |
| | PR | 11 | 08 | 1 | 2 |
| | PR | 11 | 05 | 2 | 4 |
| | PR | 11 | 06 | 1 | 4 |

APPENDIX B :

COMMITTEE AND COMMITTEE PURPOSE

| 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 |
| Executive Support 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 |
| Rules and ethics | Investigates reports of unethical conduct, formulates rules and principles, and recommends actions on ethical issues |
| Programming | Deals with all items submitted and determines which items must serve in portfolio committees and which one must serve in council without serving in portfolio committees |
| Local geographical names change(LGNC): | Deals with changing of street names within the municipal area |

APPENDIX C :

THIRD TIER ADMINISTRATIVE STRUCTURE

| Designation | Initial And Surname | Gender |
|---|-------------------------|--------|
| Municipal Manager | Ms R.M Maredi | Female |
| Senior Manager: Executive Support | Mr. M. M. Kgwale | Male |
| Senior Manager: Corporate Services | Mr. N.D. Matumane | Male |
| Senior Manager: Infrastructure | Ms N.R Makgata | Female |
| Chief Financial Officer | Mr. P. G. Mapheto | Male |
| Senior Manager: Community Services | Ms. G. E. Kegopotsemang | Female |
| Senior Manager: Development Planning | Mr. N. W. Phala | Male |
| Manager: Property Management and Housing | Mr. R Palmer | Male |
| Deputy Chief Financial Officer | Mr L. Sebelemetja | Male |
| Manager: Mayor Support | vacant | - |
| Manager: Assets | Mr. C. Tjiane | Male |
| Manager: Budget | Vacant | - |
| Manager: Council Support | Mrs. M Burger | Female |
| Manager: Supply Chain Management | Mr M Mthimunye | Male |
| Manager: Revenue | Mr B Mohlamme | Male |
| Manager: Hlogotlou | Mr. A Madiba | Male |
| Manager: Roossenekal | Mr. M. J. Maboa | Male |
| Manager: Motetema | Mr. C. C. Masemola | Male |
| Manager: Human Resources | Mr. L. Mafiri | Male |
| Manager: Administration | Mr. G. M. Ditshego | Male |
| Manager: ICT | Mr T. Mashaba | Male |
| Manager: Environmental services | Ms M Mokhulwane | Female |
| Manager: Expenditure | Mr. C Mtsweni | Male |
| Superintendent Roads Construction Unit | Mr. J Malaka | Male |
| Manager: Public Safety | Mr. C Coetzee | Male |
| Manager: Roads | Vacant | - |
| Manager: Licensing | Ms. M. V. Matlala | Female |
| Manager: LED | Mr. M. Sebei | Male |
| Manager: IDP | Mr. J Motha | Male |
| Manager: PMU | Mr. F Debeila | Male |
| Manager: PMS | Ms P Mdluli | Female |
| Manager: IGR | Mr. M. J. Mathebe | Male |
| Electrical engineer | Mr K.K. Mametsa | Male |
| Chief Risk Officer | Mr K. Mathebe | Male |
| Manager: Development and Town Planning | Vacant | - |
| Manager: Internal Audit | Ms. V. Mokoele | Female |
| Manager: Fleet | Mr. V. Masilela | Male |

APPENDIX D :

FUNCTIONS OF MUNICIPALITY/ ENTITY

| Municipal/Entity Functions | | |
|---|---|--|
| Municipal Functions | Function Applicable to Municipality (Yes/No)* | Function Applicable to Entity (yes/no) |
| Constitution, Schedule 4, Part B Functions | | |
| Air pollution | yes | |
| Building regulations | yes | |
| Child-care facilities | yes | |
| Electricity and gas reticulation | yes | |
| Fire-fighting services | yes | |
| Local tourism | yes | |
| Municipal airports | No | |
| Municipal planning | yes | |
| Municipal health services | yes | |
| Municipal public transport | yes | |
| Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other | yes | |
| Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and related matters | yes | |
| Storm water management systems in built-up areas | yes | |
| Trading regulations | yes | |
| Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal systems | No | Sekhukhune District Municipality |
| Beaches and amusement facilities | no | |
| Billboards and the display of advertisements in public places | yes | |
| Cemeteries, funeral parlours and crematoria | yes | |
| Cleansing | yes | |
| Control of public nuisances | yes | |
| Control of undertakings that sell liquor to the public | yes | |

| Municipal/Entity Functions | | |
|--|---|--|
| Municipal Functions | Function Applicable to Municipality (Yes/No)* | Function Applicable to Entity (yes/no) |
| Constitution, Schedule 4, Part B Functions | | |
| Facilities for the accommodation, care and burial of animals | yes | |
| Fencing and fences | yes | |
| Licensing of dogs | no | |
| Licensing and control of undertakings that sell food to the public | yes | |
| Local amenities | yes | |
| Local sport facilities | yes | |
| Markets | yes | |
| Municipal abattoirs | yes | |
| Municipal parks and recreation | yes | |
| Municipal roads | yes | |
| Noise pollution | yes | |
| Pounds | yes | |
| Public places | yes | |
| Refuse removal, refuse dumps, and solid waste disposal | yes | |
| Street trading | yes | |
| Street lighting | yes | |
| Traffic and parking | yes | |

APPENDIX E :

WARD REPORTING

WARD BASED MEETINGS

| Ward Name (Number) | Name of Ward Councillor and Elected Ward Committee Members | Committee Established (Yes/No) | Number of Monthly Committee Meetings Held During Year | Number of Monthly Reports Submitted to Speakers 'Office on Time | Number of Quarterly Public Ward Meetings Held During Year |
|--------------------|--|--------------------------------|---|---|---|
| Ward No 01 | Cllr Mphela M.A | Yes | 11 | 11 | 4 |
| | Ward Committee | | | | |
| | Julia Maredi | | | | |
| | Simphiwe Mahlangu | | | | |
| | Jane Sibiloane | | | | |
| | Martha Nxumalo | | | | |
| | junior Thethé | | | | |
| | Anges Mmotong | | | | |
| | Simphiwe Mthombeni | | | | |
| | Samuel Phasha | | | | |
| | Christa kotelo Mabodika | | | | |
| | Kgati Maepa | | | | |
| Ward No 02 | Cllr Phatlane A | Yes | 9 | 9 | 4 |
| | Ward Committee | | | | |
| | Mathabathe Mpho | | | | |
| | Monage Tshepo Khama | | | | |
| | Mahlangu Geeilbooi | | | | |
| | Makua Samuel | | | | |
| | Dunge Olgar | | | | |
| | Bafedi Aibiot (Deceased) | | | | |
| | Mankge Hermans | | | | |
| | Moloi Abednigo | | | | |
| | Phatlane Lucy | | | | |
| | Boroko Kodisang Mathews | | | | |
| | | | | | |

| Ward Name (Number) | Name of Ward Councillor and Elected Ward Committee Members | Committee Established (Yes/No) | Number of Monthly Committee Meetings Held During Year | Number of Monthly Reports Submitted to Speakers 'Office on Time | Number of Quarterly Public Ward Meetings Held During Year |
|--------------------|--|--------------------------------|---|---|---|
| Ward No 03 | Cllr Mamakoko M.L | Yes | 11 | 11 | 4 |
| | Ward Committee | | | | |
| | Mputsu David Mahlangu | | | | |
| | Sonia Magashule | | | | |
| | Marie Mokwala | | | | |
| | Matron Mokwana | | | | |
| | Stephina Modiba | | | | |
| | Mary Tshego | | | | |
| | Mmapula Kgaphola | | | | |
| | Delige Mothibi | | | | |
| | Lucy Kgaphola | | | | |
| | Frans Makua | | | | |
| Ward No 04 | Cllr Moima L.M | Yes | 6 | 6 | 4 |
| | Ward Committee | | | | |
| | Dipuo Mashabela | | | | |
| | Lebogang Dinba | | | | |
| | Kanyane Mphahlele | | | | |
| | Vacant (on CWP) | | | | |
| | Fatima Thabethe | | | | |
| | Selina Matlou | | | | |
| | Lucas Mathimunyane | | | | |
| | Kenneth Malapele | | | | |
| | Anges Ramphisa | | | | |
| | Israel Malapela | | | | |
| Ward No 05 | Cllr Makweoane | Yes | 7 | 7 | 3 |
| | Ward Committee | | | | |
| | Violet Mashigo | | | | |
| | Fannie Nkambule | | | | |
| | Monicca Mkgatsela | | | | |
| | Sharleen Mphake | | | | |
| | Mankwe Mokgabudi | | | | |
| | Petrus Matentshi | | | | |
| | Mapaseka Mokgabudi | | | | |
| | Leshate Mashabela | | | | |
| | Nelson Mogano | | | | |
| | Thili Lepota | | | | |

| 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 06 | Cllr Ndlovu R.N | Yes | 9 | 9 | 4 |
| | Ward Committee | | | | |
| | Thethan Mahlangu | | | | |
| | Ntombi Mahlaba | | | | |
| | Nokuthula Reginah | | | | |
| | Winile Ndlangamandla | | | | |
| | Zakhele Hlathi | | | | |
| | Sipho Mandlazi | | | | |
| | Adelaide Limakwe | | | | |
| | Elizabeth Mpshe(Resigned) | | | | |
| | Delisa Joseph | | | | |
| | Popi Mashego | | | | |
| Ward No 07 | Cllr:Phala Lucas | Yes | 8 | 8 | 4 |
| | Ward Committees: | | | | |
| | Philimon Moshiga | | | | |
| | Brenda Phasha | | | | |
| | Nomsa Sibeko | | | | |
| | Glass Makatelele | | | | |
| | Jan Mtshweni | | | | |
| | Busisiwe Magolego | | | | |
| | Tebogo Mokgoadi | | | | |
| | Ericca Makuwa | | | | |
| | Benjamane masweu | | | | |
| | Simon Thipe | | | | |

| 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 Ratlou S.W | Yes | 11 | 11 | 4 |
| | Ward committees | | | | |
| | Charlotte Mogudi | | | | |
| | Moshingwaneng Ditshego | | | | |
| | Isaiah Mahlangu | | | | |
| | Annah Wessels | | | | |
| | Friedah Phetla | | | | |
| | Bangiswane Mthombeni | | | | |
| | Ditsheso Mokotedi | | | | |
| | Albert Mafa | | | | |
| | Elias Mamohlale | | | | |
| | Gloria Rahlogo | | | | |
| | | | | | |
| Ward No 09 | Cllr Ratau R.M | Yes | 11 | 11 | 4 |
| | Ward Committees: | | | | |
| | Elijah Ntombela | | | | |
| | Isaac Makofane | | | | |
| | Mafa Mashinini | | | | |
| | Sebongile Mohlape | | | | |
| | Coshiwe Nkambule | | | | |
| | Eric Nkosi | | | | |
| | Louisa Masilela | | | | |
| | Fortune Tsholofelo | | | | |
| | Aaron Mtshweni | | | | |
| | Joseph Manzini | | | | |
| | | | | | |
| Ward No 10 | Cllr Madisa K.F | Yes | 11 | 11 | 4 |
| | Ward Committees: | | | | |
| | Rita Rahlogo | | | | |
| | Mathebe Rebbecca | | | | |
| | Katlego Sifoleshe Madire | | | | |
| | Modupi Mohlamanyane | | | | |
| | Ivy Madisa | | | | |
| | Zodwa Ngele | | | | |
| | Sandra Ramphisa | | | | |
| | Mathebe Buti | | | | |
| | Malefahlo Mokgase | | | | |
| | mohlamonyane Motsumi | | | | |
| | | | | | |

| 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 Namane G.R | Yes | 4 | 4 | 1 |
| | Ward Committees: | | | | |
| | 1 Wonderboy Cekhu | | | | |
| | 2 Delane Mugeri | | | | |
| | 3 Eleoner Matlou | | | | |
| | 4 Sepadi Mampuru | | | | |
| | 5 Malelula leopo | | | | |
| | 6 Samora Madisa | | | | |
| | 7 Rina Mutha | | | | |
| | 8 Moses Mafiri | | | | |
| | 9 Thobile Mathibedi | | | | |
| | 10 Anges setoto Magopa | | | | |
| | | | | | |
| Ward No 12 | Cllr Phorothhoe | Yes | 10 | 10 | 4 |
| | Ward Committees | | | | |
| | Mmadisele Mathebe | | | | |
| | Moleme Podile | | | | |
| | Mmalehu Mohlala | | | | |
| | Mothaku Namane | | | | |
| | Calvin Mathunyane | | | | |
| | Elizabeth Monageng | | | | |
| | Doctor Nakedi | | | | |
| | Alfred Makitla | | | | |
| | Betty Mathebe | | | | |
| | Klass Mathebe | | | | |
| | | | | | |

| 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 Oosthuizen W.N.S | Yes | 5 | 5 | 1 |
| | Ward Committees: | | | | |
| | Martin Coetsee | | | | |
| | Dirk Hessels | | | | |
| | phochanaD.M | | | | |
| | Maria D.Fourie | | | | |
| | J.H Mmakole | | | | |
| | Dirk Walker | | | | |
| | T.S Matsomane | | | | |
| | A.J Schombee | | | | |
| | Franska Kleinhans | | | | |
| | Shaun A.Mellors | | | | |
| | | | | | |
| Ward No 14 | Cllr: Bogopa B | Yes | 1 | 1 | 0 |
| | Ward Committees: | | | | |
| | Bareng Mphahlele(Resigned) | | | | |
| | Phakwane Mareng | | | | |
| | Moses Boshielo | | | | |
| | Chikane Kgorutle | | | | |
| | Makeke Mantwa | | | | |
| | Dipou Matlala | | | | |
| | Stepen Maleka | | | | |
| | Jaremia Phetla | | | | |
| | Enock Ramoispa | | | | |
| | Maggie Isa | | | | |
| | | | | | |
| Ward No 15 | Cllr: Mahlangu J | Yes | 11 | 11 | 4 |
| | Ward Committees: | | | | |
| | Lucas Zwane | | | | |
| | Rinah Mahlangu | | | | |
| | Job Tshepo Mokwena | | | | |
| | Sbongile Nkosi | | | | |
| | Sibongile Masilela | | | | |
| | Mpho Skosana(expelled) | | | | |
| | Johannah Mashiya | | | | |
| | Malehu Mokoana | | | | |
| | Jan Masimula | | | | |
| | Msanomnlane Mahlangu | | | | |
| | | | | | |

| 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: Zulu B.M Ward Committees Mapule Mokgolokgotho Jabulane Mahlangu Sarah Skosana Fanie Makua December Msitsa Sinah Mahlangu Maria Mthimunyane Nick Mgidi Khomotso Maphosa(not on IEC roll) Kodin Skhosana | Yes | 2 | 2 | 1 |
| Ward No 17 | Cllr: Ratau T.T Ward Committees: Irene Mokwana Moetana Mohlala Rankepile Mabelane Kagiso Mabelane Gabriel Magashula Moeti Mkhondo Motlalepule Madihlaba Freddy Nkadimeng(decease Andries Hlabishe Annah Masemola | Yes | 7 | 7 | 0 |
| | | | | | |

| 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 18 | Cllr: Machipa T.A Ward Committees: Martha Mohlahlo Jamis Chego Maria Tshehla Mojalefa Rankwe Tumishi Mohlahlo Annah Mnguni Elsa Fenyane Sydney Phetla Shemeng Mtshweni Maria Makuwa | Yes | 5 | 5 | 2 |
| Ward No 19 | Cllr: Masimula P Ward Committees: Sophi Masemola Amos Gabril Sinkie Skosana Ranapo Chigo Rose Mtshweni Sophie Masimula Shabangu Dlalabaphi Getrude Mashiane Mahlangu Khonzephi Nkosinathi Machuka | Yes | 6 | 6 | 4 |
| Ward No 20 | Cllr Skhosana W.J Ward Committees: monica Madihlaba Lina Makaleng Felicia Mokoana Zodwa Mokwena Nteseng Madihlaba Patricia Sekgala Shima Monaledi thabo Skosana Debora Maredi Thapedi letageng | Yes | 9 | 9 | 4 |

| Ward Name (Number) | Name of Ward Councillor and Elected Ward Committee Members | Committee Established (Yes/No) | Number of Monthly Committee Meetings Held During Year | Number of Monthly Reports Submitted to Speakers 'Office on Time | Number of Quarterly Public Ward Meetings Held During Year |
|--------------------|--|--------------------------------|---|---|---|
| Ward No 21 | Cllr: Makeke G.M Ward Committees: 1 Mavis Theresia Mthimunye 2 David Skhosana 3 Joel Mohlahllo 4 Khoza Dipuo 5 Kate Matenchi 6 Lejatau Seroka 7 Elsie Mamonyane 8 Sonnyboy Sekele 9 Dorcas Makeke 10 Motlapele Nkgudi | Yes | 6 | 6 | 3 |
| Ward No 22 | Cllr Matsepe M.M Ward Committees: Mathibela Mashego Annah Radingwana Frans Mdebele Tebogo Tau Stephina Mokwal Thabo Radingwana Leah Tshoma Jan Mashilanwako Patrick Moramaga lindiwe Maleka | Yes | 10 | 10 | 3 |

| Ward Name (Number) | Name of Ward Councillor and Elected Ward Committee Members | Committee Established (Yes/No) | Number of Monthly Committee Meetings Held During Year | Number of Monthly Reports Submitted to Speakers 'Office on Time | Number of Quarterly Public Ward Meetings Held During Year |
|--------------------|---|--------------------------------|---|---|---|
| Ward No 23 | Cllr: Mahlangu Nomsa Ward Committees: Regina Ntuli Lydia Lerobane Jimmy Masemola Thokozile Ntuli Milzon Madihlaba Busisiwe Motha Simon Sithole Rose Mokoana Sipho Mahlangu Sylvia Chego | No | 11 | 11 | 4 |
| Ward No 24 | Cllr: M.M Ward Committees: Isaac Maladi Mpotsing Mtshweni Prince Maloma Meshack Thobejane Dorothy Makeke Maputana Moloko Martha Monareng Thabeng Nyalungu Elizabeth Mathunyane Amos Tshoma | Yes | 11 | 11 | 4 |
| Ward No 25 | Cllr: Maphopha E.M Ward Committees: Jane Lekala Makgadi Malatji Sarah Makuwa Julia Mohlala Lerato Skosane Jack Motsana Reneilwe Rampedi khomotso Ramphisa Francinah Mampuru Thobole Matsepe | Yes | 6 | 6 | 1 |

| 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 M. G Ward Committees: Sepedi Mohlala Mmantwe Tagane Matlakala Knowledge Ditau Magampa Deborah Mashabela Dazie Msiza Amos Chabedi Mapule Mmuledi Karabo Matshingwane | Yes | 11 | 11 | 4 |
| | Mmabatsheleng Matsepe | | | | |
| | Matladi Tshepho | | | | |
| Ward No 27 | Cllr: Mokwane M.K Ward Committees: Job Matladi Lebogang Choma Tebatso Sihlangu Mogudi Meba Dudu Mokadi Frans Tlaka Motebu Arimbi Thabo Makua Caroline Mantsolo Thandi makuwa | Yes | 6 | 6 | 1 |
| | | | | | |

| 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:Maipushe S.M Ward Committeees: Klass Maredi Modupi Fenyane Evah Matuludi Prudence Skosana Pratick Tladi Rachel Mohlala Amos Ntobeng Sarah Pheladi Lucas Aphane Victor Seopela | Yes | 9 | 9 | 4 |
| Ward No 29 | Cllr: Malatji M.N Ward Committeees: Thuso Makuwa Reginah Makuwa Lindiwe Mahlangu Grace Malatji Diale Motla Caroline Matjomane Victor Diago Thabang Fenyane Gautana Matsumane Lazarus Rakgalakane | Yes | 11 | 11 | 4 |
| Ward No 30 | Cllr: Kgopa K.S Ward Committeees: Ammina Magakwe Sebutjwane Maduna Seraki Motstsia Jim Molapo Bongi Maabane Thabiso Matenji Mahlonoko Riba Patricia Mokwena Sinky Kodi Lina Masango | Yes | 6 | 6 | 3 |
| Ward 31 | Cllr : Msiza M.R | | | | |
| | Ward Committee | Yes | 7 | 7 | 4 |

| 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 |
|--------------------|--|--------------------------------|---|---|---|
| | Gladys Maake | | | | |
| | Kgaogelo Dikotope | | | | |
| | Alfred Manasoe | | | | |
| | Moses simpho | | | | |
| | Peter Tsokela | | | | |
| | Lombard Mamogobo | | | | |
| | Lebogang Mpunga(Resigned) | | | | |
| | Ramosohlo Kgongane | | | | |
| | Enny Matsepe | | | | |
| | Prince Thobejane | | | | |
| | | | | | |

APPENDIX F :

WARD INFORMATION

| Ward Title: Ward Name (Number) | | | | |
|--|---|------------|-----------|-------------|
| Capital Projects: Seven Largest in 2017/2018 (Full List in Appendix L) | | | | |
| R'000 | | | | |
| Ward No | Project Name & Detail | Start Date | End Date | Total Value |
| 3 & 14 | Naganeng Construction of 5.2km Bus Road and Storm Water Control | Aug 2017 | June 2018 | R45mil |
| | | | | |

APPENDIX G : RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

Municipal Audit Committee Recommendations

| Date of committee | Item Under Discussion | Committee Recommendations During 2017/2018 |
|--|--|---|
| 1ST SPECIAL AUDIT COMMITTEE MEETING – 22 AUGUST 2017 | | |
| 22 August 2017 | Draft financial statements 2016/2017: | <p>· The Audit Committee reviewed the Draft 2016/2017 Annual Financial Statements and recommended as follows:</p> <p>Page 11 - Assets – looking at Inventories comparing it with note 9 (page 54) consumable expense- it shows that the Municipality used R5 053 664 of material but the balance of what we held is not enough to cover that R3 397 502. CFO was requested to relook at the whole reconciliation again</p> <p>Receivable from exchange transaction and non-exchange- relook at note 13 (Pg54-56) consumable debtors.</p> <p>Page 55 consumable debtor note 13 – the Municipality need to specify, looking into that in previous year we had R14 902 449 and in the current year R 6 361 204 what happened within the business processes to course such a difference.</p> <p>Pg. 54 note 9 Receivable from non-exchange transaction - Is noted that there is no movement from the previous year and current year. The Audit Committee requested that the note be relooked at.</p> <p>Pg. 49 note 4 PPE – the accumulated depreciation for land of the previous year and current year are the same amount and the accumulated depreciation for building is decreasing. Why? Also specify what kind of assets falls under community.</p> <p>Pg. Disposal note 4 - the Municipality disposed land and other PPE but no attachment or records on the disposal of these assets was given on this financials.</p> <p>Note 3 and 4 investment property - should be specific in terms of defining what properties are included in the investment. The narration on note 3 is not sufficient.</p> <p>Financial statement notes compared to the information on the financial statement are not balancing.</p> <p>Cash and cash equivalent – need to clarify as to why do we have more cash and more debtors.</p> <p>Statement of performance Payables pg. 61 – Accrued leave pay has increased more from the previous year, what happened from the business process to course the huge increase on the accrued leave payable, CFO to relook at this.</p> <p>Rent facilities note 35 (page 72) and financial statements, they are not talking to each other.</p> <p>Depreciation and amortisation note 4 and 6, if we recalculate both amounts, the figures are not talking to financial position.</p> <p>Council remuneration note 29 is not talking to the figures recorded in the Statement of financial performance.</p> <p>There is a difference of R107 000 restated balance of depreciation and last audited statement depreciation the difference is not explained in the notes in Note 43</p> <p>Net assets - we corrected the amount but we didn't explain it Note 39 contingent liabilities – should change Mogetleng Kgophane vs Department and Municipality.</p> <p>Bulk purchases - the amount on the bulk purchases is the same amount from last year. The CFO is request to relook at this again. Pg. 62 Other revenue – recovery of unauthorised irregular, fruitless and wasteful expenditure is not specific what revenue is included in these.</p> <p>Acting allowance should indicate the period on how long an incumbent has acted on a position CFO is requested to relook at note 28 for employee related costs.</p> <p>Add note on contract services – if the Municipality has any other contract services, they should be stated on financial performance</p> |

Municipal Audit Committee Recommendations

| Date of committee | Item Under Discussion | Committee Recommendations During 2017/2018 |
|--|--|---|
| 22 August 2017 | Draft Annual Report 2016/2017: | <p>The Audit Committee noted that compared to previous year, the Municipality has regressed from performance percentage of 74% to 60% due to planning measures pertaining to electrification projects and by defining the incorrect portfolio of evidence as "completion certificate" instead of "progress reports".</p> <p>The Audit Committee recommended as follows:</p> <p>Pg. 146 Executive Support on the performance indicator of AGSA percentage should be zero weighted to replace not applicable current recorded because this Department is new.</p> <p>The KPI which states that "<i>develop and implement maintenance plan by 30 June</i>" – the target is indicated as achieved but is not achieved, therefore this should be changed.</p> <p>Pg104. Infrastructure, operational projects - KPI "<i>conduct a status quo analysis of existing EMLM building, recreational and community facilities by 30 June 2017</i>"- Challenge indicates that the Department is responsible to maintain the municipal buildings as and when is required should be changed and write the correct challenge for the KPI.</p> <p>The actual percentage on annual performance is 54% as per the internal audit report and not 60% as indicated as on the draft annual report under performance. The PMS and Internal Audit should meet to align the report.</p> <p>After Internal Audit and PMS consultation the final percentage achieved for 2016/2017 is 55%.</p> |
| 22 August 2017 | Draft Three Year Strategic and Annual Internal Audit Plan 2017/2018 | <p>The draft Three Year Strategic and Annual Plan 2017/2018 was approved with adjustments still to be made as recommended that the tick marks in the strategic plan should be reduced to align to the number of projects planned in the annual plan.</p> |
| 2ND SPECIAL AUDIT COMMITTEE MEETING (MEETING AGSA TEAM) | | |
| 6 September 2017 | AGSA Audit Strategy | <p>The Audit Committee took note of the AGSA Audit Strategy for the audit of the 2016/2017 financial year and recommended the following:</p> <ul style="list-style-type: none"> – The AGSA should consider using internal auditors' work and reports to avoid duplication of work – It would assist that the budgeted audit fee be provided as a schedule per position level to assist in identifying where the average tariff increase of 7.5% comes from. – Technical opinions arising from the 2015/2016 audit should be provided upfront so that the Audit Committee and management is aware of the issues from the beginning. |

| Municipal Audit Committee Recommendations | | |
|--|---|--|
| Date of committee | Item Under Discussion | Committee Recommendations During 2017/2018 |
| 4TH ORDINARY AUDIT COMMITTEE MEETING | | |
| Corporate services Department | | |
| 6 September 2017 | 4th Quarter human resources report (must include section 56 managers vacancies and signing of performance contracts) (April - June 2017) | <p>The Audit Committee noted the report as presented by Management that:</p> <ul style="list-style-type: none"> – the post of senior manager corporate services is still vacant and it was advertised and it has been re-advertised which will closed on the 18 August 2017 and on the 14 September 2017 it will be the day of shortlisting. – Manager Legal Services is acting on the position of the senior manager corporate services. |
| | 3rd Quarter litigation report 2016/2017 (April-June 2017) | The Audit Committee noted the report and recommended that the report should have an added column of amounts spent on each case. |
| Internal Audit | | |
| 6 September 2017 | Progress Report On Internal Audit Annual Plan 2016/2017 (April - June 2017) | The Audit Committee noted the progress reported that the 2016/2017 Annual Internal Audit Plan is 100% complete and commended Internal Audit for completion of the plan. |
| | Internal Audit Reports <p>In the fourth quarter the following audit were performed:</p> <ul style="list-style-type: none"> – Revenue Management – Budget Management – Assets Management – ICT – Executive Support – Supply Chain – Internal Audit Follow up for the 4th quarter for both internal audit findings and AGSA findings – POPI readiness review – Ad-hoc audits (mainly for SCM quotations) | <p>The Audit Committee noted the Internal Audit reports and recommended that:</p> <ul style="list-style-type: none"> – Management should come up with a remedial action for all none compliance issues on the Protection of Personal Information (POPI) Act report. – Management should implement the standard for infrastructure procurement and delivery management going forward. – The contract registration application system administrator should de-activate access of officials who are no longer working in supply chain. |
| | Draft 2017/2018 Internal Audit and Audit Committee Charters | Audit Committee approved the Internal Audit Charter 2017/2018 and recommended the 2017/2018 Audit Committee Charter for Council's approval. |

Municipal Audit Committee Recommendations

| Date of committee | Item Under Discussion | Committee Recommendations During 2017/2018 |
|-------------------|---|---|
| | Draft 2017/2018 Internal Audit Methodology | <ul style="list-style-type: none"> – Combined Assurance Plan should be prepared. – Treasury should be requested to do quality assurance review. – Audit Committee approved the Internal Audit Methodology for 2017/2018. |

Risk Management Reports

| | | |
|------------------|--|---|
| 6 September 2017 | 4th Quarter risk management committee report 2016/2017 (April-June 2017) | The Audit Committee noted the report and recommended that: <ul style="list-style-type: none"> – The risk management report should indicate the number of fraud cases reported and if there are no reported cases it should reflect as such. |
| | 2017/2018 Draft strategic and operational risk registers | The Audit Committee noted the report and gave recommendations as follows: <ul style="list-style-type: none"> – The strategic risk register number '4' the risk description should be rephrased and read as "unskilled workforce". – The current controls on the strategic risk register should be elaborated. |

1ST ORDINARY AUDIT COMMITTEE MEETING

| Management | | |
|-----------------|--|--|
| 27 October 2017 | 1st Quarter Performance report 2017/2018 (July-September 2017) | Audit Committee noted the report and recommended that management work towards resolving internal audit findings raised based on the audit of the 1 st quarter 2017/2018 performance report. |

Finance Department

| | | |
|-----------------|--|--|
| 27 October 2017 | Asset register report (July-September 2017) | Audit Committee asked management as to whether its previous recommendation as indicated below has been implemented: <ul style="list-style-type: none"> – <i>"The service providers' (Market Demand and MUNSOFT) contracts should make provision for the service provider to be accountable should there be findings raised by AGSA on non adherence to the standards on the asset register and the financial statements. Certain amount of the contract should be retained and only be paid after the AGSA Report has been issued."</i> – Management responded that the recommended clause above was not added into the contracts entered into with the service providers. No specific reasons were provided as to why the recommendation was not considered. – Audit Committee recommended that Management should determine whether it will still be feasible to add the above recommendation as an amendment to the service providers' contracts. |
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Municipal Audit Committee Recommendations

| Date of committee | Item Under Discussion | Committee Recommendations During 2017/2018 |
|-------------------|---|--|
| | Unauthorised/irregular and fruitless and wasteful expenditure (UIF) (July to September 2017) | <ul style="list-style-type: none"> - The Audit Committee noted that the investigation by the MPAC on the previous years has been concluded and the report presented to Council and requested that the report be furnished to the Audit Committee as it served at Council without the Audit Committee being aware that the investigation was concluded and what the outcome was. - The Audit Committee recommended that the consequence management plan based on the outcome of the UIF investigation report be prepared by Management. - Progress on implementation of this consequence management plan should be a standing agenda item for Audit Committee meetings for monitoring purposes. - The report on UIF presented to the Audit Committee amounting to R 133.18 incurred as a result of ESKOM interests. - The Audit Committee recommended that a report be prepared by the Finance Department on the efforts taken and to be taken to collect interests from ESKOM that did not qualify to be incurred by the Municipality. |
| | 1st Quarter Report on debt collection 2017/2018 (July-September 2017) | <ul style="list-style-type: none"> - The Audit Committee noted the debt collection report and that the Municipality is experiencing challenges of collection at Satellite offices and the illegal connections at Roosenekal. - The Audit Committee recommended that Management should ensure an effective process of data cleansing. A detailed report on undue commissions to the debt collector should be provided to the Audit Committee. |
| | 1st quarter section 52 report (July-September 2017) | Audit Committee noted the report |

Municipal Audit Committee Recommendations

| Date of committee | Item Under Discussion | Committee Recommendations During 2017/2018 |
|-------------------|---|---|
| | <p>1st quarter supply chain/procurement report 2017/2018 (July- September 2017)</p> | <p>The Audit Committee noted the report and recommended that Management provide a detailed report on the newspaper advert deviation. Deviations total reported as follows:</p> <p>Date</p> <p>Service Provider</p> <p>Amount R</p> <p>Description of Goods or Services</p> <p>17/08/2017</p> <p>FOREVER RESORT</p> <p>R 661 650.00</p> <p>ACCOMODATION FOR WARD COMMITTEE MEMBERS</p> <p>30/08/2017</p> <p>TISO BLACK STAR GROUP</p> <p>R 42 978.00</p> <p>NEWSPAPER ADVERTISING</p> <p>TOTAL</p> <p>R 704 628.28</p> |

Infrastructure Services Department

| | | |
|-----------------|--|---|
| 27 October 2017 | <p>Infrastructure report (Including initial plan, budget, progress report on spending, actual work done, variance and reasons) 2017/2018 (July- September 2017)</p> | <p>Audit Committee noted the report and recommended that the format of the report should be looked at to add a column taking into account the number of previously disadvantaged population groups such as women and youth.</p> |
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Municipal Audit Committee Recommendations

| Date of committee | Item Under Discussion | Committee Recommendations During 2017/2018 |
|--------------------------------------|--|--|
| Corporate Services Department | | |
| 27 October 2017 | 1st quarter human resources report (July-September 2017) | Audit Committee noted the report and recommended that the vacancy report should include a column to indicate turnaround time for which the vacancy has been outstanding. |
| Internal Audit | | |
| 27 October 2017 | Progress report on internal audit annual plan 2017/2018 (July-September 2017) | <p>Audit Committee noted the report that the progress of the audit completed is at</p> <ul style="list-style-type: none"> – Two (2) completed (9%), Three (3) in progress (14%) and Sixteen (16) not performed yet (76%) <p>Audit Committee recommended that Internal Audit should fast track the implementation of the plan as 9% reported is too low.</p> |
| | Internal Audit Reports <ul style="list-style-type: none"> – 1st Quarter performance review report – Ad-Hoc - Draft AFS review and SCM requests | Audit Committee noted the reports and recommended that Internal Audit should prepare and present at the next ordinary meeting an action plan for the findings raised on the review of the draft financial statements and the CFO should report progress on addressing the issues raised. |
| Risk Management | | |
| 27 October 2017 | Quarterly risk management committee report 2017/2018 (July-September 2017) | <p>Audit Committee noted the report and recommended that the Chief Risk Officer should:</p> <ul style="list-style-type: none"> – Prepare a Business Continuity Plan and report progress quarterly. – Prepare a project risk register. – Provide to the audit committee the state security report. |

Municipal Audit Committee Recommendations

| Date of committee | Item Under Discussion | Committee Recommendations During 2017/2018 |
|---|--|--|
| 3RD SPECIAL AUDIT COMMITTEE | | |
| 15 November 2017 | 2016/2017 COMAF's issued by AGSA: | <p>The Audit Committee noted that the Municipality is still having challenges with resolving the prior year issue raised by AGSA on undue commissions to the debt collector and recommended as follows:</p> <ul style="list-style-type: none"> - The Municipality should have a signed agreement with the debt collector service provider (Khumalo Masondo) on the fair settlement value that can be recovered. - The Municipality should resolve the issue of supporting documents as raised by AGSA on COMAF 4 - as it appears that the issue is that the invoices of the service provider (Khumalo Masondo) and the Municipality are not agreeing. <p>Table serves as reference per COMAF 4: Misstatement between the auditors recalculation and municipality's calculation of debt collections as per the invoices/ (Payment files)</p> <p>R</p> <p>Misstatement between the auditors recalculation and municipality's calculation of commission claimed by Khumalo Masondo</p> <p>R</p> <p>6 547 601,52</p> <p>982 140,23</p> <p>14 240 487,62</p> <p>2 136 073,14</p> <p>12 014 084,22</p> <p>1 802 112,63</p> <p>32 802 173,36</p> <p>4 920 326,00</p> |

| Date of committee | Item Under Discussion | Committee Recommendations During 2017/2018 |
|--|--|---|
| 2nd ORDINARY AUDIT COMMITTEE MEETING – 26 JANUARY 2018 | | |
| 26 January 2018 | 2nd Quarter performance report 2017/2018 (October-December 2017) | <p>The 2nd quarter performance assessment report was noted by the Audit Committee that the overall achievement by the municipality is 61%. The lowest departments were corporate services at 25% and budget and treasury at 43%.</p> <p>The Audit Committee recommended that:</p> <ul style="list-style-type: none"> – Budget be provided for in the adjustment for the purchase of furniture to ensure achievement of target. – The KPI-% of purchase of computer equipment be revised to indicate the 100% of procurement request received are processed. In instances where no requests were submitted to the corporate services department, the indicator will then be reported as not applicable. |
| 26 January 2018 | Action plan to address issues raised by AGSA for the financial year 2016/2017 | <p>The report of the progress made on the action plan was noted and the Audit Committee recommended that:</p> <ul style="list-style-type: none"> – The finance unit should ensure that the VAT reconciliations are done as from 1 July 2017. – All agreements and work done with regards to the debt collector on undue commissions should be filed and shared with the Auditor General for their inputs. – Due dates for all action plans which are currently stated as 30 June 2018, should be revised to a closer date to facilitate efficient and effective monitoring of their implementation. |
| 26 January 2018 | 2nd quarter litigation report 2017/2018 (October-December 2017) | <p>The litigation report was noted by the Audit Committee and recommended that:</p> <ul style="list-style-type: none"> – Cases that are long overdue on the report, the legal manager should communicate in writing with the attorneys in charge to finalise the matters as soon as possible. |

| Date of committee | Item Under Discussion | Committee Recommendations During 2017/2018 |
|-------------------|--|---|
| 26 January 2018 | Unauthorised/irregular and fruitless and wasteful expenditure 2017/2018 (October-December 2017) | <p>The Audit Committee noted with concern the report by management that:</p> <ul style="list-style-type: none"> - Eskom failed to effect debit order in November 2017, hence interest was charged. - Eskom invoices are submitted to the municipality already with interest charged regardless of the due date for payment. <p>Description of incident</p> <p>Amount</p> <p>PAYE was not paid in time</p> <p>R 170 050,21</p> <p>Debit order which was not debited by Eskom</p> <p>R 51,65</p> <p>Debit order which was not debited by Eskom</p> <p>R 173, 08</p> <p>Eskom invoice not paid in time</p> <p>R 43 622,94</p> <p>Debit order which was not debited by Eskom</p> <p>R 113,68</p> <p>Total</p> <p>R 214 011,56</p> <p>The Audit Committee recommended that:</p> <ul style="list-style-type: none"> - The CFO should consolidate all undue interest charged by Eskom from financial year 2016/2017 and 2017/2018 to serve at Audit Committee meeting to assess the extent of the undue interests to advise further. - Reasonable measures should be taken by the municipality to engage Eskom with the aim of recovering undue interests charged as other government institutions followed this practice and it worked. |
| 26 January 2018 | 2nd quarter section 52 report (October-December 2017) | <p>The report was noted by the Audit Committee as presented by management that the municipality expenditure as per CAPEX sits at 66% as at 31 December 2017.</p> |
| 26 January 2018 | Infrastructure report (October- December 2017) | <p>The report was noted by the Audit Committee as presented by management that:</p> <ul style="list-style-type: none"> - Kgoshi Mathebe and Matsepe road projects will not be implemented in the current financial year as the projects are not yet registered and will be done in the next financial year. - MIG spending is at 68% and INEP is at around 60%. |

| Date of committee | Item Under Discussion | Committee Recommendations During 2017/2018 |
|-------------------|--|---|
| 26 January 2018 | Quarterly human resource report | <p>The report was noted by the Audit Committee as presented by management that:</p> <ul style="list-style-type: none"> - Thirty-three vacancies were advertised during the quarter and the recruitment process is currently underway to be finalised at the end of February 2018. - The Audit Committee requested that the leave and overtime management report should be tabled at each ordinary meeting. |
| 26 January 2018 | Progress report on internal audit plan (October –December 2017), reports and combined assurance plan. | <p>The Audit Committee took note of the report that during the 2nd quarter all planned audits have been finalised.</p> <p>The Audit Committee took note of the draft combined assurance plan.</p> |
| 26 January 2018 | Quarterly risk management committee report | <p>The Audit Committee recommended that:</p> <ul style="list-style-type: none"> - The filling of the post of the risk management committee chairperson should be expedited considering that it has been vacant for a very long time. - Conduct a project risk assessment and report on the progress. - Consultation should happen between the ICT manager, Chief Risk Officer and the Audit Committee members with regards to the development of a business continuity plan. - Ensure that risk identified, existing controls, action plans are aligned, realistic and set practical time frames. |

4th SPECIAL AUDIT COMMITTEE MEETING – 20 FEBRUARY 2018

| | | |
|------------------|--|---|
| 20 February 2018 | Mid-Year Performance Report 2017/2018 | <p>The Audit Committee reviewed Mid-Year Performance Report 2017/18 and noted that:</p> <ul style="list-style-type: none"> - The overall achievement percentage of the municipality is currently sitting at 64% at mid-year which is below the targeted 67%. The performance has been affected by incomplete capital projects due to interruption caused by the Local Business Forum. |
| 20 February 2018 | Draft adjusted SDBIP 2017/2018 | <p>The Audit Committee noted the report as presented by Management that:</p> <ul style="list-style-type: none"> - On page 13, the budget has not been populated as the Budget and Treasury unit was still busy with the budget adjustments. - The target set for EPWP workers under infrastructure will be increased from 500 to 630 in order to be aligned with the target set by Public Works. - KPI on development of lighting and roads master plan has been separated into two KPI's. <p>Audit Committee recommended as follows:</p> <ul style="list-style-type: none"> - On page 28, the baseline of 14 appears to be incorrect and should be looked at and corrected. - On page 26, the target on asset verification should be adjusted so that it can be in line with the current practise in order to be attainable. Furthermore, on page 26, the portfolio of evidence should change from Section 71 report to be the financial statement. - On page 33, the target should be changed from a number format to be in percentage format as per the indicator. - Management to ensure that the indicator on the purchase of vehicle for the speaker is taken into consideration in line with the new upper limits government gazette No. 41335 issued December 2017, that the determination is within the limit of salaries, allowances and benefits stipulated in the gazette. |

| Date of committee | Item Under Discussion | Committee Recommendations During 2017/2018 |
|-------------------|--|--|
| 20 February 2018 | Progress on action plan to address issues raised by AGSA for the financial year | <p>The Audit Committee noted the report as presented by management that:</p> <ul style="list-style-type: none"> - The AG action plan presented did not detail summary of percentages for issues addressed. - Majority of action plans are currently in progress as managers are busy with the implementation on a continuous basis. - With regards to unknown properties, the revenue unit is being assisted by GOGHSTA in terms of the registration of unknown properties through grants of deeds. <p>Audit Committee recommended that:</p> <ul style="list-style-type: none"> - Management should ensure COGHSTA expedites the process of registering properties. - Management needs to align the action plans to each finding raised, revise action plans and timeline to be practical and easy to monitor. - All evidence relating to actions taken in addressing the finding should be appropriately filed to be presented to AGSA should a need arise. - The CFO and Senior Manager Development Planning should compile a report and keep a file of evidence on the progress and challenges encountered towards identifying and registering of unknown properties by GOGHSTA. |
| 20 February 2018 | Status of records management review letter by AGSA | <p>The Audit Committee took note that the Auditor General has planned to perform an interim audit on the readiness of the municipality towards the 2017/18 financial year audit.</p> <p>The Audit Committee recommended that in preparation for the Auditor General, the Corporate Services should provide a report on progress made towards record management as a standing item in the Audit Committee meetings so that the committee can evaluate and monitor the status of record management of the municipality.</p> |
| 20 February 2018 | Draft adjusted Budget 2017/2018 | <p>The Audit Committee took note of the report and noted with concern the report on rental agreements that have long expired and recommended that the Legal Manager should compile a report on the lease agreements which includes a list of all lease agreements which have expired, decision taken in terms of whether the contract has been terminated or extended as well as what informed the decision/recommendation by the legal manager.</p> |

| Date of committee | Item Under Discussion | Committee Recommendations During 2017/2018 |
|---|--|---|
| 3RD ORDINARY AUDIT COMMITTEE MEETING-24 April 2018 | | |
| 24 April 2018 | 3rd Quarter Performance Report 2017/2018. | <p>The Audit Committee noted that:</p> <ul style="list-style-type: none"> - The overall achievement percentage for the municipality is 68% as opposed the targeted 75% for the 3rd Quarter. Under performing department are as follows: - Office of the Municipal Manager had three KPI which were not achieved namely: <ul style="list-style-type: none"> □ % of Auditor General Matters resolved as per the approved audit action plan by 30 June 2018 (Total organization). Out of a target of 50% obtained only 28%. □ Remuneration (Employee Related Costs and Councilors Remuneration) as % of Total Operating Expenditure per quarter. The Target for the quarter is <39% however obtained 44%. □ % of KPIs and projects attaining organisational targets (total organisation) by 30 June 2018. Out of a target of 75% and we managed to attain 68%. - Corporate Service managed to purchase equipment during the 4th quarter. Hence, it could not be counted as achieved during the 3rd quarter. The indicator relating to ICT Master Plan is currently underway and is envisaged to be finalized by the end of the financial year. - The Senior Manager Executive Support highlighted that two indicators could not be achieved due to protest by the public which impeded the Mayor from hosting public participation as planned. He assured the committee that the indicator relating to number of MPAC quarterly reports submitted to council will be achieved in the 4th quarter. <p>Audit Committee Questions / Comments:</p> <ul style="list-style-type: none"> - Applauded the corporate services for exceeding the target of 50% by achieving 53% in resolving Auditor General Findings. The committee urged all departments to priorities addressing Auditor General prior year findings as this will assist the municipality in achieving its objective of attaining an unqualified audit opinion for 2017/2018 financial year. - The committee pleaded with management to review the information relating to their department prior to being discussed at the Audit Committee to ensure that information is the true reflection of the status quo of their departments. - Management to ensure that all KPI not achieved during the 3rd quarter performance report will be achieved at the end of the financial year. |
| 24 April 2018 | 3rd Quarter Litigation report 2017/2018 | <p>The Audit Committee noted the following challenges represented by management that:</p> <ul style="list-style-type: none"> - Makhubela Attorneys are not co-operating with the submission of reports to the municipality as well as information requested by Auditor General. - A meeting has been held with law firm together with the Municipal Manager however, there has been no change in the flow of requested information. - No fraud cases were noted for the period under reporting. <p>Audit Committee recommended that:</p> <ul style="list-style-type: none"> - The legal service should note all instances of non-performance and take measures against none performing attorneys. - Legal Manager should put measures in place to ensure that legal fees incurred on a particular case are not in excess of the claimed amount. - Senior Manager Planning and Development and Legal Manager should conduct an intensive root-cause analysis to identify reasons for non-transferring of sold properties. Report to be submitted in the next Audit Committee meeting. |

| Date of committee | Item Under Discussion | Committee Recommendations During 2017/2018 |
|-------------------|--|---|
| 24 April 2018 | Report on the Lease agreement | <p>The report on lease agreement was noted and the committee advised that</p> <ul style="list-style-type: none"> – Management should ensure that all leased municipal properties are leased on a market related amount. – All municipal properties planned for disposal should be done in line with the relevant disposal legislation and at a fair disposal value. |
| 24 April 2018 | Progress on AG Action Plan for the 2016/2017 Financial Year | <p>The Audit Committee notes that:</p> <ul style="list-style-type: none"> – Auditor General Management Report and Audit Report currently sits at 27% and 33% addressed matters raised, respectively. The overall percentage for all matters raised is 28%. <p>Audit Committee recommend that:</p> <ul style="list-style-type: none"> – Each head of unit in finance, should identify line items in the financial statement they are responsible for and prepare a file with all supporting documents amounting to the disclosed amount in the financial statement. – Perform monthly general ledger reconciliation together with the assistance of MUNSOFT where possible to reallocate and reclassify any amount erroneously captured on the system in preparation for the Annual Financial Statements and Auditor General Audit. |
| 24 April 2018 | Auditor General Readiness Report | <p>The Audit Committee noted the report as presented by Management that:</p> <ul style="list-style-type: none"> – The action plan does not address prior year issues. – Critical deficiencies were noted in financial management, procurement and contract management. – Record management is still an issue as there are some documents which could not be provided to Auditor General. – Suspense accounts are not cleared monthly and Mid-Year financial statement are not adequately supported. – Asset register is not updated on a regular basis. – Lack of action on consequence management. – The committee recommended that adequate and effective controls should be developed with regards to record management to ensure that the audit opinion of the municipality does not regress. |

| Date of committee | Item Under Discussion | Committee Recommendations During 2017/2018 |
|-------------------|--|--|
| Finance | | |
| 24 April 2018 | 2017/2018 Mid-Year Financial Statement | <p>The Audit Committee noted the following challenges as indicated by management:</p> <ul style="list-style-type: none"> Challenges noted with regards to discrepancies between the general ledgers, trial balance and prepared mid- year financial statement. Due to the unfavourable cash flow, the municipality is listed as one of the insolvent municipalities. <p>Audit Committee recommended that:</p> <ul style="list-style-type: none"> Management should prepare a report on cash management strategy and on cash flow status of the municipality in order to assist the committee in providing valuable advice and recommendations towards restoring the financial status of the municipality. |
| | Asset Register Report | <ul style="list-style-type: none"> Management indicated that asset verifications were not conducted during the quarter at Rossenekal due to the community unrest. The committee noted contents of the report. |
| | Unauthorised/ Irregular and Fruitless and Wasteful 2017 expenditure (UIF) 2016/2017 | <ul style="list-style-type: none"> The Audit Committee notes the report with the challenges that interest was charged by Eskom and SARS due to last payment as a result of financial constraints experienced by the municipality. <p>Description of incident</p> <p>Amount</p> <p>Interest on Eskom invoices Roosenekal R 861.89</p> <p>Interest on SARS EMP201 R 189 671.31</p> <p>Interest on Eskom invoices R 63.23</p> <p>Interest on Eskom invoices R 10 014.54</p> <p>Total R 202 610,97</p> |
| | 3rd Quarter Report on debt Collection 2017/2018 (January-March 2018) | <p>Management cited that:</p> <ul style="list-style-type: none"> The contract with Khumalo Masondo, the debt collector has expired and currently all debts are collected via the internal debt collection unit. The long term plan is to operate a debt collection call centre managed by the municipality and assisted by the legal services unit. <p>The Audit Committee noted the report and commended management by taking such initiatives.</p> |
| 24 April 2018 | 3rd Quarter Section 52 Report | <p>The Audit Committee notes the report with the following challenges as presented by management:</p> <ul style="list-style-type: none"> The total operational expenditure was understated due to depreciation and debt impairment not being captured on MUNSOFT due to system errors. <p>The Audit Committee recommended that:</p> <ul style="list-style-type: none"> Revisit the council resolution regarding exempting the Basic Condition of Employment Act overtime threshold (exceeding 30% basic salary) to traffic officers to validate if the exemption is not in contravention with the regulation. |

| Date of committee | Item Under Discussion | Committee Recommendations During 2017/2018 |
|---------------------------|--|--|
| 24 April 2018 | 3rd Quarter Supply Chain Procurement Report | <ul style="list-style-type: none"> – The Audit Committee notes the report and recommended that the report on SCM should include information of all tenders and orders entered into by the municipality for a particular quarter to serve at each ordinary Audit Committee meeting. |
| Infrastructure | | |
| 24 April 2018 | Infrastructure Report (Including Initial Plan, Budget, Progress Report On Spending, Actual Work Done, Variances and Reasons. | <p>The committee notes that:</p> <ul style="list-style-type: none"> – Seven (7) out of eight (8) electrification projects are completed. – In terms of roll over projects spending the municipality is sitting at 99.68%. The only outstanding roll over projects is Laersdrift projects. – There are four (4) roads projects which are internally funded. Contractors have been appointed for two (2) projects and the other two (2) projects had to be re-advertised for the second time due to non-responsive/ qualifying service providers. – MIG spending is currently sitting at 71% as opposed to the targeted 85% based on the original allocation. An additional MIG allocation of R 11 000 000 has been received and is allocated to Naganeng Project. |
| Corporate Services | | |
| 24 April 2018 | 3rd Quarter Human Resources Report (must include Section 56 Managers Vacancies and Signing of Performance Contracts.) | <ul style="list-style-type: none"> – The Audit Committee notes that there are currently no senior management post vacant and all vacant posts are to be filled prior to the financial year end |
| 24 April 2018 | Report on Record Management Plan and Activities | <ul style="list-style-type: none"> – The Audit Committee notes that management has developed a record management action plan, record management policy, file plan and daily procedure manual however, an immediate radical action is needed to be implemented with regards to addressing record management findings within the municipality. |
| Executive Support | | |
| 24 April 2018 | 3rd Quarter Council Resolution Implementation Register/Report 2017/2018 (January – March 2018) | <ul style="list-style-type: none"> – The report was sent back as Audit Committee's previous recommendations were not implemented. Executive Support was advised to remove all matters which do not require any action to be implemented on the council resolution register and only leave matters where action is required to be taken. |
| Internal Audit | | |
| 24 April 2014 | Progress Report on Internal Audit Annual Plan 2017/2018 (January – March 2018) | <p>The Audit Committee noted the following:</p> <ul style="list-style-type: none"> – 52% of the planned audits has been completed for the 3rd quarter. – 24% of audits are currently in progress. – There was an ad-hoc audit requested by the Municipal Manager to perform third party reliance on services providers and PWC has been appointed to carry out this assignment. |
| | Internal Audit Reports | The Committee noted the report and urged internal audit to ensure that all planned audits as per the internal audit plan 2017/18 are completed by year end. |

| Date of committee | Item Under Discussion | Committee Recommendations During 2017/2018 |
|---|--|--|
| Risk Management Reports | | |
| 24 April 2014 | Quarterly Risk Management Committee Report | <ul style="list-style-type: none"> – The Committee notes the report and recommended the incorporation of investment risks into the risk register. – Risk assessment be conducted by the Chief Risk Officer and Senior Manager Development Planning on vacant land owned by the municipality. |
| | Report on fraud and Corruption cases reported as per the Anti-corruption and Fraud Prevention Strategy. | <ul style="list-style-type: none"> – The Audit Committee noted the presentation that there no fraud and corruption cases reported for the quarter. |
| Information and Communication Technology | | |
| 24 April 2018 | ICT Steering Committee Report | <p>The Audit Committee noted and recommended that:</p> <ul style="list-style-type: none"> – The IT Manager to include a paragraph on security monitoring and logging on the IT Security policy. – Include the continuity management and master system plan in the ICT steering committee report. – Executive support to assist in implementing change management with regards to council packs being electronically to assist in cutting printing costs. |
| MEETING DATE | ITEM UNDER DISCUSSION | RECOMMENDATION |
| 5th Special Audit Committee Meeting | | |
| 10 May 2018 | Draft 2018/2019 IDP | Audit Committee noted the report and recommended that management to provide a report and circular indicating reasons that new projects cannot be added in the current financial year SDBIP. |
| 10 May 2018 | Draft 2018/2019 SDBIP | <p>The Audit Committee noted the report and raised the following:</p> <ul style="list-style-type: none"> – The Draft SDBIP does not reflect quarter 4 instead it just reflects annual target, this causes confusion. The activities and targets of quarter 4 should be included. – The cumulative system is not applied on all KPIs. The municipality should decide which method is applied. – Budget on page 12 of SDBIP and actual budget are not aligned. – Page 18- change POE from section 71 to be the report produced by finance on quarterly expenditure. – Page 21- cumulative system not applied-correct the first 2 rows. – Page 23- last row- Inconsistency in the way the KPIs are documented with dates. – Do a proper and thorough review of the document for corrections. – The report should be inclusive of the 4 quarter. |
| 10 May 2018 | Progress on action plan to address issues raised by AGSA for the financial year 2016/2017 | <p>The Audit Committee cited that:</p> <ul style="list-style-type: none"> – Management should communicate with Provincial Treasury to assist them in addressing MSCOA related issues. – Should ensure that all irregular expenditure is fully disclosed to prevent re-occurrence of the finding. |

| Date of committee | Item Under Discussion | Committee Recommendations During 2017/2018 |
|-------------------|---|--|
| 10 May 2018 | Draft Compliance Framework Policy and Compliance Registers | <p>The Audit Committee noted the policy and framework and made inputs that:</p> <ul style="list-style-type: none"> – Compliance office should not only focus on SCM issues, all other compliance matters such as overtime should be looked into. – To do a compliance universe listing all acts and regulations the municipality needs to comply with and stating which will be monitoring each year. – An assessment on the combined assurance plan between internal audit and compliance office should be done. – Clearly specify in the policy on how will deal with issues where management is disagreeing with compliance. – Compliance monitoring plan should be done and a progress report on the plan should serve at Audit Committee meetings. |
| 10 May 2018 | Draft 2018/2019 Budget | <p>The Audit Committee noted the report and recommended that:</p> <ul style="list-style-type: none"> – Revisit the budget to ensure that the figures are realistic. – Treasury to report on the consultations of providing and assisting municipalities for repairs and maintenance. – All Provincial Treasury's written comments should be incorporated in the final budget. |
| 10 May 2018 | 3rd Quarter SCM Report (transactions report including tenders) | <ul style="list-style-type: none"> – Audit Committee advised that the municipality should consider in future having prescribed rates on the specifications for events tender. – It is advisable that the municipality should have a procurement plan for all departments supporting expenditure including for training needs. |
| 10 May 2018 | Overtime Report-01 June 2017 to 31 March 2018: | <ul style="list-style-type: none"> – The Audit Committee raised concerns regarding non adherence of overtime policy and BCEA. – The amount spent on overtime payments by the municipality as from June 2017 to April 2018 amount to R 2,327,524.72 (see table below for details) |
| 10 May 018 | Travel and subsistence Report-01 June 2017 to 31 March 2018: | <ul style="list-style-type: none"> – The Audit Committee had challenges in interpreting the report as it is a system extract and not user friendly. Hence the report was deferred to the next meeting provided that the report is converted to excel |

APPENDIX H : **LONG-TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIP**

Long-Term Contracts (20 Largest Contracts Entered into 2017/2018)

| Number | Description of services rendered by service provider | Name of service provider (entity of municipal department) |
|---------------|--|---|
| | Hlogotlou streets surfacing and construction stormwater pipes phase 1c | Stonefound Engineering |
| | Review of roads and stormwater master plan | Poad Consulting CC |
| | Appointment of a panel of three service providers rendering a service in respect of air travel and accommodation arrangement for a period of thirty six (36) months (as and when required) | KDM Travel Express Babirwa Travel Reakgona Travel Services and Projects cc |
| | Supply and delivery of working tools for parks | Melving Margaret Enterprise |
| | Supply and delivery of cable fault locator with provision of onsite training | Giftron Distributions |
| | Repairs and maintenance of dikgalaopeng roads and storm water | Moleleki A Tlala |
| | Groblerdal and street maintenance & resealing | Kgwadi Ya Madiba |
| | Design, layout and printing for a period of 36 months | Baupa Trading Enterprise OB Media Solutuions |
| | Appointment of 5 service providers to co-ordinate and stage high quality events management for a period of 36 months | Roneli Developers 247 Travel and tourism Pheladi Noko B1 Funeral Sekhoba Projects Lemmon Peel Marketing |

| | Contract value | PERIOD | | End User Dept. | |
|--|---|------------------------|-------------------------|-------------------|--|
| | | Start date of contract | Expiry date of contract | | |
| | R 3 799 620,00 | 06-Oct-17 | 06-March-18 | Infrastructure | |
| | R 1 242 714,27 | 18-Oct-18 | 28-March-18 | Infrastructure | |
| | National Treasury Rates Plus 27% Commission | 01-Dec-17 | 30-Nov-20 | Executive support | |
| | National Treasury Rates Plus 15% Commission | | | | |
| | National Treasury Rates Plus 25% Commission | | | | |
| | R 200 017,08 | Once off | | | |
| | R 796 575,00 | Once off | | Infrastructure | |
| | R 885 617,43 | 31-Jan-18 | 30-Apr-18 | Infrastructure | |
| | R 698 948,25 | 31-Jan-18 | 30-Apr-18 | Infrastructure | |
| | R 226 779,85 | 01-Feb-18 | 30-Jan-21 | Executive Support | |
| | R 194 495,40 | | | | |
| | R 3 197 900,00 | 25-Jan-18 | 24-Jan-21 | Executive support | |
| | R 2 963 200,00 | | | | |
| | R 3 072 072,00 | | | | |
| | R 3 365 720,00 | | | | |
| | R 5 630 325,00 | | | | |

Long-Term Contracts (20 Largest Contracts Entered into 2017/2018)

| Number | Description of services rendered by service provider | Name of service provider (entity of municipal department) |
|---------------|---|--|
| | Supply and off loading of electrical material for a period of 36 months | Mpofu Electrical Services |
| | | Lermat Construction & Projects |
| | | KF Phetla Projects |
| | Supply and deliver of cold mix asphalt and road marking paint for period of 36 months | Perpetra Investment Holdings |
| | Recapitalisation of fleet and management solution | Fleet Horizon Solutions |
| | Appointing service provider for assessment and development of energy efficient public lighting master plan for all wards within municipality area | AES Consulting |
| | Appointment for panel of five attorneys for a period of three years | Nkadimeng Attorneys |
| | | Mohube Setsoale Mabusela Incorporated |
| | | Phambane Mokone Incorporated |
| | | Mpoyana Ledwaba Incorporated |
| | | Khumalo Masondo Attorneys |

| | Contract value | PERIOD | | End User Dept. |
|--|----------------------|------------------------|-------------------------|-----------------------------|
| | | Start date of contract | Expiry date of contract | |
| | R 2 951 574,90 | 01-Feb-18 | 30-Jan-21 | Infrastructure |
| | R 3 176 820,00 | | | |
| | R 1 330 668,80 | | | |
| | R 16 481,60 | 01-Feb-18 | 30-Jan-21 | Infrastructure |
| | R 66,986,334.87 | 06-Jul-18 | 05-Jul-21 | Infrastructure |
| | R 668 040,00 | 09-May-18 | 08-Nov-18 | Infrastructure |
| | Rates of R10 726.80 | 05-Jul-18 | 04-Jul-21 | Office of Municipal Manager |
| | Rates of R8 798.50 | | | |
| | Rates of R8 660.00 | | | |
| | Rates of R 10 850.00 | | | |
| | Rates of R 18 720.00 | | | |

APPENDIX I : **MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE**

Not applicable

APPENDIX J :

DISCLOSURES OF FINANCIAL INTERESTS

| Disclosures of Financial Interests | | |
|------------------------------------|---------------------|--|
| Period 1 July 2017 - 30 June 2018 | | |
| Position | Name | Description of Financial Interest* (Nil/or details) |
| (Mayor) | Cllr: Mathebe L.J | Nil |
| Speaker | Cllr: Tladi M.D | Nil |
| EXCO members | Cllr: Matjomane G.D | Nil |
| | Cllr: Phatlane A | Nil |
| | Cllr: Mmutle T.N | MTN |
| | Cllr: Mashilo M.S | Nil |
| | Cllr: Phetla M.G | Nil |
| | Cllr: Maloba A.M | Nil |
| | Cllr: Shai K.C | 50% Shareholder of Shaizo |
| | Cllr: Kotze J.P | Nil |
| | | Nil |
| Councillors | 51 councillors | |
| Municipal Manager | Maredi R.M | Nil |
| Chief Financial Officer | Mapheto P.G | Nil |
| | | |
| Other S57 Officials | | |
| Director Community Services | Kegopotsemang | Nil |
| Director Infrastructure | Makgata R | Nil |
| Director Corporate services | Matumane M.D | 96 Public Shares- Sasol Inzalo |
| Director Development Planning | Phala N.W | Phuthumanathi Share Welkom Yizani Shares |
| Director Executive support | Kgwale M.M | 500 Ordinary Share Sasol Inzalo |

APPENDIX K :

REVENUE COLLECTION PERFORMANCE

| Description | 2016/17 | | |
|--|------------------|-----------------|-----------------|
| | Audited Outcome | Original Budget | Adjusted Budget |
| R thousands | | | |
| Revenue By Source | | | |
| Property rates | 25,815 | 26,472 | 34,805 |
| Service charges - electricity revenue | | 81,206 | 81,206 |
| Service charges - water revenue | 70,745 | – | – |
| Service charges - sanitation revenue | | – | – |
| Service charges - refuse revenue | | 8,616 | 11,616 |
| Service charges - other | 6,506 | – | |
| Rental of facilities and equipment | | 1,935 | 1,000 |
| Interest earned - external investments | 1,319 | 3,701 | 2,500 |
| Interest earned - outstanding debtors | 2,889 | 6,260 | 14,260 |
| Dividends received | 6,469 | – | – |
| Fines, penalties and forfeits | | 30,000 | 55,016 |
| Licences and permits | 50,885 | 5,171 | 4,500 |
| Agency services | 5,255 | – | – |
| Transfers and subsidies | | 226,163 | 226,163 |
| Other revenue | 213,105 | 2,499 | 13,678 |
| Gains on disposal of PPE | 8,098 | – | – |
| Total Revenue (excluding capital transfers and contributions) | 391,085 | 392,023 | 444,744 |
| Expenditure By Type | | | |
| Employee related costs | 117,781 | 123,460 | 126,137 |
| Remuneration of councillors | 20,298 | 22,113 | 23,430 |
| Debt impairment | 21,128 | 26,372 | 26,372 |
| Depreciation & asset impairment | 47,998 | 51,200 | 51,200 |
| Finance charges | 1,426 | 3,124 | 1,124 |
| Bulk purchases | 65,729 | 69,165 | 70,165 |
| Other materials | 12,873 | 13,497 | 11,821 |
| Contracted services | 43,080 | 25,350 | 65,237 |
| Transfers and subsidies | 708 | 3,724 | 2,984 |
| Other expenditure | 161,695 | 48,384 | 50,923 |
| Loss on disposal of PPE | 3,360 | – | – |
| Total Expenditure | 496,076 | 386,388 | 429,392 |
| Surplus/(Deficit) | (104,990) | 5,635 | 15,352 |

Budget Year 2017/18

| Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
|----------------|----------------|----------------|------------------|--------------|--------------------|
| | | | | % | |
| 2,522 | 33,569 | 34,805 | (1,236) | -4% | 34,805 |
| 5,814 | 72,481 | 81,206 | (8,726) | -11% | 81,206 |
| — | — | — | — | — | — |
| — | — | — | — | — | — |
| 671 | 9,390 | 11,616 | (2,225) | -19% | 11,616 |
| — | — | — | — | — | — |
| 27 | 621 | 1,000 | (379) | -38% | 1,000 |
| 25 | 2,106 | 2,500 | (394) | -16% | 2,500 |
| 667 | 9,693 | 14,260 | (4,567) | -32% | 14,260 |
| — | — | — | — | — | — |
| 323 | 7,666 | 55,016 | (47,350) | -86% | 55,016 |
| 409 | 4,866 | 4,500 | 366 | 8% | 4,500 |
| — | — | — | — | — | — |
| 175 | 211,598 | 226,163 | (14,565) | -6% | 226,163 |
| 66 | 9,408 | 13,678 | (4,269) | -31% | 13,678 |
| — | 2,400 | — | 2,400 | #DIV/0! | — |
| 10,697 | 363,799 | 444,744 | (80,945) | -18% | 444,744 |
| | | | | | |
| 868 | 121,660 | 126,137 | (4,477) | -4% | 126,137 |
| 1,875 | 22,433 | 23,430 | (997) | -4% | 23,430 |
| — | — | 26,372 | (26,372) | -100% | 26,372 |
| — | — | 51,200 | (51,200) | -100% | 51,200 |
| — | 281 | 1,124 | (843) | -75% | 1,124 |
| (4,289) | 57,682 | 70,165 | (12,483) | -18% | 70,165 |
| 927 | 8,797 | 11,821 | (3,024) | -26% | 11,821 |
| 1,665 | 62,694 | 65,237 | (2,542) | -4% | 65,237 |
| 111 | 6,531 | 2,984 | 3,547 | 119% | 2,984 |
| 3,996 | 45,179 | 50,923 | (5,744) | -11% | 50,923 |
| — | — | — | — | — | — |
| 5,153 | 325,257 | 429,392 | (104,135) | -24% | 429,392 |
| | | | | | |
| 5,544 | 38,541 | 15,352 | 23,189 | 0 | 15,352 |

| Description | 2016/17 | | |
|--|------------------------|------------------------|------------------------|
| | Audited Outcome | Original Budget | Adjusted Budget |
| R thousands | | | |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | 68,930 | 70,860 | 98,349 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | | – | |
| Transfers and subsidies - capital (in-kind - all) | | – | |
| Surplus/(Deficit) after capital transfers & contributions | (36,060) | 76,495 | 113,701 |
| Taxation | | – | |
| Surplus/(Deficit) after taxation | (36,060) | 76,495 | 113,701 |
| Attributable to minorities | | – | |
| Surplus/(Deficit) attributable to municipality | (36,060) | 76,495 | 113,701 |
| Share of surplus/ (deficit) of associate | | – | |
| Surplus/ (Deficit) for the year | (36,060) | 76,495 | 113,701 |

Budget Year 2017/18

| Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
|----------------|----------------|----------------|--------------|--------------|--------------------|
| | | | | % | |
| 5,283 | 78,891 | 98,349 | (19,458) | (0) | 98,349 |
| | | | — | — | — |
| | | | — | — | — |
| 10,827 | 117,432 | 113,701 | | | 113,701 |
| | | | — | — | — |
| 10,827 | 117,432 | 113,701 | | | 113,701 |
| | | | | — | — |
| 10,827 | 117,432 | 113,701 | | | 113,701 |
| | | | | | — |
| 10,827 | 117,432 | 113,701 | | | 113,701 |

APPENDIX L :

CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

| Conditional Grants: Excluding MIG | | | | | | |
|-----------------------------------|----------------|-------------------|----------------|--------------|-------------------|---|
| Details | Budget | Adjustment Budget | Actual | Variance | | Major conditions applied by donor (continue below if necessary) |
| | | | | Budget | Adjustment Budget | |
| Neighbourhood development | | | | % | % | |
| Partnership grant | | | | | | |
| INEP | R15,000 | R15,000 | R 14,955 | 0,29% | 0,29% | Electrification |
| FMG | R1,700 | R1,700 | R1,700 | 0% | 0% | Capacity building |
| EPWP | R 1,444 | R 1,444 | R 1,444 | 0% | 0% | Job creation |
| Total | R18,144 | R18,144 | R18,099 | 0,29% | 0,29% | |

APPENDIX M :

CAPITAL EXPENDITURE NEW

AND UPGRADE /RENEWAL

PROGRAMMES INCLUDING MIG

CAPITAL EXPENDITURE

GRAPH 5: CAPITAL EXPENDITURE 2017/2018

APPENDIX N :

CAPITAL PROGRAMME BY PROJECT YEAR 2017/2018

| Capital Programme by Project 2017/2018 (,000) | | | | | |
|---|-----------------|-------------------|--------------------|----------------------|---------------------|
| Capital Project | Original Budget | Adjustment Budget | Actual Expenditure | Variance (Act-Adj) % | Variance (Act-OB) % |
| Water | | | | | |
| District function | | | | | |
| Sanitation/Sewerage | | | | | |
| District function | | | | | |
| Electricity | | | | | |
| Electrification of Makaepa | 711 | 3,913 | 1,276 | 67,40% | (79,54%) |
| Electrification of Tambo village | 1,516 | 1,516 | 741 | 51,10% | 51,10% |
| Electrification of Masakaneng | 4,123 | 5,432 | 4,023 | 25,94% | 2,42% |
| Electrification of Jabulani D3 | 1,011 | 1,011 | 593 | 41,34% | 41,34% |
| Electrification of Waalkraal A | 2,184 | 2,316 | 2,329 | (0,56%) | (6,62%) |
| Electrification of Elandsdoorn A | 329 | 852 | 472 | 44,63% | (43,40%) |
| Electrification of Matsitsi | 1,445 | 2,469 | 2,304 | 6,70% | (59,46%) |
| Electrification of Jerusalem | 963 | 116 | 707 | (507,88%) | 26,64% |
| Electrification of Tshehla Trust | - | 166 | 195 | (17,71%) | 0% |

APPENDIX O :

CAPITAL PROGRAMME BY PROJECT BY WARD 2017/2018

| Capital Programme by Project by Ward 2017/2018 | | |
|--|------------------|--------------------------|
| R'000 | | |
| Capital Project | Ward(s) affected | Works completed (Yes/No) |
| Water | | |
| District function | | |
| Sanitation/sewerage | | |
| District function | | |
| Electricity | | |
| Electrification of Makaepa | 25 | Yes |
| Electrification of Tambo village | 09 | Yes |
| Electrification of Masakaneng | 14 | No |
| Electrification of Jabulani D3 | 09 | Yes |
| Electrification of Waalkraal A | 04 | Yes |
| Electrification of Elandsdoorn A | 08 | Yes |
| Electrification of Matsitsi | 19 | Yes |
| Electrification of Jerusalem | 21 | Yes |
| Housing | | |
| Cemeteries | | |
| Roads & stormwater | | |
| Kgaphamadi Bus Route | 21 | Yes |
| Kgoshi Rammupudu Road | 26 | Yes |
| Mathula Bus Road | 15 | Yes |
| Zaaiplaas JJ Road | 15 | Yes |
| Review of Roads Master Plan | All wards | No |
| Tambo / Walter Sisulu Road | 09 | Yes |
| Naganeng Bus Road | 3 & 14 | No |
| Development of Fleet Centre / Workshop | 13 | Yes |
| Hlogotlou Streets Surfacing | 20 | Yes |
| Hlogotlou / Monsterlus Stadium | 20 | Yes |
| Marapong Bridge | 09 | Yes |
| Rehabilitation of Dikgalaopeng Road | 17 & 26 | Yes |
| Groblersdal Roads and Streets (Renewal) | 13 | Yes |

APPENDIX P :

SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

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

APPENDIX Q :

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 R :

DECLARATION OF LOANS AND GRANTS MADE BY MUNICIPALITY

| Declaration of Loans And Grants Made by Municipality 2017/2018 | | | | |
|--|-------------------|--------------------------------|--------------------------|---|
| All organisations or persons in receipt of loans*/Grants* provided by the municipality | Nature of project | Conditions attached to funding | Value 2017/2018 R'000 | Total amount committed over previous and future years |
| No grants and loans granted during the year under review | | | | |

APPENDIX S : DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

| MFMA Section 71 Returns Not Made During 2017/2018 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 2017/2018 ANNUAL REPORT



CLLR. H.J. MAKUNYANE
MPAC CHAIRPERSON



1. 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 2017/2018 annual report.

2. 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 30 January 2018, the Mayor tabled the Draft 2017/2018 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 council notes the audit report for 2017/2018 financial year.***
2. ***That considers the draft Annual Report for the 2017/2018 financial year in its entirety including the auditor general's report, audit action plan developed to address the audit findings.***
3. ***That council refer the draft annual report to MPAC for further consideration and evaluation within the provision of Treasury Circular No. 63 for oversight report.***
4. ***That, as prescribed by Section 127(5) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the Accounting Officer ensures that the annual report is made public in accordance with Section 21A of the Municipal Systems Act and that the local community are invited to submit representations in connection with the annual report, and that the annual report be submitted to the Auditor-General, the relevant Provincial Treasury and the provincial department responsible for local government."***

3. ESTABLISHMENT OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE. (MPAC)

During 2016, 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 is completed by councilors on an annual basis.

The MPAC committee constitutes of the following members:

| PARTY | SURNAME | FULL NAMES | TITLE | GENDER |
|-------|-----------|------------|-------------|--------|
| ANC | Makunyane | Justice | Chairperson | MALE |
| ANC | Phala | Lucas | Member | MALE |
| ANC | Mahlangu | Julia | Member | FEMALE |
| ANC | Makeke | George | Member | MALE |
| ANC | Motlafe | Girly | Member | FEMALE |
| BPSA | Mohlala | Moses | Member | MALE |
| EFF | Lecheko | Morotse | Member | FEMALE |
| ANC | Salminah | Mehlape | Member | FEMALE |

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 2017/2018 annual report was extensively published for public comments.

| DATE | ACTIVITY |
|-----------------|--|
| 31 January 2019 | The draft 2017/2018 Annual Report is uploaded on municipal website and made available in municipal offices, municipal library and Municipal Satellite Offices. |

Below is the programme for Public hearings:

OVERSIGHT VISIT PROGRAM

| DATE | TIME | CLUSTER | VENUE |
|------------|-------|---------------------|---------------------------|
| 27/02/2019 | 10h00 | Ward 9 | Jabulani D3 Sports ground |
| 07/03/2019 | 10h00 | Ward 19 | Dindela Sports ground |
| 25/03/2019 | 18h00 | Ward 13 rate payers | EMLM Main building |

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

| DATE | PURPOSE | VENUE |
|-------------------|--|------------------------|
| 6-8 February 2019 | Strategic Session to draft questionnaire to Management of their findings | Klein Kariba |
| 27 February 2019 | MPAC Outreach at Ward 9 on the Draft 2017/2018 Annual Report | Jabulani Sports Ground |
| 7 March 2019 | MPAC Outreach at ward 19 on the Draft 2017/2018 Annual Report | Dindela Sports Ground |
| 20 March 2019 | Meeting with Management on MPAC Questionnaire | Committee Room |
| 25 March 2019 | MPAC Outreach at ward 13 on the Draft 2017/2018 Annual Report | EMLM Main building |
| 26 March 2019 | Compiling Oversight report on the Draft 2017/2018 Annual Report | Committee Room |

The oversight visit program could not unfold as planned due to disruptions by community members and poor attendance. At ward 19 the attendance was good, however community members were not interested in engaging the draft annual report but only speak about service delivery. This challenges us to come up with ways to improve our public participation and target stakeholders that are interested in engaging the draft annual report. We however note that our oversight program collided with many service delivery protests that were taking place in various wards. MPAC recommends that "service delivery satisfaction survey" be conducted to look at whether our people are happy with the service they receive from the municipality. We further recommend that Ward Profile be updated for Ward Councillors to know stakeholders around their own wards and Ward Liaison Officer be appointed to help in this regarded.

Summary of comments on the draft 2017/2018 Annual Report

The MPAC believes that the draft 2017/2018 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 congratulate EMLM for having improved on their audit opinion and we hope that the municipality will be able to sustain the unqualified audit opinion and translate it to the improvement of service delivery.

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 |

4. CHALLENGES AND PROPOSED SOLUTIONS

The table below shows challenges noted by the Committee during the public hearings and proposed solutions to these challenges;

FINDINGS NOTED BY MPAC

| | |
|---|--|
| MPAC has noted that copies of the Performance Report do not reach the entire communities as envisaged. Community members are challenge by the language in which the reports are written (English only) | <ol style="list-style-type: none"> Ward Councillors, through the assistance of ward committees together Ward Liaison Officer must convene community meetings where the objectives and purpose of the annual report are extensively discussed, in preparation for the MPAC's public participation It is therefore recommended that a summary of the original document be translated to local languages MPAC recommend that the municipality must create space on the website and social media for people to comment on the Draft Annual report. |
| Higher dependency on National grants | <ol style="list-style-type: none"> The municipality to develop and implement the revenue enhancement strategy. We reiterate our call for revenue enhancement imbizo and for EXCO to engage with rate payers to understand why there is a challenge in revenue collection. |
| Lack of oversight on in-year reporting | <ol style="list-style-type: none"> That all oversight committees in the municipality must play their oversight role. Sec 79 committees must sit and peruse their departmental quarterly reports. |

DEPARTMENTAL PERFORMANCE FINDINGS

| DEPARTMENT | CHALLENGE/FINDING | PROPOSED SOLUTION |
|------------------------------|---|--|
| CORPORATE | <ol style="list-style-type: none"> 1. The municipality does not have staff skills retention policy 2. Organogram not aligned to the IDP | <ol style="list-style-type: none"> 1.1 The municipality must develop skill retention policy, more specially where the municipality use its own resources to capacitate employees. 1.2. The municipality must believe in the capacity of the employees whom we spend lot of resources to train. 2.1 The municipality must look into filling the post that address the needs of the IDP |
| DEVELOPMENT PLANNING | <ol style="list-style-type: none"> 1. The planning of the municipality does not address the reality on the ground 2. Municipality taking services to the land without the consent of the land owners | <ol style="list-style-type: none"> 1.1. Must develop LED strategy which is going to be aligned with the spatial planning of the municipality. Cognisant to the fact that Groblersdal is one of the Provincial Growth Point, we further recommend that the municipality must clearly identify the municipal growth points for investment so that we complement the Provincial Growth Point. 2.1. That the end user department must advise all departments about land ownership and facilitate for the consent of landowners before they roll out projects. |
| EXECUTIVE SUPPORT | <ol style="list-style-type: none"> 1. Lack of Human resource 2. Lack of separation of power in Executive Support | <ol style="list-style-type: none"> 1.1. Municipality must fill posts which are critical in this department. The department is understaffed and some committees cannot function properly as they share administrative support. 1.2. Executive Support must restructure and fill critical positions to make all committees efficient. 2.1. Council should adhere to the separation of powers 2.2. MPAC reiterate the call that to separate administrative support given to the Mayor and the Speakers office by introducing two managers in both office of the Mayor and the Speaker. |
| BUDGET & TREASURY | <ol style="list-style-type: none"> 1. Regress on revenue collection 2. High percentage on contracted services 3. No mechanism to detect conflict of interest 4. Lack of debt management | <ol style="list-style-type: none"> 1.1 the municipality must look on developing a method where one cannot access any service from the municipality when still owing other services billed. 1.2 Where people are not able to pay we must invoke on the indigent policy. 2.1 Cost-benefit analysis be conducted for all contracted services and a report be submitted to council before the end of 2018/2019 financial year 1.1 Use cross check effectively and monitor the disclosure forms. 4.1 The municipality must pay all the debts within 30 days to avoid unnecessary interest which will result to Fruitless and Wasteful expenditure. |

| | | |
|---------------------------|--|---|
| INFRASTRUCTURE | <ol style="list-style-type: none"> 1. Lack of monitoring on implementation of projects 2. Lack of maintenance on roads 3. No plan for the municipality to have electricity provision license on new areas | <ol style="list-style-type: none"> 1.1. The municipality must develop a monitoring mechanism on the projects that are being implemented. 1.2. The PSC members who are appointed must be capacitated by the municipality to know their role so that they are able to see when the contractor is not doing quality work. 1.3. Section 79 committee of infrastructure must do project visits to play oversight on the projects during implementation. 2.1. The municipality must allocate sufficient budget to maintain the completed roads. 3.1 The municipality must apply for electricity licence on all new areas where we invest our capital to electrify. |
| SOCIAL DEVELOPMENT | <ol style="list-style-type: none"> 1. MPAC is not convinced that there is cost benefit on refuse removal 2. No plans to broaden waste management to other areas 3. The licensing unit within the department is not accessible during weekends | <ol style="list-style-type: none"> 1.1. Cost benefit analysis must be conducted to look at how much the municipality is spending vice versa the revenue we are collecting on refuse removal services. The report must be table before the end of 2018/2019 FY. 2.1. The municipality must have a campaign to register the willing payers who want to have access to the service of solid waste in other areas. 3.1 The municipality must take a resolution that the unit be open during weekends. 3.2 The municipality should a look at having a person assisting the motor dealers as they register vehicles in bulk. |

5. **FINANCIAL STATEMENTS**

- MPAC appreciates the improvement on AG's report from qualified to unqualified audit opinion.
- However, lot of work still need to be done to address all matters raised in the AG's report and management letter.

ON THE FOLLOWING:

- **Unauthorised expenditure:**

MPAC busy investigation and report will be tabled in council before the end of the financial year

- **Fruitless and Wasteful Expenditure**

MPAC busy investigation and report will be tabled in council before the end of the financial year

- **Irregular expenditure:**

MPAC busy investigation and report will be tabled in council before the end of the financial year

- **Financial Position**

MPAC busy with the remedies after diagnosis and report will be tabled in council before the end of the financial year

6. **CONCLUSION**

The MPAC committee thank 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 years to come. We have already seen improvement in terms of the audit outcome and believe that we can improve further to translate this audit outcome to service delivery. We like to thank the entire Management team for various roles that they have played during the compilation of these oversight report.

7. **MUNICIPAL PUBLIC ACCOUNTS COMMITTEE: 26 MARCH 2019**

RESOLVE TO RECOMMEND:

1. That Council approves the draft 2017/2018 Annual Report with no reservations
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.



CLLR. H.J. MAKUNYANE

MPAC CHAIRPERSON

The background of the image is a composite of several financial and analytical elements. On the left, a person's hand is shown in profile, pointing their index finger towards the buttons of a green electronic calculator. The calculator has standard arithmetic operators (+, -, ×, ÷, %) and memory functions (M+, M-, MRC). To the right of the calculator, a large, light-colored document with a grid pattern is visible, featuring a series of green horizontal bars that could represent a bar chart or a series of data points. Further to the right, a white page displays several blue and orange pie charts and bar graphs, likely representing financial data. The overall theme is professional accounting or financial reporting.

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018



ELIAS MOTSOALEDI LOCAL MUNICIPALITY

(Registration number LIM 472) **ANNUAL FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 JUNE 2018

Office of the Auditor General (Polokwane) - Auditors

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

General Information

Nature of business and principal activities

South African Category B Municipality (Local Municipality)
as defined by the Municipal Structures Act. (Act no 117 of 1998)

Councillors List

Mayor

Cllr JL Mathebe

Chief Whip

Cllr TM Phahlamohlaka (Chief Whip)

Speaker

Cllr MD Tladi

Councillors

Cllr JL Mathebe (Mayor)
Cllr TM Phahlamohlaka (Chief Whip) Cllr MD Tladi (Speaker)
Cllr A Phatlane (Exco Member) Cllr AM Maloba (Exco Member)
Cllr GD Matjomane (Exco Member) Cllr JP Kotze (Exco Member)
Cllr KC Shai (Exco Member) Cllr MG Phetla (Exco Member) Cllr MS Mashilo (Exco Member) Cllr TA Machipa (Exco Member)
Cllr TN Mmutle (Exco Member) Cllr AM Makweoane
Cllr B Bogopa
Cllr BM Zulu
Cllr CN Mathebe Cllr EM Maphopha Cllr FM Mogotji
Cllr GM Makeke Cllr GR Namane Cllr HJ Makunyane Cllr J Mahlangu
Cllr KF Madisa Cllr KS Kgopa Cllr LM Moima
Cllr M Ranala Cllr MA Mphela Cllr MB Ntuli
Cllr MG Motlafe Cllr MK Mokwane Cllr ML Mamakoko Cllr ML Phala
Cllr MM Matsepe
Cllr MN Malatji
Cllr MP Tshivhula
Cllr MR Msiza Cllr MT Mohlala Cllr MT Mosotho
Cllr MW Ramphisa
Cllr MZ Hlathi
Cllr NN Mahlangu Cllr NT Matunyane Cllr P Masimula Cllr R Alberts
Cllr RJ Makitla Cllr RM Ratau Cllr RN Ndlovu
Cllr SH Mehlape
Cllr SM Maipushe
Cllr SW Ratlou
Cllr TA Phorotlhoe Cllr TM Mokganyetji Cllr TM Ntheko
Cllr TS Matsepe
Cllr TT Ratau
Cllr VL Mthombeni Cllr VM Lecheko Cllr VP Madondo Cllr WJ Skhosana
Cllr WN Oosthuizen
Cllr Z Ngwenya

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

General Information

Accounting Officer

Mrs RM Maredi

Business address

2nd Grobler Avenue - Civic Centre
Groblerdal
0470

Postal address

PO Box 48
Groblerdal
0470

Bankers

Nedbank

Auditors

Office of the Auditor General (Polokwane)

Grading of the Municipality

Grade 3

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
 Annual Financial Statements for the year ended 30 June 2018

Index

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

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| Statement of Comparison of Budget and Actual Amounts | 322 |
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Abbreviations

| | |
|-------|--|
| GRAP | Generally Recognised Accounting Practice |
| PAYE | Pay As You Earn |
| IAS | International Accounting Standards |
| INEP | Integrated National Electrification Programme |
| EPWP | Expanded Public works programme |
| UIF | Unemployment Insurance Fund |
| VAT | Value Added Tax |
| MFMA | Municipal Finance Management Act |
| MIG | Municipal Infrastructure Grant (Previously CMIP) |
| MSCOA | Municipal Standard Chart Of Accounts |
| FMG | Finance Management Grant |
| MSIG | Municipal Systems Improvement Grants |

Accounting Officer's Responsibilities and Approval

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

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

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

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all

employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 9 to 84, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2018.



Mrs RM Maredi
Accounting Officer
31 August 2018

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
 Annual Financial Statements for the year ended 30 June 2018

Audit Committee Report

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

Audit committee members and attendance

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 is comprising of five (05) members appointed for the period of three (03) years with effect from January 2016. The Audit Committee reported to council on their activities and recommendations as required by the Audit Committee Charter and section 166 of the MFMA. For the year under review, four (4) ordinary and five (05) special Audit Committee meetings were held.

The Audit Committee consists of the members listed hereunder.

| Audit Committee members | Number of |
|---|------------------|
| meetings attended Mrs M.P Ramutsheli (Chairperson) | 4 Normal - 4 |
| Special - 8 Total Mr V.K Chuene | 4 Normal - 5 |
| Special - 9 Total Mr M.O Mojapelo | 2 Normal - 4 |
| Special - 6 Total Mr M.M Thipe | 4 Normal - 4 |
| Special - 8 Total Mr M.G Mathabathe | 4 Normal - 5 |
| Special - 9 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 reviewed 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 municipality's compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.
- reviewed the performance of the institution.

The Audit Committee concur with and accept the Auditor-General of South Africa's report on 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.

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Audit Committee Report

Internal audit

The audit committee engaged and supported management team during the review of performance management information.

The municipality's Operating, Compliance, Performance and Risk Management controls are assessed by the internal audit function which is overseen by Audit Committee.

For the year under review the Internal Audit performed their responsibility in terms of the approved internal audit plan and reported their findings on regular basis to the Audit Committee and management for implementation.

In the quest for maintaining a sound control environment, the Audit Committee continues to build the necessary capacity within the municipality.

Risk management

Every year the Council reviews the critical strategic risks facing the municipality and approves the municipality's risk approach.

The identification and assessment of those risks are informed amongst other things, by an understanding of our operational model including trends and interests of relevant stakeholders. The Audit Committee has overseen the process of developing risk strategy, risk register including mitigating factors for consideration by council.

The risk assessment was conducted quarterly during the year under review. The municipality had a full time Chief Risk Officer during the financial year.

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.



Chairperson of the Audit Committee :

Mrs M.P Ramutsheli

31 August 2018

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
 Annual Financial Statements for the year ended 30 June 2018

Accounting Officer's Report

The accounting officer submits her report for the year ended 30 June 2018.

1. Review of activities

Main business and operations

The municipality is engaged in local governance activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and delivery of municipal services to the community.

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and fully elaborated in the Statement of Comparison of Budget and Actual Amounts.

Net surplus of the municipality was R 13 601 904 (2017: deficit R 34 088 989).

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.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial period which resulted in an adjusting subsequent event, or requiring further disclosure.

4. Accounting Officer's interest in contracts

The Accounting Officers does not have any interest in contracts of the Municipality.

5. Accounting policies

The annual financial statements are 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 are set out in the notes to the financial statements.

7. Accounting Officer

The Accounting Officer of the municipality during the financial year and to the date of this report is :

| | |
|---------------|--------------------|
| Name | Nationality |
| Mrs RM Maredi | South African |

8. Corporate governance

General

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

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Officer's Report

Councillors

The councillors:

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

Mayor and Municipal Manager

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

Audit committee

The Audit 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.

Internal audit

The municipality had four full time internal auditors 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 Nedbank.

10. Auditors

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

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
 Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Position

Assets

Current Assets

| | | | |
|--|----|-------------------|-------------------|
| Inventories | 9 | 3 328 341 | 3 202 151 |
| Receivables from exchange transactions | 10 | 1 057 145 | 1 528 000 |
| Receivables from non-exchange transactions | 11 | 18 136 258 | 19 547 729 |
| VAT receivable | 12 | 11 673 080 | 18 060 451 |
| Consumer debtors | 13 | 24 952 612 | 20 636 049 |
| Cash and cash equivalents | 14 | 6 194 085 | 21 047 586 |
| | | 65 341 521 | 84 021 966 |

Non-Current Assets

| | | | |
|------------------------------------|---|----------------------|----------------------|
| Investment property | 3 | 53 739 288 | 56 325 288 |
| Property Plant and Equipment | 4 | 951 853 689 | 923 932 192 |
| Heritage Assets | 5 | 463 363 | 463 363 |
| Intangible assets | 6 | 85 347 | 290 674 |
| Deposit (Security held in advance) | 8 | 12 706 118 | 11 932 253 |
| | | 1 018 847 805 | 992 943 770 |
| | | 1 084 189 326 | 1 076 965 736 |

Total Assets

Liabilities

Current Liabilities

| | | | |
|---|----|-------------------|--------------------|
| Deferred income | 17 | 192 983 | 192 982 |
| Finance lease obligation | 15 | - | 6 899 877 |
| Landfill Site Provision | 18 | 1 707 120 | 2 947 231 |
| Payables from exchange transactions | 19 | 80 923 642 | 67 275 297 |
| Consumer deposits | 20 | 5 249 231 | 5 633 383 |
| Employee benefit obligation | 7 | 1 717 526 | 1 622 867 |
| Unspent conditional grants and receipts | 16 | 914 921 | 16 955 569 |
| Provisions | 18 | 633 421 | 333 471 |
| | | 91 338 844 | 101 860 677 |

Non-Current Liabilities

| | | | |
|-----------------------------|----|-------------------|-------------------|
| Deferred income | 17 | 3 666 667 | 3 859 649 |
| Landfill Site Provision | 18 | 49 251 689 | 44 516 214 |
| Employee benefit obligation | 7 | 36 323 139 | 37 217 238 |
| Provisions | 18 | 4 713 236 | 4 218 110 |
| | | 93 954 731 | 89 811 211 |

Total Liabilities

Net Assets

| | | | |
|---------------------|--|-------------|-------------|
| Accumulated surplus | | 898 895 751 | 885 293 848 |
|---------------------|--|-------------|-------------|

| | | | |
|---------------------|--|-------------|-------------|
| Accumulated surplus | | 898 895 751 | 885 293 848 |
|---------------------|--|-------------|-------------|

Statement of Financial Performance

Revenue

Revenue from exchange transactions

| | | | |
|---|----|-------------------|--------------------|
| Interest received | 24 | 12 620 796 | 9 358 203 |
| Licences and permits | 21 | 4 955 863 | 5 255 414 |
| Other income | 23 | 1 522 446 | 6 976 694 |
| Recoveries | 23 | 22 447 | 1 104 833 |
| Rental of facilities and equipment | 34 | 944 246 | 1 318 716 |
| Service charges | 22 | 74 873 839 | 77 250 735 |
| Total revenue from exchange transactions | | 94 939 637 | 101 264 595 |

Revenue from non-exchange transactions

Taxation revenue

| | | | |
|----------------|----|------------|------------|
| Property rates | 25 | 25 978 446 | 19 493 930 |
|----------------|----|------------|------------|

Transfer revenue

| | | | |
|---|----|--------------------|--------------------|
| Government grants & subsidies | 27 | 324 063 649 | 282 035 154 |
| Public contributions and donations | | 9 573 190 | 4 521 021 |
| Fines, Penalties and Forfeits | 21 | 67 325 397 | 50 884 525 |
| Total revenue from non-exchange transactions | | 426 940 682 | 356 934 630 |
| Total revenue | 21 | 521 880 319 | 458 199 225 |

Expenditure

| | | | |
|--|-------|----------------------|----------------------|
| Administration | | (843 262) | (186 673) |
| Bulk purchases | 32 | (68 601 882) | (65 729 402) |
| Debt Impairment | 31 | (74 839 486) | (21 128 019) |
| Depreciation and amortisation | 4&5&6 | (53 653 958) | (54 913 404) |
| Employee related costs | 28 | (127 201 554) | (117 780 735) |
| Finance costs | 30 | (281 020) | (1 426 148) |
| General Expenses | 33 | (138 786 222) | (142 687 755) |
| Impairment loss/ Reversal of impairments | 35 | (630 188) | (4 041 316) |
| Lease rentals on operating lease | 35 | (7 873 341) | (7 473 615) |
| Remuneration of councillors | 29 | (22 873 581) | (20 297 858) |
| Repairs and maintenance | | (12 305 069) | (12 547 111) |
| Transfers and Subsidies | 26 | (841 433) | (707 968) |
| Total expenditure | | (508 730 996) | (448 920 004) |

Operating surplus/(deficit)

| | | | |
|---|------|----------------|---------------------|
| Additional service cost landfill rehabilitation | 35 | 13 149 323 | 9 279 221 |
| Fair value adjustments - actuarial gains/(losses) | 18 | (2 019 251) | (10 202) |
| Investment property fair value adjustment | 7&18 | 3 562 297 | 433 499 |
| Profit/(Loss) on disposal of assets | 3 | 379 419 | (40 411 043) |
| | 35 | (1 469 884) | (3 380 464) |
| Surplus/(deficit) for the year | | 452 581 | (43 368 210) |

| | | | |
|---------------------------------------|--|-------------------|---------------------|
| Surplus/(deficit) for the year | | 13 601 904 | (34 088 989) |
|---------------------------------------|--|-------------------|---------------------|

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
 Annual Financial Statements for the year ended 30 June 2018

Statement of Changes in Net Assets

| Figures in Rand | Accumulated surplus | Total net assets |
|--|------------------------|------------------------|
| Balance at 01 July 2016 | 919 382 837 | 919 382 837 |
| Changes in net assets | (34 088 989) | (34 088 989) |
| Surplus for the year | (34 088 989) | (34 088 989) |
| Total changes | 904 896 215 | 904 896 215 |
| Opening balance as previously reported | | |
| Adjustments | | |
| 2017 prior year adjustments (Note 41) | 1 971 155 | 1 971 155 |
| 2016 prior year adjustments (Note 41) | (21 573 523) | (21 573 523) |
| Balance at 01 July 2017 as restated | 885 293 847 | 885 293 847 |
| Changes in net assets | | |
| Surplus for the year | 13 601 904 | 13 601 904 |
| Total changes | 13 601 904 | 13 601 904 |
| Balance at 30 June 2018 | 898 895 751 | 898 895 751 |
| Note(s) | 41 | |

| Figures in Rand | Note(s) | 2018 | 2017 Restated* |
|---|---------|----------------------|---------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Fines | | 7 578 865 | 2 718 886 |
| Sale of goods and services | | 88 812 410 | 80 167 109 |
| Grants | | 324 063 649 | 282 035 154 |
| Interest | | 12 620 796 | 9 358 203 |
| Other receipts | | 2 296 158 | 9 207 260 |
| Licences and Permits | | 4 955 863 | 5 255 414 |
| | | 440 327 741 | 388 742 026 |
| Payments | | | |
| Employee costs | | (146 517 206) | (134 247 202) |
| Suppliers | | (197 510 715) | (155 151 924) |
| Finance cost | | (281 020) | (1 426 148) |
| | | (344 308 941) | (290 825 274) |
| Net cash flows from operating activities | 36 | 96 018 800 | 97 916 752 |
| Cash flows from investing activities | | | |
| Purchase of property plant and equipment | 4 | (106 372 423) | (80 664 683) |
| Proceeds from sale of property, plant and equipment | 3 | 2 400 000 | - |
| Net cash flows from investing activities | | (103 972 423) | (80 664 683) |
| Cash flows from financing activities | | | |
| Finance lease payments | | (6 899 878) | (8 169 707) |
| Net increase/(decrease) in cash and cash equivalents | | (14 853 501) | 9 082 362 |
| Cash and cash equivalents at the beginning of the year | | 21 047 586 | 11 965 225 |
| Cash and cash equivalents at the end of the year | 14 | 6 194 085 | 21 047 587 |

Statement of Comparison of Budget and Actual Amounts

| Budget on Accrual Basis | | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|---|--------------------|-------------------|--------------------|--------------------|------------------------------------|--|-----------|
| Statement of Financial Performance | | | | | | | |
| Revenue | | | | | | | |
| Revenue from exchange transactions | | | | | | | |
| Service charges | 89 821 777 | 3 000 000 | 92 821 777 | 74 873 839 | (17 947 938) | 1 | |
| Rental of facilities and equipment | 1 935 305 | (935 312) | 999 993 | 944 246 | (55 747) | 2 | |
| Licences and permits | 5 170 789 | (670 789) | 4 500 000 | 4 955 863 | 455 863 | 3 | |
| Recoveries | - | - | - | 22 447 | 22 447 | 4 | |
| Other income | 2 498 748 | 11 179 076 | 13 677 824 | 1 522 446 | (12 155 378) | 5 | |
| Interest earned | 9 961 399 | 6 798 529 | 16 759 928 | 12 620 796 | (4 139 132) | 6 | |
| Total revenue | 109 388 018 | 19 371 504 | 128 759 522 | 94 939 637 | (33 819 885) | | |
| Revenue from non-exchange transactions | | | | | | | |
| Taxation revenue | 26 471 732 | 8 333 656 | 34 805 388 | 25 978 446 | (8 826 942) | 7 | |
| Property rates | - | - | - | - | - | - | |
| Transfer revenue | 297 023 000 | 27 489 319 | 324 512 319 | 324 063 649 | (448 670) | 8 | |
| Government grants & subsidies | - | - | - | 9 573 190 | 9 573 190 | 9 | |
| Public contributions and donations | 30 000 000 | 25 015 960 | 55 015 960 | 67 325 397 | 12 309 437 | 10 | |
| Fines, Penalties and Forfeits | 353 494 732 | 60 838 935 | 414 333 667 | 426 940 682 | 12 607 015 | | |
| Total revenue from non-exchange transactions | 462 882 750 | 80 210 439 | 543 093 189 | 521 880 319 | (21 212 870) | | |
| Expenditure | | | | | | | |
| Employee related costs | (123 460 142) | (2 677 054) | (126 137 196) | (127 201 554) | (1 064 358) | 11 | |
| Remuneration of councillors | (22 112 835) | (1 317 408) | (23 430 243) | (22 873 581) | 556 662 | 12 | |
| Administration | - | - | - | (843 262) | (843 262) | 13 | |
| Depreciation and amortisation | (51 200 000) | - | (51 200 000) | (53 653 958) | (2 453 958) | 14 | |
| Impairment loss/ Reversal of impairments | - | - | - | (630 188) | (630 188) | 12.1 | |
| Finance costs | (3 124 140) | 2 000 000 | (1 124 140) | (281 020) | 843 120 | 15 | |
| Lease rentals on operating lease | - | - | - | (7 873 341) | (7 873 341) | 16 | |

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 |
|--|----------------------|---------------------|----------------------|------------------------------------|--|-----------|
| | | | | | | |
| Debt Impairment | (26 371 585) | | (26 371 585) | (74 839 486) | (48 467 901) | 17 |
| Repairs and maintenance | (13 496 782) | 1 676 154 | (11 820 628) | (12 305 069) | (484 441) | 18 |
| Bulk purchases | (69 165 290) | (1 000 000) | (70 165 290) | (68 601 882) | 1 563 408 | 19 |
| Transfers and Subsidies | (3 723 680) | 740 000 | (2 983 680) | (841 433) | 2 142 247 | 20 |
| General Expenses | (73 733 679) | (42 425 569) | (116 159 248) | (138 786 222) | (22 626 974) | 21 |
| Total expenditure | (386 388 133) | (43 003 877) | (429 392 010) | (508 730 996) | (79 338 | |
| 986) | 76 494 617 | 37 206 562 | 113 701 179 | 13 149 323 | 126 850 | |
| Operating surplus | | | | | | |
| 502 | | | | | | |
| Loss on disposal of assets and liabilities | - | - | - | (1 469 884) | (1 469 884) | 22 |
| Additional contribution landfill rehabilitation | - | - | - | (2 019 251) | (2 019 251) | 23 |
| Fair value adjustments | - | - | - | 3 562 297 | 3 562 297 | 24 |
| Investment property fair value adjustment | - | - | - | 379 419 | 379 419 | 25 |
| Surplus/(Deficit) before taxation | 76 494 617 | 37 206 562 | 113 701 179 | 13 601 904 | (100 099 275) | |
| Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement | 76 494 617 | 37 206 562 | 113 701 179 | 13 601 904 | (100 099 275) | |

Statement of Comparison of Budget and Actual Amounts

| Budget on Accrual Basis | | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|----------------------|---------------------|----------------------|----------------------|------------------------------------|--|-----------|
| Figures in Rand | | | | | | | |
| Statement of Financial Position | | | | | | | |
| Assets | | | | | | | |
| Current Assets | | | | | | | |
| Inventories | 3 200 000 | 300 000 | 3 500 000 | 3 328 341 | (171 659) | 26 | |
| Receivables from exchange transactions | - | - | - | 1 057 145 | 1 057 145 | 27 | |
| Receivables from non-exchange transactions | 36 846 000 | 6 000 000 | 42 846 000 | 18 136 258 | (24 709 742) | 28 | |
| VAT receivable | - | - | - | 11 673 080 | 11 673 080 | 29 | |
| Consumer debtors | 34 600 304 | (4 000 000) | 30 600 304 | 24 952 612 | (5 647 692) | 30 | |
| Cash and cash equivalents | 32 967 532 | (24 315 406) | 8 652 126 | 6 194 085 | (2 458 041) | 31 | |
| | 107 613 836 | (22 015 406) | 85 598 430 | 65 341 521 | (20 256 909) | | |
| Non-Current Assets | | | | | | | |
| Investment property | 96 145 592 | (40 417 288) | 55 728 304 | 53 739 288 | (1 989 016) | 32 | |
| Property Plant and Equipment | 957 865 596 | - | 957 865 596 | 951 853 689 | (6 011 907) | 33 | |
| Heritage Assets | - | - | - | 463 363 | 463 363 | 34 | |
| Intangible assets | - | 290 674 | 290 674 | 85 347 | (205 327) | 35 | |
| Deposit (Security held in advance) | 12 786 031 | - | 12 786 031 | 12 706 118 | (79 913) | 36 | |
| | 1 066 797 219 | (40 126 614) | 1 026 670 605 | 1 018 847 805 | (7 822 800) | | |
| | 1 174 411 055 | (62 142 020) | 1 112 269 035 | 1 084 189 326 | (28 079 709) | | |
| Total Assets | | | | | | | |
| Liabilities | | | | | | | |
| Current Liabilities | | | | | | | |
| Deferred income | 8 607 645 | (3 000 000) | 5 607 645 | - | 192 983 | 37 | |
| Finance lease obligation | - | - | - | - | (5 607 645) | 38 | |
| Landfill Rehabilitation Provision | 45 253 000 | 5 000 000 | 50 253 000 | 1 707 120 | 1 707 120 | 39 | |
| Payables from exchange transactions | 5 089 000 | - | 5 089 000 | 80 923 644 | 30 670 644 | 40 | |
| Consumer deposits | - | - | - | 5 249 231 | 160 231 | 41 | |
| Employee benefit obligation | - | - | - | 1 717 526 | 1 717 526 | 42 | |
| Unspent conditional grants and receipts | - | - | - | 914 921 | 914 921 | 43 | |

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 | | | | | | | |
| Provisions | | 1 541 519 | - | 1 541 519 | 633 421 | (908 098) | 44 |
| | 60 491 164 | 2 000 000 | | 62 491 164 | 91 338 846 | 28 847 682 | |
| Non-Current Liabilities | | | | | | | |
| Deferred income | - | 3 000 000 | 19 500 000 | - | 3 666 667 | 3 666 667 | 45 |
| Finance lease obligation | - | - | - | - | 49 251 689 | (19 500 000) | 46 |
| Landfill Site Rehabilitation provision | - | - | - | - | 37 217 238 | 49 251 689 | 47 |
| Employee benefit obligation | - | 82 233 000 | 4 700 000 | 86 933 000 | 4 713 236 | 37 217 238 | 48 |
| Provisions | | | | | | (82 219 764) | 49 |
| | 98 733 000 | 7 700 000 | | 106 433 000 | 94 848 830 | (11 584 170) | |
| Total Liabilities | 159 224 164 | 9 700 000 | | 168 924 164 | 186 187 676 | 17 263 512 | |
| Net Assets | 1 015 186 891 | (71 842 020) | | 943 344 871 | 898 001 650 | (45 343 221) | |
| Net Assets Attributable to Owners of Controlling Entity | | | | | | | |
| Reserves | | | | | | | |
| Accumulated surplus | | | | | | | |
| | 1 015 186 891 | (71 842 020) | | 943 344 871 | 898 001 650 | (45 343 221) | 50 |

Statement of Comparison of Budget and Actual Amounts

Budget and Actual Amounts variance explanation

| Line item | Explanation |
|--|---|
| 1 Service charges | Electricity and refuse removal revenue anticipated from the new mall was over projected and in addition, the illegal connections in Roosenekaal also had a negative impact on electricity revenue |
| 2 Rental of facilities and equipment | The under performance is attributed to certain rentals that were still way below market related rental amount. |
| 3 Licences and permits | The over performance is attributed to improved efficiency in the Licensing division |
| 4 Recoveries | There was no budget provision for this account |
| 5 Other income | The variance is due to reclassification of equitable share receipts incorrectly received in other income under Development planning and Cemeteries |
| 6 Interest earned | The variance is attributed to early withdrawal on investments that resulted in municipality forfeiting certain portion of interest |
| 7 Property rates | The under performance variance is as a result of unknown properties that are not getting billed |
| 8 Government grants & subsidies | The variance of less than R1 million is attributed to savings on MIG and INEP |
| 9 Public contributions and donations | This was not budgeted for as it wasn't gazetted |
| 10 Fines, Penalties and Forfeits | The budget for this revenue source was underestimated |
| 11 Employee related costs | The over performance variance is caused by classification of SDL as part of employee related cost and the overtime pay-out that was significant |
| 12 Remuneration of councillors | The variance is caused by the annual salary increase that was slightly less than the projected increase |
| 12 Impairment loss/reversal of impairment loss | Impairment loss/reversal of impairment loss was not budgeted for |
| 13 Administration | The budget is included in other expenditure budget as per National Treasury Schedule |
| 14 Depreciation and amortisation | The over-performance variance is attributed to donated assets and newly found assets |
| 15 Finance costs | The underspending is as a result of budget provision for the new lease of vehicles that was supposed to commence in April 2018. |
| 16 Lease rentals on operating lease | The budget is included in other expenditure budget as per National Treasury Schedule |
| 17 Debt Impairment | The variance is attributed to low collection rate on traffic fines as well as a significant increase in the debt impairment figure |
| 18 Repairs and maintenance | The variance is caused by transactions relating to repairs and maintenance that were classified as capital expenditure |
| 19 Bulk purchases | The budget was overstated to cater for additional electricity usage by the new mall |
| 20 Transfers and Subsidies | The number of households receiving free basic electricity was way below the projected amount |
| 21 General Expenses | The variance is caused by those accounts that are presented separately in the National Treasury schedules whereas they are classified as other expenditure on the face of statement of financial performance (e.g. contracted services) |
| 22 Loss on disposal of assets and liabilities | There was no budget provision for this account |
| 23 Additional contribution landfill rehabilitation | There was no budget provision for this account |
| 24 Fair value adjustments | There was no budget provision for this account |
| 25 Investment property fair value adjustment | There was no budget provision for this account |
| 26 Inventories | The variance resulted from stock issues that were slightly below the projection for the year |
| 27 Receivables from exchange transactions | The budget for this item is combined with receivables from non exchange transactions and VAT receivable |
| 28 Receivables from non-exchange transactions | Adding receivables from both exchange and non exchange transactions and VAT receivable, we remain with under performance variance that is caused by significant portion of traffic fines debtors having been impaired |
| 29 VAT receivable | As explained above, the budget for this account is included in the receivables from non-exchange item |
| 30 Consumer debtors | The variance is attributed to high debt impairment on consumer debtors |

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

| | | |
|----|---|---|
| 31 | Cash and cash equivalents | The variance is due to low revenue collection rate and other commitments that impacted negatively on the cash flow position |
| 32 | Investment property | The variance is caused by investment properties written off and disposed |
| 33 | Property Plant and Equipment | The variance is attributed to newly found assets and donated assets |
| 34 | Heritage Assets | The budget for this account is included in the PPE budget |
| 35 | Intangible assets | The amortisation of intangible assets budget was understated relative to the actual figure thereof |
| 36 | Deposit (Security held in advance) | The variance is caused by the actual interest earned on this deposit that was slightly less than the projected interest |
| 37 | Deferred income | The budget for this account is included in the payable from exchange budget |
| 38 | Finance lease obligation | The budget provision was mainly for the new finance lease contract that was supposed to commence in April |
| 39 | Landfill Rehabilitation Provision | The budget for this account is included in the provisions budget |
| 40 | Payables from exchange transactions | The variance is attributed to a significant amount for creditors that were accrued in 2017/18 financial year |
| 41 | Consumer deposits | The consumer deposit received during the year was more than the projected amount |
| 42 | Employee benefit obligation | The budget for this account is included in the payable from exchange budget |
| 43 | Unspent conditional grants and receipts | The budget for this account is included in the payable from exchange budget |
| 44 | Provisions | The budgeted provision was understated as compared to the actual figure |
| 45 | Deferred income | The budget for this account is included in the provisions budget |
| 46 | Finance lease obligation | The budget provision was mainly for the new finance lease contract that was supposed to commence in April |
| 47 | Landfill Site Rehabilitation provision | The budget for this account is included in the provisions budget |
| 48 | Employee benefit obligation | The budget for this account is included in the provisions budget |
| 49 | Provisions | Taking the above items whose budget provisions were included in provisions, the budget performance shows over performance variance that is attributed to an increase in provision for landfill site |
| 50 | Accumulated surplus | The variance is attributed to high total expenditure that is caused by significant increase in debt impairment |

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
 Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. In situations where the application of GRAP is not practicable, the International Accounting Standards will apply.

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

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

1.1 Presentation currency

These annual financial statements are presented in South African Rand.

1.2 Going concern assumption

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

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:

Useful lives and residual values of property plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and other assets. This estimation should be based on the expected pattern in which an asset's future economic benefits or service potential are to be consumed by the municipality.

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

Trade receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the 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.

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. The write down is included in the operation surplus note.

Fair value estimation

The fair value of financial instruments that are not traded in an active market 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.

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

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Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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 18 - Provisions.

Post retirement benefits

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 7.

Effective interest rate

The municipality used the effective 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.

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

1.4 Investment property

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

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

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes. Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the enterprise, and the cost or fair value of the investment property can be measured reliably.

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

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

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

Fair value

Subsequent to initial measurement investment property is measured at fair value. The fair value of investment property reflects market conditions at the reporting date.

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

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

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

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

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

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

1.5 Property Plant and Equipment

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

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

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property Plant and Equipment is initially measured at cost.

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

The cost of an item of property plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

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

Property Plant and Equipment is carried at cost less accumulated depreciation and any impairment losses.
The useful lives of items of property plant and equipment have been assessed as follows:

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

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.

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.6 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

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

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

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

| Item | Useful life |
|-------------------|-------------|
| Computer Software | 3-5 years |

Intangible assets are derecognised:

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

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

1.7 Heritage assets

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.

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 heritage 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 the heritage asset's net selling price and its value in use.

Value in use of the heritage 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 MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements (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 initial fair value/cost less any accumulated impairment losses.

Impairment

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

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 uncollectability.

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.

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;

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Accounting Policies

1. Presentation of Annual Financial Statements (continued)

- 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 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.

Long term advance payments are financial liabilities, other than short-term payables on normal credit terms.

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

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

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

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

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- 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 do not meet the definition of financial instruments at amortised cost or financial.

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Accounting Policies

1. Presentation of Annual Financial Statements

(continued) Classification

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

| Class | Category |
|-----------------------------|--|
| Deposits | Financial Asset measured at amortised cost |
| Investments - Call accounts | 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 Municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

| Class | Category |
|----------------|--|
| Deposits | Financial liability measured at amortised cost |
| Trade Payables | Financial liability measured at amortised cost |
| Accruals | Financial liability measured at amortised cost |

Initial recognition

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

Initial measurement of financial assets and financial liabilities

The Municipality 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.

Accounting Policies

1. Presentation of Annual Financial Statements (continued) Subsequent measurement of financial assets and financial liabilities

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

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

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

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:

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 effective interest rate.

Derecognition

Financial assets

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.

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.

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.

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, is recognised in surplus or deficit.

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Accounting Policies

1. Presentation of Annual Financial Statements (continued) 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.

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.

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. 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.

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Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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

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

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

1.11 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.

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.

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.

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Accounting Policies

1. Presentation of Annual Financial Statements (continued) 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.

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.

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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.

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

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

Identification

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

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

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Accounting Policies

1. Presentation of Annual Financial Statements (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:

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Accounting Policies

1. Presentation of Annual Financial Statements (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 overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the 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:

- 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.

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Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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.

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.

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.

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Accounting Policies

1. Presentation of Annual Financial Statements (continued) Post-employment benefits:

Defined contribution plans

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

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

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

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

Other 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.

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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.

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

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.

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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.
- 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 Commitments

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

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

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

1.16 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.

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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

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.

Interest

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

1.17 Revenue from non-exchange transactions

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

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

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.

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
 Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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

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

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

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

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

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

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

Recognition

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

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.

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

Fines

Fines are recognised when it is probable that future economic benefits will flow to the entity, the costs can be reliably measured and all restrictions have been complied with. Revenue is recognised when fines or summons are issued.

The amount due by a particular offender is specified on the notice, summons or equivalent document. The municipality issuing the traffic fine may indicate that reductions are available, subject to further processes being undertaken.

Fines reductions are not within the Elias Motsoaledi Municipality's discretion, they are subject to a further judicial process which is outside the municipality's control, then these reductions are not considered in measuring the asset (receivable) on initial recognition. This is because of the high degree of uncertainty in estimating the likely outcome of this process.

Relevant disclosures should be made on the assumptions used to estimate revenue and any other relevant information.

The municipality is able to reliably measure the fair value of fines issued. The value of the fine that can be imposed on the offender is usually stipulated in legislation, regulation or equivalent, and will vary depending on the nature and severity of the offence. The amount due by a particular offender is usually indicated on the notice, summons or similar document issued. In these instances, the asset (receivable) can be measured reliably.

The basis of a receivables provision for fines outstanding as at year end in Elias Motsoaledi Municipality is based on a percentage of fines settled which already has accounted for the discretion applied by court to reduce or withdraw fines requested for review by public members divided by the total fines issued for the current year.

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

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

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;
- 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, whichever is earlier.

When government remit grants on a re-imbursement 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, whichever is earlier.

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
 Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

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 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.

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 MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements (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 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.

1.25 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 compiled on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the annual financial statements.

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

Comparative information is not required.

1.26 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.

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements (continued)

1.27 Events after reporting date

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

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

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

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

1.28 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.

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
 Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

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|-----------------|------|------|
|-----------------|------|------|

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|---|---|------------------------------------|
| • IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land | 01 July 2017 | The impact of the is not material. |

2.2 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|---|---|------------------------------------|
| GRAP 16 (as amended 2016): Investment Property | 01 April 2018 | The impact of the is not material. |
| GRAP 17 (as amended 2016): Property, Plant and Equipment | 01 April 2018 | The impact of the is not material. |
| GRAP 21 (as amended 2016): Impairment of non-cash-generating assets | 01 April 2018 | The impact of the is not material. |
| GRAP 26 (as amended 2016): Impairment of cash-generating assets | 01 April 2018 | The impact of the is not material. |

2.3 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 2018 or later periods. TBA indicates that the effective date is still to be determined by the ASB:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|--|---|--|
| GRAP 34: Separate Financial Statements | TBA | Unlikely there will be a material impact |
| GRAP 35: Consolidated Financial Statements | TBA | Unlikely there will be a material impact |
| GRAP 36: Investments in Associates and Joint Ventures | TBA | Unlikely there will be a material impact |
| GRAP 37: Joint Arrangements | TBA | Unlikely there will be a material impact |
| GRAP 38: Disclosure of Interests in Other Entities | TBA | Unlikely there will be a material impact |
| Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme | TBA | Unlikely there will be a material impact |
| GRAP 110: Living and Non-living Resources | 01 April 2020 | Unlikely there will be a material impact |
| GRAP 110 (as amended 2016): Living and Non-living Resources | 01 April 2020 | Unlikely there will be a material impact |
| GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements | 01 April 2019 | Unlikely there will be a material impact |
| GRAP 7 (as revised 2010): Investments in Associates | 01 April 2019 | Unlikely there will be a material impact |
| GRAP 18 (as amended 2016): Segment Reporting | 01 April 2019 | Unlikely there will be a material impact |

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
 Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

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Reconciliation of investment property - June 2017

| | Opening balance | Additions | Fair value adjustments | Total |
|---------------------|-----------------|-----------|------------------------|------------|
| Investment property | 93 062 310 | 3 674 021 | (40 411 043) | 56 325 288 |

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.

The valuation of the Investment properties was performed by an independent valuator, Pierre Rynners valuers.

Sales research was conducted for property transactions taking place in the period starting July 2015 to June 2018. Year-on- year increases were calculated based on the average sales data collected for each township within the larger municipal area. The property market in the greater Elias Motsoaledi area was very quiet, overall little if any increases took place.

4. Property Plant and Equipment

| | 2018 | | | 2017 | |
|-------------------------------------|----------------------|---|--------------------|----------------------|---|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment |
| Land | 186 531 191 | (9 915 156) | 176 616 035 | 185 642 935 | (9 026 900) |
| Buildings | 133 046 400 | (60 859 175) | 72 187 225 | 107 616 097 | (27 343 077) |
| Leased assets capitalised | - | - | - | 21 083 725 | (4 112 589) |
| Infrastructure | 962 633 002 | (368 556 427) | 594 076 575 | 858 696 234 | (291 459 451) |
| Community | 31 950 442 | (11 168 115) | 20 782 327 | 59 503 580 | (47 474 551) |
| Other property, plant and equipment | 93 802 568 | (48 657 879) | 45 144 689 | 73 570 527 | (49 853 653) |
| Capital - Work in Progress | 43 046 838 | - | 43 046 838 | 47 089 315 | - |
| Total | 1 451 010 441 | (499 156 752) | 951 853 689 | 1 353 202 413 | (429 270 221) |
| | | | | | 923 932 192 |

Notes to the Annual Financial Statements

Figures in Rand

Reconciliation of property plant and equipment - June 2018

| | Opening balance | Additions | Donations made | Disposals | Transfers | Donations received | Derecognised | Depreciation | Impairment loss | Total |
|-------------------------------------|--------------------|--------------------|---------------------|-----------|--------------|--------------------|---------------------|---------------------|------------------|--------------------|
| Land | 176 616 035 | - | - | - | - | - | - | - | - | 176 616 035 |
| Buildings | 80 273 020 | - | - | - | 1 554 406 | - | (4 472 208) | (5 033 425) | (134 568) | 72 187 225 |
| Leased assets capitalised | 16 971 136 | - | - | - | - | (15 330 037) | - | (1 641 099) | - | - |
| Infrastructure | 567 236 783 | 455 000 | - | - | - | 77 628 144 | 403 065(11 002 802) | (40 320 236) | (323 379) | 594 076 575 |
| Community | 12 029 029 | - | - | - | - | 10 054 537 | - | (81 615) | (1 161 424) | (58 200) |
| Other property, plant and equipment | 23 716 874 | 2 220 998 | - | - | - | 17 295 604 | 7 593 379 | (275 680) | (5 292 445) | 45 144 689 |
| Capital - Work in Progress | 47 089 315 | 104 887 238 | (17 657 557) | - | (91 202 654) | - | (69 504) | - | - | 43 046 838 |
| | 923 932 192 | 107 563 236 | (17 657 557) | - | - | 7 996 444 | (15 901 809) | (53 448 629) | (630 188) | 951 853 689 |

Reconciliation of property plant and equipment - June 2017

| | Opening balance | Additions | Disposals | Transfers | Donations | Depreciation | Impairment loss | Total |
|-------------------------------------|--------------------|-------------------|--------------------|--------------|---------------------|---------------------|--------------------|--------------------|
| Land | 175 829 184 | - | (60 149) | - | 847 000 | - | - | 176 616 035 |
| Buildings | 81 700 175 | - | - | 6 696 065 | - | (4 199 090) | (3 924 130) | 80 273 020 |
| Leased assets capitalised | 18 798 258 | - | - | - | - | (1 827 122) | - | 16 971 136 |
| Infrastructure | 530 921 820 | - | - | 76 655 146 | - | (40 339 807) | (376) | 567 236 783 |
| Community | 14 099 029 | - | - | - | - | (2 034 909) | (35 091) | 12 029 029 |
| Other property, plant and equipment | 31 133 262 | 2 292 609 | (3 320 216) | - | - | (6 307 060) | (81 721) | 23 716 874 |
| Capital - Work in Progress | 68 269 229 | 78 372 074 | (83 351 211) | (16 200 777) | - | - | - | 47 089 315 |
| | 920 750 957 | 80 664 683 | (3 380 365) | - | (15 353 777) | (54 707 988) | (4 041 318) | 923 932 192 |

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
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Notes to the Annual Financial Statements

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.

Certain assets were impaired during the year, based on physical verification that were performed during the 2017 financial year. The fair value less costs to sell method was used.

The impairment review was limited to review of the possible "Physical impairment" of the assets. This impairment review is therefore directly linked to the high-level condition assessment carried out on the assets that have been physically verified. Impairment was raised in cases where the carrying amount at yearend (Including accumulated impairment in prior years but before current year impairment losses) exceeded the recoverable service amount calculated. The additional impairment will be equal to the difference between the carrying value and the recoverable service amount.

Once the condition of an asset is determined the condition rating is applied in order to ensure that the value of the asset is correctly reflected, this is done by reducing the carrying value of the asset based on its condition, as per the table below:

| Description | Rating |
|-------------|--------|
| Very Good | 95% |
| Good | 70% |
| Fair | 45% |
| Poor | 25% |
| Very Poor | 10% |
| Broken | 0% |

Electricity that does not exist but were recorded in the Fixed Asset Register as Elias Motsoaledi local municipality assets, have been removed from the Fixed Asset Register.

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

5. Heritage Assets

| | 2018 | | | 2017 | | |
|-----------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|
| | Cost / Valuation | Accumulated amortisation | Carrying value | Cost / Valuation | Accumulated amortisation | Carrying value |
| Heritage Assets | 463 363 | - | 463 363 | 463 363 | - | 463 363 |

Reconciliation of heritage assets - June 2018

| | Opening balance | Total | |
|-----------------|-----------------|-------|---------|
| | | | |
| Heritage Assets | 463 363 | | 463 363 |

Reconciliation of heritage assets - June 2017

| | Opening balance | Disposals | Total | |
|-----------------|-----------------|-----------|-------|---------|
| | | | | |
| Heritage Assets | 463 463 | (100) | | 463 363 |

6. Intangible assets

| | 2018 | | | 2017 | | |
|-------------------|------------------|---|----------------|------------------|---|----------------|
| | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software | 1 554 591 | (1 469 244) | 85 347 | 1 554 591 | (1 263 917) | 290 674 |

Reconciliation of intangible assets - June 2018

| | Opening balance | Additions | Amortisation | Total | |
|-------------------|-----------------|-----------|--------------|-------|--------|
| | | | | | |
| Computer software | 290 674 | - | (205 327) | | 85 347 |

Reconciliation of intangible assets - June 2017

| | Opening balance | Amortisation | Total | |
|-------------------|-----------------|--------------|-------|---------|
| | | | | |
| Computer software | 496 092 | (205 418) | | 290 674 |

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
 Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

7. Employee benefit obligations

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

Carrying value

| | | |
|---|---------------------|---------------------|
| Present value of the Post Employment Medical Health Care obligation - Opening balance | (38 840 105) | (35 484 327) |
| Interest charge | (3 640 455) | (3 143 476) |
| Net actuarial gains or losses recognised | 3 998 111 | 155 761 |
| Current Service Cost | (1 310 645) | (1 410 336) |
| Benefits paid out of the fund | 1 752 429 | 1 042 273 |
| | (38 040 665) | (38 840 105) |
| Non-current liabilities | (36 323 139) | (37 217 238) |
| Current liabilities | (1 717 526) | (1 622 867) |
| | (38 040 665) | (38 840 105) |

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

| | | |
|--|-------------------|-------------------|
| Opening balance | 38 840 105 | 35 484 327 |
| Net expense recognised in the statement of financial performance | (799 440) | 3 355 778 |
| | 38 040 665 | 38 840 105 |

Net expense recognised in the statement of financial performance

| | | |
|-----------------------------|------------------|------------------|
| Current service cost | 1 310 645 | 1 410 336 |
| Interest cost | 3 640 455 | 3 143 476 |
| Actuarial (gains) losses | (3 998 111) | (155 761) |
| Paid out to current members | (1 752 429) | (1 042 273) |
| | (799 440) | 3 355 778 |

Calculation of actuarial gains and losses

| | | |
|---------------------------------------|-------------|-----------|
| Actuarial (gains) losses – Obligation | (3 998 111) | (155 761) |
|---------------------------------------|-------------|-----------|

Key assumptions used

Assumptions used at the reporting date:

| | | |
|---|--------|--------|
| Discount rates used: Long service awards | 8.61 % | 8.52 % |
| General salary inflation (Long Term) | 6.21 % | 6.34 % |
| Nett effective discount rate - Long service awards | 2.26 % | 2.05 % |
| Discount rate used: Post employment benefits Health care inflation rate | 9.47 % | 9.57 % |
| Net effective discount rate - Post employment benefits | 7.33 % | 7.85 % |
| | 1.99 % | 1.59 % |

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

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 | | 5 844 200 | 4 235 700 |

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.

| | 2018 R | 2017 R | 2016 R | 2015 R | 2014 R |
|--|-------------|-------------|-------------|------------|-------------|
| Defined benefit obligation | 38 040 665 | 38 840 103 | 35 484 327 | 30 763 371 | 28 168 340 |
| Experience adjustments on plan liabilities | (1 888 000) | (4 795 000) | (1 933 000) | (363 000) | (1 258 817) |

8. Deposit (Security held in advance)

A security deposit is held by Eskom who is the bulk electricity supplier to 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 | 12 706 118 | 11 932 253 |
|--------------------------|------------|------------|

9. Inventories

| | | |
|-------------|-----------|-----------|
| Consumables | 3 328 341 | 3 202 151 |
|-------------|-----------|-----------|

9.1 Consumables expenses

| Statement of Financial Position | | |
|--|-------------|-------------|
| Opening stock | 3 202 151 | 3 407 132 |
| Add: Purchases | 6 042 544 | 8 229 582 |
| Less: Consumed | (5 916 354) | (8 434 563) |
| Closing stock | 3 328 341 | 3 202 151 |

Statement of Financial Performance

| | | |
|------------------------------|-----------|-----------|
| Consumables used | 34 508 | 3 769 005 |
| Repairs And Maintanance used | 3 539 796 | 2 619 488 |
| Printing And Stationery used | 2 342 050 | 2 046 070 |

| | | |
|---|------------------|------------------|
| Inventories recognised as an expense during the year | 5 916 353 | 8 434 562 |
|---|------------------|------------------|

Inventories recognised as expenses during the year are included in different expenditure line items in the statement of financial performance as illustrated above.

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
 Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

10. Receivables from exchange transactions

| | | |
|--|------------------|------------------|
| Interest receivable | 48 247 | - |
| Prepayments | 150 235 | - |
| Recoverable fruitless and wasteful expenditure | 22 447 | 712 381 |
| Trade debtors | 836 216 | 815 619 |
| | 1 057 145 | 1 528 000 |

11. Receivables from non-exchange transactions

| | | |
|--|-------------------|-------------------|
| Fines | 129 118 352 | 69 371 820 |
| Less: Provision for irrecoverable debt and fair value adjustment | (110 982 094) | (49 824 091) |
| | 18 136 258 | 19 547 729 |

12. VAT receivable

| | | |
|-----|------------|------------|
| VAT | 11 673 080 | 18 060 451 |
|-----|------------|------------|

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.

13. Consumer debtors

Gross balances

| | | |
|-------------|-------------------|-------------------|
| Rates | 25 293 820 | 20 827 726 |
| Electricity | 12 128 864 | 11 991 487 |
| Refuse | 6 667 441 | 2 570 683 |
| Other | 22 089 409 | 12 791 592 |
| | 66 179 534 | 48 181 488 |

Less: Allowance for impairment

| | | |
|-------------|---------------------|---------------------|
| Rates | (17 106 313) | (11 432 623) |
| Electricity | (3 066 082) | (3 437 521) |
| Refuse | (4 343 679) | (1 327 999) |
| Other | (16 710 848) | (11 347 296) |
| | (41 226 922) | (27 545 439) |

Net balance

| | | |
|-------------|-------------------|-------------------|
| Rates | 8 187 507 | 9 395 103 |
| Electricity | 9 062 782 | 8 553 966 |
| Refuse | 2 323 762 | 1 242 684 |
| Other | 5 378 561 | 1 444 296 |
| | 24 952 612 | 20 636 049 |

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
 Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Rates

| | | |
|----------------------|-------------------|-------------------|
| Current (0 -30 days) | 2 343 694 | 3 985 933 |
| 31 - 60 days | 1 320 296 | 792 950 |
| 61 - 90 days | 970 488 | 555 189 |
| 91 - 120 days | 845 741 | 522 094 |
| 121 - 365 days | 6 654 584 | 3 455 791 |
| > 365 days | 13 159 017 | 11 515 769 |
| | 25 293 820 | 20 827 726 |

Electricity

| | | |
|----------------------|-------------------|-------------------|
| Current (0 -30 days) | 5 507 063 | 5 582 773 |
| 31 - 60 days | 2 002 991 | 1 984 050 |
| 61 - 90 days | 559 908 | 412 297 |
| 91 - 120 days | 301 435 | 281 062 |
| 121 - 365 days | 740 860 | 1 982 889 |
| > 365 days | 3 016 607 | 1 748 416 |
| | 12 128 864 | 11 991 487 |

Refuse

| | | |
|----------------------|------------------|------------------|
| Current (0 -30 days) | 652 157 | 477 313 |
| 31 - 60 days | 451 927 | 167 466 |
| 61 - 90 days | 375 759 | 93 592 |
| 91 - 120 days | 346 037 | 78 382 |
| 121 - 365 days | 3 019 094 | 451 286 |
| > 365 days | 1 822 467 | 1 302 644 |
| | 6 667 441 | 2 570 683 |

Other (specify)

| | | |
|----------------------|-------------------|-------------------|
| Current (0 -30 days) | 1 681 066 | 3 888 163 |
| 31 - 60 days | 1 033 695 | 592 311 |
| 61 - 90 days | 784 473 | 416 180 |
| 91 - 120 days | 636 065 | 444 203 |
| 121 - 365 days | 5 414 572 | 2 173 560 |
| > 365 days | 12 539 538 | 5 277 175 |
| | 22 089 409 | 12 791 592 |

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
 Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Summary of debtors by customer classification

Consumers

| | | |
|--------------------------------|-------------------|-------------------|
| Current (0 -30 days) | 3 963 868 | 11 019 345 |
| 31 - 60 days | 2 465 659 | 2 820 708 |
| 61 - 90 days | 1 514 234 | 1 065 243 |
| 91 - 120 days | 1 237 309 | 928 807 |
| 121 - 365 days | 8 845 488 | 4 909 043 |
| > 365 days | 19 516 342 | 13 990 090 |
| | <hr/> | <hr/> |
| Less: Allowance for impairment | 37 542 900 | 34 733 236 |
| | (23 144 022) | (16 002 995) |
| | <hr/> | <hr/> |
| | 14 398 878 | 18 730 241 |

Industrial/ commercial

| | | |
|--------------------------------|------------------|----------------|
| Current (0 -30 days) | 5 982 693 | 2 467 146 |
| 31 - 60 days | 2 123 308 | 436 560 |
| 61 - 90 days | 1 017 602 | 408 367 |
| 91 - 120 days | 734 874 | 405 772 |
| 121 - 365 days | 4 343 767 | 2 651 601 |
| > 365 days | 12 360 416 | 5 465 459 |
| | <hr/> | <hr/> |
| Less: Allowance for impairment | 26 562 660 | 11 834 905 |
| | (16 970 661) | (11 048 854) |
| | <hr/> | <hr/> |
| | 9 591 999 | 786 051 |

National and provincial government

| | | |
|--------------------------------|----------------|------------------|
| Current (0 -30 days) | 237 420 | 447 690 |
| 31 - 60 days | 219 942 | 279 510 |
| 61 - 90 days | 158 792 | 3 649 |
| 91 - 120 days | 157 095 | (8 838) |
| 121 - 365 days | 213 417 | 502 882 |
| > 365 days | 1 087 306 | 388 454 |
| | <hr/> | <hr/> |
| Less: Allowance for impairment | 2 073 972 | 1 613 347 |
| | (1 112 238) | (493 590) |
| | <hr/> | <hr/> |
| | 961 734 | 1 119 757 |

Total

| | | |
|---|-------------------|-------------------|
| Residential and Other | 37 542 900 | 36 617 037 |
| Commercial / industrial / agricultural | 26 562 660 | 9 951 104 |
| National, Provincial and other government organisations | 2 073 976 | 1 613 348 |
| | <hr/> | <hr/> |
| Less: Allowance for impairment | 66 179 536 | 48 181 489 |
| | (41 226 924) | (27 545 440) |
| | <hr/> | <hr/> |
| | 24 952 612 | 20 636 049 |

Reconciliation of allowance for impairment

| | | |
|----------------------------------|---------------------|---------------------|
| Balance at beginning of the year | (27 545 439) | (39 026 218) |
| Contributions to allowance | (13 681 483) | 11 480 779 |
| | <hr/> | <hr/> |
| | (41 226 922) | (27 545 439) |

Consumer debtors impaired

As of 30 June 2018, consumer debtors of R 66 179 536 (2017: R 48 181 499) were impaired and provided for.

The amount of the provision was R 41 226 922 as at 30 June 2018 (2017: R 27 545 439). The basis of the calculation of debt impairment is based on the risk assessment required in terms of **GRAP 19**.

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
 Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Consumer debtors breakdown

The carrying amount of consumer debtors consist of the following:

| | | |
|---|-------------------|-------------------|
| Consumer debtors from non-exchange transactions | 13 566 068 | 9 395 103 |
| Consumer debtors from exchange transactions | 11 386 544 | 11 240 946 |
| Total | 24 952 612 | 20 636 049 |

14. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|---------------|------------------|-------------------|
| Cash on hand | 6 251 | (125) |
| Bank balances | 6 187 834 | 21 047 711 |
| | 6 194 085 | 21 047 586 |

The municipality had the following bank accounts

| Account number / description | Bank statement balances | | Cash book balances | | - |
|---|-------------------------|-------------------|--------------------|------------------|-------------------|
| | 30 June 2018 | 30 June 2017 | 30 June 2018 | 30 June 2017 | |
| Nedbank Limited: Cheque Account (Acc no 1137278765) | 4 050 088 | 4 175 411 | - | 6 194 085 | 5 287 700 |
| VBS Mutual Bank - 32 Day Notice Group - 100-6277-2004 | - | 15 631 027 | - | - | 15 432 763 |
| Total | 4 050 088 | 19 806 438 | - | 6 194 085 | 20 720 463 |

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
 Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

15. Finance lease obligation

| | |
|--|--------------------|
| Minimum lease payments due | |
| - within one year | - 7 267 085 |
| | _____ |
| less: future finance charges | - 7 267 085 |
| | _____ |
| Present value of minimum lease payments | - (367 208) |
| | _____ |
| | - 6 899 877 |

It is municipality policy to lease certain motor vehicles and equipment under finance leases.

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

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

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

| | | |
|---|----------------|-------------------|
| Unspent conditional grants and receipts | | |
| Land Affairs Grant | 466 250 | 466 250 |
| Integrated National Electrification Programme (Municipal Grant) | 10 744 | 189 434 |
| Municipal Infrastructure Grant | 437 927 | 16 299 885 |
| | _____ | |
| | 914 921 | 16 955 569 |

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 27 for reconciliation of grants from National/Provincial Government.

Notes to the Annual Financial Statements

17. Deferred income

| Designated at amortised cost | | |
|-------------------------------------|-----------|-----------|
| Deferred income | 3 666 667 | 3 859 649 |
| <hr/> | | |
| Designated at amortised cost | | |
| Deferred income | 192 983 | 192 982 |
| <hr/> | | |

The municipality received R 5 500 000 in advance 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 192 982 per annum excluding VAT (value added tax).

| Non-current liabilities | | |
|--------------------------------|-----------|-----------|
| Deferred income | 3 666 667 | 3 859 649 |
| <hr/> | | |
| Current liabilities | | |
| Deferred income | 192 983 | 192 982 |
| <hr/> | | |

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
 Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

15. Finance lease obligation

| | | |
|--|-------|------------------|
| Minimum lease payments due | | |
| - within one year | - | 7 267 085 |
| | <hr/> | <hr/> |
| less: future finance charges | - | 7 267 085 |
| | <hr/> | <hr/> |
| Present value of minimum lease payments | - | (367 208) |
| | <hr/> | <hr/> |
| | - | 6 899 877 |
| | <hr/> | <hr/> |

It is municipality policy to lease certain motor vehicles and equipment under finance leases.

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

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

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

| | | | |
|---|----------------|-------------------|-------|
| Unspent conditional grants and receipts | | | |
| Land Affairs Grant | 466 250 | 466 250 | |
| Integrated National Electrification Programme (Municipal Grant) | 10 744 | 189 434 | |
| Municipal Infrastructure Grant | 437 927 | 16 299 885 | |
| | <hr/> | <hr/> | <hr/> |
| | 914 921 | 16 955 569 | |

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 27 for reconciliation of grants from National/Provincial Government.

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

| Figures in Rand | 2018 | 2017 |
|-----------------|------|------|
|-----------------|------|------|

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.

Detailed assumptions are disclosed under note 7

Environmental rehabilitation provision

An actuarial valuation was performed on the environmental rehabilitation - current and non current - liability. The municipality appointed One Pangaea Financial as actuaries to perform the rehabilitation review and estimation for the 2018 financial year. The appropriate procedures were followed to ensure that the provision is appropriate for the landfill sites operated.

Discount Rate Assumption

Accounting Standard GRAP19 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term/life of the landfill site. The discount rate was deduced from the GOVI long bond. The annualised rate at this date was 9.90%.

The consumer price inflation of 6.12% p.a. is obtained from the differential between the long term market yields on the index-linked bond (the R197 at 2.62% p.a.) consistent with the estimated term of the liabilities and those of nominal bond (the R186 at 8.83% p.a.).

The bond rates were obtained from the Bond Exchange of South Africa after the market closed on 29 June 2018.

Key financial assumptions used

| Assumption | 30 June 2017 (OPES) % | 30 June 2018 (OPES) % |
|-------------------------------------|-----------------------|-----------------------|
| Discount rate (D) | 9.42 | 9.90 |
| Consumer price inflation (C) | 6.12 | 6.05 |
| Net discount rate $((1+D)/(1+H)-1)$ | 3.11 | 3.65 |

19. Payables from exchange transactions

| | | |
|---|-------------------|-------------------|
| Trade payables | 41 608 686 | 31 642 641 |
| Payments received in advanced Consumer Accounts | 6 404 313 | 8 395 977 |
| Accrued leave pay | 9 943 981 | 11 875 952 |
| Accrued bonus | 4 981 241 | 3 419 662 |
| Retention Creditors | 12 042 247 | 8 841 102 |
| Unallocated deposits | 3 612 245 | 2 841 982 |
| Licensing | 2 330 929 | 257 981 |
| | 80 923 642 | 67 275 297 |

During the year it was decided to fairly present Trade payables by unbundling the balance into further categories such as Unallocated deposits, Licensing and Trade payables.

20. Consumer deposits

| | | |
|---------------|------------------|------------------|
| Electricity | 5 247 792 | 5 633 383 |
| Library Books | 1 439 | - |
| | 5 249 231 | 5 633 383 |

The electricity deposit relates to the guarantees or amounts paid by consumers on initial connection to municipal services. The deposit will be used to settle the debt in case of disconnection of services or payment default by the customer.

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
 Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

| Figures in Rand | 2018 | 2017 |
|---|--------------------|--------------------|
| 21. Revenue | | |
| Fines, Penalties and Forfeits | 67 325 397 | 50 884 525 |
| Government grants & subsidies | 324 063 649 | 282 035 154 |
| Interest received | 12 620 796 | 9 358 203 |
| Licences and permits | 4 955 863 | 5 255 414 |
| Other income | 1 522 446 | 6 976 694 |
| Property rates | 25 978 446 | 19 493 930 |
| Public contributions and donations | 9 573 190 | 4 521 021 |
| Recoveries | 22 447 | 1 104 833 |
| Rental of facilities and equipment | 944 246 | 1 318 716 |
| Service charges | 74 873 839 | 77 250 735 |
| | 521 880 319 | 458 199 225 |
| Interest received - investment | 12 620 796 | 9 358 203 |
| Licences and permits | 4 955 863 | 5 255 414 |
| Other income | 1 522 446 | 6 976 694 |
| Recoveries | 22 447 | 1 104 833 |
| Rental of facilities and equipment | 944 246 | 1 318 716 |
| Service charges | 74 873 839 | 77 250 735 |
| The amount included in revenue arising from exchanges of goods or services are as follows: | | |
| | 94 939 637 | 101 264 595 |
| The amount included in revenue arising from non-exchange transactions is as follows: | | |
| Taxation revenue | | |
| Property rates | 25 978 446 | 19 493 930 |
| Property rates - penalties imposed | - | - |
| Transfer revenue | | |
| Government grants & subsidies | 324 063 649 | 282 035 154 |
| Assets donated | 9 573 190 | 4 521 021 |
| Fines, Penalties and Forfeits | 67 325 397 | 50 884 525 |
| | 426 940 682 | 356 934 630 |
| 22. Service charges | | |
| Sale of electricity | 67 574 989 | 70 744 781 |
| Refuse removal | 7 298 850 | 6 505 954 |
| | 74 873 839 | 77 250 735 |
| 23. Other income | | |
| Recovery of fruitless and wasteful expenditure | 22 447 | 1 104 833 |
| Other income | 1 522 446 | 6 976 694 |
| | 1 544 893 | 8 081 527 |

Other income comprises of income from different sources as follows: Tender Documents, Plan Printing and Duplicates, Administrative fees, Cemetery and Burial, Clearance Certificates, Insurance Refund, Bad Debts Recovered, Staff Recoveries, Valuation Services, Building Plan Approval, Photocopies and Faxes, Application Fees for Land Usage, Photocopies ,Facilities, Tender Documents and Advertisements.

ELIAS MOTSOALEDI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

| Figures in Rand | 2018 | 2017 |
|-----------------|------|------|
|-----------------|------|------|

24. Investment revenue

Interest received

| | | |
|---|-------------------|------------------|
| Bank and investments | 2 154 009 | 2 889 230 |
| Interest charged on trade and other receivables | 9 692 922 | 5 940 378 |
| Interest received on Eskom deposits | 773 865 | 528 595 |
| | 12 620 796 | 9 358 203 |

25. Property rates

Rates received

| | | |
|---|-------------------|-------------------|
| Rates levied | 31 606 551 | 28 061 828 |
| Less: Income forgone (Property rates rebates) | (5 628 105) | (8 567 898) |
| | 25 978 446 | 19 493 930 |

Valuations

| | | |
|--------------------------|----------------------|----------------------|
| Residential | 2 191 319 500 | 2 079 180 990 |
| Commercial | 959 600 000 | 870 856 000 |
| State | 241 892 000 | 86 949 000 |
| Municipal | 181 270 000 | 1 458 710 780 |
| Small holdings and farms | 4 210 243 725 | 3 363 006 440 |
| Social | 85 233 750 | 57 468 100 |
| | 7 869 558 975 | 7 916 171 310 |

The municipality implemented the new valuation roll effective on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The municipality have 80 unkown properties, these properties are still unknown and the municipality is investigating to identify the possible owners.

26. Grants and subsidies paid

Expenditure on specific conditional grants received

| | | |
|-----------------------|----------------|----------------|
| Electricity Subsidies | 663 614 | 707 968 |
| Bursaries | 177 819 | - |
| | 841 433 | 707 968 |

27. Government grants and subsidies

Operating grants

| | | |
|---|--------------------|--------------------|
| Equitable share | 223 019 000 | 210 385 000 |
| Local Government Financial Management Grant | 1 700 000 | 1 625 000 |
| Expanded Public Works Programme Integrated Grant for Municipalities | 1 444 000 | 1 095 000 |
| | 226 163 000 | 213 105 000 |

Capital grants

| | | |
|--|--------------------|--------------------|
| Municipal Infrastructure Grant (MIG) | 82 721 959 | 56 119 115 |
| Integrated National Electrification Programme Grant (INEP) | 15 178 690 | 12 811 039 |
| | 97 900 649 | 68 930 154 |
| | 324 063 649 | 282 035 154 |

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
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| Figures in Rand | 2018 | 2017 |
|---|--------------|--------------|
| Municipal Infrastructure Grant (MIG) | | |
| Balance unspent at beginning of year | 16 299 885 | - |
| Current-year receipts | 66 860 000 | 72 419 000 |
| Conditions met - transferred to revenue | (82 721 958) | (56 119 115) |
| Conditions still to be met - transferred to liabilities | (437 927) | (16 299 885) |
| | - | - |
| Financial Management Grant (FMG) | | |
| Current-year receipts | 1 700 000 | 1 625 000 |
| Conditions met - transferred to revenue | (1 700 000) | (1 625 000) |
| | - | - |

ELIAS MOTSOALEDI LOCAL MUNICIPALITY
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| Figures in Rand | 2018 | 2017 |
|---|--------------|--------------|
| Land Affairs Grant | | |
| Balance unspent at beginning of year | 466 250 | 466 250 |
| Conditions still to be met - remain liabilities (see note 16). | | |
| DME-Integrated national Electrification Programme Grant | | |
| Balance unspent at beginning of year | 189 434 | 1 108 473 |
| Current-year receipts | 15 000 000 | 13 000 000 |
| Conditions met - transferred to revenue | (15 178 690) | (13 189 434) |
| Amount paid back to NRF | - | (1 108 473) |
| Conditions still to be met - transferred to liabilities | (10 744) | 189 434 |
| | - | - |
| Expanded Public Works Programme Integrated Grant for Municipalities (EPWP) | | |
| Current-year receipts | 1 444 000 | 1 095 000 |
| Conditions met - transferred to revenue | (1 444 000) | (1 095 000) |
| | - | - |

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 Annual Financial Statements for the year ended 30 June 2018

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| Figures in Rand | 2018 | 2017 |
|--|--------------------|--------------------|
| 28. Employee related costs | | |
| Acting allowances | 483 813 | 413 672 |
| Basic | 74 503 920 | 67 261 174 |
| Bonus | 5 928 487 | 5 316 590 |
| Defined contribution plans | 14 728 241 | 13 335 828 |
| Housing benefits and allowances | 161 711 | 151 996 |
| Contribution to provision for Leave and bonus pay | 388 805 | 2 520 762 |
| Long-term benefits - incentive scheme | - | 3 143 476 |
| Medical aid - company contributions | 4 726 589 | 4 097 808 |
| Directors' remuneration as disclosed below | 6 475 267 | 6 806 505 |
| Overtime payments | 2 977 585 | 3 362 096 |
| Post Employment Medical Aid Benefits and Long Service Leave - Current Service Charge | 1 855 458 | 1 737 520 |
| Post Employment Medical Aid Benefits and Long Service Leave - Interest Charge | 4 014 403 | 366 892 |
| SDL | 921 904 | 901 068 |
| Travel, motor car, accommodation, subsistence and other allowances | 9 419 065 | 7 778 720 |
| UIF | 581 490 | 554 034 |
| WCA | 34 816 | 32 594 |
| | 127 201 554 | 117 780 735 |

Included in the above balances is (unless stated otherwise) the remuneration for the following s57 municipal employees:

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Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

| Figures in Rand | 2018 | 2017 |
|---|------------------|------------------|
| Remuneration of Municipal Manager | | |
| Annual Remuneration | 729 076 | 958 307 |
| Backpay | 7 196 | 22 113 |
| Car Allowance | 120 000 | 120 000 |
| Cell Phone Allowance | 14 400 | 4 800 |
| Contributions to Medical and Pension Funds | 54 681 | 71 686 |
| Contribution to UIF and SDL | 11 096 | 12 993 |
| Annual Bonus | 72 251 | 81 364 |
| Contribution to Bargaining Council | 99 | 92 |
| N.P.A | 30 000 | 30 000 |
| Leave Pay | 36 905 | - |
| | 1 075 704 | 1 301 355 |
| Director Planning and Development | | |
| Annual Remuneration | 961 304 | 892 166 |
| Car Allowance | 120 000 | 120 000 |
| Contribution to medical & pension Fund | 72 098 | 66 912 |
| Cellphone allowance | 10 000 | - |
| Annual Bonus | 81 218 | 18 640 |
| Contribution to Bargaining Council | 99 | 92 |
| Contribution to UIF and SDL | 12 692 | 11 192 |
| Back Pay | 14 310 | 924 |
| | 1 271 721 | 1 109 926 |
| Remuneration of Chief Financial Officer | | |
| Annual Remuneration | 852 716 | 821 004 |
| Car Allowance | 120 000 | 120 000 |
| Contributions to Medical and Pension Funds | 82 523 | 16 342 |
| Contribution to UIF and SDL | 10 947 | 10 881 |
| Backpay | 13 089 | 28 106 |
| Contribution to Bargaining Council | 99 | 92 |
| Acting Allowance | - | 9 893 |
| | 1 079 374 | 1 006 318 |
| Remuneration of Acting Chief Financial Officer | | |
| Deputy CFO | - | 26 655 |

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| Figures in Rand | 2018 | 2017 |
|--|----------------|------------------|
| Remuneration of Director of Community Services | | |
| Annual Remuneration | 647 268 | 781 117 |
| Backpay | 8 865 | 17 312 |
| Car Allowance | 60 000 | 60 000 |
| Contributions to UIF, Medical and Pension Funds | 35 910 | 35 857 |
| Cellphone allowance | 3 000 | - |
| Termination pmt - leave | 57 845 | 42 951 |
| Contribution to UIF and SDL | 10 249 | 10 427 |
| Contribution to Bargaining Council | 99 | 92 |
| NFMW | - | 38 954 |
| Annual Bonus | 45 574 | - |
| | 868 810 | 986 710 |
| Remuneration of Director of Corporate Services (Resigned) | | |
| Annual Remuneration | 61 966 | 756 288 |
| Backpay | - | 19 477 |
| Car Allowance | 12 121 | 145 452 |
| Contributions to Medical and Pension Funds | 3 359 | 38 167 |
| Termination pmt - leave | 45 460 | - |
| Annual bonus | 36 147 | - |
| Contribution to UIF and SDL | 1 669 | 10 520 |
| Contribution to Bargaining Council | 8 | 92 |
| NFMW | 4 647 | 56 721 |
| | 165 377 | 1 026 717 |
| Remuneration of Newly appointed Director Corporate Services | | |
| Annual Remuneration | 238 668 | - |
| Car Allowance | 32 544 | - |
| Contributions to UIF, Medical and Pension Funds | 3 282 | - |
| Cellphone allowance | 4 000 | - |
| Contribution to Bargaining Council | 33 | - |
| | 278 527 | - |
| Remuneration of Acting Director Infrastructure | | |
| Annual Remuneration | - | 55 634 |
| Car Allowance | - | 222 251 |
| | - | 277 889 |

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|---|-------------------|-------------------|
| Director Executive Support | | |
| Annual Remuneration | 598 209 | 752 396 |
| Car Allowance | 113 463 | 91 661 |
| Back Pay | 8 912 | - |
| Cellphone allowance | 12 000 | - |
| Contributions to UIF, Medical and Pension Funds | 41 056 | 33 124 |
| Annual Bonus | 25 134 | 100 567 |
| MGF | - | 55 183 |
| Contribution to UIF and SDL | 8 681 | 10 886 |
| Termination pmt - leave | - | 20 785 |
| Contribution to Bargaining Council | 99 | 77 |
| | 807 554 | 1 064 679 |
| Director of Infrastructure | | |
| Annual Remuneration | 567 556 | 89 825 |
| Annual Bonus | 32 048 | - |
| Back Pay | 10 186 | - |
| Car Allowance | 220 166 | 36 585 |
| Contributions to Medical and Pension Funds | 76 623 | 5 709 |
| Cell Phone Allowance | 12 000 | 2 000 |
| Contribution to UIF and SDL | 9 674 | 1 498 |
| MGF | - | 6 736 |
| Contribution to Bargaining Council | 99 | 15 |
| | 928 352 | 142 368 |
| 29. Remuneration of councillors | | |
| Mayor | 874 060 | 813 396 |
| Speaker | 739 371 | 715 996 |
| Executive Committee Councillors | 4 008 792 | 4 371 408 |
| Ordinary Councillors | 16 574 043 | 13 771 618 |
| Chief Whip | 677 316 | 625 440 |
| | 22 873 582 | 20 297 858 |
| 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 51 | | |
| Remuneration of Mayor | | |
| Public Office Remuneration | - | 90 000 |
| Car Allowance | 206 603 | 160 945 |
| Basic Salary | 464 137 | 403 945 |
| Contributions to Medical and Pension Funds | 138 457 | 135 318 |
| Backpay | 13 633 | 8 604 |
| SDL | 6 830 | 5 906 |
| Other - Data, cellphone, adjustments, parking and subscriptions | 44 400 | 8 676 |
| | 874 060 | 813 394 |

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| Figures in Rand | 2018 | 2017 |
|--|-------------------|-------------------|
| Remuneration of Speaker | | |
| Public Office Remuneration | - | 90 000 |
| Car Allowance | 189 033 | 149 746 |
| Basic Salary | 417 398 | 359 882 |
| Contributions to Medical and Pension Funds | 64 676 | 58 929 |
| Backpay | 11 977 | 6 946 |
| Subsistence Allowance | - | 2 310 |
| SDL | 5 424 | 4 859 |
| Other - Data, cellphone, adjustments, parking, subsistence allowance and subscriptions | 50 864 | 43 322 |
| | 739 372 | 715 994 |
| Remuneration of Executive Committee | | |
| Public Office Remuneration | - | 898 169 |
| Car Allowance | 933 802 | 1 029 036 |
| Basic Salary | 2 274 997 | 1 808 504 |
| Contributions to Medical and Pension Funds | 334 675 | 385 914 |
| Subsistence Allowance | - | 12 850 |
| Other - Data, cellphone, adjustments, parking, subsistence allowance and subscriptions | 362 342 | 158 633 |
| Backpay | 71 499 | 48 886 |
| SDL | 31 477 | 29 414 |
| | 4 008 792 | 4 371 406 |
| Remuneration of Chief Whip | | |
| Public Office Remuneration | - | 90 000 |
| Car Allowance | 162 363 | 147 675 |
| Basic Salary | 357 003 | 266 486 |
| Contributions to Medical and Pension Funds | 94 942 | 89 146 |
| Backpay | 9 510 | 8 288 |
| Subsistence Allowance | - | 2 400 |
| Other - Data, cell phone, adjustments, parking and subscriptions | 48 291 | 21 442 |
| SDL | 5 206 | - |
| | 677 315 | 625 437 |
| Remuneration of Ordinary Councilors | | |
| Public Office Remuneration | - | 3 909 589 |
| Car Allowance | 3 662 317 | 3 044 830 |
| Basic Salary | 8 781 622 | 4 195 277 |
| Contributions to Medical and Pension Funds | 1 440 921 | 1 231 059 |
| Back pay | 301 384 | 290 680 |
| Other - Data, cell phone, adjustments, parking and subscriptions | 2 257 854 | 989 345 |
| Subsistence Allowance | - | 30 090 |
| SDL | 129 945 | 87 583 |
| | 16 574 043 | 13 778 453 |
| 30. Finance costs | | |
| Finance leases | 281 020 | 1 426 148 |

Total interest expense, calculated using the effective interest rate of 11.25% on finance leases amounted to R 281 020 for June 2018 and (2017: R 1 426 148).

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| Figures in Rand | 2018 | 2017 |
|---|--------------------|--------------------|
| 31. Debt impairment | | |
| Contributions to debt impairment consumers | 13 681 483 | (11 480 779) |
| Contributions to debt impairment traffic fines | 61 158 003 | 32 608 798 |
| | 74 839 486 | 21 128 019 |
| 32. Bulk purchases | | |
| Electricity | 68 601 882 | 65 729 402 |
| 33. General expenses | | |
| Advertising | 721 077 | 735 577 |
| Assets expensed | 33 150 395 | 16 436 553 |
| Auditing - Internal audit fee | 686 851 | 693 051 |
| Auditors remuneration - Office of AG | 3 503 678 | 3 107 740 |
| Bad debt - Sundry debtors from exchange transactions written off | - | 27 486 394 |
| Bank charges | 640 737 | 386 363 |
| VAT Adjustments | 1 449 719 | 5 616 918 |
| Bursaries | - | 18 500 |
| Community services - developmental and outreach programmes | 1 460 906 | 1 147 869 |
| Conferences and seminars | 6 141 412 | 1 014 171 |
| Consulting and professional fees | 30 473 236 | 24 628 996 |
| Consumables | 4 268 751 | 5 085 647 |
| Electricity Water and Refuse - Municipal Consumption | 8 186 121 | 6 986 393 |
| Entertainment | 7 815 | 1 326 651 |
| Foreign exchange differences | 36 687 | 5 341 |
| IT expenses | 6 131 728 | 5 113 289 |
| Insurance | 5 278 200 | 4 197 170 |
| Landfill site - additional interest landfill rehabilitation provision | 1 476 113 | 930 455 |
| Motor vehicle expenses | 520 958 | 484 775 |
| Operation of landfill site | 2 062 733 | 2 745 469 |
| Postage and courier | 207 656 | 177 751 |
| Printing and stationery | 3 459 536 | 2 385 849 |
| Remuneration to Ward Committees | 3 644 000 | 2 695 600 |
| Security (Guarding of municipal property) | 11 872 459 | 10 217 743 |
| Staff welfare | 974 903 | 2 289 294 |
| Subscriptions and membership fees | 1 140 956 | 1 934 940 |
| Telephone and fax | 6 150 546 | 5 662 824 |
| Town planning - Valuation costs | 421 870 | 3 568 999 |
| Training | - | 872 373 |
| Travel - Subsistence reimbursement | 4 277 836 | 4 185 999 |
| Uniforms | 439 343 | 549 061 |
| | 138 786 222 | 142 687 755 |

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|--|-------------------|-------------------|
| 34. Operating lease Income | | |
| Operating leases - as lessor (income) | | |
| Minimum lease payments due | | |
| - within one year | 171 848 | 679 819 |
| - in second to fifth year inclusive | 782 821 | 1 591 736 |
| - later than five years | 1 024 795 | 300 327 |
| | 1 979 464 | 2 571 882 |
| Revenue for the year included Rental income from facilities and equipment | 944 246 | 1 318 716 |
| 35. Operating (deficit)/surplus | | |
| Operating (deficit)/surplus for the year is stated after accounting for the following: | | |
| Operating lease charges | | |
| Plant and equipment | 3 276 201 | 3 529 012 |
| • Contractual amounts | 4 597 140 | 3 944 603 |
| Lease rentals on operating lease - Other | | |
| Contractual amounts | 7 873 341 | 7 473 615 |
| Loss on sale of property plant and equipment | (1 469 884) | (3 380 464) |
| Impairment on property, plant and equipment | 630 188 | 4 041 316 |
| Depreciation on property, plant and equipment | 53 653 958 | 54 913 404 |
| Employee costs | 150 075 135 | 138 078 593 |
| 36. Cash generated from operations | | |
| Surplus/(deficit) Adjustments | 13 601 904 | (34 088 989) |
| for: Depreciation and | | |
| amortisation | 53 653 956 | 54 913 404 |
| Loss/(Gain) on sale of assets and liabilities | 1 469 884 | 3 380 464 |
| Movements Landfill provision | 2 019 251 | 10 202 |
| Investment property fair value adjustment | (379 419) | 40 411 043 |
| Bad Debts | - | 27 486 394 |
| Assets expensed - non cash donations | 33 040 836 | 16 200 778 |
| Impairment deficit | 630 188 | 4 041 316 |
| Debt impairment | 74 839 486 | 21 128 019 |
| Landfill site - additional interest landfill rehabilitation provision | 1 476 113 | 930 455 |
| Movements in retirement benefit assets and liabilities | (799 440) | 3 355 778 |
| Movements in provisions | 795 076 | 42 103 |
| Deferred Income movement | (192 983) | (192 983) |
| Donations received | (9 573 190) | (4 521 021) |
| Changes in working capital: | | |
| Inventories | (126 190) | 195 351 |
| Receivables from exchange transactions | 470 856 | 2 070 008 |
| Consumer debtors | (17 998 046) | (11 603 843) |
| Receivables from non-exchange transactions | (59 746 532) | (48 165 629) |
| Payables from exchange transactions | 13 648 344 | 13 966 005 |
| VAT | 6 387 371 | (6 515 126) |
| Unspent conditional grants and receipts | (16 040 648) | 15 380 846 |
| Consumer deposits | (384 152) | 20 772 |
| Eskom security deposits | (773 865) | (528 595) |
| | 96 018 800 | 97 916 752 |

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|--|-------------------|------------------|
| 37. Commitments | | |
| Authorised capital expenditure | | |
| Already contracted for | | |
| • Property, plant and equipment | 8 116 790 | 28 242 196 |
| Total capital commitments | | |
| Already contracted for | 8 116 790 | 28 242 196 |
| Total commitments | | |
| Total commitments | | |
| Authorised capital expenditure | 8 116 790 | 28 242 196 |
| This committed expenditure relates to property, plant and equipment and will be financed by available grants, retained surpluses, existing cash resources and funds internally generated. The commitments disclosed amounts are VAT inclusive. | | |
| Finance leases - as lessee (expense) | | |
| Finance lease payments represent rentals payable by the municipality for its fleet. These rentals are negotiated for a three year term. No contingent rent is payable. | | |
| Minimum lease payments due | | |
| - within one year | 17 502 442 | 7 267 085 |
| - in second to fifth year inclusive | 35 004 885 | - |
| | 52 507 327 | 7 267 085 |
| Operating leases - as lessee (expense) | | |
| Minimum lease payments due | | |
| - within one year | 5 352 790 | 3 213 476 |
| - in second to fifth year inclusive | 10 222 348 | - |
| | 15 575 138 | 3 213 476 |

Operating lease payments represent rentals payable by the municipality for leased assets used in the day to day operations of the municipality. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

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|--|-------------------|-------------------|
| 34. Operating lease Income | | |
| Operating leases - as lessor (income) | | |
| Minimum lease payments due | | |
| - within one year | 171 848 | 679 819 |
| - in second to fifth year inclusive | 782 821 | 1 591 736 |
| - later than five years | 1 024 795 | 300 327 |
| | 1 979 464 | 2 571 882 |
| Revenue for the year included Rental income from facilities and equipment | 944 246 | 1 318 716 |
| 35. Operating (deficit)/surplus | | |
| Operating (deficit)/surplus for the year is stated after accounting for the following: | | |
| Operating lease charges | | |
| Plant and equipment | | |
| • Contractual amounts | 3 276 201 | 3 529 012 |
| Lease rentals on operating lease - Other | | |
| Contractual amounts | 4 597 140 | 3 944 603 |
| | 7 873 341 | 7 473 615 |
| Loss on sale of property plant and equipment | (1 469 884) | (3 380 464) |
| Impairment on property, plant and equipment | 630 188 | 4 041 316 |
| Depreciation on property, plant and equipment | 53 653 958 | 54 913 404 |
| Employee costs | 150 075 135 | 138 078 593 |
| 36. Cash generated from operations | | |
| Surplus/(deficit) Adjustments | | |
| for: Depreciation and | 13 601 904 | (34 088 989) |
| amortisation | | |
| Loss/(Gain) on sale of assets and liabilities | 53 653 956 | 54 913 404 |
| Movements Landfill provision | 1 469 884 | 3 380 464 |
| Investment property fair value adjustment | 2 019 251 | 10 202 |
| Bad Debts | (379 419) | 40 411 043 |
| Assets expensed - non cash donations | - | 27 486 394 |
| Impairment deficit | 33 040 836 | 16 200 778 |
| Debt impairment | 630 188 | 4 041 316 |
| Landfill site - additional interest landfill rehabilitation provision | 74 839 486 | 21 128 019 |
| Movements in retirement benefit assets and liabilities | 1 476 113 | 930 455 |
| Movements in provisions | (799 440) | 3 355 778 |
| Deferred Income movement | 795 076 | 42 103 |
| Donations received | (192 983) | (192 983) |
| | (9 573 190) | (4 521 021) |
| Changes in working capital: | | |
| Inventories | (126 190) | 195 351 |
| Receivables from exchange transactions | 470 856 | 2 070 008 |
| Consumer debtors | (17 998 046) | (11 603 843) |
| Receivables from non-exchange transactions | (59 746 532) | (48 165 629) |
| Payables from exchange transactions | 13 648 344 | 13 966 005 |
| VAT | 6 387 371 | (6 515 126) |
| Unspent conditional grants and receipts | (16 040 648) | 15 380 846 |
| Consumer deposits | (384 152) | 20 772 |
| Eskom security deposits | (773 865) | (528 595) |
| | 96 018 800 | 97 916 752 |

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|-----------------|------|------|

Contingent assets

Litigation is in progress in favour of the municipality relating to disputes with employees, members of the public and contractors/suppliers. The municipality is likely to receive an amount of R 100 000. According to Council's legal advisors, it is probable that the proceedings will result in the recovery of the full amount.

Contingent asset for the year under review are detailed below as follows:

Maboe Rachidi

The municipality filed a plea and a counterclaim of R 100 000.00. It is the municipality's plea defence that on that day, the applicant was violent and he assaulted one of the traffic officers. The matter went on trial and the municipality managed to get a Default judgement and a Warrant of Execution was granted in favour of the Municipality.

The plaintiff made an urgent application praying that the Warrant of Execution be stayed and he afforded an opportunity to file a plea in respect of the counter claim.

39. Related parties

Relationships
Remuneration of Councilors Refer to Remuneration of Councilors report note 29

Nature of related party transactions:

Remuneration of Councilors and Employee costs paid to councilors and s57 managers respectively during the year.

Related party transactions

| | | | |
|---|----|------------|------------|
| Councillors - Councillor remuneration | | 22 873 582 | 20 317 363 |
| Post employment benefit plan for employees and/or other related parties | 7 | 38 040 665 | 38 840 105 |
| s57 Employees remuneration | 28 | 6 475 417 | 6 867 705 |

40. Bids awarded to family of employees in service of state

In terms of Section 45 of the municipal supply chain management regulations any award above R 2 000 to family of employees in the service of the state must be disclosed in the annual financial statements.

The following is a list as recorded:

| Name of person | Capacity in which the person is in service | Successful tenderer | Amount |
|----------------|--|---------------------|---------|
| Ratlou S | Councillor | Baupa trading | 784 580 |

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41. Prior period errors

The following prior year error was identified and adjusted retrospectively:

1. Unallocated deposits amounting to R 2 841 982 was incorrectly classified as trade and other payables under note 19.
2. During the year the balance of amounts overpaid to employees was recalculated and the debtor amount differed to the amount that was recognised in the June 2017 financial statements, the error was corrected to fairly present the debtor balance by reducing it with R 16 578.
3. Payments received in advance balance of R1 949 574.39 was incorrectly mapped in the financial statements under VAT receivable balance during the year ended June 2017, a correction was made to fairly present the payments received in advance and VAT receivable by remapping the amounts received in advance to Trade and other payables - Amounts received in advance.
4. During the VAT balance re-calculation, it was noted that SARS reduced assessments were not accounted for correctly resulting in amounts that are not recoverable still showing in the financial statements as VAT receivables, to fairly state the VAT balance we reduced the VAT balance with R5 616 918 in the current financial year as prior period error. General expenses increased with the same amount. The VAT receivable was also reduced by R18 500 in reversal of errors on prior year transactions.
5. Windeed expenses amounting to R 157 354 were misclassified in the previous financial year, the correction was made by reclassifying from operating lease expenses to town planning valuation cost, since they do not meet the recognition criteria for an operating lease.
6. In June 2017 Interest received on Eskom deposits of R528 595 was incorrectly mapped under Interest charged on trade and other receivables, the account was correctly mapped under Interest received on Eskom deposits.
7. Remuneration to Ward Committees with net effect of R 268 200 was incorrectly captured in the June 2017 financial statements and only corrected during the June 2018 financial year instead of June 2017, the error was corrected retrospectively.
8. During the 2016/17 financial year, the municipality erroneously recognised debtors, revenue and bad debts on properties that were identified as unknown. On subsequent investigation, it was discovered that the same properties were allocated to the farms with subdivisions and the farms were correctly billed including the subdivisions that were incorrectly classified as unknown properties. The related debtors, revenue and bad debts were reversed as prior period error.

A further analysis was performed on unknown properties and adjustments were corrected as prior period error.

The valuation roll of the municipality included 14 446 unknown properties which were billed at zero rate during the financial year. The municipality investigated the whole valuation roll and noted that the total of 14 352 of unknown properties are linked to the farms and such farms are the title holders of the farms that were deemed to be unknown properties in previous years and these properties are being billed monthly by the municipality. There are 86 unknown properties that are still to be identified in Motetema area, 1773 properties that were deemed to be unknown properties are now in Mpumalanga Province and no longer within Limpopo Province.

9. Prior period error on Property Plant and Equipment.

The following prior year error was identified and adjusted retrospectively

Investment properties

Assets to the value of R3 387 219, incorrectly categorised as Investment properties were moved to Land, therefore the value of Investment properties decreased with R3 387 219

Land to the value of R 310 183 were reclassified from land to investment properties, therefore Investment properties increased with R310 183

Properties to the value of R3 674 021 was received as a donation during the 2016/17 financial year from Nkangala district, therefore the Investment properties increased with R3 674 021

Land

Assets to the value of R3 387 219, incorrectly categorised as Investment properties were moved to Land, therefore land increased with R3 397 219

One Erf to the value of R20 050, which transferred during the 2016/17 financial year has been removed from Land

Land to the value of R847 000, received as donations during the 2016/17 financial year from Nkangala district were recorded,

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therefore land increased with R847 000.

Land to the value of R310 183 were reclassified from land to investment properties, therefore land decreased with R310 183

Buildings

Assets with a closing carry value of R23 603 162 during the 2016/17 financial year were incorrectly categorised. It was moved from infrastructure, community and other assets to buildings, therefore Buildings increased with R23 603 162

Buildings not previously recorded in the Fixed Asset Register and found during verification with an opening carry value of R17 312 441 were included in the Fixed Asset Register. The prior year depreciation is R1 116 928. The nett change in value at the end of 2016/17 was an increase of R16 195 513

Community Assets

Assets with a closing carry value of R26 779 211 during the 2016/17 financial year were incorrectly categorised. It was moved to buildings, infrastructure and solid waste. This includes prior year depreciation and impairment of R3 918 426.86 The net change at the end of 2016/17 was a decrease of R26 779 211

Assets with a closing carry value of R1 592 821 during the 2016/17 financial year were incorrectly categorised. It was moved from buildings, infrastructure and machinery and equipment

The net change due to category changes at the end of 2016/17 was a decrease of R25 186 391

Infrastructure

Assets with a closing carry value of R239 208 during the 2016/17 financial year were incorrectly categorised. It was moved to buildings, community assets and solid waste

Assets with a closing carry value of R2 568 207 during the 2016/17 financial year were incorrectly categorised. It was moved from community and machinery and equipment

The net change due to category changes at the end of 2016/17 was an increase of R2 328 999

Transformers were consolidated with the relevant mini sub stations in order to ensure a workable fixed asset register. The change in carry value at the end of the 2016/17 financial year was R-12 522, therefore a decrease of R12 522

Electricity with a carry value of R-2 206 495 were identified as not belonging to the municipality and was removed from the fixed asset register, therefore Infrastructure decreased with R2 206 495

Highmast lights that were duplicated were removed from the asset register. The carry value was decreased with R5 616 620 during the 2016/17 financial year

Electricity items were added to the Fixed asset register to align the register with the billing system.

A net amount of R1 610 604 were added and a net amount of R186 965 were removed

This caused an increase of R1 566 214 in the opening carry value and an increase of R142 575 on the 2016/17 depreciation, therefore a net increase in the balance of R1 423 639

Infrastructure assets not previously recorded in the fixed asset register were included at a carry value of R3 294 074 for assets verified by the Orbit system and R563 923 for assets verified manually.

Therefore there was an increase of R3 294 974 and R 563 923 to the closing balance, net increase of R3 857 997

Road infrastructure assets were combined which caused a decrease of R26 793 751 in the opening carry value of infrastructure and a decrease of R5 228 584 in the 2016/17 depreciation, therefore a net decrease of R32 022 335

Other assets

The categories of the various moveable assets were updated to ensure a more relevant Fixed Asset Register. The carry values of the category changes for the various asset types were as follow:

Furniture and Fittings: R -719 877, therefore a decrease of R719 877

Computer Equipment: R-27 448, therefore a decrease of R2 7 448

Machinery and Equipment R-147 650, therefore a decrease of R147 650

Transport assets: R-4 032, therefore a decrease of R4 032

Solid waste: R153 236, therefore an increase of R153 236

Assets not previously recorded in the Fixed Asset Register and found during verification were included in the Fixed Asset Register

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at their carry values as follows:

Furniture and Fittings: R 18 997, therefore an increase of R 18 997
 Computer Equipment: R12 589, therefore an increase of R 12 589
 Machinery and Equipment R 21 696, therefore an increase of R 21 696

10. Foreign exchange differences were incorrectly calculated in the prior year, the foreign exchange differences were corrected resulting in a decrease of R17 489.36 for trade payables and foreign exchange differences.

11. Prior year amount for irregular expenditure was restated after a detailed analysis of the amount, this resulted in irregular expenditure incurred during the June 2017 financial year adjusted to R 83 551 160 as disclosed under note 47.

12. There was an omission error on retention in prior years. The retention was not accounted for, the error was corrected by recognising the retention of R 248 128.23.

13. Reversal of duplicated repairs and maintenance expenses during the June 2017 financial year amounting to R326 060.52.

(The correction number is indicated in brackets next to the item adjusted. Brackets on amounts is for Credit adjustment and no brackets for Debit adjustment)

| Statement of financial position | June 2018 | June 2017 |
|--|----------------------|----------------------|
| Accumulated surplus (9) + (12) | - | 21 573 523 |
| Investment property (9) | - | 596 982 |
| Property Plant and Equipment - Land (9) | - | 3 903 987 |
| Cash and cash equivalents (7) + (13) | - | 103 509 |
| Property Plant and Equipment - Buildings (9) | - | 39 798 676 |
| Property Plant and Equipment - Community (9) | - | (25 186 391) |
| Property Plant and Equipment - Infrastructure (9) | - | (32 247 336) |
| Property Plant and Equipment - Other assets (9) | - | (692 488) |
| Trade payables (10) | - | 17 489 |
| Receivables from exchange transactions (2) | - | (16 578) |
| Payables from exchange transactions - Retentions (12) | - | (248 128) |
| Payables from exchange transactions - Payments received in advance | - | (1 949 574) |
| Consumer Accounts (3) | - | (3 682 516) |
| VAT (3) + (4) + (12) + (13) | - | 1 971 155 |

Statement of Financial Performance

| | | |
|--|---|--------------------|
| Other revenue (2) | - | 16 578 |
| General Expenses - VAT Adjustments (4) | - | 5 616 918 |
| Depreciation and amortisation (9) | - | 6 915 753 |
| General Expenses - Foreign exchange differences (10) | - | (17 489) |
| Interest received on Eskom deposits (6) | - | (528 595) |
| Interest charged on trade and other receivables (6) | - | 528 595 |
| Property rates (8) | - | 6 320 731 |
| Repairs and maintenance (13) | - | (326 061) |
| Loss on disposal of assets (9) | - | 20 049 |
| Public contributions and donations (9) | - | (4 521 019) |
| General Expenses - Remuneration to Ward Committees (7) | - | 268 200 |
| General Expenses - Town planning - Valuation costs (5) | - | 157 354 |
| Lease rentals on operating lease (5) | - | (157 354) |
| General expenses - Bad debt - Sundry debtors from exchange transactions written off(8) | - | (16 264 815) |
| | - | (1 971 155) |

As a result of prior period errors, the cash flow June 2017 was restated to reflect accurate figures.

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42. 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, 14, and equity as disclosed in the statement of financial position.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying requirements for service delivery funding, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. The municipality is able to cover the current and future commitments from available funds at a ratio of 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 | June 2018 | June 2017 |
|---|--------------|--------------|
| Receivables - From Exchange Transactions | 1 057 145 | 1 528 000 |
| Receivables - From Non Exchange Transactions | 18 136 258 | 19 547 729 |
| Consumer Debtors - From Exchange Transactions | 11 386 544 | 11 240 946 |
| Consumer Debtors - From Non Exchange Transactions | 13 566 068 | 9 395 103 |

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43. 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.

44. Events after the reporting date

There were no material non-adjusting events after the reporting period.

45. Unauthorised expenditure

| | | |
|--|-------------------|-------------------|
| Opening balance | 80 123 905 | 53 997 955 |
| Condoned by Council resolution no BT17/18-09 | (80 123 905) | (53 997 955) |
| Incurred during the year | 75 392 906 | 80 123 905 |
| | 75 392 906 | 80 123 905 |

46. Fruitless and wasteful expenditure

| | | |
|---|------------------|------------------|
| Opening balance | 3 261 119 | 11 839 600 |
| Incurred during the year | 421 359 | 625 089 |
| Written off by Council (Special Council meeting held on the 31st August 2017) | - | (9 203 570) |
| | 3 682 478 | 3 261 119 |

Analysis of expenditure awaiting condonation per age classification

| | | |
|--------------|------------------|------------------|
| Current year | 421 359 | 625 089 |
| Prior years | 3 261 119 | 2 636 030 |
| | 3 682 478 | 3 261 119 |

Details of fruitless and wasteful expenditure

| | | |
|---|---|---------|
| Fruitless and wasteful expenditure - Interest paid on late payments | To be submitted to Council in 2018/2019 | 421 359 |
|---|---|---------|

47. Irregular expenditure

| | | |
|---|--------------------|-------------------|
| Opening balance - Adjusted and restated | 84 524 414 | 135 139 646 |
| Add: Irregular Expenditure - current year | 82 617 973 | 83 551 160 |
| Written off by Council (Special Council meeting held on the 31st August 2017) | - | (134 166 392) |
| | 167 142 387 | 84 524 414 |

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Amounts disclosed above for Irregular expenditure are VAT exclusive.

Analysis of expenditure awaiting write off per age classification

| | | |
|--------------|--------------------|-------------------|
| Current year | 82 617 973 | 83 551 160 |
| Prior year | 84 524 414 | 973 254 |
| | 167 142 387 | 84 524 414 |

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48. Additional disclosure in terms of Municipal Finance Management Act

Electricity distribution losses

| | | |
|------------------------------|--------------|--------------|
| Losses incurred - units | 22 102 840 | 16 148 505 |
| % loss incurred | 29.650 % | 23.000 % |
| Purchased units | (74 550 024) | (70 124 717) |
| Sold units | 52 447 184 | 53 976 212 |
| | - | - |
| Losses incurred - Rand value | 14 505 057 | 21 199 619 |
| % loss incurred | 29.810 % | 44.000 % |
| Purchased units Rand value | (50 168 014) | (47 450 775) |
| Sold units Rand value | 35 662 957 | 68 650 395 |
| | - | - |

The above losses are as a result of technical losses caused by the nature of electricity and the manner of its distribution, via the network, status / condition and age of the network, weather conditions and load on the system as well as non-technical losses, e.g. theft and vandalism, as a result the losses are not recoverable. The illegal electricity connection in Roosenekal contributed to the significant losses incurred in electricity distribution in 2017 and 2018 financial year. .

SALGA Fees

| | | |
|---------------------------------|-------------|-------------|
| Current year subscription / fee | 1 300 690 | 1 100 233 |
| Amount paid - current year | (1 235 656) | (1 100 233) |
| 5% discount received | (65 034) | - |
| | - | - |

5% discount was received as a result of early payment of the invoice.

PAYE and UIF

| | | |
|---------------------------------|--------------|--------------|
| Current year subscription / fee | 20 812 207 | 17 817 919 |
| Amount paid - current year | (20 812 207) | (17 817 919) |
| | - | - |

Pension and Medical Aid Deductions

| | | |
|---------------------------------|--------------|--------------|
| Current year subscription / fee | 32 856 576 | 30 762 233 |
| Amount paid - current year | (32 856 576) | (30 762 233) |
| | - | - |

VAT

| | | |
|----------------|------------|------------|
| VAT receivable | 11 673 080 | 18 060 451 |
|----------------|------------|------------|

VAT output payables and VAT input receivables are shown in note 12.

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 was no councilors arrear accounts outstanding for more than 90 days as at 30 June 2018:

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49. Deferred income

| | | |
|--|-----------|-----------|
| Operating lease payments received in advance | 3 859 650 | 4 052 631 |
|--|-----------|-----------|

Operating lease payment received in advance have been utilized in accordance with the Municipal Finance Management Act. Sufficient resources are set aside to ensure that the liability can be serviced in the future.

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50. 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.

Goods and services were procured through quotations totaling **R1 439 730.70** during the financial year under review and the process followed in procuring those goods and services deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

The table below reflects deviations for the year.

| Service Provider | Description of Goods or Services | Reason for Deviation | Legislation | Amount R |
|--|---|--|---|----------|
| MMN Engineering | Strip,Quote and repair of 2 Pedestrian Rollers | It is impractical or impossible to follow the official procurement processes | Section 36 of Supply Chain Management Regulations | 56751 |
| Forest And Gardern Centre | Strip and repair of Chainsaw,Brushcutter and tractor | It is impractical or impossible to follow the official procurement processes | Section 36 of Supply Chain Management Regulations | 5264 |
| MTP | Service,Repairs and regassing of Airconditioners | It is impractical or impossible to follow the official procurement processes | Section 36 of Supply Chain Management Regulations | 13699 |
| NTT Toyota | Repair Brakes and front fender | Single Provider | Section 36 of Supply Chain Management Regulations | 16064 |
| Forever Resort | ACCOMODATION FOR WARD COMMITTEE MEMBERS | It is impractical or impossible to follow the official procurement processes | Section 36 of Supply Chain Management Regulations | 661650 |
| Tiso Black Star Group | NEWSPAPER ADVERTISING | It is impractical or impossible to follow the official procurement processes | Section 36 of Supply Chain Management Regulations | 42978 |
| Wits University | Training | Goods or services available from a single source | Section 36 of Supply Chain Management Regulations | 5500 |
| SAGE | Training | Goods or services available from a single source | Section 36 of Supply Chain Management Regulations | 20740 |
| Inter Municipal Sports Of South Africa | Games for municipal officials | Goods or services available from a single source | Section 36 of Supply Chain Management Regulations | 6000 |
| Inter Municipal Sports Of South Africa | Games for municipal officials | Goods or services available from a single source | Section 36 of Supply Chain Management Regulations | 11000 |
| Rand Data | Template design and supply of Warrant of arrest document for the Municipality | Goods or services available from a single source | Section 36 of Supply Chain Management Regulations | 10891 |
| Munsoft | Training | Goods or services available from a single source | Section 36 of Supply Chain Management Regulations | 11400 |
| Forest and Garden | Fixing of parks and garden material | Goods or services available from a single source | Section 36 of Supply Chain Management Regulations | 5039 |

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|--------------------------------------|---|--|---|----------------|
| Eskom Holdings SOC LTD | Upgrade Hlogotlou waste transfer station electricity | Goods or services available from a single source | Section 36 of Supply Chain Management Regulations | 13505 |
| Enterprise At University Of Pretoria | Attending advanced computer training and report writing | Goods or services available from a single source | Section 36 of Supply Chain Management Regulations | 4140 |
| | | | | 884 621 |

51. Public Office Holders Remuneration

| All Public Officers | Basic Salary | Medical Aid | Other Receipts | Pension Fund | Skills Contribution | Travelling Allowance | Grand Total |
|------------------------------------|--------------|-------------|----------------|--------------|---------------------|----------------------|-------------|
| Cllr JL MATHEBE (MAYOR) | 477 770 | 66 485 | 44 400 | 71 971 | 6 830 | 206 603 | 874 060 |
| Cllr MD TLADI (SPEAKER) | 429 375 | | 50 864 | 64 676 | 5 424 | 189 033 | 739 371 |
| Cllr TM PHAHLAMOHLAKA (CHIEF WHIP) | 366 513 | 39 752 | 48 291 | 55 190 | 5 206 | 162 363 | 677 316 |
| Cllr A PHATLANE | 402 540 | | 46 841 | 60 634 | 5 113 | 165 828 | 680 955 |
| Cllr AM MAKWEOANE | 169 719 | | 45 562 | 25 583 | 2 409 | 69 945 | 313 218 |
| Cllr AM MALOBA | 205 666 | 26 809 | 44 400 | 25 205 | 3 204 | 86 443 | 391 727 |
| Cllr B BOGOPA | 169 718 | | 44 400 | 25 584 | 2 409 | 65 382 | 307 494 |
| Cllr BM ZULU | 169 718 | | 45 029 | 25 584 | 2 409 | 68 765 | 311 506 |
| Cllr CN MATHEBE | 169 718 | | 44 400 | 25 584 | 2 446 | 65 382 | 307 531 |
| Cllr EM MAPHOPHA | 169 718 | | 45 029 | 25 584 | 2 409 | 67 822 | 310 562 |
| Cllr FM MOGOTJI | 160 182 | 33 953 | 44 400 | 2 011 | 2 858 | 65 382 | 308 787 |
| Cllr GD MATJOMANE | 397 620 | 5 658 | 46 543 | 59 896 | 5 127 | 169 096 | 683 940 |
| Cllr GM MAKEKE | 169 718 | | 46 607 | 25 584 | 2 409 | 73 673 | 317 991 |
| Cllr GR NAMANE | 169 718 | | 44 794 | 25 584 | 2 409 | 66 514 | 309 020 |
| Cllr HJ MAKUNYANE | 390 731 | | 48 259 | 58 855 | 4 976 | 162 573 | 665 394 |
| Cllr J MAHLANGU | 169 718 | | 47 673 | 25 584 | 2 409 | 75 663 | 321 047 |
| Cllr JP KOTZE | 259 330 | | 44 400 | | 3 686 | 86 443 | 393 859 |
| Cllr KC SHAI | 230 025 | | 45 146 | 28 188 | 3 150 | 90 382 | 396 892 |
| Cllr KF MADISA | 217 805 | | 44 794 | 32 833 | 2 966 | 84 857 | 383 256 |
| Cllr KS KGOPA | 169 718 | | 44 773 | 25 584 | 2 409 | 67 525 | 310 009 |
| Cllr LM MOIMA | 169 718 | | 44 794 | 25 584 | 2 409 | 66 264 | 308 769 |
| Cllr M RANALA | 173 982 | | 44 400 | 21 320 | 2 491 | 65 382 | 307 575 |
| Cllr MA MPHELA | 169 718 | | 45 285 | 25 584 | 2 409 | 69 667 | 312 663 |
| Cllr MB NTULI | 173 982 | | 44 635 | 21 320 | 2 491 | 66 799 | 309 227 |
| Cllr MG MOTLAFE | 150 314 | 21 782 | 46 607 | 22 661 | 2 462 | 71 850 | 315 676 |
| Cllr MG PHETLA | 224 387 | | 44 400 | 33 826 | 3 042 | 86 443 | 392 099 |
| Cllr MK MOKWANE | 169 718 | | 45 146 | 25 584 | 2 409 | 69 144 | 312 001 |
| Cllr ML MAMAKOKO | 169 718 | | 45 029 | 25 584 | 2 409 | 68 209 | 310 950 |
| Cllr ML PHALA | 196 147 | | 46 767 | | 2 896 | 71 823 | 317 633 |
| Cllr MM MATSEPE | 169 718 | | 45 839 | 25 584 | 2 409 | 70 474 | 314 024 |
| Cllr MN MALATJI | 217 805 | | 45 402 | 32 833 | 2 966 | 89 311 | 388 318 |
| Cllr MNS OOSTHUIZEN | 169 718 | | 44 400 | 25 584 | 2 409 | 65 382 | 307 494 |
| Cllr MP TSHIVHULA | 169 718 | | 44 794 | 25 584 | 2 409 | 66 237 | 308 742 |
| Cllr MR MSIZA | 217 805 | | 44 400 | 32 833 | 2 966 | 83 907 | 381 912 |
| Cllr MS MASHILO | 224 387 | | 44 400 | 33 826 | 3 042 | 86 443 | 392 099 |
| Cllr MT MOHLALA | 168 848 | | 47 801 | 25 454 | 2 411 | 73 872 | 318 386 |
| Cllr MT MOKGANYETSİ | 217 805 | | 44 400 | 32 833 | 2 966 | 83 907 | 381 912 |
| Cllr MT MOSOTHO | 173 982 | | 44 400 | 21 320 | 2 491 | 65 382 | 307 575 |
| Cllr MW RAMPHISA | 169 718 | | 44 400 | 25 584 | 2 409 | 65 382 | 307 494 |
| Cllr MZ HLATHI | 173 982 | | 44 635 | 21 320 | 2 491 | 66 860 | 309 288 |
| Cllr NN MAHLANGU | 217 805 | | 44 400 | 32 833 | 2 966 | 83 907 | 381 912 |
| Cllr NT MATUNYANE | 169 718 | | 44 400 | 25 584 | 2 409 | 65 382 | 307 494 |
| Cllr P MASIMULA | 169 718 | | 44 794 | 25 584 | 2 409 | 66 626 | 309 132 |
| Cllr R ALBERTS | 128 974 | 40 744 | 44 400 | 25 584 | 2 409 | 65 382 | 307 494 |
| Cllr RJ MAKITLA | 169 718 | | 44 400 | 25 584 | 2 409 | 65 382 | 307 494 |
| Cllr RM RATAU | 169 718 | | 45 029 | 25 584 | 2 409 | 68 610 | 311 350 |
| Cllr RN NDLOVU | 169 718 | | 44 794 | 25 584 | 2 409 | 66 196 | 308 702 |
| Cllr SH MEHLAPE | 164 558 | 60 058 | 47 630 | 24 818 | 3 112 | 95 362 | 395 539 |

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|--------------------|-------------------|----------------|------------------|------------------|----------------|-------------------|
| Cllr SM MAIPUSHE | 169 718 | 44 635 | 25 584 | 2 409 | 66 860 | 309 206 |
| Cllr SW RATLOU | 217 805 | 46 820 | 32 833 | 2 966 | 96 044 | 396 468 |
| Cllr SZ NGWENYA | 173 982 | 44 400 | 21 320 | 2 491 | 65 382 | 307 575 |
| Cllr TA MACHIPA | 402 541 | 45 285 | 60 633 | 5 113 | 160 377 | 673 948 |
| Cllr TA PHOROTLHOE | 217 805 | 44 912 | 32 833 | 2 966 | 85 914 | 384 431 |
| Cllr TM NTHEKO | 173 982 | 44 912 | 21 320 | 2 491 | 67 538 | 310 243 |
| Cllr TN MMUTLE | 224 387 | 45 327 | 33 826 | 3 042 | 88 789 | 395 372 |
| Cllr TS MATSEPE | 169 718 | 44 400 | 25 584 | 2 409 | 65 382 | 307 494 |
| Cllr TT RATAU | 169 718 | 45 402 | 25 584 | 2 409 | 70 983 | 314 096 |
| Cllr VCP MADONDO | 169 718 | 44 400 | 25 584 | 2 409 | 65 382 | 307 494 |
| Cllr VL MTHOMBENI | 173 982 | 45 423 | 21 320 | 2 491 | 68 765 | 311 982 |
| Cllr VM LECHEKO | 173 982 | 44 656 | 21 320 | 2 491 | 66 786 | 309 235 |
| Cllr WJ SKHOSANA | 169 718 | 44 794 | 25 584 | 2 409 | 66 650 | 309 156 |
| | 12 703 160 | 295 242 | 2 763 751 | 1 778 428 | 178 882 | 5 154 119 |
| | | | | | | 22 873 582 |



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