



The Municipal Finance Municipal Act Section 121, Chapter 12; Municipality must for each financial year prepare an Annual Report in accordance to the Chapter.

2018/19 Annual Performance Report

Prepared by:

Municipal Managers office

TABLE OF CONTENT

CHAPTER	ITEM	PAGE
	Mayor's Foreword	5
	Municipal Managers Foreword	6
One	MUNICIPAL OVERVIEW	7
TWO	GOVERNANCE	12
THREE	SERVICE DELIVERY PERFORMANCE	30
FOUR	ORGANIZAIONAL DEVELOPMENT	107
FIVE	FINANCIAL PERFORMANCE	114
SIX	AUDITOR GENERAL'S REPORT	118
APPENDICES		
A	COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE	127
B	COMMITTEE AND COMMITTEE PURPOSE	128
C	THIRD TIER ADMINISTRATIVE STRUCTURE	129
D	FUNCTIONS OF THE MUNICIPALITY/ENTITY	130
E	WARD REPORTING	130
F	WARD INFORMATION	130
G	DISCLOSURE OF FINANCIAL INTEREST	131
H	REVENUE COLLECTION PERFORMANCE	132
I	CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG	132
J	CAPITAL EXPENDITURE-NEW AND UPGRADE/ RENEWAL PROGRAMMES	132
K	SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION	133
L	ANNUAL FINANCIAL STATEMENTS	134
	LIST OF ABBREVIATIONS	246

MAYOR'S FOREWORD

Section 127 of the Municipal Finance Management Act, Act no: 56 of 2003 stipulates that the Mayor of a municipality must within seven months after the end of a Financial Year, table in the municipal council the Annual Report of the municipality. Due to problems experienced by the municipality in the past 2018/19 and 2019/20 Financial Statements were only submitted in February 2021 and their audits were concluded in October and November respectively.

This automatically resulted in a situation where the Audit reports of the afore-mentioned financial years being tabled in 2022.

The municipality is striving to address these backlogs so that compliance is achieved. We are further committed to ensuring that the municipality receives better audit opinions as evidenced in the 2018/19 and 2019/20 audit outcomes.

I.T Motsoeneng
Mayor

MUNICIPAL MANAGER'S FOREWORD

Section 121 of the Municipal Finance Management Act, Act No:56 of 2003 prescribes that every municipality and every municipal entity must for each financial year prepare an annual report. The purpose of this report is to provide a record of the activities of the municipality during the financial year, to provide a report on the municipality's performance against the budget as well as to promote accountability to the local community for the decision made throughout the year by the municipality.

Due to the problems that the municipality had that led to it being put under administration, the financial statements of 2018/19 were only prepared in 2021 and the final audit report was only available in October 2021. This resulted in the backlog in as far as the 2018/2019 annual report is concerned. This report was supposed to have been tabled in January 2020. The municipality is however working very hard to bring the reports up to date going forward. Despite the challenges experienced during this financial year, the municipality managed to establish the audit performance committee and the municipal public accounts committee which are responsible to play oversight role-over the executive functionaries of the council thereby ensuring good governance.

The municipality also has in place a performance management policy and framework which was approved by council during the financial year. The framework and policy are reviewed annually to meet the requirements of the municipal system act and the municipality's capacity

Capital Expenditure: The following grants were allocated for the 2018/19 financial year.
MIG:R22 064 000.00;FMG:R2 415 000.00;MWIG:RR15 000 000.00;EQUITABLE SHARE:R85 705 000.00

CHALLENGES:

Labour unrests resulted in the municipality not being able to provide services such as refuse removal as well as maintenance of roads and storm water infrastructure. Revenue collection has been a challenge during this financial year with an average collection of 33.6%.

L.J. Ralebenya
Municipal Manager

CHAPTER ONE

MUNICIPAL OVERVIEW

Introduction

Mafube clear and commanding Vision is **'Mafube a dawning smart city'**. Our current status as Mafube Local Municipality is one of the local municipalities located within the Fezile Dabi District Municipality. The municipality was established in terms of the section 12 of the Municipal Structures Act, Act 1998 and following the local government elections of 2000. The municipality is made up of four towns, namely, Frankfort, Villiers, Cornelia and Tweeling. Frankfort serves as a home for the headquarters of the municipality.

And our mission is **"To provide integrated innovative people-centered municipal services"**. With the guidance of the legislated acts and current status quo on the ground and what is currently being implemented by the institution is solely to enable the state to achieve its own mission. Below is a reflection of how the municipality has performed during the 2018/19 financial year, in the past and what tools they are using to create a better future as a united nation.

1.1. THE MUNICIPALITY

General Information

Municipal Name (Head Office)	: Mafube Local municipality
Physical Address	: 64 JJ Hadebe Street, Frankfort, 9830
Email address	: info@mafubemunicipality.gov.za
Bankers	: ABSA Bank

The municipality also has other stationed offices in Frankfort (2) and in three other towns Villiers (1 in town and 1 in the location), Cornelia (1 in town), and Tweeling (1 in town).

Mafube Local Municipality is an organ of state that is made up of Council, Administration and the Community. Each of these components work cooperatively in an interrelated and interdependent manner and each has organised structures. The municipality is a category B, ward base municipality.

MUNICIPAL ADMINISTRATION

The Municipal Manager is the head of the administration and is assisted by Directors, who manage the Departments of:

1	Finance,
2	Urban Planning Infrastructure Services,
3	Community Services and LED
4	Corporate Services,

COMMUNITY

In accordance with the applicable legislation requiring participation of communities in the affairs of the municipalities, Mafube Local Municipality has established a number of structures and platforms for participation of communities. Over and above the participation of communities in Council meetings, the municipality has also established IDP Representative Forum that serves as a platform for community participation in the formulation and review of the IDPs of the municipality. In addition, the municipality has also established Ward Committees in all the 9 wards within its area of jurisdiction. The Ward Committees act as critical community organs that facilitate community input into municipal policy making, planning and implementation of municipal programmes.

1.4. GEOGRAPHIC PROFILE

Mafube Local Municipality consists of four (4) towns (Frankfort/ Namahadi, Villiers/ Qalabotjha, Cornelia/ Ntswanatsatsi and Tweeling/ Mafahlaneng) as well as a rural area consisting mainly of commercial agriculture. Villiers, Tweeling and Cornelia are located in an area of agricultural significance and mainly provide restricted services in this regard to the surrounding rural communities and primarily accommodate farm workers migrating to these towns. The area of jurisdiction of the Mafube Local Municipality is situated in the north eastern part of the Fezile Dabi District Municipality region. The total estimated residents in the Mafube Region, is 57 876.

Frankfort/Namahadi is situated 55km east of Heilbron and approximately 120km south east of Sasolburg. The town was originally laid out on the farm Roodepoort & named Frankfurt after the German town by Albert van Gordon in 1869. The main street originally named 'Brand Street', named after the 4th president of Orange Free State *Sir Johannes Brand* and later changed to JJ Hadebe Street. During 1883, Sir J Brand visited the town & laid the corner stone of the Dutch Reformed Church. The Council for National Memorabilia declared the Magistrate's Office, Police Station & Post Office National Monuments.

Frankfort/Namahadi remains the growth point in Mafube and plays a major role in terms of a regional service provider, industrial space, commercial development and it is a small town typically developed and serving the predominantly agricultural community. The R34 provincial road from Kroonstad to the KwaZulu-Natal Province extends adjacent to the town.

The Wilge River stretches adjacent to the town from south to the Vaal Dam in the north. Frankfort, although mainly an agricultural related town, does provide certain industrial growth potential. The industrial growth potential is mainly agricultural orientated

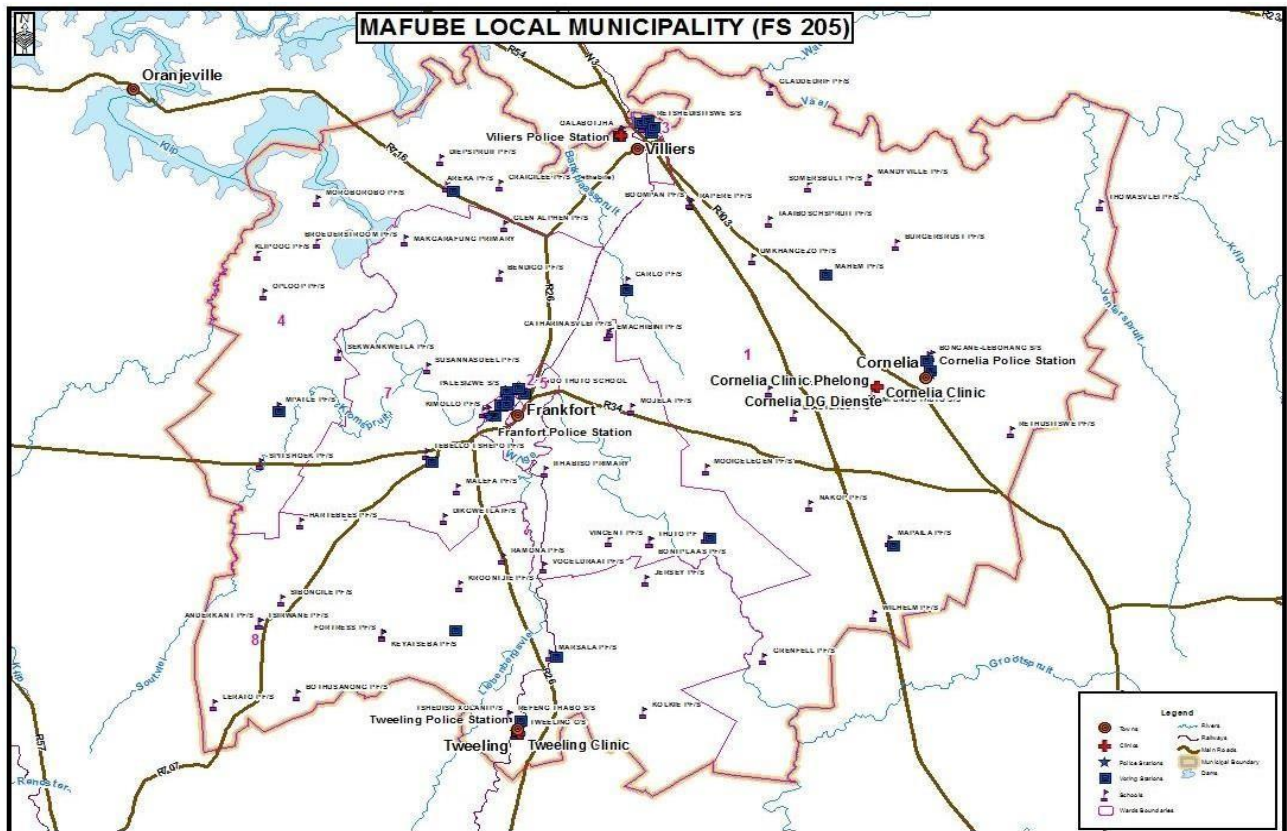
Tweeling/Mafahlaneng is located approximately 150 km east of Sasolburg and 350 km north-east of Bloemfontein and is situated adjacent to the Frankfort/Reitz primary road. Other larger centres such as Vereeniging and Vanderbijlpark are all within 160 km from Tweeling. Primary agricultural activities include sheep and cattle farming, maize and sunflower seed production.

Villiers/Qalabotjha town area is situated on the banks of the Vaal River, adjacent to the N3 National Road between Gauteng and Durban. In relation to other major centres, the town is located 120 km from Johannesburg, 80 km from Vereeniging and 117 km from Sasolburg and is predominantly agricultural oriented where products such as maize, sunflower, wheat, grain, sorghum, meat and dairy products are produced.

Cornelia/Ntswanatsatsi is situated 60km east of Frankfort, 160km east of Sasolburg and 32km south east of Villiers. The town is situated adjacent the R103 secondary road between Warden and Villiers and further located in an area of agricultural significance and mainly provides services in this regard to the surrounding rural area. Substantial future growth of the town is not foreseen.

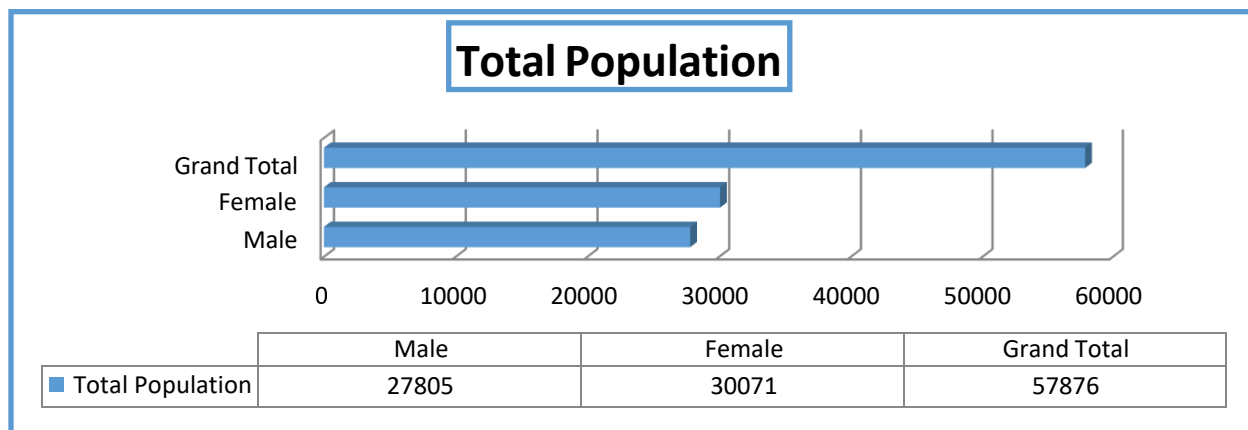
The Vaal River and Vaal Dam form the northern boundary of the area, which also serves as the boundary between the Free State and Gauteng Province. The Vaal Dam, often referred to as the Highveld's Inland Sea, together with the Vaal River are the most prominent topographical features in the region. This vast expanse of water covers some 300 square kilometres. It serves as Gauteng's principal source of potable water and is a popular water sports and water related adventure venue. The Wilge and Liebenbergsvlei Rivers also drain from south to the Vaal Dam in the north.

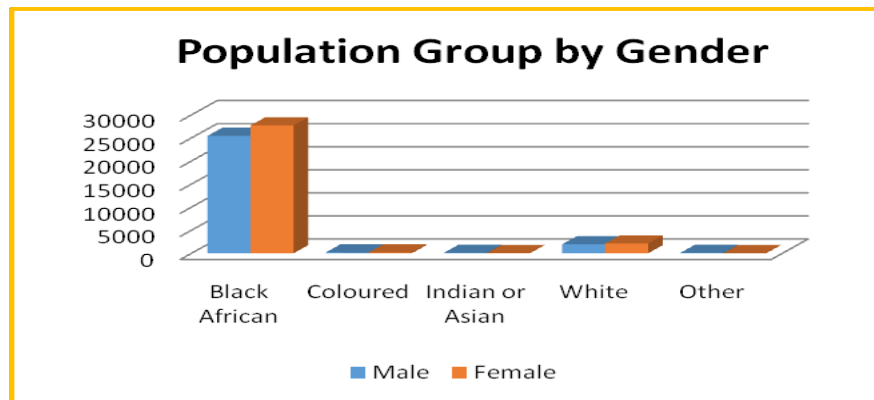
FIGURE:MAFUBE LM: LOCALITY MAP



DEMOGRAPHIC PROFILE

The recent 2011 Census states that Mafube has a population size estimated at 57876. The population of the whole of Mafube is broken down as shown in the following figures:

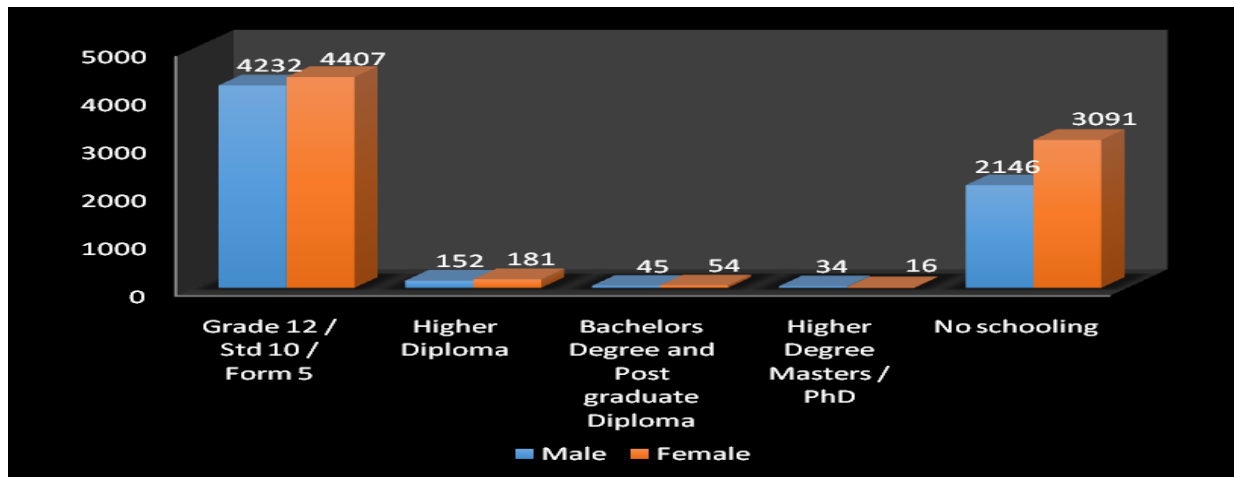




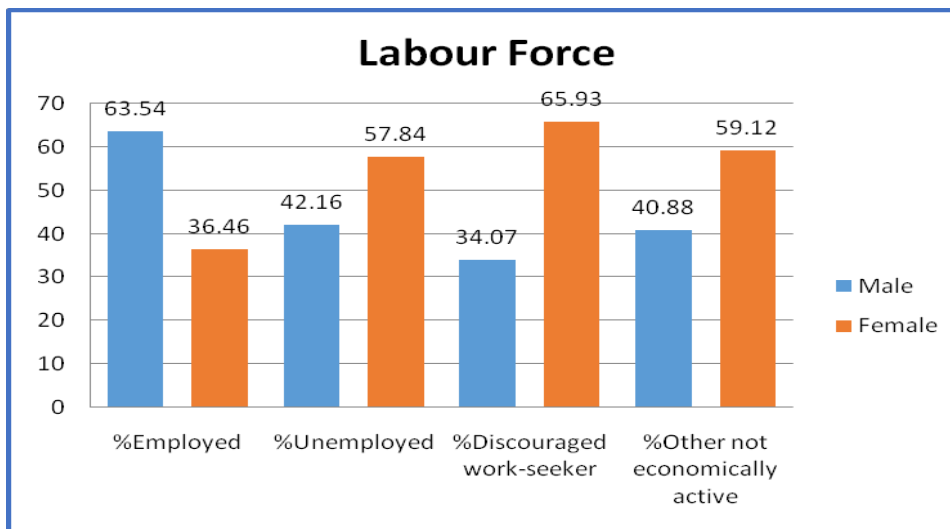
Census as at 2011

Employment and Education profile

Figure 1.6.1 Gender by highest education level



Figure; Labour force



Census as at 2011

Municipal Services profile

MUNICIPAL CODE	HOUSEHOLD SERVICES							
	Flush toilet connected to sewerage %		Weekly refuse removal %		Piped water inside dwelling %		Electricity for lighting %	
FS205	2001	2011	2001	2011	2001	2011	2001	2011
	59,8	77,2	72,3	80,2	16,1	39,8	72,7	84,4

Census as at 2011

CHAPTER TWO

GOVERNANCE

GOVERNANCE STRUCTURES

Mafube Local Municipality is an Executive Committee type municipality where in all powers vested in Council. The municipality has a Council made up of 17 Councilors. Nine (9) of the Councilors are Ward Councilors while eight (8) are drawn from the proportional representative list: The Council established an Executive Committee comprising the following members to provide leadership and guidance to the administration between Council meetings, The Mayor Cllr J.E Sigasa, Cllr M.A Mosia and Cllr M Du Plessis. The municipality has also established Ward Committees in all the nine wards within the area of jurisdiction of Mafube. The Ward Committees act as critical community organs that facilitate community input into municipal policymaking, planning and implementation of municipal programmes. In addition, the municipality has also established other forums to ensure structured engagement with the community and other key role players. These include the IDP Representative Forum established to ensure community put in the formulation of the IDP.

Mafube local municipality is an Executive Committee type, Category B municipality wherein all powers vested in Council. The Mayor has certain legislative and delegated powers and appoints members of the Executive Committee in terms of sections 60 and 80 of the Municipal Structures Act, 1998.

In April 2017 Mafube L.M, was under Section 139 (1) (b), due to its failure to fulfil its executive obligation to maintain essential national standards or meet established minimum standards for the rendering of services.

Governed by Chapter 7 of the Constitution of the republic of South Africa Local Government the legislation outlines how the our municipality status should look like;

The local sphere of government consists of municipalities, which are established for the whole of the territory of the Republic.

The executive and legislative authority of a municipality vested in its Municipal Council.

A municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation, as provided for in the Constitution.

The national or a provincial government may not compromise or impede a municipality's ability or right to exercise its powers or perform its functions.

MAFUBE LOCAL MUNICIPALITY's POWERS AND FUNCTIONS IN TERMS OF THE CONSTITUTION:

Category B Functions	Category C Functions	Provincial and National
Local Municipality	District Municipality	Provincial Government
Air pollution Building regulations Bill boards and display of advertisements Storm water Trading regulations Cleansing Facilities, accommodation and burial of animals Fencing and fences Local sport facilities Municipal parks and recreation Municipal planning Municipal public transport Municipal roads Public places and local amenities Street lighting Traffic and parking Licensing of dogs	Refuse removal and solid waste Municipal roads Municipal airports Fire fighting Markets Cemeteries Municipal public works Electricity regulation Municipal health Storm water Potable water Sanitation Licensing	Libraries Housing

POLITICAL STRUCTURE

The political component of the Mafube LM is based on an Executive Committee system. The Mayor has certain legislative and delegated executive powers and appoints members of the executive committee in terms of sections 60 of the MSA. The Mayor and Executive Committee are accountable and report to the Municipal Council.

There are various decision making structures within Council which performs oversight functions and programmes which include the following:

- Municipal Council;
- Executive Committee;
- Portfolio Committees
- Officials with delegated powers.

COUNCIL AND COUNCIL COMMITTEES

Mafube Local Municipal council currently consists of 17 Councilors, 9 Ward Councilors and 8 PR Councilors. Ward Councilors held monthly ward meetings in their respective wards to ensure that there is feedback to and from communities on municipal affairs. Their reports found complexion into the municipal planning and also reported on in the municipal Service Delivery Budget and Planning (SDBIP) Report, where monitoring and evaluation takes place through the office of the Speaker. Speaker spearheaded the process of establishing new ward committees for the term of office for the 2018/2019 to 2020/2021 period, and all organisations took part in this endeavor to ensure that or democracy is truly participatory.

Ward Committees meet once a month in order to discuss matters affecting its ward. In order to strengthen and improve the ward committee's capacity, a number of Community Development Workers are appointed.

MAFUBE LM: POLITICAL PARTIES REPRESENTED IN THE COUNCIL:

African National Congress (ANC)	13
Democratic Alliance (DA)	2
Freedom Front Plus (VF)	1
Economic Freedom Fighter (EFF)	1

OVERSIGHT AND PORTFOLIO COMMITTEES

Executive Committee

The Executive Committee consists of three (3) members including the Mayor, appointed by the Mayor to perform functions for which the Mayor is responsible. All Members of the Executive Committee are allocated portfolios as per the functions of the municipality.

CLLR J.E Sigasa Mayor

CLLR. F.P Motloung EXCO Member

CLLR. M.C DU Plessis EXCO Member

MPAC Committee members

Cllr. P Monaune (Chairperson)
 Cllr. M Mofokeng
 Cllr. RP Mokuene

Finance Committee members

Cllr JJ Hlongwane (Chairperson)
 Cllr TL Moloi
 Cllr M Mofokeng

Planning and Infrastructure Committee members

Cllr WC Motloug (chairperson)
 Cllr UC Jafta
 Cllr J Oost

Corporate Services Committee members

Cllr JT Kotsi (Chairperson)
 Cllr SA Mosia
 Cllr RP Mokuene

Community Services

Cllr N Rakoloti (Chairperson)
 Cllr L Kubeka
 Cllr T.M Moloi

COUNCIL MEETINGS ATTENDANCE**Attendance of Council meetings by councilors for 2018/19**

Name of Councilor	Number attended
1. Cllr J.E Sigasa	10 sittings
2. Cllr N.E Motaung	9 sittings
3.Cllr M.M Mofokeng	8 sittings
4.Cllr R.P Mokune	10 sittings
5.Cllr J.T Kotsi	9 sittings
6. Cllr F.P Motloug	8 sittings
7. Cllr M.C Du Plessis	8 sittings
8. Cllr L.S Kubeka	7 sittings
9. Cllr U.C Jafta	8 sittings
10. Cllr W.C Motloug	10 sittings
11. Cllr J Oost	7 sittings
12. Cllr Tshidi Moloi	10 sittings
13. Cllr P.M Monaune	8 sittings
14. Cllr S.A Mazibuko	10 sittings
15. Cllr J.J Hlongwane	9 sittings
16. Cllr P Skosana	9 sittings
17. Cllr N.E Rakoloti	10 sittings

COUNCIL RESOLUTIONS FOR 2018/19

The following are resolutions taken by council for this financial year, however progress are not being tracked by a specific department or unit. Each Directorates are to ensure that they carry out resolutions provided by council that is linked to them;

Type of Sitting	Date of sitting	Resolutions taken
Ordinary Council	27 th June 2019	<ol style="list-style-type: none"> 1. Council approved the Project title; Development of waterand sanitation master plans and water services development plan for Mafube Im by DBSA. 2. Council approved the 2019-20 Mafube Im strategy. 3. Tabling of the proposal to lease a portion of land at Villiers industrial area for the development of a diesel depot, Truck repairs centre and truck overnight parking or consider a sale of a 10 Ha Land for R 5 Million excluding VAT and Transfer costs. 4. Tabling of the proposal for the development of middle class houses in Villiers traffic department, council is to consider selling these sites internally. 5. Tabling of the application for the development of Villiers retail HUB (Shopping Centre) in the remainder of farm Villiers 402. 6. Tabling of the proposal for the sand mining in Frankfortarea next to Wilge River council declines the proposal. 7. Tabling of the proposal for the development of middle class houses, private hospital, casino, F1 Race-course and a hotel in Villiers, council to consider disposing land of 10Ha following SCM processes. 8. Tabling of the proposal of purchase of a portion of land inerf 4/492 in Villiers, council is considering leasing it for R660 0000 and rates and taxes payment of R352.43 per hectare. 9. Tabling of proposal for the lease of land in Villiers for

		<p>business, council is to consider leasing for R 351.43 per Hectare.</p> <p>10. Tabling of the proposal of purchase of a portion of R/2098 in Namahadi Frankfort, council consider selling site for R10 000.</p> <p>11. Tabling of the proposal of purchase of a portion of R/20198 Frankfort for residential, Council consider selling sites for R10 000.</p> <p>12. Tabling of the proposal for the amendment of the SDF to change the use of the land from institutional to industrial, council consider amending.</p> <p>13. Tabling of the proposal for the lease of land, Villiers,council consider leasing for R 527.15 per month per hectare.</p> <p>14. Tabling of the proposal for the review of lease agreements and appointment of land auditors, council approves the appointment of service provider. And review of all leases.</p> <p>15. Process plan for review and amendment of Mafube Spatial Development Framework, council adopts the process plan.</p> <p>16. Opening of new bank accounts, council approves.</p> <p>17. Tabling of the proposal to avail land for prospective investment in Cornelia, that LED and Town planning to identify land</p> <p>18. Cost containment policy, salga has put this on hold. Replacing of Portfolio committee members, item referred to Exco.</p> <p>19. Proposed schedule for EXCO and Council meetings for 2019/20, council approves</p>
Special Council	31 st May 2019	<p>1. 2019/2020 Final Budget and Budget related policies Council approves and adopts the following</p> <p>a. Final tariffs.</p>

		<ul style="list-style-type: none"> b. Final annual budget c. Budget related policies d. Fixed Assets management policy e. Banking and Investment policy f. Budget policy g. Budget transfer and Virement policy h. By-law water and electricity i. Credit and debt policy j. Creditors and payment policy k. Customer care policy l. Indigent policy m. Inventory management policy n. Bad debt policy o. SIPDM Policy p. Revenue enhancement strategy q. Travel and subsistence policy
Special council	24 May 2019	1. Resignation of Speaker Crll. N.E Motaung
Special Council	29 March 2019	<p>1. 2019/20 Draft Integrated Development Plan</p> <p style="text-align: center;">Council approves the 2019/20 IDP Review</p> <p>2...2019/20 Draft Annual Budget and Tariffs</p> <p style="text-align: center;">Council approves and adopts the draft budget and tariffs</p>
Special Council	15 March 2019	<p>1. Adjustment Budget</p> <p>2018/19 Adjustment Budget</p> <p>2. Report on instability at Mafube LM</p> <p style="text-align: center;">Council takes note of the report</p> <p style="text-align: center;">Report on possible litigation-IMATU</p> <p>3. Council takes note of the report</p> <p style="text-align: center;">Drought mitigation plan</p> <p>4. Council approves business plan.</p> <p>Budget maintenance application for construction of new 6.5 ML</p>

		<p>Reservoir in Villiers.</p> <p>5. Council approves budget maintenance plan. Refurbishment of Frankfort water purification plant phase-1</p> <p>6. Council approves the refurbishment of Frankfort water treatment plant phase 1</p>
Special Council	31 st January 2019	<p>1. Vacant Audit Committee chairperson post The appointment of the vacant audit committee chairperson, council approves the appointment of Mr. William Elias Huma as an AC Chairperson.</p> <p>2. 2018/19 Mid-year Budget and performance Assessment report</p> <p>3. Council takes note and adopts 2016/17 Annual Report Council takes note of the report with issues raised by AG.</p>
Special Council	04 January 2019	<p>Upper limits for councillors</p> <p>1. Council approves upper limits</p>
Special council	13 th December 2018	<p>1. Report on illegal strike Council takes note of the report</p> <p>2. Closing of offices Council takes note of the report from 21 Dec-2 Jan 2019 Festive seasons plan</p> <p>3. Council approves Feedback report of the meeting between Mafube Im ESKOM, SALGA and rural free state.</p> <p>4. Council takes note Tabling of section 71 reports</p> <p>5. Council takes note Report on status of EPWP Beneficiaries</p> <p>6. Council takes note Report of electrification projects in Mafube LM</p> <p>7. Council takes note</p>

		<p>Ceding back INEP Grant allocation to Mafube Im</p> <p>8. Council approves</p> <p>Budget Maintenance application for construction of new 6.5 mlreseiour in Villier s</p> <p>9. Council approves budget</p> <p>Town planner as authorised official per SPLUMA requirement</p> <p>10. Council endorses the town planner for such functions Upper limits for councillors</p> <p>11. Council approvesUpper limits for Directors</p> <p>Council takes note and approves changers</p>
Special Council	29 August 2018	<p>1. IDP and Budget Process Plan 2018-19</p> <p>2. Council Approves and adopts the process plan. Service delivery and Budget Implementation plan 2017-18</p> <p>3. Council takes note</p> <p>Proposed amendment to the 2017/19- 2021/22 Integrated Development plan.</p> <p>4. Council adopts the document.Risk Management framework and policy</p> <p>5. Council takes note of the framework and policyRisk Management Strategy and Plan 2017-18</p> <p>6. Council takes note of the strategy and plan.</p> <p>Circular for the extension of contract for section 56/7 Managers</p> <p>Item excluded from the agenda.Presentation to NCOP (S 139 Intervention)</p> <p>7. Council takes note of the Financial Recovery plan. Fraud prevention plan 2017/18</p> <p>8. Council takes note of the availability of the plan. Proposed schedule for the performance Audit Committee</p> <p>9. Council approves schedule.</p> <p>Ward Committee schedules of meetings for the new financial year</p>

		<p>2017/18.</p> <p>10. Council approves scheduleAnnual Financial Statements</p> <p>11. Council takes note of the content. 2017/18 Draft Council schedule</p> <p>12. Council approves schedule.</p>
Ordinary Council	24 October 2018	<p>1. Intent to review the Mafube spatial development framework.</p> <p>2. Council takes note and gives go ahead. 1st quarter performance report on the 2018/19 SDBIP.</p> <p>3. Council takes note and sends all report to portfolio chairpersons for monitoring and execution.</p> <p>Request to uterlize the community stadium in extention 4 Qalabotjha</p> <p>4. Council takes note of request and pronounces itself. Proposal for available land in Mafube lm for the Agri-Park</p> <p>5. Council takes note and pronounces itself and for the proposal to serve in EXCO. Section 71 reports for the month of July 2018.</p> <p>6. Council takes note. Outstanding employee accounts employees to comply with section 10 of MSA of 2000 Outstanding councillors account.</p> <p>7. Councillors to comply with schedule 1, Section 12 of the MSA no.32 of 2000.</p> <p>Verification of 2018/19 MTREF</p> <p>8. council takes note of the report and changes on A. schedule are adopted. Request lease an industrial site in Frankfort (J. Mbele)</p> <p>9. Council considers and approves Lease an industrial site in Frankfort (A. Makhoba)</p> <p>10. Council considers and approves. Request to purchase AH Industrial Site in Frankfort (Mngomezulu)</p>

		<p>11. Council considers and approves Request to purchase an industrial site in Frankfort (P. Nhlapo)</p> <p>12. Council considers and approves. Request to purchase an industrial site in Frankfort (senkwakwaila Trading)</p> <p>13. Council considers and approves. Mafube LM Draft Fleet Management policy To be taken to all stakeholders, council takes note.</p> <p>14. Mafube LM Draft waste water supply by law Council takes note and to be taken to all stakeholders.</p> <p>15. Mafube LM Draft water supply by law Council takes note and to be taken to all stakeholders</p> <p>16. State removal of illegal informal settlement dwellers Council to guide the administration in dealing with the removal of illegal informal settlers</p> <p>17. Current state of municipal land earmarked for future development Council takes note of the development earmarked</p> <p>18. Draft cemetery and crematory by-law Council takes note with remarks</p> <p>19. Final list of residential site allocation Council adopts the list as presented from wards as a true reflection with outstanding.</p>
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ADMINISTRATIVE GOVERNANCE STRUCTURES

Mafube Local Municipality is a small Executive Committee type municipality with an administration organised into 4 programmes meant to support Council in the implementation of resolutions and policies within the broad framework of the IDP, applicable legislation and the Constitution. The programmes under the administrative leadership of the Municipal Manager are as follows:

Financial Services;
Urban Planning and Infrastructure Services
Community Services and LED; and

Corporate Services;

The programmes are structured and organised in a manner that takes into consideration the various constitutional and legislative mandates, powers and functions entrusted in the municipality.

The Office of the Municipal Manager serves as a pivot that facilitates interface between the political offices, community and administration as key components of the municipality. The Office is also responsible and accountable for the overall implementation of municipal programmes. The Municipal Manager executes his functions in conjunction with or with the support of managers accountable to him. These managers (Directors) serve as heads of the various programmes highlighted above.

As part of planning, implementation and monitoring of municipal programmes, the Municipal Manager has setup management structures. The most critical is the management meeting. This is a forum that convenes once every week to report progress, review programmes and plan ahead on a weekly basis. The forum is attended by all the Directors, middle managers/ supervisors responsible for certain key programmes and the heads of Units or regional offices of the municipality. This is a senior management team responsible for daily management of the municipality.

EXECUTIVE MANAGEMENT

The top management team of the municipality referred to above is represented below:

Municipal Manager	:- Mojalefa Matlole
Director Community Services	:- Zandile Mofokeng
Director Corporate Services	:- Palesa Moloji
Director Financial Services	:- Amos Makoae
Director Technical Services	:- Diao Ramabitsa

2.2 INTERGOVERNMENTAL RELATIONS PUBLIC ACCOUNTABILITY AND PARTICIPATION

Intergovernmental Forums utilised by Mafube Local Municipality:

Premier's Coordinating Forum (MM and Mayor)

Premier's Coordinating Technical Forum (MM and Technical Managers)

SALGA: LED Committee, Finance Committee, Corporate Governance Committee

DWA: Bulk Water Committee

COGTA: Infrastructure Forum, IDP Forum, PMS Forum

District: DCF, DME and Electricity Forum, LED Forum, Finance Forum, Corporate Services Forum, Technical Forum, IDP Forum

Back to Basics Forum

PUBLIC MEETINGS

Mafube Local Municipality has cultivated a strong culture of public participation with numerous structures, systems and processes created to deep en public participation and promote public accountability. The municipality continuously advertises and issues notices for their Council meetings to which the public is invited to participate.

In addition, wherever there is a policy or by-law that is to be passed, the municipality regularly issues notices for public participation and/ or feedback from the community. In addition, the municipality would also call public meetings where Councillors, officials and communities come together to discuss those policies and by-laws.

In addition, the municipality, under the leadership of the Mayor and Speaker regularly have meetings or 'imbizos' with the community to report on progress and challenges with the delivery of programmes and projects as contained in the IDP and SDBIP and also receive feed-back for corrective action and acceleration of delivery. This year the municipality held an LED feedback summit and Youth Feedback summit:

	Ward Committee Meetings	Public Meetings	Responsible Ward Councillor	Venue of the Meeting	Scheduled Meeting
Ward 1	7	3	Cllr JE Sigasa	Ekukhanyeni Community Hall	Yes
Ward 2	1	7	Cllr JJ Hlongwane	Mfundo Thuto Secondary School	Yes
Ward 3	9	5	Cllr FP Motloug	Mohlakeng Primary School	Yes
Ward 4	8	5	Cllr RO Mokuene	Madiba Community Hall	Yes
Ward 5	2	4	Cllr MC Du Plessis	Save Gospel Church and Namahadi Community Hall	Yes
Ward 6	11	9	Cllr JT Kotsi	Namahadi Community Hall & Apostolic Church of Africa	Yes
Ward 7	3	5	Cllr UC Jafta	Sunset Open Space	Yes
Ward 8	11	9	Cllr WC Motloug	Mafahlaneng and Tweeling Community Halls	Yes
Ward 9	5	5	Cllr LS Kubeka	Ntataise Edu – Care	Yes

2.2.3 IDP AND BUDGET ALIGNMENT

As per the requirements of the legislation and in keeping with the culture of public participation that has been cultivated over the years, the municipality continues to involve communities in the drafting of the new IDP and the Budget.

An extensive community participation programme that saw Councillors and officials criss crossing the length and breadth of the Mafube consulting communities on key priorities and allocation of resources was unfolded. The community participation programme that also involved extensive involvement of Ward Committees took place as outlined in the table below:

Mafube Local Municipality

2019/20 IDP and Budget Process Plan

OBJECTIVE	RESPONSIBILITY	TARGET DATE
Preparations and Analysis: Review Provincial IDP assessment report, Compile IDP process plan & Budget time schedule	Municipal Manager and Directors	24 July 2018
Submission of the IDP and Budget Timeline to the Management Meeting	Municipal Manager	13 August 2018
Submit draft process plan and time schedule to EXCO for approval	Municipal Manager	20 August 2018
Submit final process plan and time schedule to Council for adoption	Mayor	30 August 2018
Submission of the IDP and Budget Process Plan to CoGTA and both Provincial and National Treasuries	Municipal Manager	10 September 2018
Perform situational analysis and assessment of the achievements of the previous IDP (2014/15), and tabulate the analysis report to the Technical Steering committee	Political Office, Municipal Manager and Directors	01-29 September 2018
Conduct IDP public consultations in all nine wards	Political Office, Municipal Manager and Directors	02-16 October 2018
All directors to submit 3 year capital budget to CFO	Directors	23 October 2018
Discussion meetings per Directorate on Capital Budget and alignment of IDP strategies and objectives	Directors	05 - 09 November 2018
Submit proposed Tariff increases to CFO	Directors	14 November 2018
Submit 3 year personnel budget to CFO	Political Offices, Municipal Manager and Directors	20 November 2018
Submit 3 year operating budget to CFO	Political Offices, Municipal Manager and Directors	27 November 2018
Integration of IDP and Budget programmes	Political Office, Municipal Manager and Directors	01-15 December 2018
Meeting to discuss Tariffs, Salaries and Operating Budget	Political Offices, Municipal Manager and Directors	15 - 18 January 2019
Submit mid-year budget and performance assessment report to the Mayor and Council (<i>Section 72 of MFMA</i>)	Municipal Manager	15 January 2019
Tabling of 2015/16 Annual Report in Council (<i>Section 127(2) of MFMA</i>)	Mayor	15 January 2019
Compilation and finalisation of the IDP	Municipal Manager	31 January 2019
Budget Commission	Chief Financial Officer	04-06 February 2019

Budget Steering Committee meeting	Mayor, Municipal Manager and Directors	20 February 2019
Presentation of the IDP to the Rep Forum and the Steering Committee	Mayor, Municipal Manager and Directors	21 February 2019
Tabling of Draft Budget in the Steering Committee	Mayor	07 - 13 March 2019
Tabling of the Draft 2017/18 IDP and MTREF (<i>Section 16(2) of MFMA</i>)	Mayor	21 March 2019
2019/20 Draft IDP and MTREF available to public for comments	Chief Financial Officer	01 April 2019
Budget Steering Committee meeting	Mayor, Municipal Manager and Directors	17 April 2019
Submit Draft MTREF and IDP to: National and Provincial Treasuries, Provincial CoGTA and FezileDabi District Municipality	Chief Financial Officer	04 April 2019
Conduct public hearings and community consultations on Draft IDP and Budget	Political Offices, Ward Councillors and Directors	8 - 19 April 2019
Responses to submissions made by the public and stakeholders	Mayor, Municipal Manager and Chief Financial Officer	25 April 2019
Finalization of IDP and MTREF	Director: Town Planning & Economic Development, CFO and Municipal Manager	1 - 15 May 2019
Council meeting to approve the 2019/20 IDP and MTREF	Mayor	23 May 2019
Submit the 2019/20 Service Delivery and Budget Implementation Plan (SDBIP) and Performance Agreements to the Mayor	Municipal Manager	06 June 2019
Submit approved 2019/20 IDP and MTREF to National Treasury, Provincial Treasury and CoGTA	Chief Financial Officer	06 June 2019
Publish approved IDP and MTREF	Chief Financial Officer	06 June 2019
Approval of the 2019/20 SDBIP (<i>28 days after budget approval</i>)	Mayor	02 June 2019
Publish approved SDBIP and signed Performance Agreements (<i>10 working days after SDBIP approval</i>)	Municipal Manager	16 July 2019

CORPORATE GOVERNANCE

With respect to improving good corporate governance the municipality introduced various measures in the following areas:

ANTI-CORRUPTION AND FRAUD

The municipality through the assistance of the District Municipality and Provincial Treasury has developed an Anti-corruption and Fraud prevention plan which is still at a draft stage. The municipality will ensure that the draft plan gets approved by Council and be implemented in the next financial year.

SUPPLY CHAIN MANAGEMENT

The supply chain processes of the municipality are managed through a dedicated supply chain management unit. The unit is appropriately capacitated in terms of human resources and skills to be able to perform its assigned duties.

The municipality also developed a procurement plan to be implemented in the next financial year.

BY-LAWS

The municipality continues to draft and develop by-laws to improve good governance, peaceful co existence, service delivery and orderly development in Mafube.

WEBSITES

The municipality's website is www.mafubemunicipality.gov.za which municipality encountered problems regarding its functioning in the financial year. The municipality experienced challenges regarding the website whereby important documents could not be publicized. The municipality is attending the matter through communication with the consultant on the solutions towards ensuring that municipal website becomes fully functional.

PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The municipality has not been able to undertake comprehensive public satisfaction surveys on municipal services, municipality however did conduct the survey during Mayoral Imbizo programme and it regularly interacts with communities through various platforms and structures including Imbizos and ward meetings etc. Where feedback on service delivery is obtained and discussed.

MUNICIPAL OVERSIGHT COMMITTEES

The municipality has established the Performance Audit Committee and the Municipal Public Accounts Committee which will be responsible to play an oversight role over the executive functionaries of council, ensuring good governance in the municipality and to advise the council and management of the municipality on various matters within the municipality.

PERFORMANCE MANAGEMENT

The municipality has in place the performance management policy and framework in place which was approved by Council during the financial year. The framework and policy are reviewed on an annual basis to meet the requirements of the municipal systems act and the municipality's capacity.

CHAPTER THREE

SERVICE DELIVERY PERFORMANCE

2018 DETAILED MUNICIPAL PROJECT LIST

SERVICE DELIVERY OVERVIEW

WATER BULK INFRASTRUCTURE:

Project Name and Description	Current Construction Status	Comments
Qalabotjha: Extension of the Waste Water Treatment Works	Completed	Under retention
Mafahlaneng/Tweeling: Upgrade of Sports Ground	Completed	Under retention
Namahadi/Kgatholoha: Upgrading of Sports Ground	Completed	Under retention
Ntswanatsatsi/Cornelia: Upgrade of Sports Ground	95% complete	Construction in progress. Project scaled down due to insufficient funds.
Qalabotjha/Villiers: Construction of a New 6.5ML Water Reservoir	45% complete	Reservoir is under construction.
Electrification of Ntswanatsatsi Extension and Qalabotjha Extension Phase 3	Completed	This was 2017/18 FY project implemented by FDDM but completed in 2018/19 FY
Electrification of 363 Households in Namahadi Phase 4	Completed	This was 2014/15 FY project implemented by FDDM but completed in 2018/19 FY
Rehabilitation of Intake Towers, Pump Stations and Water Purification Plants & refurbishment of Waste Water Treatment Works in Cornelia	Completed	The project was completed within time frame

The current storage capacity is short of the 48 hour standard required, and the situation

will become more demanding, when new sites are released and the demand for water is going to increase, and there are also some areas who only receive water during off pick hours.

The pipe from the intake tower in Frankfort needs replacement, as it constantly needs to be repaired

Operations and maintenance is a shortcoming for much of the infrastructure

The municipality does not have a water conservation and demand management Plan

The WSDP of the Municipality needs to be reviewed

RESIDENTIAL SITES

The current waiting list for sites stands at +- 9000

2000 residential sites, approved by the Department of human settlement is not enough for the demand of sites, and the Municipality has informal settlement of about 400 household and the number is growing weekly.

Due to the demand, the Municipality will be releasing the sites without access to basic services, as the current land that has been surveyed, might be released in the near future to beneficiaries.

ROAD INFRASTRUCTURE

The municipality does not have an Integrated transport Plan in Place, and the maintenance Plan

The municipality also has a challenge of working equipment's to maintain the road infrastructure

WASTE MANAGEMENT

Ageing working equipment

BY-LAWS

By laws were submitted to council for noting and approval.

CREDITORS VERSUS DEBTORS

The Municipality has debtors amounting to R 581 Million of more than 30 years and creditors amounting to R571 Million.

The municipal budget is unfunded.

The municipality is now seated at 43% in salary expenditure.

The municipality is unable to pay third parties on a monthly basis even thou they are budgeted for.

QUARTERLY ACTUAL SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS

Office of the Mayor Strategic plans,
office of the Mayor

National Outcome		A responsive and accountable, effective and efficient local government system									
NDP Objective		Developing a capable and Development State									
Provincial strategic Objective		Efficient Administration and Good Governance									
Pre- Determined IDP Objective		Promote a culture of participatory and good governance									
Municipal strategic Priority		To ensure that all key municipal stakeholder are engaged.									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		2018/19 Annual Target	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Good Governance and Public Participation	Youth development; HIV&AIDS	1.1 Youth development strategy developed, and Approved by Council, by 30 June 2019	1	0	Develop a Youth development Strategy	Not Achieved				Youth development strategy is not developed, the municipality is to seek assistance from District	Youth Development Strategy and Council resolution
		1.2 Youth development policy developed, and approved by Council, by 30 June 2019	1	0	Develop a youth development policy	Not Achieved				Youth development strategy is not developed, the municipality is to seek assistance from District	Youth Development Policy and Council resolution
		1.3 Youth development programmes organised and held, by 30 June 2019	4	0	Hold 4 youth development programmes	Not Achieved				KPI is to be included in the 19/20 SDBIP, with assistance from NYDA.	Invitation and attendance register
		1.4 Youth indaba held, by	1	0	Hold 1 youth indaba	Not Achieved				KPI is to be included in the	Invitation and

		30 June 2019								19/20 SDBIP, with assistance from NYDA.	Attendance Register
		1.5 HIV&AIDS Council review, by 30 June 2019	1	1	Review the established HIV&AIDS Council	Achieved				KPI is to be included in the 19/20 SDBIP. For a continuous effect	Invitation and Attendance Register
		1.6 HIV&AIDS Council meetings held, by 30 June 2019	2	2	Hold 4 HIV & AIDS Council meetings	Partially Achieved 1 Meeting held				KPI is to be included in the 19/20 SDBIP, for improvement.	Attendance register and Invitation
		1.7 HIV&AIDS strategy developed, and approved by Council, by 30 June 2019	1	0	Develop a Strategy for HIV& AIDS	Partially Achieved	There is draft plan that is awaiting for council adoption			The Unit has the HIV and AIDS Plan which has not been approved by council.	Draft HIV& AIDS Plan.
		1.8 HIV&AIDS policy developed, and approved Council, by 30 June 2019	1	0	Develop a policy for HIV& AIDS	Not Achieved				KPI is to be included in the 19/20 SDBIP.	Council resolution of HIV & AIDS Policy
		1.9 Programmes on HIV focusing on Social Change Behaviour, and HIV&AIDS awareness campaigns held, by 30 June 2019	0	0	Hold 4 awareness campaigns on HIV&AIDS and Social Change Behaviour	Not Achieved				KPI is to be included in the 19/20 SDBIP.	Invitation and attendance register

2. Office of the Speaker
Strategic plans, office of the Speaker

National Outcome		A responsive and accountable, effective and efficient local government system									
NDP Objective		Developing a capable and Development State									
Provincial strategic Objective		Efficient Administration and Good Governance									
Pre-Determined IDP Objective		Promote a culture of participatory and good governance									
Municipal strategic Priority		To ensure that all key municipal stakeholder are engaged.									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		2018/19 Annual Target	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Good Governance and Public Participation	Public participation	2.1 Public Participation strategy reviewed and approved by Council, by 30 June 2019	1	0	Review the Public participation strategy	Not Achieved				KPI to be included in the 2019/20 SDBIP for proper direction in public participation.	Public Participation Strategy and Council Resolution
		2.2 Public Participation policy developed and approved by Council, by 30 June 2019	1	0	Develop the Public participation policy	Not Achieved				KPI to be included in the 2019/20 SDBIP for proper direction in public participation.	Public Participation Policy and Council Resolution
		2.3 Batho-Pele Service standard and Charter developed, and approved by Council, by 30 June 2019	0	0	Develop Batho Pele services standard and charter	Partially Achieved	Draft Charter developed awaiting Management Recommendations			The Charter is at draft stage awaiting further inputs from management and other stakeholders.	Batho Pele Services standard and Charter and Council Resolution
		2.4 Batho-pele standing procedures for	0	0	Develop Batho-pele standing procedures for	Not Achieved	Front line service personnel	Finalisation of frontline staff training which will		The Standard procedure is at draft stage	Batho-pele standing

		complaints developed, and approved by Council, by 30 June 2019			complaints		training is awaited from CoGTA	be done in September		awaiting further inputs from management and other stakeholders.	procedures for complaints and Council Resolution
		2.5 Facilitation of bi – monthly meetings with dwellers in rural areas (Ward 1; 4; 7 and 8) within the vicinity of schools and voting stations as focus areas, by 30 June 2019	24	0	Hold 6, community meetings, for rural communities in ward 1, 4, 7 and 8	Partially Achieved 3 meetings held.	Other meetings were not held due to non-delivery of commitments from the previous meetings. No other meetings were attended and/or coordinated by Ward Councillors.	Meetings are scheduled in the Ward Committee Meeting schedule of the new financial year.		KPI is too added in the 2019-20 SDBIP for more improvement and stabilisation.	Invitation and Attendance Register
		2.6 Quarterly strategic meetings with ward based stakeholder by 30 June 2019	4	2	4 Quarterly strategic meetings with ward based stakeholder per ward.	Partially Achieved 7 meetings	Responses and amicable solutions to queries collected in the previous quarter meetings have not yet been reached.	We need an outreach program with sector departments of government from whom we are awaiting confirmation of support on dates applicable to them.		KPI is too added in the 2019-20 SDBIP for more improvement and stabilisation.	Invitation and Attendance Registers
		2.7 Programmes focusing on supporting the NGOs (in particular the CBOs), held by	0	0	Hold 4 programmes focusing on supporting NGOs	Partially Achieved 1 programmes held.				KPI is too added in the 2019-20 SDBIP for more improvement	Invitation and Attendance Register

		30 June 2019								and stabilisation.	
		2.8Ward Councillors' public meetings held on a bi-monthly basis, by 30 June 2019	54	?	54 (6 in each ward)	Partially Achieved 9 Public meetings held.	Most ward (s) were affected by the employees' mass action at the municipal headquarters which was accompanied by repossession of vehicles for mobilisations and threats to our working staff members	Staff security at workplace has already been attended to by the employer.		KPI is too added in the 2019-20 SDBIP for more improvement and stabilisation.	Invitation and Attendance Registers
		2.9Annual community service delivery satisfaction survey, by 30 June 2019	1	0	1 in a year	Not Achieved	Carried over to the new financial year			KPI is to be included in the 2019-20.	Annual community service delivery satisfaction survey
		2.10 Ward Committee Management meetings held, by 30 June 2019	72	72	72 (1 monthly in each ward)	Partially Achieved 38 meetings held	Most Committees did not conduct meetings as planned			KPI is to be included in the 2019-20 for improvement.	Invitation and Attendance Register
		2.11 Ward Operational Plans developed by 30 June 2019	9	1	Develop 9 ward based operational plans	Partially Achieved				KPI is to be included in the 2019-20 for improvement.	1 ward based operational plan
		2.12 Capacity building program for ward committees on core practices,	4	1	Hold 4 capacity building programs for ward committees	Not Achieved	Batho Pele services and working team is not developed	We are following up with Municipal Managers from the said municipalities to		KPI is to be included in the 2019-20 for improvement.	Invitation and Attendance Register

		held by 30 June 2019					and therefore not functional yet.	issue a response.			
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**Directorate: Office of the Municipal Manager Strategic plans,
office of the Municipal Manager
Unit/ department: Integrated Development Planning (IDP) & Performance Management**

National Outcome		A responsive and accountable, effective and efficient local government system									
NDP Objective		Developing a capable and Development State									
Provincial strategic Objective		Efficient Administration and Good Governance									
Pre- Determined IDP Objective		Promote a culture of participatory and good governance.									
Municipal strategic Priority		To facilitate the optimal functioning of Council.									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		2017/18 Annual Target	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Targ et	Actual							
Good Governance and Public Participation	IDP	3.1 2019-20 IDP/PMS and Budget Process Plan Develop and Approved by Council, by 31 August 2018	1	1	Develop the 2019-20 IDP, PMS and Budget process plan	Achieved				No comments	IDP and Budget Process Plan and council resolution
		3.2 Number of community participation conducted on review of 2019-20 IDP, by 30 June 2019	9	9	Hold 9 ward base consultation meetings for the development of the 2019-20 IDP, and hold another 9 ward base consultation meetings on the Draft 2019-20 IDP	Achieved				No comments	Schedule and Attendance Register
		3.3 2019-20 IDP completed and approved by Council before the end of May 2019	1	1	Review IDP for the 2019-20 financial year	Achieved				No comments	Item, Council Resolution

		3.4 Develop 2019-20 SDBIP and submit to Council and Mayor by 30 June 2019	1	1	Develop the SDBIP for 2019-20 Financial year	Achieved					No comments	Signed SDBIP
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Unit/ department: Performance Management

National Outcome		A responsive and accountable, effective and efficient local government system										
NDP Objective		Developing a capable and Development State										
Provincial strategic Objective		Efficient Administration and Good Governance										
Pre- Determined IDP Objective		Promote a culture of participatory and good governance										
Municipal strategic Priority		To facilitate the optimal functioning of Council										
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		2018/19 Annual Target	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence	
			Target	Actual								
Good Governance and Public Participation	Performance Management	3.5 Reviewed the PMS Policy Framework and submit to Council for approval by 30 June 2019	1	1	Review the PMS Policy framework	Achieved				No comment	PMS Policy	
		3.6 workshops/trainings conducted on performance management system, by 30 June 2019	0	0	Conduct 2 workshops or trainings on performance management system	Achieved				No comments	Invitation, Attendance Register and Minutes	
		3.7 Develop and submit the 2017-18 annual report to AG & Council, according to all regulations and legislation	1	0	Develop and submit the annual report to AG & Council, according to all regulations and legislation	Not Achieved	The report is ready, however it is without the AFS.				KPI is to be included in the 2019/20 SDBIP for improvement	Proof of submission to A.G
		3.8 Performance reports submitted to council on the actual performance in terms of the Top Layer SDBIP, by 30 June 2019	4	0	Submit 4 performance reports to Council (One per Quarter)	Not Achieved	Instability in the workplace Directors are reporting late for submission	Disciplinary measures are to be instilled by the MM			KPI is to be included in the 2019/20 SDBIP for improvement	Performance Reports

3.3 Unit/ department: Internal Audit

National Outcome		A responsive and accountable, effective and efficient local government system									
NDP Objective		Developing a capable and Development State									
Provincial strategic Objective		Efficient Administration and Good Governance									
Pre- Determined IDP Objective		Promote a culture of participatory and good governance									
Municipal strategic Priority		To ensure a fully functional Audit Unit.									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		2018/19 Annual Target	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Good Governance and Public Participation	Internal Audit	3.9 Develop a risk based audit plan with an internal audit plan (RBAP) (MFMA - Section 165(2)(a) and submit to the Audit Committee by 30 June 2019	1	0	Develop an Audit Plan	Achieved				No comment	Audit Plan
		3.10 Audit action plan developed to address AG Findings and submitted to council for approval on or before 30 Jan 2019	1	0	Develop an audit action plan to address AG findings	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement.	Audit Action Plan and Council Resolution
		3.11 Audit committee meetings held, by 30 June 2019	6	0	Hold 6 audit committee meetings.	Not Achieved				KPI is to be included in the 2019/20 SDBIP for improvement	Invitation, Agenda and Attendance Register
		3.12 Audit committee reports submitted to Council, by 30 June 2019	4	0	Submit 4 audit committee reports to council.	Not Achieved	Lack of resources	Appointment of AC Chairperson before the 31 January 2019.		KPI is to be included in the 2019/20 SDBIP for improvement	Audit Committee Reports

3.4 Unit/ department: Risk Management

National Outcome		A responsive and accountable, effective and efficient local government system										
NDP Objective		Developing a capable and Development State										
Provincial strategic Objective		Efficient Administration and Good Governance										
Pre- Determined IDP Objective		Promote a culture of participatory and good governance										
Municipal strategic Priority		To ensure a fully functional Audit Unit.										
Key Performance Area	Programmes	Key performance Indicator	2017/19 Annual Target		2018/19 Annual Target	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence	
			Target	Annual								
Good Governance and Public Participation	Risk Management	3.12 Risk management strategy, reviewed and submitted to Council by 30 June 2019	1	0	Review risk management strategy	Partially Achieved Draft Risk management strategy was submitted to Risk Management Committee 19 February 2018	Sent back for further amendments	Draft risk management strategy still need to be reviewed by RMC		KPI is to include in the 2019/20 SDBIP for improvement	Risk Strategy and Plan and Council Resolution	
		3.13 Fraud prevention Plan reviewed and submitted to Council by 30 June 2019	0	0	Review the fraud prevention plan	Partially Achieved Draft Fraud Risk policy and plan was submitted to Risk management Committee 19 February 2019	Sent back for further amendments	Draft fraud prevention plan and policy still need to be reviewed by RMC		KPI is to include in the 2019/20 SDBIP for improvement	fraud prevention plan and Council Resolution	
		3.14 Risk assessments per directorate conducted annually, by 30 June 2019	2	0	Conduct 2 risk assessment per directorate	Achieved done 28 – 31 January 2019					No comments	Attendance register
		3.15 Risk register updated			Update the risk register twice	Achieved updated 28 – 31 January 2019					No comments	Undated Risk Register

annually and approved by Council, by 30 June 2019									
3.16 Risk Committee meetings held annually, by June 2019	4	0	Hold 6 risk management committee meetings	Not Achieved				KPI is to include in the 2019/20 SDBIP for improvement	Attendance Register
3.17 Reports submitted by the risk committee, to the audit committee by 30 June 2019	4	0	Submit 4 reports, from the risk committee to the audit committee	Not Achieved				KPI is to include in the 2019/20 SDBIP for improvement	Reports
3.18 Workshop/Training conducted for risk champions, on risk management by 30 June 2019	0	0	Conduct two workshops/training for risk champions on risk management	Not Achieved				KPI is to include in the 2019/20 SDBIP for improvement	Invitation and Attendance register
3.19 Workshop/Training conducted for risk committee members, on risk management by 30 June 2019	0	0	Conduct two workshops/training for risk committee members on risk management	Not Achieved				KPI is to include in the 2019/20 SDBIP for improvement	Invitation and Attendance register

4. Directorate: Office of the Chief Financial Officer
Strategic plans, office of the Chief Financial Officer
Unit/ department: Revenue

National Outcome		A responsive and accountable, effective and efficient local government system									
NDP Objective		Developing a capable and Development State									
Provincial strategic Objective		Efficient Administration and Good Governance									
Pre- Determined IDP Objective		Effective collection of revenue									
Municipal strategic Priority		To ensure the effective and efficient management of municipal revenue and cash-flow according to national norms and standards									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		2018/19 Annual Target	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Municipal Financial Viability and Management	Revenue	4.1 Conduct a customer satisfaction survey by end of March 2019 and submit report with recommendations to Council, by 30 June 2019	1	0	Conduct a customer satisfaction survey and Submit a report with recommendations to Council	Partially achieved. It will be served in the Finance portfolio Committee.				KPI is to be included in the 2019/20 SDBIP for improvement	Customer satisfaction Form.
		4.2 Revenue management strategy developed and approved by Council by 30 June 2019	1	0	Develop revenue management strategy	Achieved				No comment	Revenue Management strategy
		4.3 Credit and Debt collection strategy developed and submitted to council for approval by 30 June 2019	0	0	Develop debt collection strategy	Achieved				No comment	Collection Strategy
		4.4 Credit and Debt collection policy reviewed	1	1	Review the credit and debt collection	Achieved				No comment	Council resolution

and submitted to Council for approval by 30 June 2019			policy						
4.5 Revenue enhancement strategy developed and submitted to Council for approval, by 30 June 2019	1	0	Develop revenue enhancement strategy	Achieved				No comments	Council Resolution
4.6 Rates policy reviewed and submitted to Council for approval by 30 June 2019	1	1	Review the rates policy	Achieved				No comments	Council Resolution
4.7 Tariff policy reviewed and submitted to Council for approval by 30 June 2019	1	1	Review the tariff policy	Achieved				No comments	Council Resolution
4.8 Customer care policy reviewed and approved by Council, by 30 June 2019	1	1	Review the customer care policy	Achieved				No comments	Council Resolution
4.9 Indigent registration campaigns conducted annually, by 30 June 2019	1	1	Conduct two indigent registration campaigns	Achieved				No comments	Council Resolution
4.10 Reports prepared and submitted to the accounting officer on the updates conducted on the indigent	4	0	Prepare and submit two reports	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement	None

register, by 30 June 2019									
4.11 Consumers water meter readings conducted, by 30 June 2019	1	1	Conduct 12 water meter readings 1 on a monthly basis	Achieved				No comments	Log Book
4.12 Monthly reconciliations for all control accounts done, by 30 June 2019	0	0	Conduct 12 monthly reconciliations for all control accounts	Achieved				No comments	Control Account Recon
4.13 Issue account statements to all consumers, by the 7 th of every new month, by 30 June 2019	0	0	Issue account statements to all consumers, by the 7 th of every new month	Achieved				No comments	Post statement
4.14 Attend and resolve all billing quarries, received from consumers within 48 hours, by 30 June 2019	0	0	Attend and resolved all received billing quarries within 48 hours	Achieved				No comments	Complaints Register
4.15 By-law on customer care, credit control and debt collection policy, developed and approved by council, by 30 June 2019	0	0	Develop a By-law on customer care, credit control and debt collection policy	Not achieved scheduled for the next financial year.				KPI is to be included in the 2019/20 SDBIP for improvement .	By-law on customer care, credit control and debt collection policy

Unit/ department: Expenditure

National Outcome		A responsive and accountable, effective and efficient local government system									
NDP Objective		Developing a capable and Development State									
Provincial strategic Objective		Efficient Administration and Good Governance									
Pre- Determined IDP Objective		To improve overall financial Management by developing and implementing appropriate financial management policies, procedures and systems.									
Municipal strategic Priority		To implement an effective and efficient system of expenditure									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		2018/19 Annual Target	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Municipal Financial Viability and Management	Expenditure	4.16 Creditors and payment policy reviewed and approved by Council, by 30 June 2019	1	1	Review the Creditors and payment policy	Achieved				No comment	Council resolution.
		4.17 Review and approve commitments and orders and payments to suppliers, by 30 June 2019	0	0	Review and approve commitments and orders and payments to suppliers	Achieved				No comment	Reconciliation
		4.18 Review terms of payment for orders and contracts, by 30 June 2019	0	0	Review terms of payment for orders and contracts	Achieved				No comment	Reconciliation
		4.19 Review Internal control measures to ensure that relevant documents are processed promptly and payments made according to agreed terms, by	0	0	Review Internal control measures to ensure that relevant documents are processed promptly and payments made according to	Partially achieved				KPI is to be included in the 2019/20 SDBIP for improvement	Screen shots

		end September 2018			agreed terms						
		4.20 Petty cash management strategy developed and approved by council, by 30 June 2019	0	0	Develop petty cash management strategy	Achieved	Strategy is in the policy			No comment	council resolution
		4.21 Petty cash policy reviewed and submitted to council for approval, by 30 June 2019	0	0	Review the petty cash policy	Achieved				No comment	council resolution
		4.22 Fruitless and wasteful register submitted to MPAC, by 30 June 2019	1	1	Quarterly submit the fruitless and wasteful register to MPAC	Partially achieved	The registers are completed but not yet served at MPAC			KPI is to be included in the 2019/20 SDBIP for improvement	MPAC Minutes
		4.23 Fruitless and wasteful register submitted to Council, by 30 June 2019	1	1	Quarterly submit the fruitless and wasteful register to Council	Partially achieved	The register was submitted to council for noting			KPI is to be included in the 2019/20 SDBIP for improvement	Fruitless and wasteful register
Payroll		4.24 Subsistence and Travelling allowance policy reviewed and approved by Council, by 30 June 2019	1	1	Review the subsistence and traveling policy	Achieved				No comment	Council resolution
		4.24 Overtime policy reviewed and approved by Council, by 30 June 2019	0	0	Review the overtime policy	KPI Moved to corporate services (HR)					
		4.25 Payroll reports developed and submitted to the accounting officer, by 30 June	12	8	Prepare and submit 12 reports to the accounting officer	Achieved				No comment	Monthly Reports

		2019											
		4.26 Statutory deductions submitted to SARS, by 30 June 2019	12	12	Submit statutory deductions SARS	12	Achieved					No comment	Monthly Reports

Unit/ department: Supply Chain Management

National Outcome		A responsive and accountable, effective and efficient local government system									
NDP Objective		Developing a capable and Development State									
Provincial strategic Objective		Efficient Administration and Good Governance									
Pre- Determined IDP Objective		To improve overall financial Management by developing and implementing appropriate financial management policies, procedures and systems.									
Municipal strategic Priority		To implement an effective and efficient system of supply chain management									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		Annual Target 2018/19	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Municipal Financial Viability and Management	SCM	4.27SCM policy reviewed and approved by Council, by 30 June 2019	1	1	Review the SCM Policy	Achieved				No comment	Council Resolution.
		4.28 Review the inventory management policy and submit to council for approval by 30 June 2019	0	0	Review the inventory management policy	Achieved				No comment	Council Resolution
		4.29 Develop a procurement plan that is linked to IDP,SDBIP and Budget submitted to Council for approval, by 30 June 20189	1	1	Develop a procurement plan that is linked to IDP,SDBIP and Budget	Achieved				No comment	Procurement plan
		4.30 Develop Bid committees policy and procedures, by end September 2018	0	0	Develop Bid committees policy and procedures	Achieved It's part of SCM policy				No comment	Council resolutions

		4.31 Formally appoint in writing, the Specification, Evaluation and Adjudication Committee Members, by 30 June 2019			Formally appoint in writing, the Specification, Evaluation and Adjudication Committee Members	Achieved				No comment	Appointment letters
		4.32 Trainings/workshops conducted, for the Specification, Evaluation and Adjudication Committee Members, by 30 June 2019	0	0	Conduct one training/workshop for the Specification, Evaluation and Adjudication Committee Members	Achieved				No comment	Invitation and Attendance register
		4.33 SCM Practitioners and all Bid Committee Members with signed adherence to Codes of Good Conduct, by 30 June 2019	0	0	All bid committee members and SCM practitioners, to sign adherence to codes of good conduct	Achieved				No comment	Signed codes of conducts
		4.34 Declaration by Bid Committee Members at every meeting, during 2018-2019 financial year	0	0	Bid Committee Members to declare interest, confidentiality and impartiality at every meeting	Achieved				No comment	Signed Declarations
		4.35 Reviewing and update the internal controls for procurement, spending and contracting and supplier	0	0	Reviewing and update the internal controls for procurement, spending and contracting	Achieved				No comment	Procurement plan

		management, by 30 June 2019			and supplier management							
		4.36 System developed and Standard Operating Procedures (SOP) to monitor supplier performance and contracts in progress in accordance with their terms and conditions, by 30 June 2019	0	0	Develop a system and SOP,) to monitor supplier performance and contracts in progress in accordance with their terms and conditions	Achieved It's included in the SCM quarterly report					No comment	Report on SOP
		4.37 Resolve all Disputes and complaints appropriately in terms of the SCM Regulations by 30 June 2019	0	0	Resolve all Disputes and complaints appropriately in terms of the SCM Regulations	Achieved The register is there however, there hasn't been any disputes or complaints whatsoever					No comment	Complaints Register
		4.38 Develop stock management strategy, and submit management, by 30 June 2019	0	0	Develop stock management strategy	Achieved The procedures are included in the Inventory Management policy that was approved on the 31st of May 2019					No comment	Council Resolution
		4.39 % of bids received published on municipal website, by 30 June 2019	1	1	100%	Achieved					No comment	Website screenshot
		4.40 Trainings/workshops conducted on SCM	0	0	Conduct one training/workshop on SCM procedures	Achieved Refer to 4.32					No comment	None

		procedures, by 30 June 2019									
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4.4 Unit/ department: Budget

National Outcome		A responsive and accountable, effective and efficient local government system									
NDP Objective		Developing a capable and Development State									
Provincial strategic Objective		Efficient Administration and Good Governance									
Pre- Determined IDP Objective		To improve overall financial Management by developing and implementing appropriate financial management policies, procedures and systems.									
Municipal strategic Priority		To ensure that the municipal budget and financial reporting process are compliant with applicable legislation.									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		Annual Target 2018/19	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Municipal Financial Viability and Management	Budget	4.41 Annual Budget approved by Council on or before end May 2019	1	1	Develop the annual budget	Achieved Annual Budget was approved by Council on the 31 st May 2019				No comment	council resolution
		4.42 Budget policy developed and approved by Council, by 30 June 2019	1	1	Develop the budget policy	Achieved Budget policy was approved by Council on the 31 st May 2019				No comment	Council resolution
		4.43 Mid-year budget performance (sect 72 report) submitted to council by end January 2019	1	1	Develop a Mid-year budget performance report	Achieved				No comment	None
		4.44 Trainings/workshops conducted on Budget procedures, by 30 June 2019	0	0	Conduct one training on budget procedure	Not Achieved	Due to the preparation of financial statements, training has not yet been conducted	We anticipate rolling out training once preparation of financial statements has been finalised.		KPI to be included in the 2019/20 SDBIP for improvement	None
		4.45 Submit monthly Section	12	3	Submit monthly	12	Achieved Section 71				No comments

		71 Report in terms of the MFMA before the 10th working day of each month			Section 71 reports	report were submitted on monthly basis to PT and NT before the 10 th of each month						of submission to PT and NT
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4.5 Unit/ department: Assets

National Outcome		A responsive and accountable, effective and efficient local government system									
NDP Objective		Developing a capable and Development State									
Provincial strategic Objective		Efficient Administration and Good Governance									
Pre- Determined IDP Objective		To improve overall financial Management by developing and implementing appropriate financial management policies, procedures and systems.									
Municipal strategic Priority		To ensure the effective and efficient management of municipal revenue and cash-flow according to national norms and standards.									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		Annual Target 2018/19	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Municipal Financial Viability and Management	Assets	4.46 Asset management strategy developed and submitted to Council, by 30 June 2019	1	0	Develop asset management strategy	Achieved Assets Policy has been submitted and approved by Council on the 31 st of May 2019.				No comments	Council resolution
		4.47 Trainings/workshops conducted on asset management, by 30 June 2019	0	0	Conduct one Trainings/workshops on asset management	Not Achieved	Due to the preparation of financial statements, training has not yet been conducted.	We anticipate rolling out training once preparation of financial statements has been finalised.		KPI is to be included in the 2019-20 SDBIP for improvement.	None
		4.48 Asset management Policy developed and submitted to Council, by 30 June 2019	1	1	Develop asset management policy	Achieved Assets Policy has been submitted and approved by Council on the 31 st of May 2019.				No comment	Council resolution
		4.49 Asset replacement Plan developed, and submitted to Council, by 30	1	0	Develop the asset replacement plan	Not Achieved	Technical Services responsible for the development			KPI is to be included in the 2019-20 SDBIP	Assets Replacement Plan and Council

		June 2019					of assets replacement plan			for improve ment.	resolutio n
		Compiled GRAP compliant Fixed Asset Register, by 30 June 2019	0	0	Compile a GRAP compliant Fixed Asset Register	Not Achieved				KPI is to be included in the 2019- 20 SDBIP for improveme nt.	FAR

4.6 Unit/ department: Financial accounting

National Outcome		A responsive and accountable, effective and efficient local government system									
NDP Objective		Developing a capable and Development State									
Provincial strategic Objective		Efficient Administration and Good Governance									
Pre- Determined IDP Objective		To improve overall financial Management by developing and implementing appropriate financial management policies, procedures and systems.									
Municipal strategic Priority		To ensure the effective and efficient management of municipal revenue and cash-flow according to national norms and standards.									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		Annual Target 2018/19	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
		4.50 Annual Financial statement for 2017/18 financial year tabled before MPAC on or before 18 August 2018	1	1	Table annual financial statements to MPAC	Not Achieved 2017/18 Annual Financial Statement will be submitted on the 15 th of August 2019	The Municipality was under the Administration and the preparation of AFS was behind by two Financial Years	The Municipality has already advertised for Compilation of 2018/19 financial year		No comment	MPA C AFS Minutes
		4.51 Financial statements submitted to AG on or before end August 2018	1	1	Submit Annual financial statement to AG	Achieved				No comment	AG Letter

Directorate: Corporate Services
Strategic plans, office of Director Corporate Services
Unit/ department: Legal admin, Record management and Facilities Management

National Outcome		A responsive and accountable, effective and efficient local government system									
NDP Objective		Developing a capable and Development State									
Provincial strategic Objective		Efficient Administration and Good Governance									
Pre- Determined IDP Objective		Promote a culture of participatory and good governance									
Municipal strategic Priority		To facilitate the optimal functioning of Council									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		Annual Target 2018/19	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Good Governance and Public Participation	Legal admin	5.1 % Agenda for council, executive committee and portfolio committees delivered on time (Council - 7 days and EXCO & Committees - 48 hours)	100%	100%	100% deliveries of agenda for Council, executive committee and portfolio committees delivered on time	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement	Screenshot or Attendance Register
		5.2 % of Council resolutions distributed to directorates within 5 working days after each Council meeting	100%	0%	100% distribution of Council resolution	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement	Attendance register
		5.3 Trainings/workshops organised and held for MPAC, and section 79 committee, by 30 June 2019	0	0	Organise and hold two, Trainings/workshops, for MPAC, and section 79 committee	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement	Invitation and Attendance Registers
		5.4 Telephone management plan developed, and	0	0	Develop Telephone management	KPI moved to ICT unit					

		approved by Council, by 30 June 2019			plan						
		5.5 Developed litigation strategy, and submit to Council for approval, by 30 June 2019	0	0	Develop a litigation strategy	Not Achieved	Draft litigation strategy has been developed by Cogta and will be circulated in due course.			KPI to be included in the 2019/20 SDBIP for improvement	litigation strategy and Council Resolution
		5.6 Audited existing municipal contracts, and reports submitted to the Accounting officer by 30 June 2019	0	0	100% Audit existing contracts and submit reports quarterly reports to the accounting officer	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement	Report on contracts to the AC
		5.7 Issued intention to terminate existing contracts without source document, by 30 June 2019	0	0	Issue intention to terminate existing contracts without source documents	Not Achieved	No contracts were terminated.			KPI to be included in the 2019/20 SDBIP for improvement	None
		5.8 Reports prepared on legal matters (Including litigations by the municipality, and against the municipality), and submitted to the accounting officer, by 30 June 2019	4	1	Prepare and submit 4 reports on legal matters (Including litigations by the municipality, and against the municipality)	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement	1 Report on Legal Matters
	Record management	5.9 Record management policy reviewed and submitted to council for approval, by 30 June 2019	1	0	Review the record management policy	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement	Records Management Policy and Council Resolution

		5.10 Workshops/training conducted on Record management, by 30 June 2019	0	0	Conduct two Workshops/trainings Record management	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement	Invitation and Attendance Register
		5.11 Reports prepared on record management submitted to the Accounting Officer, by 30 June 2019	4	2	Submit 4 reports on record management	Partially Achieved 1 Report was submitted on the 3 rd September 2018				KPI to be included in the 2019/20 SDBIP for improvement	1 Report
	Facilities management	5.12 Facilities management strategy developed and submitted to Council for approval, by 30 June 2019	1	0	Develop Facility management strategy	Not achieved		A situational Analysis conducted – Facility management Strategy to be developed.		KPI to be included in the 2019/20 SDBIP for improvement	Facility management strategy and council resolution
		5.13 Facilities maintenance plan developed and submitted to Council for approval, by 30 June 2019	1	0	Develop facilities maintenance plan	Not achieved				KPI to be included in the 2019/20 SDBIP for improvement	facilities maintenance plan and Council Resolution
		5.14 By-law for facility management developed and submit to Council by 30 June 2019	1	0	Develop a By-law, for facility management	Partially Achieved	Draft By-Law for facility Management has been developed.			KPI to be included in the 2019/20 SDBIP for improvement	Facility management By-Law and council resolution
		5.15 Facilities management policy developed and submitted to Council for approval, by 30 June 2019	1	0	Develop Facilities management policy	Not Achieved	Still conducting research on the development of the facility management policy			KPI to be included in the 2019/20 SDBIP for improvement	Facilities management policy and council resolution

		5.16 Reports prepared on facilities management submitted to the Accounting Officer, by 30 June 2019	4	1	Prepare and submit reports 4	Not Achieved	Facilities report was submitted through portfolio committee			KPI to be included in the 2019/20 SDBIP for improvement	n Reports
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5.2 Unit/ department: Human Resource Management

National Outcome		A skilled and capable workforce to support inclusive growth									
NDP Objective		Developing a capable and Development State									
Provincial strategic Objective		Efficient Administration and Good Governance									
Pre- Determined IDP Objective		Promote a culture of participatory and good governance									
Municipal strategic Priority		To ensure that the HR function responsibly forecast the future staffing needs and create plans for recruiting, hiring and retaining top talent.									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		Annual Target 2018/19	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Municipal Transformation and Institutional Development	Capacity building	5.17 Workplace skills development plan reviewed, and approved by Council, by 30 June 2019	1	0	Review the workplace skills development plan	Not Achieved	There is no assigned personnel on the position.	Directorate will assign a dedicated personnel to carry out the SDF duties.		KPI to be included in the 2019/20 SDBIP for improvement	workplace skills development plan and Council resolution
		5.18 WSP, annual training report (ATR) & PIVOTAL report compiled and submitted to LGSETA on or before 30 April 2019.	1	0	Compile and submit the WSP, annual training report (ATR) & PIVOTAL	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement	WSP, annual training report (ATR) & PIVOTAL report
		5.19 HR Strategy reviewed and approved by Council by 30 June 2019	1	0	Review the HR strategy	Partially Achieved.	Draft HR Strategy has been developed.			KPI to be included in the 2019/20 SDBIP for improvement	HR Strategy and council resolution
		5.20 Code of conduct for employees, reviewed and	1	0	Review the employees code of Conduct	Partially Achieved	Draft municipal code of conduct has been developed			KPI to be included in the 2019/20 SDBIP for	Draft Code of conduct

		submitted to Council for approval, by 30 June 2019								improvement	
		5.21 workshops/trainings for employees conducted on Code of conduct by 30 June 2019	0	0	Conduct 2 workshops/trainings on Code of conduct	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement	Invitation and attendance register
		5.22 Report on Full Time Equivalent posts on the organogram vacant, submitted to Council, by 30 June 2019	4	1	Prepare and submit a report on full time equivalent	Not Achieved	Municipal structure is still under reviewed pending the final report of prototype staff establishment which is currently conducted by CoGTA and Deloitte			KPI to be included in the 2019/20 SDBIP for improvement	Report
	KPI Moved to corporate services (HR)	4.24 Overtime policy reviewed and approved by Council, by 30 June 2019	1	0	Review the overtime policy	Partially Achieved	Draft overtime policy has been developed.			KPI to be included in the 2019/20 SDBIP for improvement	Overtime policy and council resolution
	Employee wellness	5.23 Reviewed occupational health and safety policy, by 30 June 2019	1	0	Review the occupational health and safety policy	Partially Achieved	Draft Occupational health and Safety policy has been developed.			KPI to be included in the 2019/20 SDBIP for improvement	Health and safety policy and council resolution
		5.24 employee wellness policy developed and approved by Council, by 30 June 2019	1	0	Develop employee wellness policy	Partially Achieved	Draft Employee Wellness strategy has been developed.			KPI to be included in the 2019/20 SDBIP for improvement	Employee wellness policy and Council Resolution

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5.25 Employee wellness strategy developed and approved by Council, by 30 June 2019	1	0	Develop employee wellness Strategy	Partially Achieved	Draft employee wellness strategy has been developed				KPI to be included in the 2019/20 SDBIP for improvement	Employee wellness strategy and council resolution
5.26 Employee wellness programmes conducted by 30 June 2019	4	1	Conduct 4 employee wellness programmes	Partially Achieved	Samsra games were held on the 22-29 September 2018 at Witbank.				KPI to be included in the 2019/20 SDBIP for improvement	Pictures
5.27 Awareness campaigns conducted on occupational health and safety, by 30 June 2019	0	0	Conduct 2 awareness campaigns on occupational health and safety	Partially Achieved					KPI to be included in the 2019/20 SDBIP for improvement	Attendance register
5.28 Health and safety inspections conducted and reports submitted to the Accounting Officer, by 30 June 2019	4	1	Conduct 4 health and safety inspections, and submit 4 reports	Partially Achieved	Educational workshop on HIV/AIDS was conducted on the 20 th September 2018 and distributions of condoms on all Units				KPI to be included in the 2019/20 SDBIP for improvement	Report
5.29 Health and healthy committee meetings held, by 30 June 2019	4	2	Hold 4 Health and healthy committee meetings	Partially Achieved					KPI to be included in the 2019/20 SDBIP for improvement	Attendance register and Minutes

Labour relations	5.30 LLF meetings held, by 30 June 2019	4	3	Hold 4 LLF meetings	Partially Achieved LLF Meeting held on the 27 th August 2018 and on 22 November 2018.				KPI to be included in the 2019/20 SDBIP for improvement	Attendance register and minutes
	5.31 Reports prepared on disputes and grievances submitted to the Accounting Officer, by 30 June 2019	4	2	Prepare and submit monthly reports on disputes and grievances	Partially Achieved	1 Report on disciplinary case of Amanda Hadebe has been prepared and submitted to the AO. On the 14 th August 2019.			KPI to be included in the 2019/20 SDBIP for improvement	reports
	5.32 Reports prepared and submitted to the accounting officer, on disciplinary cases, by 30 June 2019	0	0	Prepare and submit monthly reports	Partially Achieved 1 report on disciplinary case of Amanda Hadebe has been prepared and submitted to the Accounting officer on 14 th August 2018 And a report on the disciplinary case of Mr Tshepang Motloung has been prepared				KPI to be included in the 2019/20 SDBIP for improvement	Reports and proof of submission
	5.33 Developed disciplinary action strategy, in line with legislation, and submit to	0	0	Develop disciplinary action strategy	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement	disciplinary action strategy and Council resolution

	Council for approval, by 30 June 2019									
	5.34 Developed disciplinary enforcement strategy, and submit to Council for approval by 30 June 2019	0	0	Develop disciplinary enforcement strategy	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement	disciplinary enforcement strategy and council resolution
	5.35 Trainings/workshops organized and held for managers and supervisors on disciplinary procedures, by 30 June 2019	0	0	Organize and hold 2 Trainings/workshops for managers and supervisors on disciplinary procedures	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement	Invitation and Attendance Register
	5.36 Trainings/workshops organized and held for Councillors on disciplinary procedures, by 30 June 2019	0	0	Organize and hold 2 Trainings/workshops for Councillors on disciplinary procedures	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement	Invitation and Attendance Register

5.3 Unit/ department: Security Management

National Outcome		A responsive and accountable, effective and efficient local government system									
NDP Objective		Developing a capable and Development State									
Provincial strategic Objective		Efficient Administration and Good Governance									
Pre- Determined IDP Objective		To improve overall safety of municipal facilities and asserts									
Municipal strategic Priority		To ensure the effective and efficient safety of municipal asserts.									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		Annual Target 2018/19	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Municipal Transformation and Institutional Development	Security	5.37 Security management policy developed and approved by Council, by 30 June 2019	1	0	Develop security policy	Partially Achieved	Draft Security policy have been developed			KPI to be included in the 2019/20 SDBIP for improvement	Security policy
		5.38 Security management strategy developed and approved by Council, by 30 June 2019	1	0	Develop security management strategy	Not Achieved	SSA to be commissioned to do a full security assessment for the Municipality			KPI to be included in the 2019/20 SDBIP for improvement	security management strategy and council resolution
		5.39 Reports prepared on security management incidents submitted to Accounting Officer, by 30 June 2019	4	1	Prepare and submit monthly reports on security management incidents	Partially achieved					KPI to be included in the 2019/20 SDBIP for improvement

5.4 Unit/ department: Information and Communication Technologies (ICT)

National Outcome		A responsive and accountable, effective and efficient local government system									
NDP Objective		Developing a capable and Development State									
Provincial strategic Objective		Efficient Administration and Good Governance									
Pre- Determined IDP Objective		Promote a culture of participatory and good governance									
Municipal strategic Priority		To ensure a fully functional ICT.									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		Annual Target 2018/19	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Municipal Transformation and Institutional Development	ICT	5.40 ICT Disaster Recovery Plan developed and approved by Council, by 30 June 2019	1	0	Develop ICT Disaster Recovery Plan	Not Achieved				Unit is to provide reasons for non-performance and corrective measure to be taken.	ICT Disaster Recovery Plan
		5.41 Developed municipal website, by 30 June 2019	1	0	Develop a Municipal website	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement	Municipal website screens hot
		5.42 Developed website management strategy by 30 June 2019	1	0	Develop a website management strategy	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement	website management strategy
		5.43 Developed website management policy by 30 June 2019	1	0	Develop a website management policy	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement	website management policy
		4.44 Developed municipal website operations and maintenance plan, by 30 June 2019	1	0	Develop operations and maintenance plan, for the Municipal website	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement	operations and maintenance plan

		5.45 Telephone management plan developed, and approved by Council, by 30 June 2019	1	0	Develop Telephone management plan	Not Achieved					KPI to be included in the 2019/20 SDBIP for improvement	Telephone management plan
		5.46 Developed Electronic records management system, by 30 June 2019	1	0	Develop Electronic records management system	Not Achieved					KPI to be included in the 2019/20 SDBIP for improvement	Electronic records management system
		5.47 Developed Municipal electronic complain management system, by 30 June 2019	1	0	Develop a Municipal electronic complain management system	Not Achieved					KPI to be included in the 2019/20 SDBIP for improvement	Municipal electronic complain management system
		5.48 ICT Business Continuity Plan (BCP) developed and approved by Council, by 30 June 2019	1	0	Develop ICT Business Continuity Plan (BCP)	Not Achieved					KPI to be included in the 2019/20 SDBIP for improvement	ICT Business Continuity Plan (BCP)
		5.49 Maintenance procedures developed, by 30 June 2019 to ensure that system software is controlled.	1	0	Develop Maintenance procedures	Not Achieved					KPI to be included in the 2019/20 SDBIP for improvement	Maintenance procedures
		5.50 Systems performance reports submitted to the Accounting Officer and CFO, by 30 June 2019	1	0	Submit 12 Monthly reports on systems performance	Not Achieved					KPI to be included in the 2019/20 SDBIP for improvement	Reports
		5.51 % of ICT complaints, attended with 24 hours, by 30 June	1	0	Attend all ICT complaints with 24 Hours	Not Achieved					KPI to be included in the 2019/20 SDBIP for	ICT complaints Register

		2019								improvement	r
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Directorate: Community Services
Strategic plans, office of Director Community services
Unit/ department: Environmental Management

National Outcome		Sustainable human settlements and improved quality of household life									
NDP Objective		Environmental Sustainability and Resilience									
Provincial strategic Objective		Sustainable Rural Development									
Pre-Determined IDP Objective		Broaden access and improve quality of municipal services									
Municipal strategic Priority		Broaden access and improve quality of municipal services									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		Annual Target 2018/19	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Basic Service Delivery		6.1 % of households with access to basic refuse removal one a week, by 30 June 2019	1	0	100 %, refuse removal services extended to households once a week	Partially Achieved	Refuse removal was not done due to employees strike	Refuse removal schedule is available		KPI to be included in the 2019/20 SDBIP for improvement .	Removal schedule
		6.2 % of Business, public entities and industries with access to refuse removal twice a week, by 30 June 2019	0	0	100 %, refuse removal services extended to Business, public entities and industries, twice a week	Partially Achieved	Refuse removal was not done due to employees strike	Refuse removal schedule is available		KPI to be included in the 2019/20 SDBIP for improvement .	Removal plan
		6.3 Reviewed integrated waste management plan, and	0	0	Review the integrated waste management Plan	Partially Achieved	Lack of capacity	A request letter was submitted to DEA/DESTEA and the meeting was supposed to be held on the		KPI to be included in the 2019/20 SDBIP for improvement .	Draft integrated waste management plan

		approved by Council by 30 June 2019						28 November 2018 but was rescheduled for January 2019 due to illegal strike			
		6.4 Developed waste management By-law, approved by Council, by 30 June 2019	0	0	Develop a waste management By-law	Partially Achieved	Draft Waste Management By Law is available with the assistance from MISA and has been submitted to Management			KPI to be included in the 2019/20 SDBIP for improvement .	Draft Waste Management By Law
		6.5 Environment management policy developed and approved by Council, by 30 June 2019	1	0	Develop environment management policy	Not achieved	Lack of capacity			KPI to be included in the 2019/20 SDBIP for improvement .	environment management policy
		6.6 Environment management Strategy developed and approved by Council, by 30 June 2019	1	0	Develop environment management strategy	Not achieved	Lack of capacity			KPI to be included in the 2019/20 SDBIP for improvement .	environment management strategy
		6.7 Open space management By-Law, developed and approved by Council, by 30 June	1	0	Develop a By-law on open space management	Partially Achieved	Draft open space management By Law is available	Submit the Draft By-law to Council for approval		KPI to be included in the 2019/20 SDBIP for improvement .	Open space management By Law Attached

		2019				yet.					
		6.8 Developed Environment cemeteries management By-Law, approved by Council, by 30 June 2019	0	0	Develop Environment management By-Law	Partially Achieved	Draft Environment cemetery management By Law is available with the assistance from MISA	Submit the Draft By-law to Council for approval		KPI to be included in the 2019/20 SDBIP for improvement .	Draft Environment Cemetery Management By Law
		6.9 Consolidated Land fill sites operation and maintenance plan (for all units) developed and approved by Council, by 30 June 2019	1	0	Develop a Land fill sites operations and maintenance plan	Partially Achieved Draft Operations and Management Plan is available				KPI to be included in the 2019/20 SDBIP for improvement .	Draft OMP
		6.10 Consolidated Parks operations and maintenance plan developed (for all units) and approved by Council, by 30 June 2019.	1	0	Develop parks operations and maintenance plan	Partially Achieved	Submission was not done but Draft operation and maintenance plan is available			KPI to be included in the 2019/20 SDBIP for improvement .	Draft OMP
		6.11 Consolidated Cemeteries operations and	1	0	Develop cemeteries operations and maintenance plan	Not Achieved	Lack of capacity	Follow up will be made on the request		KPI to be included in the 2019/20 SDBIP for improvement	Letter of request

		maintenance plan developed and approved by Council by 30 June 2019									
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Unit/ department: Social Development and Disaster Management

National Outcome		A responsive and accountable, effective and efficient local government system									
NDP Objective		Developing a capable and Development State									
Provincial strategic Objective		Efficient Administration and Good Governance									
Pre- Determined IDP Objective		Build united non-racial, integrated and safer communities.									
Municipal strategic Priority		To optimize community participation in social development initiatives									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		2018/19 Annual Target	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Basic Service Delivery	Sport arts and culture;	6.12 Established sports arts and culture forum by 30 June 2019	1	0	Establish sports arts and culture forum	Not Achieved	Vacant post and lack of funds to transport members of the forum.	Urgently fill the post		KPI to be included in the 2019/20 SDBIP for improvement	Invitation and Attendance Register
		6.13 Sport arts and culture forums meetings held, by 30 June 2019	1	0	Hold 4 meetings of Sport arts and culture forum	Not Achieved	Lack of adequate funding. Budget depleted earlier in the beginning of the financial year.	Adequate budget funding		KPI to be included in the 2019/20 SDBIP for improvement	Invitation and Attendance Register
		6.14 Sport arts and Culture programmes held, by 30 June 2019	2	1	Hold 2 Sport arts and Culture programmes	Not Achieved	Vacant post	Urgently fill the post		KPI to be included in the 2019/20 SDBIP for improvement	Invitation and Attendance Register
		6.15 Sport arts and culture development policy developed and approved by Council, by 30 June 2019	1	0	Develop Sport arts and culture development policy	Not Achieved	Vacant post	Urgently fill the post		KPI to be included in the 2019/20 SDBIP for improvement	Sport arts and culture development policy and Council Resolution
		6.16 Sport arts and culture development strategy developed and	1	0	Develop Sport arts and culture development strategy	Not achieved				KPI to be included in the 2019/20 SDBIP for improvement	Sport arts and culture development

	approved by Council, by 30 June 2019									strategy and Council resolution	
Social Development	6.17 Woman, children and people with disability development policy developed and approved by Council, by 30 June 2019	1	0	Develop a policy for development Woman, children and people with disability	Not achieved	Misalignment of budget and unclear reporting lines	Still awaiting the response of SALGA regarding the development of the policy.			KPI to be included in the 2019/20 SDBIP for improvement	Policy and Council resolution
	6.18 Woman, children and people with disability development Strategy developed and approved by Council, by 30 June 2019	1	0	Develop a Strategy for development Woman, children and people with disability	Not achieved	Misalignment and unclear reporting lines				KPI to be included in the 2019/20 SDBIP for improvement	Strategy and Council resolution
	6.19 Awareness campaigns on children rights held, by 30 June 2019	4	0	Hold one campaign on children rights	Not Achieved					KPI to be included in the 2019/20 SDBIP for improvement	Attendance Register
	6.20 Awareness campaigns on Disability held, by 30 June 2019	4	0	Hold one awareness campaign on disability	Not Achieved					KPI to be included in the 2019/20 SDBIP for improvement	Attendance Register
	6.21 Programmes for Older Persons, focusing on day care and residential care, held by 30 June 2019	0	0	Hold one programme	Not Achieved					KPI to be included in the 2019/20 SDBIP for improvement	Invitation and Attendance Register

6.22 Programmes for Persons with Disability, focusing on day care and residential care, held by 30 June 2019	0	0	Hold one programme	Partially Achieved				Evidence provided cannot be verified. KPI to be included in the 2019/20 SDBIP for improvement .	Attendance register
6.23 Programmes empowering families such as parenting programmes, held by 30 June 2019	0	0	Hold one programme	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement .	Attendance register
6.24 Programmes for children in need of care and protection, held by 30 June 2019	0	0	Hold two programmes	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement .	Invitation and Attendance Register
6.25 Programmes for abused and neglected children, held by 30 June 2019	0	0	Hold two programmes	Partially Achieved One programme was held				KPI to be included in the 2019/20 SDBIP for improvement .	Attendance register
6.26 Programmes for Orphans and vulnerable children addressing Psychosocial Support services, held by 30 June 2019	0	0	Hold 4 programmes	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement .corrective measures to improve performance .	Invitation and Attendance Register
6.27 Programmes supporting Early	0	0	Hold 4 programmes	Not Achieved	Lack of resources			KPI to be included in the 2019/20	Invitation and Attendance

	Childhood Development, held by 30 June 2019								SDBIP for improvement	ce Register
	6.28 Programmes focusing on prevention and reduction of crime for adults and children, held by 30 June 2019	0	0	Hold programmes 4	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement	Invitation and Attendance Register
	6.29 Programmes focusing on supporting Victims of Crime and Violence	0	0	Hold programmes 4	Not Achieved	Meeting was held with the social worker to work hand in hand in this regard			KPI to be included in the 2019/20 SDBIP for improvement	Invitation and Attendance Register
	6.30 Programmes focusing on Human trafficking, held by 30 June 2019	0	0	Hold programmes 2	KPI removed					
	6.31 Programmes focusing on men issues around domestic violence etc, held by 30 June 2019	0	0	Hold programmes 2	Not Achieved	It has proven very difficult to conduct this programme because the targeted group is unwilling to participate			KPI to be included in the 2019/20 SDBIP for improvement	Invitation and Attendance Register
	6.32 Programmes focusing on prevention of Substance Abuse, held by 30 June 2019	0	0	Hold programmes 4	Not Achieved	Shortage of resources	To be held during the third quarter		KPI to be included in the 2019/20 SDBIP for improvement	Invitation and Attendance Register
Disaster Management	6.33 Disaster management policy developed and approved by	1	0	Develop a Disaster Management policy	Not Achieved	Urgently fill the post			KPI to be included in the 2019/20 SDBIP for	Disaster Management policy

	Council, by 30 June 2019								improvement .	and council resolution
	6.34 Disaster management Plan developed and approved by Council, by 30 June 2019	1	0	Develop a disaster management plan	Not achieved	Post vacant			KPI to be included in the 2019/20 SDBIP for improvement .	disaster management plan and council resolution
	6.35 Climate Change Response Plan developed, and approved by Council, by 30 June 2019	1	0	Develop a Climate Change Response Plan	Not achieved				KPI to be included in the 2019/20 SDBIP for improvement .	Climate Change Response Plan and council resolution
	6.36 Developed Fire management plan, approved by council, by 30 June 2019	0	0	Develop a Fire management plan	Not Achieved	No capacity we are assisted by Fezile Dabi			KPI to be included in the 2019/20 SDBIP for improvement .	Fire management plan and council resolution
	6.37 Disaster management public awareness and training, conducted by 30 June 2019	0	0	Conduct public awareness and training on Disaster management	Not Achieved	Budget constrains			KPI to be included in the 2019/20 SDBIP for improvement .	Invitation and Attendance Register
	6.38 Developed disaster response and recovery plan, approved by Council, by 30 June 2019	0	0	Develop a disaster response and recovery plan	Not Achieved	No capacity	We are going to establish the forum during third quarter that is going to come up with a disaster recovery plan. The matter will also be		KPI to be included in the 2019/20 SDBIP for improvement .	disaster response and recovery plan and Council Resolutions

								discussed in the meeting of the 5 th February 2019.			
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6.2 Unit/ department: Local Economic Development (LED, Agriculture and Tourism)

National Outcome		Decent employment through inclusive economic growth									
NDP Objective		Economy and Development									
Provincial strategic Objective		Inclusive Economic growth and sustainable job creation;									
Pre- Determined IDP Objective		Create an environment that promotes the development of the local economy and facilitate job creation.									
Municipal strategic Priority		Create an environment that promotes the development of the local economy and facilitate job creation.									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		2018/19 Annual Target	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Local Economic Development Agricultural Development	Business Development; SMME's Development; Tourism; and agriculture Development	6.39 Reviewed of LED Forum, by 30 June 2019	1	0	Review the LED forum	Not Achieved	Instability in the municipality and lack of working equipment	Stability and availability of working equipment		KPI to be included in the 2019/20 SDBIP for improvement.	Invitation and Attendance register
		6.40 LED forum meetings held, by 30 June 2019	1	0	Hold 4 LED forum meetings	Not Achieved	There's no LED Forum	Formation of LED Forum		KPI to be included in the 2019/20 SDBIP for improvement.	Invitation and Attendance register
		6.41 Established local service providers forum, by 30 June 2019	0	0	Establish a local service providers forum	Not Achieved	There's no local service providers forum	Formation of service providers forum		KPI to be included in the 2019/20 SDBIP for improvement.	Invitation and Attendance register
		6.42 Service providers forum, meetings held, by 30 June 2019	0	0	Hold 4 service providers forums	Not Achieved	There's no local service providers forum	Formation of service providers forum		KPI to be included in the 2019/20 SDBIP for improvement.	Invitation and Attendance register
		6.43 LED strategy reviewed and approved by Council, by	1	0	Review the LED strategy	Not Achieved	LED strategy to be reviewed and submitted to Council for approval	Service provider to draft and submit the LED Strategy to		KPI to be included in the 2019/20 SDBIP for improvement.	Invitation and Attendance register

30 June 2019							Council			
6.44 Tourism strategy reviewed and approved by Council, by 30 June 2019	1	0	Review the Tourism development strategy	Not Achieved	Tourism strategy to be reviewed and submitted to Council for approval	Service provider to draft and submit the Tourism Strategy to Council		KPI to be included in the 2019/20 SDBIP for improvement.	Tourism development strategy and Attendance Register	
6.45 Agriculture development strategy reviewed and approved by Council, by 30 June 2019	1	0	Review the agriculture development strategy	Not Achieved	Agriculture development strategy to be reviewed and submitted to Council for approval	Service provider to draft and submit the Tourism Strategy to Council		KPI to be included in the 2019/20 SDBIP for improvement.	agriculture development strategy and council resolution	
6.46 SMME development plan reviewed and approved by Council, by 30 June 2019	1	0	Review the SMME's development plan	Not Achieved	SMME development plan to be reviewed and submitted to Council for approval	Service provider to draft and submit the Tourism Strategy to Council		KPI to be included in the 2019/20 SDBIP for improvement.	SMME's development plan and council resolution	
6.47 Developed By-law, in relation to Formal and informal trading, and approved by Council, by 30 June 2019	0	0	Develop a By-law for formal and informal trading	Partially Achieved	At draft level	Ensure that public participation takes place and get comments from the community		KPI to be included in the 2019/20 SDBIP for improvement.	Formal and informal trading By-law as well as council resolutions	
6.48 Developed By-law, in relation to	0	0	Develop a By-law for street trading	Partially Achieved	At draft level	Ensure that public participation takes place		KPI to be included in the 2019/20 SDBIP for	Draft Street Trading By law	

street trading, and approved by Council, by 30 June 2019						and get comments from the community		improvement.	and council resolutions
6.49 Business Development Policy reviewed, and approved by Council, by 30 June 2019	0	0	Review the business development policy	Not Achieved	Instability in the municipality	Ensure that the Service provider comply with the KPI		KPI to be included in the 2019/20 SDBIP for improvement.	business development policy and council resolutions
6.50 LED programmes conducted, by 30 June 2019	4	1	Conduct LED programmes	Not Achieved				KPI to be included in the 2019/20 SDBIP for improvement.	Attendance register
6.51 Reviewed commonage management committee, by 30 June 2019	0	0	Review the commonage management committee	Not Achieved	Commonage Management Committees were disbanded	Commonage management committees to be established		KPI to be included in the 2019/20 SDBIP for improvement.	Invitation and attendance register
6.52 Commonage management committee meetings held, by 30 June 2019	0	0	Hold commonage management committee meetings	Not Achieved	Commonage management committees to be established			KPI to be included in the 2019/20 SDBIP for improvement.	Invitation and attendance register
6.53 Developed commonage management strategy, approved by Council, by 30 June 2019	0	0	Develop commonage management strategy	Not Achieved	Develop commonage management strategy, approved by Council			KPI to be included in the 2019/20 SDBIP for improvement.	commonage management strategy and Council resolution

KPI's added	6.54 Developed commonage management policy, approved by Council, by 30 June 2019	0	0	Develop a commonage management policy	Not Achieved	Develop commonage management policy, approved by Council			KPI to be included in the 2019/20 SDBIP for improvement.	common age management policy and council resolution
	6.55 Developed commonage management By-law, approved by Council, by 30 June 2019	0	0	Develop a By-law on Commonage management	Not Achieved	Develop commonage management By-law, approved by Council			KPI to be included in the 2019/20 SDBIP for improvement.	By-law on Common age management and council resolutions
	6.56 Programmes focusing on Poverty reduction within Communities, Households and individuals, conducted by 30 June 2019	0	0	Conduct 4 Programmes focusing on Poverty reduction within Communities, Households and individuals	Not Achieved	Item to Council for poverty alleviation in Tweeling financed by Department of Agriculture and Rural Development			KPI to be included in the 2019/20 SDBIP for improvement.	Invitation and council resolution
	6.57 Programmes focusing on empowerment of youth in income generating projects, conducted by 30 June 2019	0	0	Conduct 4 Programmes focusing empowerment of youth in income generating projects	Not Achieved	Programmes focusing on empowerment of youth in income generating projects to be implemented			KPI to be included in the 2019/20 SDBIP for improvement.	Invitation and council resolution
	6.58 Established	0	0	Establish a local tourism	Not Achieved	Local tourism forum to be			KPI to be included in the	Invitation and

	Tourism Forum by 30 June 2019			forum		established			2019/20 SDBIP for improvement.	Attendance Register
	6.59 Tourism Forum meetings held, by 30 June 2019	0	0	Hold 4 tourism meetings	Not Achieved	Local tourism forum to be established			KPI to be included in the 2019/20 SDBIP for improvement.	Invitation and Attendance Register

Directorate: Infrastructure Services
Unit/ department: Water

National Outcome		Sustainable human settlements and improved quality of household life									
NDP Objective		Environmental Sustainability and Resilience									
Provincial strategic Objective		Sustainable Rural Development									
Pre-Determined IDP Objective		Broaden access and improve quality of municipal services									
Municipal strategic Priority		Broaden access and improve quality of municipal services									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		Annual Target 2018/19	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Basic Service Delivery	Water	7.1 % of households with access to basic level of water service standard, by 30 June 2019	100%	86%	100% access to basic level of water service standard, to households	Partially Achieved		Refurbishment of Frankfort WTW is under construction to ensure optimal operation in order to meet households' water supply demand.		KPI to be included in the 2019/20 SDBIP for improvement.	Acknowledgement Letters Per Ward.
		7.2 Replaced dysfunctional water meters, by 30 June 2019	0	0	Replace 5000, dysfunctional water meters	Not Achieved The WC/WDM study has been completed	Funding needed to audit and replace dysfunctional meters	Preparation of Business Plan for sourcing of funds		KPI to be included in the 2019/20 SDBIP for improvement.	Dysfunctional water meters register and certificate of completion of new meters installed.
		7.3 Water infrastructure operations and maintenance plan developed and approved	1	0	Develop water infrastructure operations and maintenance plan	Not achieved	DBSA has approved development of the Water Services Master Plans	Fast-track the project implementation.		KPI to be included in the 2019/20 SDBIP for improvement.	water infrastructure operations and maintainan

by Council, by 30 June 2019					(WSMP) in the 2019/20 FY. Inception meeting was held on 16 May 2019.				ce plan and Council resolution
7.4 Water Service Development Plan developed and approved by Council, by 30 June 2019	1	0	Develop water services development plan	Not achieved	DBSA has approved development of the Water Services Master Plans (WSMP) in the 2019/20 FY. Inception meeting was held on 16 May 2019.	Fast-track the project implementation.		KPI to be included in the 2019/20 SDBIP for improvement.	Minutes and Attendance register DBSA Meeting
7.5 Water conservation and demand management Plan developed and approved by Council, by 30 June 2019	1	0	Develop a water conservation and demand management plan	Achieved				No comment	Water Conservation and demand management plan.
7.6 % Reported water leaks repaired within 48 hours, by 30 June 2019	100%	100%	Repair all reported water leaks within 24 Hours	Achieved				No comment	Monthly report and log book
7.7 Awareness campaigns on water conducted, by 30 June 2019	4	0	Conduct 4 awareness campaigns	Achieved.				No comment	Attendance Register
7.8 Reports prepared on the status of water infrastructure submitted to Accounting	4	1	Prepare and submit 4 reports	Achieved.				No comment	Reports

Officer, by 30 June 2019									
7.9 Water quality blue drop status reports submitted to the accounting officer, by 30 June 2019	0	0	Submit monthly reports on water quality	Achieved				No comment	Reports
7.10 By-law water management developed and approved, by Council, by 30 June 2019	0	0	Develop a By-Law, on water management	Partially achieved		Ward based consultations planned for June 2019.		KPI to be included in the 2019/20 SDBIP for improvement.	By-Law, on water management and council resolution

7.2 Unit/ department: Sanitation

National Outcome		Sustainable human settlements and improved quality of household life									
NDP Objective		Environmental Sustainability and Resilience									
Provincial strategic Objective		Sustainable Rural Development									
Pre- Determined IDP Objective		Broaden access and improve quality of municipal services									
Municipal strategic Priority		Broaden access and improve quality of municipal services									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		Annual Target 2018/19	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Basic Service Delivery	Sanitation	7.11 % of households with access to basic sanitation service standard, by 30 June 2019	100%	76%	100 % access to basic sanitation service standard	Partially Achieved		Refurbishment of Frankfort WTW is under construction to ensure optimal operation in order to address household's water supply demand.		KPI to be included in the 2019/20 SDBIP for improvement.	Acknowledgement forms per ward.
		7.12 Sanitation infrastructure operations and maintenance plan developed and approved by Council, by 30 June 2019	1	1	Develop Sanitation infrastructure operations and maintenance plan	Not achieved	Request was made to both MISA & DBSA but it was unsuccessful	DBSA committed to assist once the WSMP & WSDP are complete.		KPI to be included in the 2019/20 SDBIP for improvement.	None
		7.13 % Reported sewage blockages repaired within 48 hours, by 30	100%	76%	100% repair of all reported sewage blockages	Partially Achieved				KPI to be included in the 2019/20 SDBIP for improvement.	Reports and log book

June 2019									
7.14 Awareness campaigns on sanitation conducted, by 30 June 2019	4	0	Conduct awareness campaigns on sanitation	4 Partially Achieved				KPI to be included in the 2019/20 SDBIP for improvement.	Attendance Register
7.15 Water quality green drop status reports submitted to the accounting officer, by 30 June 2019	0	0	Submit monthly reports on water quality	Achieved				No comment	Reports
7.16 By-law on Sanitation developed and submitted to Council, by 30 June 2019	0	0	Develop a By-law on sanitation	Partially achieved Currently still in draft		Ward based consultations planned for 2019/20 FY.		KPI to be included in the 2019/20 SDBIP for improvement.	By Law and Council resolution

Unit/ department: Electricity

National Outcome		Sustainable human settlements and improved quality of household life									
NDP Objective		Environmental Sustainability and Resilience									
Provincial strategic Objective		Sustainable Rural Development									
Pre- Determined IDP Objective		Broaden access and improve quality of municipal services									
Municipal strategic Priority		Broaden access and improve quality of municipal services									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		2018/19 Annual Target	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Basic Service Delivery	Electricity	7.17 % of households with access to basic electricity service standard, by 30 June 2019	93%	70%	93% households access to basic electricity service standard	Achieved				No comment	Acknowledgement Letters per household, per ward
		7.18 Energy master plan developed and submitted to Council for approval by 30 June 2019	1	0	Develop the energy master plan	Not achieved	The electricity function has been outsourced to Rural FS and the master plan must be prepared by Rural FS. Rural refusing to release the Master Plan citing contractual breach			KPI to be included in the 2019/20 SDBIP for improvement.	energy master plan and council resolution
		7.19 Rural Maintenance electricity status report, submitted to Council, by 30 June 2019	0	0	Submit 4 reports on status of electricity	Achieved				No comments	Reports
		7.20 Facilities electricity	0	0	Develop Facilities	Not Achieved	Insufficient skill and internally	MISA and Municipal		No comments	Facilities electricity

	infrastructure operations and maintenance plan developed and approved by Council, by 30 June 2019			electricity infrastructure operations and maintenance plan		MISA has one electrical engineer which assists all municipalities in FS and this makes it difficult to get achieve the KPI.	electrical team to compile the O & M plan in consultation with Rural in the development of the master plan			infrastructure operations and maintenance plan developed and Council Resolution
	7.21 By-law on electricity, developed and submitted to council, by 30 June 2019	0	0	Develop a By-law on electricity	Partially Achieved	Inputs received from Rural Maintenance have been addressed.	Public consultation to be done in the next FY		Unit is to provide evidence	Electricity By-Law and council resolution

Unit/ department: Roads and storm water

National Outcome		Sustainable human settlements and improved quality of household life									
NDP Objective		Environmental Sustainability and Resilience									
Provincial strategic Objective		Sustainable Rural Development									
Pre- Determined IDP Objective		Broaden access and improve quality of municipal services									
Municipal strategic Priority		Broaden access and improve quality of municipal services									
Key Performance Area	Program mes	Key performance Indicator	2017/18 Annual Target		Annual Target 2018/19	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Basic Service Delivery	Roads and storm water	7.22 Road and storm water infrastructure. Operation and maintenance plan developed and approved by Council, by 30 June 2019	1	0	Develop Operation and maintenance plan for Road and storm water infrastructure	Not achieved				KPI to be included in the 2019/20 SDBIP for improvement .	Operatio n and maintena nce plan for Road and storm water infrastruc ture and council resolutio n
		7.23 Developed roads and storm water master plan, approved by Council, by 30 June 2019	1	0	Develop a master plan for roads and storm water master plan,	Not achieved	Municipality is relying on external assistance due to its financial constraints. Request letter has been forwarded to both MISA and DBSA for assistance but no feedback received.	DBSA verbally indicated they will consider the application once the water services master plans have been completed.		KPI to be included in the 2019/20 SDBIP for improvement .	Letter of Request
		7.24 By-law for roads and	0	0	Develop a By-law, for roads	Partially achieved	Draft done but public	Public consultation to be		KPI to be included in	Draft Roads

		storm water management, developed and submitted to council, by 30 June 2019			and storm water management		consultations in all wards still to be done. Awaiting comments or inputs from Provincial department	done in the next FY		the 2019/20 SDBIP for improvement	and Streets By Laws and council resolution
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7.5 Unit/ department: Project Management

National Outcome		Sustainable human settlements and improved quality of household life									
NDP Objective		Environmental Sustainability and Resilience									
Provincial strategic Objective		Sustainable Rural Development									
Pre- Determined IDP Objective		Broaden access and improve quality of municipal services									
Municipal strategic Priority		Broaden access and improve quality of municipal services									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		2018/19 Annual Target	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Basic Service Delivery	Project management	7.25 Service level agreements developed for all appointed service providers, by 30 June 2019	0	0	Develop Service level agreements for all appointed service providers	Partially Achieved	Tender documents signed by all parties serve as a binding contract.	Facilitate or engage SCM for the development and signing of SLA		KPI to be included in the 2019/20 SDBIP for improvement	Register/ Report
		7.26 Projects implementation plans, Developed and approved by the Accounting officer, by 30 June 2019	12		Develop projects implementation plans	Achieved				No comment	Approved Project implementation plan
		7.27 Reports compiled and submitted to the accounting officer, on the implementation of Projects plans, by 30 June 2019	4	0	Compile and submit 4 reports	Partially Achieved		Expedite the signing of Implementation Plans on time/ before submission due date.		KPI to be included in the 2019/20 SDBIP for improvement	Reports
		7.28 Terms of reference, for each appointed	1	1	Develop terms of reference for each	Partially Achieved	Tender documents signed by all parties	Facilitate or engage SCM for the development and		KPI to be included in the 2019/20	Tender documents

	service provider developed, by30 June 2019		appointed service provider		serve as a binding contract.	signing of SLA		SDBIP for improvement .
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7.6 Unit/ department: Urban Planning

National Outcome		Sustainable human settlements and improved quality of household life									
NDP Objective		Transforming Human Settlements									
Provincial strategic Objective		Sustainable Rural Development									
Pre- Determined IDP Objective		Build united non-racial, integrated and safer communities.									
Municipal strategic Priority		Building/Developing integrated human settlements									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		2018/19 Annual Target	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Municipal Transformation and Institutional Development	Urban Planning	7.29 Spatial development framework (SDF) reviewed and approved by Council, by 30 June 2019	1	0	Review the Spatial development framework (SDF)	Partially Achieved Process plan approval By Council SDF document still needs to be reviewed.	The project had been restarted from the beginning for SPLUMA Compliance ,from 1 st July 2019 to 30 June 2020			KPI to be included in the 2019/20 SDBIP for improvement .	Attendance register, council resolution
		7.30 Integrated human settlement Development plan developed and approved by Council, by 30 June 2019	1	0	Develop the Integrated human settlement Development plan	Not Achieved	This is a Human Settlement (Housing) Sector Plan that will be addressed under housing unit below.			KPI to be included in the 2019/20 SDBIP for improvement .	integrated human settlement Development plan and council resolution
		7.31 Land use management plan, developed and approved by Council, by 30 June 2019	0	0	Develop the land use management plan	Not Achieved	LUS (Land Use Scheme) is prepared by LMV But not in possession of the municipality due to non-payment to the service provider			KPI to be included in the 2019/20 SDBIP for improvement .	Email Communications with regard to invoice payment to LMV

		7.32 Land use management policy, developed and approved by Council, by 30 June 2019	0	0	Develop the land use management policy	Not Achieved	LUS (Land Use Scheme) is prepared by LMV But not in possession of the municipality due to non-payment to the service provider			KPI to be included in the 2019/20 SDBIP for improvement .	Land use management policy and Council Resolution
		7.33 By-law in relation to land use management, developed and approved by Council, by 30 June 2019	0	0	Develop a By-law for land use management	Achieved				No comment	By-laws
		7.34 By-law in relation to the management and control of informal settlements, developed and approved by Council, by 30 June 2019	0	0	Develop a By-law on management and control of informal settlements	Partially Achieved		Informal Settlement by-law are developed, they are sent to provincial departments for comments, and will be sent to Council for approval after the consolidation of comments		KPI to be included in the 2019/20 SDBIP for improvement .	Draft informal settlement by-law
		7.35 % of Re-zonings, subdivisions and consolidation applications received and evaluated by MLM comments submitted to Municipal	1	0	100%, evaluation of application received	Achieved	An updated spreadsheet on all received Land Development Applications and the status quo is attached.			No comment	An updated spreadsheet on all received Land Development Applications

		Planning Tribunals, by 30 June 2019									
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7.7 Unit/ department: Housing

National Outcome		Sustainable human settlements and improved quality of household life									
NDP Objective		Transforming Human Settlements									
Provincial strategic Objective		Sustainable Rural Development									
Pre- Determined IDP Objective		Build united non-racial, integrated and safer communities.									
Municipal strategic Priority		Building/Developing integrated human settlements									
Key Performance Area	Programmes	Key performance Indicator	2017/18 Annual Target		2018/19 Annual Target	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Municipal Transformation and Institutional Development	Housing	7.36 Housing Development plan reviewed and approved by Council, by 30 June 2019	1	0	Review the Housing development plan	Not Achieved	The provincial department together with Municipal Housing department are busy with the development of a Human Settlement Housing)sector plan (April 2019 to December 2019.			KPI to be included in the 2019/20 SDBIP for improvement .	Housing Development plan and Council Resolution
		7.37 Housing Development policy developed and approved by Council, by 30 June 2019	1	0	Develop the Housing development policy	Not Achieved	The provincial department together with Municipal Housing department are busy with the development of a Human Settlement Housing)sector plan (April 2019 to December 2019.			KPI to be included in the 2019/20 SDBIP for improvement .	Housing Development policy and council resolution
		7.38 By-law on building regulation, developed and approved by	0	0	Develop a By-law on building regulation	Not Achieved.	No Information provided by the Building Inspector.			KPI to be included in the 2019/20 SDBIP for improvement	By-law on building regulation and

		Council, by 30 June 2019									Council resolution	
		7.39 % of Submitted building plans assessed within 14 days of receipt, by 30 June 2019	100%	0%	100% Assess all submitted building plans	Not Achieved	No Information provided by the Building Inspector.				KPI to be included in the 2019/20 SDBIP for improvement	Register building plans assessed
		7.40 % of Approved building plans inspections conducted as per industry standards (Inspection 1: foundation level; Inspection 2: wall plate level; Inspection 3- final inspection), by 30 June 2019	100%	0%	100%, conduct inspections for all approved building plans	Not Achieved	No Information provided by the Building Inspector.				KPI to be included in the 2019/20 SDBIP for improvement	Approved building plans inspections conducted

7.7 Unit/ department: Fleet Management & Mechanical

National Outcome		A responsive and accountable, effective and efficient local government system									
NDP Objective		Developing a capable and Development State									
Provincial strategic Objective		Efficient Administration and Good Governance									
Pre- Determined IDP Objective		To improve overall financial Management by developing and implementing appropriate financial management policies, procedures and systems.									
Municipal strategic Priority		To ensure the effective and efficient management of municipal Fleet.									
Key Performance Area	Program mes	Key performance Indicator	2017/18 Annual Target		2018/19 Annual Target	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
			Target	Actual							
Municipal Financial Viability and Management	Fleet management	7.41 Fleet management policy developed and approved by Council, by 30 June 2019	1	0	Develop a Fleet management policy	Partially achieved	Induction of all Mafube L.M fleet users on the fleet policy Drivers on Draft fleet policy in Frankfort outstanding	Facilitate induction of fleet users in Frankfort in the 1 st quarter of 2019/20 FY.		KPI to be included in the 2019/20 SDBIP for improvement.	Attendance Register
		7.42 Fleet management Strategy developed and approved by Council, by 30 June 2019	1	0	Develop a fleet management strategy	Partially achieved	Is part of the Fleet Policy	Induction to be done in the next quarter		KPI to be included in the 2019/20 SDBIP for improvement.	Attendance Register
		7.43 Fleet replacement plan developed and approved by Council, by 30 June 2019	1	0	Develop a fleet replacement plan	Partially Achieved	Is part of the Fleet Policy	Draft Replacement Plan to be submitted to CFO in the next quarter		KPI to be included in the 2019/20 SDBIP for improvement.	Attendance Register
		7.44 Reports compiled and prepared on fleet management submitted to the	4	0	Prepare and compile 4 reports on fleet management	Achieved				KPI to be included in the 2019/20 SDBIP for improvement.	Report

2018/19 SDBIP PERFORMANCE REPORT ANALYSIS

Description	KPA 1 – Basic Service Delivery	KPA 2- Municipal Transformation	KPA 3 – Local Economic Development	KPA 4 – Financial Viability	KPA 5 - Good Governance	Total Target	Annual
SDBIP Target Set	65	48	21	56	57	247	
Target Achieved	10	2	0	42	9	63	
% Achieved	15%	0%	0%	75%	16%	26%	

PREVIOUS YEAR PERFORMANCE

2018/19 Performance

The performance of the organisation did not meet the required satisfaction. The municipality did not comply with the Act that explains what the SDBIP should reflect. The SDBIP was not SMART compliant making it difficult for auditors to Audit. The municipality however will not be able to incorporate the Audit opinions made on the 2017/18 Audit into this of the 2018/19 SDBIP due to late Auditing of the municipality. Auditing is to take place in late August 2019. However the opinions of AG will be included in the 2019/20.

Activities that took place on the last quarter of the financial year 2018/19

Filling of the Director technical, corporate services and town planner posts

Adoption and implementation of the reviewed organisational structure

Ward profiling, to assist with the cleaning of the debtor's book, that will assist the identification of indigent households, which are not registered.

Ward based Indigent registration, campaigns

Ward based Public Participation on the Draft IDP and Budget 2018/19

Development of all required Business plan, to request funding to address all the upgrading, operations and maintenance that is required

Initiate the small town regeneration programme in Mafube L.M

CHAPTER FOUR

ORGANIZATIONAL DEVELOPMENT PERFORMANCE

INTRODUCTION TO THE MUNICIPAL WORKFORCE

WORKFORCE ESTABLISHMENT

Mafube Local Municipality is small Executive Committee type of a municipality. The workforce in the administration headed by a Municipal Manager is made up of five Directorates (including the Municipal Manager) middle managers, low level officers and the general workers located in various divisions and Units of the municipality. Below is a table that represents the total workforce of the municipality as at the end of the 2018-2019 financial year.

Directorate	Filled positions	Vacant posts	Total
Mayoral Office	9	2	11
Speakers' Office	9	2	11
Municipal Managers' Office	14	2	16
Corporate Services	37	15	52
Financial Services	29	9	38
Community Services & LED	67	36	104
Planning & Infrastructure Services	49	29	78
Villiers Service Delivery Unit	83	36	119
Tweeling Service Delivery Unit	51	31	82
Cornelia Service Delivery Unit	40	29	69
Total Number	388	192	580

MANAGING THE WORKFORCE

HR POLICIES

The Municipality is currently using policies that has been approved in 2012 and is planning to review its policies.

LAWS AND REGULATIONS

The Municipality is currently using By-Laws that has been approved in 2012 and is planning to review its By-Laws.

MAIN COLLECTIVE AGREEMENT

The main collective agreement that is in use is to expire in 2021. The hard copy can be found upon request.

FUNCTIONS AND RESPONSIBILITIES

The municipality is administratively organised into 5 programmes meant to take the vision of developmental local government forward under the leadership of the Municipal Manager. The programmes are:

- ◆ Office of the Municipal Manager
- ◆ Budget and Treasury Office
- ◆ Planning and Infrastructure Services
- ◆ Community Services
- ◆ Corporate Services
- ◆ Service Delivery and Public Safety

Office of the Municipal Manager

This programme is meant to provide overall strategic management for the municipality.

Objective

To oversee overall programmes of the municipality, coordinate and manage the transformation and strategic agenda of the municipality as well as facilitating the transformation process by providing strategic advice and project support to the

Key Focus Areas

- ◆ Integrated Development Planning (IDP)
- ◆ Performance Management
- ◆ Implementation Support (TISC)
- ◆

Infrastructure Services

This programme is broadly responsible for infrastructure development, service delivery and maintenance (internal and external).

Objective

To deliver infrastructural services in a manner that achieves a high level of customer satisfaction and cost effectiveness, improving on benchmarks and ensuring provision of housing.

Key Focus Areas

- ❖ Water and sanitation
- ❖ Electricity
- ❖ Road and Storm Water
- ❖ Town planning
- ❖ Local Economic development
- ❖ Mechanical Services

Budget and Treasury Office

This programme is responsible for the general management of finances of the municipality.

Objective

To managed and control all financial functions of the municipality so that the current and future effectiveness of Council services, programmes and operations is asserted in a sustainable way.

Key Focus Areas

- ❖ Budgeting
- ❖ Credit Control, Billing and Collections
- ❖ Financial Accounting
- ❖ Budgeting and Financing
- ❖ Assets management
- ❖ Insurance and public management
- ❖ Banking and Investments
- ❖ Management Accounting
- ❖ Supply Chain Management

Corporate Services

This programme is meant to provide organizational support services to the municipality.

Objective

To provide internal support services, facilitate transformation and ensure service excellence to the Mafube Community.

Key Focus Areas

- ❖ Human resource management/ development
- ❖ Corporate Management Support
- ❖ Legal Services
- ❖ Corporate branding
- ❖ Committee Secretariat

Community Services

This programme attends to social issues involved in the development of Mafube community

Objective

To ensure that social services are effectively provided to the Mafube community.

Key Focus Areas

- ❖ Social Development
- ❖ Environmental Management
- ❖ Waste Management
- ❖ Public Safety
- ❖ Sport and Recreation
- ❖ Emergency Services
- ❖ Arts and Culture
- ❖ Cemeteries
- ❖ Refuse Removal

CAPACITATING THE MUNICIPAL WORKFORCE.

SKILLS DEVELOPMENT REPORT

MAFUBE LOCAL MUNICIPALITY SKILLS DEVELOPMENT REPORT

Graduates (Internships) within the Municipality

NAME & SURNAME LEARNER	TYPE OF INTERNSHIP PROGRAMME	DATE ENTERED	FUNDER
1. Mapaseka Thusi	Financial Management Intern	01 st November 2018 (2years)	Treasury
2. Thabiso Sebilwane	Financial Management Intern	01 st November 2018 (2years)	Treasury
3. Mohau Makoae	Financial Management Intern	01 st November 2018 (2years)	Treasury
4. Bongani Nadaba	Financial Management Intern	01 st November 2018 (2years)	Treasury
5. Storm Modise	Financial Management Intern	01 st November 2018 (2years)	Treasury
6. Michelle Madilonga	GCIS Intern	01 st February 2019 (2years)	MISA
7. Nomasonto Evelyn Mollo	Tourism Data Capturers	July 2019 (18 Months)	Department of Tourism
8. Ntombikayise Martha Radebe	Tourism Data Capturers	July 2019 (18 Months)	Department of Tourism

Trainings for Internal Employees & Councillors

NAME & SURNAME LEARNER	TYPE OF COURSE	DATE ENTERED	FUNDER
1. Mapaseka Thusi	IIA	February 2019	Municipality
2. Mokoena Eunice	IIA	February 2019	Municipality
3. Thabiso Sebilwane	MFMP (University of Pretoria)	February 2019	Municipality
4. Mohau Makoae	MFMP (University of Pretoria)	February 2019	Municipality
5. Bongani Ndaba	MFMP (University of Pretoria)	February 2019	Municipality
6. Storm Modise	MFMP (University of Pretoria)	February 2019	Municipality
7. Sepati Mokoena	MFMP (University of Pretoria)	February 2019	Municipality
8. Phumlani Dlamini	MFMP (University of Pretoria)	February 2019	Municipality

9. Jonas Kotsi	B.A in Development & Management (NWU)	January 2017	Municipality
10. Caravan Motloung	Paralegal (Intec)	January 2018	Municipality

Trainings for Unemployed

Type of Programme	NQF Level	Number of beneficiaries	Duration	Progress
1. Environmental Services Management	5	26	March 2018 to December 2018	Completed and Graduations will be held on the 23 rd August 2019

These programmes were implemented upon agreement with LGSETA as a programme funder between Kgolo Institute and Central University of Technology to assist Free State Municipalities to capacitate its employees to meet the minimum competency required by the national Treasury Regulations and a compliance matter.

Proposed application Form (Template)

HR Unit formulated a template which constitute the recommendations of Immediate Supervisor, SDF and HR Manager and approval of Municipal Manager.

Local Government: Municipal Finance Management Act, 2003- Exemption from Regulations of 15 and 18 of Municipal Regulations of Municipal competency Levels, 2007.

Challenges

Employees liaise direct with their Managers or Directors for training developments purposes instead of following the SDF processes

That office based employees are very reluctant to participate during the skills audit process but are the ones that benefit for any development.

That the training and development budget is not utilized for planned training as per the WSP.

That the HR section is not notified when the development grants are paid into municipal account

That the skills development Levy is not paid to the SARS accordingly

No assessment report or statement received from our funded learners in terms of progress made and return on investment. (ROI)

Some Department don't report to SDF on training that took place on their Directorates

Recommendations

That the SDF has formulated the template which constitute the recommendations of Immediate Supervisor, SDF and HR Manager and approval of Municipal Manager.

That Finance Department notify the SDF of any grants paid in relation to trainings or LGSETA

That the SDL be paid on time to SARS to avoid the Municipality to forfeit the mandatory and Discretionary grants

LLF recommended that trainings should mainly focus 70% on General employees and 30% for Office Bearers as to close the gap on training opportunities

CHAPTER FIVE

FINANCIAL PERFORMANCE

FINANCIAL RECOVERY PLAN REPORT

With the assistance of the National and Provincial government, the Mafube Municipality has developed the Financial Recovery Plan. The work streams that were established in accordance with the five pillars of Back to Basics, are sitting on the monthly basis to produce a dashboard report on the implementation of the financial recovery plan, and submitted to National and Provincial Cogta. The dashboard report is also presented at the Technical Intervention Steering Committee.

A Service provider, has been appointed to assist the municipality, with debt collection, the debtors book has been handed to the service provider and a Collection strategy has been adopted. A presentation by the service provider shows, that they are government institutions/Departments, industries and businesses, including Municipal Councillors and municipal employees, which are on the debtor's book.

Cogta has also appointed a service provider, for compiling the annual financial statements of 2017/18 and 18/19 financial year.

BACK TO BASICS REPORTS

Challenges faced to Fully Implement the Turnaround strategy of Mafube L.M

Financial constraints, remains the most critical area, that needs to be attended to, followed by the depilated infrastructure and the unavailability of yellow fleet.

Revenue Collection:

Revenue collection remains low, due to the non-delivery of sustainable services to communities, and the faulty & none functioning water meters.

The other contributing factor it's the large number of indigent households.

Budget:

Due to the low collection of revenue, the municipal budget remains unfunded.

Infrastructure (Water and Sanitation):

Due to none availability and implementation of operations and maintenance plans, in the municipality. Mafube infrastructure has depilated, which leads to the constantly break down of critical infrastructure services.

Most of the water network, infrastructure needs to be replaced.

The 37km pipeline, which supply water to Cornelia also needs to be replaced, including the water pipeline from the intake tower in Frankfort, to the water purification plant, also needsto be upgraded.

Namahadi ward 2, 5, 6, and 7, has un-reliable water supply, with some area's not receiving water, which is also affecting the sanitation services in these areas. The reservoir, that supply water to these sections, is not fully supplied with water, the 10km pipeline from the purification plant to the reservoir needs to be upgraded.

The waste water purification plant, in Cornelia, needs attention as it's not functional.

Roads and storm water;

290 km of roads, are managed by Mafube Local Municipality, and 95 % of these roads are dirt or gravel roads, which needs graveling after every rain.

None availability Operations and Maintenance for roads, and none availability of yellow fleet, contributes to the depilated status of roads.

Good Governance and Organisational development

The Council of Mafube Local Municipality together with its committees are fully functional, and sitting regularly. The adjustment budget and midyear budget and performance assessment report, were tabled in Council before end of January 2018. The MPAC has also been established and it's fully functional, it sat and conducted investigations on the UIF.

Public meetings and ward committee meetings are held, in most of the wards, and reports are submitted to the office of the speaker on the Monthly basis.

The administrator together with Management and organised labour, has conducted visits to all the units of Mafube, engaging employees, on the developed financial recovery plan, and its implementation. Also presenting the financial status of the municipality, payment of third parties, including the medical aid and pension funds to employees.

The organised labour, is also sitting on a monthly basis to check progress on the implementation of the financial recovery plan. Management together with the organised labour, members attended a workshop, which was conducted by Salga, on the labour relation matters and local government service delivery charter. To date no labour unrest, has happened since the visit of the NCOP, to the municipality

Salga, is also assisting with the review, of the Organisational structure, to correct the bloated current organogram, the process will be finalized by end May 2018. With the assistance of Salga, Mafube is reviewing all its Human Resource policies.

The municipality has filled the following most critical posts:

Municipal Manager

Chief Financial Officer

Director Community services

The post of the Director Corporate Services and Technical Services were, re-advertised and the closing date its 29 march 2018.

Service delivery and infrastructure services

Department of Police, roads and transport, has assisted the municipality, with the following fleet:

2 X Tipper trucks

1 X Front end loader

1 X TLB

1 X Grader

1 X Water Tanker

The above yellow fleet is assisting the municipality in the following units/section:

Water and sanitation section

Water and sanitation infrastructure

Waste removal and management

Cemeteries

Free State Cogta has appointed a service provider, to assist with the operations, repair and maintenance of the electrical and mechanical problems, in the intake tower, water purification plant and waste water purification plant.

Mafube L.M, has also extended its MOU to the next financial year 2018/19, with Fezile Dabi for implementation of the MIG projects and INEP. R 10 662 587.30 has been spent to date, on the implementation of MIG projects, that were long standing. Mafube Local municipal will be eradicating the back log, on electricity household connection in Cornelia Ntwanatsatsi, with the connection of 225 Household and 60 household in Villiers Qalabotjha, for this financial year.

To improve the sanitation service in Mafube, Since placed under administration the Municipality has improve to increase the collection rate of Buckets in Phomolong section, in Namahadi. The following corrective measures were under taken, by the Municipality, Provincial and National Government to improve sanitation services in the Municipality:

4 temporary workers were employed to assist the 9 fulltime employees in this section for Phomolong on Namahadi.

Frequency of collection, is now twice a week, per household in Namahadi Phomolong.

The Rapid bucket eradication project, is at 77% complete, and the contractor is on site, work in progress for Namahadi. Its nearly completed in Tweeling, Villiers and Cornelia

The Namahadi Waste Water Treatment plant is being upgraded, Phase one is 94%, complete and Phase two is at the final design stage.

The Villiers waste water treatment plant is also being upgraded, contractor on site, work in progress

To address the challenged faced by ward 2, 5, 6 and 7, of unreliable water supply, the municipality, is currently using water tankers to supply the affected household and the informal settlement.

Department of human settlement has committed to install water and sanitation infrastructure, to the 2000 newly approved township establishment. The sites have not been given to beneficiaries, the processes of allocation of sites will unfold after the installation of basic services.

Department of environment affairs has assisted the municipality with the upgrading of Villiers landfill site, and the project is at its final stage.

CHAPTER SIX

AUDITOR GENERAL'S REPORT

Report of the auditor-general to the Free State Legislature and the Council on the Mafube Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Mafube Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2019, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Mafube Local Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 1 of 2018 (Dora).

Basis for qualified opinion

Property, plant and equipment

3. The municipality did not recognise the electricity network as part of property, plant and equipment in accordance with the guideline on accounting for public-private partnerships. Consequently, the infrastructure – electricity network assets with a carrying value of R124 781 691 (2018: R130 509 774) included in note 3 to the financial statements was misstated. I am unable to quantify the misstatement as a record of the infrastructure – electricity network assets managed under the partnership agreement was not available. Additionally, there was an impact on non-current liabilities, the deficit for the period, and the accumulated surplus.

Receivables from exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions, due to the status of the accounting records. The municipality could not provide sufficient accurate and complete underlying accounting records to support the receivables from exchange transaction amounts recorded in the financial statements. I was unable to confirm receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to receivables from exchange transactions stated at R28 345 755 (2018: R25 155 252) in notes 8 and 11 to the financial statements.

Receivables from non-exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence for receivables from non-exchange transactions due to the status of the accounting records. The municipality could not provide sufficient accurate and complete underlying accounting records to support the receivables from non-exchange transaction amounts recorded in the financial statements. I was unable to confirm receivables from non-exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to receivables from non-exchange transactions stated at R1 816 442 (2018: R3 596 388) in notes 9 and 11 to the financial statements.

Service charges (Sale of water)

6. I was unable to obtain sufficient appropriate audit evidence for the sale of water disclosed in note 19 to the financial statements as a number of consumers were not billed, meter readings were incorrectly captured on the billing system and other consumers were inconsistently charged for estimated consumption. I was unable to confirm the revenue from water consumption by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the sale of water sub-line item stated at R37 368 618 (2018: R34 704 267) in note 19 to the financial statements.

Unauthorised expenditure

7. I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure due to the status of accounting records, as there were insufficient accurate and complete underlying accounting records provided by the municipality. I was unable to confirm unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to unauthorised expenditure stated at R1 406 842 685 (2018: R1 228 963 131) in note 47 to the financial statements.

Irregular expenditure

8. I was unable to obtain sufficient appropriate audit evidence for irregular expenditure due to the status of accounting records, as there were insufficient accurate and complete underlying accounting records provided by the municipality. I was unable to confirm irregular expenditure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to irregular expenditure stated at R348 360 734 (2018: R285 540 218) in note 49 to the financial statements.

Fruitless and wasteful expenditure

9. I was unable to obtain sufficient appropriate audit evidence for fruitless and wasteful expenditure due to the status of accounting records, as there were insufficient accurate and complete underlying accounting records provided by the municipality. I was unable to confirm fruitless and wasteful expenditure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to fruitless and wasteful expenditure stated at R260 518 973 (2018: R207 982 678) in note 48 to the financial statements.

Context for the opinion

10. 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.

11. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA codes) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

12. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material uncertainty relating to going concern

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

14. I draw attention to note 46 to the financial statements, which indicates that the municipality's current liabilities exceeded its current assets by R527 113 080 (2018: R451 830 275). As stated in note 46, these events or conditions, along with the continuing operating losses and financial difficulties, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

Material impairments

16. As disclosed in note 11 to the financial statements, consumers and other receivables were impaired by R555 850 344 (2018: R451 284 246).

Material losses – water

17. As disclosed in note 50 to the financial statements, material water distribution losses of R18 356 703 (2018: R36 779 702) were incurred by the municipality.

Material uncertainty relating to claims against the municipality

18. With reference to note 40 to the financial statements, the municipality is the defendant in several litigation claims. The municipality is opposing the claims. The ultimate outcome of the matters could not be determined and no provision for any liabilities that may result was made in the financial statements.

Restatement of corresponding figures

19. As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2018 have been restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2019.

Other matter

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

Unaudited disclosure notes

21. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

22. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and 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.

23. In preparing the financial statements, the accounting officer is responsible for assessing the Mafube Local Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern

and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

24. 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.
25. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

26. In accordance with the Public Audit Act 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 objectives presented in the annual performance report. I was engaged to perform procedures to identify findings but not to gather evidence to express assurance.
27. I was engaged to evaluate 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 objective presented in the annual performance report of the municipality for the year ended 30 June 2019:

Objective	Pages in the annual performance report
KPA 1: basic service delivery	x-x

28. The material findings in respect of the usefulness and reliability of the selected objective are as follows:
29. I was unable to audit the usefulness and reliability of the selected objective listed above, as the annual performance report was presented without accurate and complete underlying performance records. This placed limitations on the scope of my work, as I was unable to obtain sufficient and appropriate audit evidence and to audit the reported performance information by alternative means.

Other matters

30. I draw attention to the matters below.

Achievement of planned targets

31. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information.

Introduction and scope

32. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
33. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements and annual reports

34. 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, current liabilities, revenue, expenditure and disclosure items were identified by the auditors in the submitted financial statements. These were subsequently corrected and supporting records provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.
35. The annual financial statements were not submitted for auditing within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.
36. The annual financial statements were not submitted to the Auditor-General within two months after the end of the financial year and a written explanation setting out the reasons for the failure was not tabled in council as required by section 133(1)(a) of the MFMA.
37. The 2017/18 annual report was not made public after being tabled in council, as required by section 127(5)(a) of the MFMA.
38. The local community was not invited to submit representations in connection with the 2017/18 annual report, as required by section 127(5)(a) of the MFMA.
39. The council failed to adopt an oversight report containing the council's comments on the annual report within the prescribed timelines, as required by section 129(1) of the MFMA.

Expenditure management

40. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
41. Payments were made from the municipality's bank account without the approval of the accounting officer, the chief financial officer, or a properly authorised official, as required by section 11(1) of the MFMA.
42. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the authorisation of funds, as required by section 65(2)(a) of the MFMA.
43. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with the supply chain management regulations.

44. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the fruitless and wasteful expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on the overdue accounts.

45. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the unauthorised expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the unauthorised expenditure was caused by overspending of the budget.

Revenue management

46. An adequate management, accounting and information system which accounts for debtors was not in place, as required by section 64(2)(e) of the MFMA.

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

48. I was unable to obtain sufficient appropriate audit evidence that accounts for municipal service charges were prepared on a monthly basis, as required by section 64(2)(c) of the MFMA.

49. Revenue due to the municipality was not calculated monthly, as required by section 64(2)(b) of the MFMA

Procurement and contract management

50. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000, as required by section 2(a) of the Preferential Procurement Policy Framework Act 5 of 2000. Similar non-compliance was also reported in the prior year.

51. The performance of contractors or providers was not monitored monthly, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.

52. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA. Similar non-compliance was also reported in the prior year.

53. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(a) and (c). A similar non-compliance was also reported in the prior year.

54. Some of the quotations were accepted from prospective providers who were not on the list of accredited prospective providers and did not meet the listing requirements prescribed by the SCM policy, in contravention of SCM regulations 16(b) and 17(b). A similar non-compliance was also reported in the prior year.

55. Some of the quotations were accepted from bidders who did not submit a declaration on whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). A similar non-compliance was also reported in the prior year.

56. Some of the contracts and quotations were accepted from bidders whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. A similar non-compliance was also reported in the prior year.

57. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were not approved by the accounting officer, in contravention of SCM regulation 36(1).

58. Some of the invitations for competitive bidding were not advertised for a required minimum period of days, in contravention of SCM regulation 22(1) and 22(2). This non-compliance was identified in the procurement processes followed for the Qalabotjha/Villiers: Construction of a 6.5 ml reservoir and pipeline (phase 1 reservoir).

59. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).

60. Some of the contracts were awarded to bidders who did not submit a declaration of whether they were employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

Human resource management

61. Senior managers were appointed without council approval, as required by section 56(1)(a) of the Municipal Systems Act 32 of 2000 (MSA) and MSA regulations on the appointment and conditions of employment of senior managers 17(2).

62. Appropriate systems and procedures to monitor, measure and evaluate the performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA.

Consequence management

63. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a) of the MFMA.

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

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

66. Allegations of financial misconduct laid against officials of the municipality were not investigated, as required by section 171(4)(a) of the MFMA.

67. Allegations of financial misconduct laid against officials of the municipality were not investigated by the disciplinary board, relevant treasury or an independent investigator or team of investigators appointed by the council, as required by municipal regulations on financial misconduct procedures and criminal proceedings 5(4).

Internal control deficiencies

68. I considered internal control relevant to my audit of the financial statements, reported performance information, and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

69. There was significant instability in leadership at the municipality with the position of the municipal manager being vacant and the appointment of administrators under section 139 of the Constitution of the Republic of South

Africa. This contributed to ineffective oversight over financial and performance reporting, compliance with laws and regulations, and ineffective internal controls.

70. Management did not effectively monitor compliance with applicable laws and regulations, as instances of non-compliance reported in the previous year reoccurred in the current year. The oversight structures, including the administrators, did not improve the oversight and governance of the control environment which maintained the lack of consequences and accountability. It also resulted in officials not being held accountable for transgressions of laws and regulations and the significant number of non-compliance findings raised during the year under review.

71. Management did not ensure that effective internal control processes were implemented to manage the daily and monthly processing and reconciling of transactions and did not implement proper recordkeeping to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting. This resulted in material misstatements being identified in the financial statements and the annual performance report.

72. The internal audit division was not adequately resourced and functioning and did not effectively identify internal control deficiencies or recommended effective corrective action. This contributed to the material misstatements being identified in the financial statements and the annual performance report.

73. The audit committee did not adequately review and verify the information reported in the annual financial statements and annual performance report submitted for auditing. This resulted in various matters being adjusted and corrected during the audit that could have been prevented. █

Other reports

74. I draw attention to the following engagements conducted by various parties that have or could potentially have an impact on the municipality's financial statements, reported performance information and compliance with applicable legislation and other related matters. The reports noted do not form part of the opinion on the financial statements or findings on the reported performance information or compliance with legislation.

75. The forensic report by the investigators appointed by the Free State Department of Cooperative Governance and Traditional Affairs (Cogta) could not be obtained by the auditors. No details on the status or the conclusion of the forensic investigation could be provided.

Bloemfontein
30 September 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected strategic 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 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 Mafube 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.

APPENDICES

Appendix A: Councillors: Committee Allocation and Council Attendance

A1 List of Councillors

Initials and Surname	Ward Responsible for
ANC Councillors	
J.E Sigasa (Mayor)	1
N.E Motaung (Speaker)	N/A
M. Mofokeng (Chief Whip)	PR Councillor
J.J Hlongwane	2
F.P Motloun	3
R.O Mokoune	4
M.C Du Plessis	5
J.T Kotsi	6
U.C Jafta	7
W.C Motloun	8
L.S Kubeka	9
T.M.Moloi	N/A
N. Rakoloti	N/A
P. Monaune	N/A
DA Councillors	
H. Pretorius	5
A.S Mosia	N/A
FVP Councillors	
J. Oost	N/A
EFF Councillors	
T.L Moloi	N/A

A2: Number of Council Meetings Attended by Councillors

Name of Councillor	Number attended
1. Cllr J.E Sigasa	10 sittings
2. Cllr N.E Motaung	9 sittings
3.Cllr M.M Mofokeng	8 sittings
4.Cllr R.P Mokune	10 sittings
5.Cllr J.T Kotsi	9 sittings
6. Cllr F.P Motloun	8 sittings
7. Cllr M.C Du Plessis	8 sittings
8. Cllr L.S Kubeka	7 sittings
9. Cllr U.C Jafta	8 sittings

10. Cllr W.C Motlounge	10 sittings
11. Cllr J Oost	7 sittings
12. Cllr Tshidi Moloji	10 sittings
13. Cllr P.M Monaune	8 sittings
14. Cllr S.A Mazibuko	10 sittings
15. Cllr J.J Hlongwane	9 sittings
16. Cllr P Skosana	9 sittings
17. Cllr N.E Rakoloti	10 sittings
18. Cllr Thandi Moloji	None (passed away)

A3: Committee Allocation

MPAC Committee members

Cllr. P Monaune (Chairperson)
Cllr. M Mofokeng
Cllr. RP Mokuene

Finance Committee members

Cllr JJ Hlongwane (Chairperson)
Cllr TL Moloji
Cllr M Mofokeng

Planning and Infrastructure Committee members

Cllr WC Motlounge (chairperson)
Cllr UC Jafta
Cllr J Oost

Corporate Services Committee members

Cllr JT Kotsi (Chairperson)
Cllr SA Mosia
Cllr RP Mokuene

Community Services

Cllr N Rakoloti (Chairperson)
Cllr L Kubeka
Cllr T.M Moloji

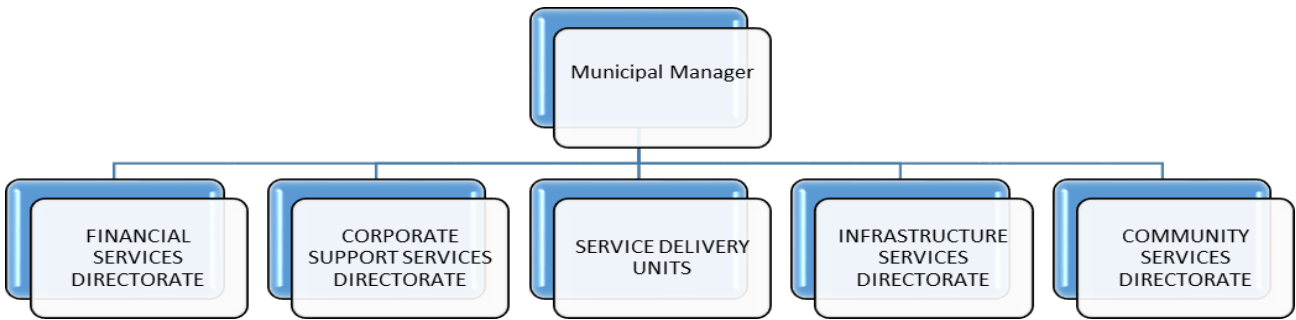
APPENDIX B: Committee's and Committee Purpose

The following table provides an overview of the Council Committees and the purpose of each committee.

Name of Committee	Purpose of Committee
Community Services	Responsible for oversight over Community Services matters
Infrastructure Services	Responsible for oversight over Infrastructure Services

Corporate Services	Responsible for oversight over Human Resources and Administration Matters
Financial Services	Responsible for oversight over Finance matters
Audit Committee	Responsible for Oversight over the work of the internal audit and performance management unit of the municipality
Municipal Public Accounts Committee	Responsible for overall oversight over the annual report and other assigned functions of the municipality

APPENDIX C: Third Tier Administrative Structure



APPENDIX D: Functions of Municipality/Entity

Mafube Local Municipality performs the following functions in terms of the Constitution

Category B Functions	Category C Functions	Provincial and National
Local Municipality	District Municipality	Provincial Government
Air pollution Building regulations Billboards and display of advertisements Storm water Trading regulations Cleansing Facilities, Accommodation and burial of animals Fencing and fences Local sport facilities Municipal parks and recreation Municipal planning Municipal public transport Municipal roads Public places and local amenities Street lighting Licensing of dogs	Refuse removal and solid waste Municipal Roads Municipal Airports Firefighting Markets Cemeteries Municipal public works Electricity Regulations Water and sanitations Licensing	Libraries Housing

APPENDIX E: Ward Reporting

Ward Committees have been established and were inducted by the District and CoGTA on roles and responsibilities and ward meetings are held as per the schedule and plan.

APPENDIX F: Ward Information

Initials and Surname	Ward	Party
J.E Sigasa (Mayor)	1	ANC
J.J Hlongwane	2	ANC
R.O Mokoune	4	ANC
F.P Motlounq	3	ANC
J.J Pretorius	5	DA
T.J Kotsi	6	ANC
U.C Jafta	7	ANC
W.C Motlounq	8	ANC
L.S Kubeka	9	ANC

APPENDIX G: Disclosure of Financial Interest

The municipality has partially achieved with the Act of ensuring that all senior manager sign the Financial Disclosure Forms long with their Performance Agreements. The requirement is stipulated in the Municipal Financial Management Act s 69 and the Municipal Systems Act S57.

Financial Interest Disclosure by Senior Management have been completed and signed and certified by the Court. Directors that have signed and disclosed at the beginning of the year was the Director Technical Services; Director Community Services; and the Director Chief Financial Officer.

However, in Supply Chain Management the municipality does ensure that that committee members sign the financial disclosure forms at all times. All financial disclosure forms are in hard copies and open to the public.

APPENDIX H: REVENUE COLLECTION PERFORMANCE

REVENUE COLLECTION PATTERNS FOR 2018-2019			
MONTH	BILLING AMOUNT	ACTUAL COLLECTION	%
Jul-18	7 628 514,62	2 781 046,18	36%
Aug-18	8 611 324,62	2 882 600,26	33%
Sep-18	7 714 467,00	2 054 962,09	27%
Oct-18	8 390 292,46	3 163 704,20	38%
Nov-18	10 552 179,26	2 562 355,77	24%
Dec-18	7 968 782,22	1 782 737,02	22%
Jan-19	11 065 710,52	4 814 333,23	44%
Feb-19	8 365 276,48	3 723 506,41	45%
Mar-19	8 048 969,07	2 364 158,90	29%
Apr-19	8 330 217,73	2 316 668,86	28%
May-19	8 639 699,60	2 034 240,67	24%
Jun-19	9 092 548,90	4 933 025,75	54%

APPENDIX I: Conditional Grants Received: Excluding MIG

CONDITIONAL GRANT DISCRPTION	OPENING BALANCE	GRANTS RECEIVED	SPENDING	CLOSING BALANCE	
Municipal Infrastructure Grant (MIG)	-	22 064 000,00	(21 818 625,31)	245 374,69	
Integrated National Electrification Programme (INEP)	541 759,82	0	(1 451 838,41)	(910 078,59)	Own Fund
Financial Management Grant (FMG)	2 842,09	2 415 000,00	(2 389 659,47)	28 182,62	
Municipal Water Infrastructure Grants(MWIG)	0	15 000 000,00	(15 000 000,00)	-	
Energy Efficiency and Demand Side Manangement Grants(EEDG)	1 645 251,01	0	(800 000,01)	845 251,00	
GRANT TOTAL	2 189 852,92	39 479 000,00	(41 460 123,19)	208 729,73	

APPENDIX J: Capital Expenditure-New and Upgrade/Renewal Programmes:

Grant	R
Municipal Infrastructure Grant (MIG)	22 064 000,00
Integrated National Electrification Programme (INEP)	-
Financial Management Grant (FMG)	2 415 000,00
Municipal Water Infrastructure Grants(MWIG)	15 000 000,00
Energy Efficiency and Demand Side Manangement Grants(EEDG)	-
Equitable Shares	85 705 000,00
UNSPENT CONDITIONAL GRANT AS AT 30 JUNE 2019	125 184 000,00

Appendix K: Service Backlogs Experienced by the Community where another Sphere of Government is Responsible for Service Provision.

Roads: The municipality is faced with a crisis at hand. The municipality is responsible for maintenance of the 290 Km road, however the municipality has not being able to do any maintenance on any infrastructure. The municipality had experienced labour unrest.

Refuse: The municipality has 20744 houses with refuse bins and have access to the service. Refuse removal occurs once a week and complied with the regulated law, accepts in those instances where the municipality had experienced labour unrest.

Water: a new capital expenditure funding in terms of the Water Service Infrastructure Grant, the municipality also has four temporarily employed Plumbers assisting with Water and Pipe burst leaks.

Sewerage: Households that have access to **20234**.

APPENDIX L



**MAFUBE LOCAL
MUNICIPALITY**

(Registration number FS205)

**Audited Annual Financial Statements
for the year ended 30 June 2019**

General Information

Nature of business and principal activities

Providing municipal services and maintaining the best interests of the local community

Mayoral committee

Executive Mayor

Speaker

Chief Whip

Councillors

Cllr. JE Sigasa

Cllr. NE Motaung

Cllr. MM Mofokeng

Cllr. WC Motloug

Cllr. JJ

HlongwaneCllr.

TJ Kotsi

Cllr. CU Jafta

Cllr. LS Kubeka

Cllr. RP

Mokuene

Cllr. MC Du

PlessisCllr. PM

Monaune Cllr. FP

Motloug

Cllr. SA

Mazibuko(Mosia)Cllr. J

Oost

Cllr. TL Moloji

Cllr. NE

RakolotiCllr.

MT Moloji

Cllr. PS Sikhosana

Grading of local authority

Grade 2

Chief Finance Officer (CFO)

Mr A Makoae

Accounting Officers

Mr J Matlole

Mr K Masekoane

Registered office

64 JJ Hadebe Street

Frankfort

Free

State

9830

Postal address

PO Box 2

Frankfort

Free

State

9830

Bankers

ABSA Bank Limited
FNB Bank Limited

Auditors

Auditor General - South Africa
Registered Auditors

Attorneys

Peyper Attorneys

Index

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

	Page
Accounting Officer's Responsibilities and Approval	3
Accounting Officer's Report	4 - 5
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
Statement of Comparison of Budget and Actual Amounts	10 - 15
Accounting Policies	16 - 39
Notes to the Unaudited Annual Financial Statements	40 - 88

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

Accounting Officer's Responsibilities and Approval

The accounting officers are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the unaudited annual financial statements and related financial information included in this report. It is the responsibility of the accounting officers to ensure that the unaudited 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 unaudited annual financial statements and was given unrestricted access to all financial records and related data.

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

The accounting officers acknowledge that they are 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 officers 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 officers are 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 unaudited 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 officers have reviewed the municipality's cash flow forecast for the year to 30 June 2020 and, in the light of this review and the current financial position, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the municipality for continued funding of operations. The unaudited annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's unaudited annual financial statements. The unaudited annual financial statements have been examined by the municipality's external auditors and their report is presented on page 4.

The unaudited annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the accounting officer on 18 February 2021 and were signed on:

Mr K Masekoane
Accounting officer

The accounting officers submit their report for the year ended 30 June 2019.

Review of activities

Main business and operations

The municipality is engaged in providing municipal services and maintaining the best interests of the local community. Net deficit of the municipality was R 78 849 631 (2018: deficit R 6 946 625).

Going concern

We draw attention to the fact that at 30 June 2019, the municipality had an accumulated surplus (deficit) of R 331 490 124 .

The unaudited 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.

Accounting Officers' interest in contracts

The Accounting Officer does not have an interest in contracts.

Accounting policies

The unaudited annual financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and 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.

Accounting Officer

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

Name

Mr J Matlole
Mr K Masekoane

Bankers

ABSA Bank Limited will continue to provide banking services to the municipality.

Auditors

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

Public Private Partnership

The Municipality entered into a Public Private Partnership with Rural Free State prior to the 2018/2019 financial year.

Non-compliance with applicable legislation

In terms of section 65 (2)(e) of the Municipal Finance Act (No. 56 of 2003), all money owing by the municipality

be paid within 30 days of receiving the relevant invoice or statement. Due to cash flow constraints, the municipality, could not settle all money owing within the prescribed period.

In terms of section 126 (1)(a) of the Municipal Finance Act (No. 56 of 2003), the accounting officer of a municipality must prepare the annual financial statements within 2 months after the end of the financial year.

In terms of section 71 (1) of the Municipal Finance Act (No. 56 of 2003), the accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month. During the financial year, the municipality did not comply with the required legislation as reports were submitted late.

Mr K Masekoane
Accounting officer

Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018 Restated*
Assets			
Current Assets			
Inventories	7	1 238 083	1 006 544
Other financial assets	5	136 582	110 048
Receivables from exchange transactions	8&11	28 345 755	25 155 252
Receivables from non-exchange transactions	9&11	1 816 442	3 596 388
VAT receivable	10	59 037 331	43 657 415
Cash and cash equivalents	12	1 958 146	2 500 129
		92 532 339	76 025 776
Non-Current Assets			
Investment property	2	19 040 491	19 040 491
Property, plant and equipment	3	865 649 829	862 950 406
Heritage assets	4	35 758	35 758
Other financial assets	5	349 256	353 184
		885 075 334	882 379 839
Total Assets		977 607 673	958 405 615
Liabilities			
Current Liabilities			
Other financial liabilities	14	-	4 662 137
Payables from exchange transactions	16	610 870 382	517 099 245
Consumer deposits	17	1 530 706	1 481 150
Employee benefit obligation	6	1 050 619	1 471 000
Unspent conditional grants and receipts	13	1 118 809	2 181 926
Provisions	15	644 793	960 593
		615 215 309	527 856 051
Non-Current Liabilities			
Employee benefit obligation	6	11 584 423	11 162 000
Provisions	15	19 317 817	9 047 810
		30 902 240	20 209 810
Total Liabilities		646 117 549	548 065 861
Net Assets		331 490 124	410 339 754
Accumulated surplus		331 490 124	410 339 754

Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	65 821 975	65 692 544
Rental of facilities and equipment	20	652 008	238 049
Other income	23	2 961 873	2 732 646
Interest received	24	36 558 287	16 852 125
Actuarial gains		245 958	585 000
Dividends received	24	15 453	-
Total revenue from exchange transactions		106 255 554	86 100 364
Revenue from non-exchange transactions			
Taxation revenue			
Direct taxes (Income tax, estate duty)		-	9 250
Property rates	25	18 288 740	26 336 163
Other (Non-exchange)	21	4 354 397	4 856 394
Transfer revenue			
Government grants & subsidies	26	133 247 117	115 012 437
Total revenue from non-exchange transactions		155 890 254	146 214 244
Total revenue	18	262 145 808	232 314 608
Expenditure			
Employee related costs	27	(93 022 192)	(85 307 905)
Remuneration of councillors	28	(5 929 312)	(5 749 456)
Depreciation and amortisation	29	(29 700 463)	(29 232 197)
Impairments	30	(8 125 943)	(32 072 159)
Finance costs	31	(48 082 520)	(48 229 038)
Lease rentals on operating lease	22	(724 278)	(2 281 102)
Debt Impairment	32	(92 479 125)	(71 787 007)
Bulk purchases	33	(22 938 100)	(40 530 491)
General Expenses	34	(39 993 506)	(35 511 081)
Total expenditure		(340 995 439)	(350 700 436)
Deficit for the year		(78 849 631)	(118 385 828)

Statement of Changes in Net Assets

Figures in Rand

Balance at 01 July 2017

Changes in net assets

Surplus for the year

Total changes

Balance at 01 July 2018

Changes in net assets

Surplus for the year

Total changes

Balance at 30 June 2019

Note(s)

	Accumulated surplus	Total net assets
	528 725 582	528 725 582
	(118 385 828)	(118 385 828)
	(118 385 828)	(118 385 828)
	410 339 755	410 339 755
	(78 849 631)	(78 849 631)
	(78 849 631)	(78 849 631)
	331 490 124	331 490 124

Cash Flow Statement

Figures in Rand	Note(s)	2019	2018 Restated*
Cash flows from operating activities			
Receipts			
Property rates taxation		14 704 876	16 513 870
Service charges		(22 892 433)	(2 968 888)
Grants		132 183 997	114 813 073
Interest income		36 573 740	16 852 125
		160 570 180	145 210 180
Payments			
Employee costs		(98 703 503)	(89 604 163)
Suppliers		30 884 431	12 588 470
Finance costs		(48 082 520)	(48 229 038)
		(115 901 592)	(125 244 731)
Net cash flows from operating activities	37	44 668 588	19 965 449
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(40 541 282)	(20 485 930)
Proceeds from sale of financial assets		(22 606)	40 797
Net cash flows from investing activities		(40 548 435)	(20 445 133)
Cash flows from financing activities			
Repayment of other financial liabilities		(4 662 137)	1 393 975
Finance lease payments		-	22 866
Net cash flows from financing activities		(4 662 137)	1 416 841
Net increase/(decrease) in cash and cash equivalents		(541 984)	937 157
Cash and cash equivalents at the beginning of the year		2 500 129	1 562 972
Cash and cash equivalents at the end of the year	12	1 958 145	2 500 129

Figures in Rand	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	67 228 591	(29 463)	67 199 128	65 821 975	(1 377 153)	Please refer below for reasons.
Rental of facilities and equipment	151 967	-	151 967	652 008	500 041	Please refer below for reasons.
Other income - (rollup)	325 781	29 463	355 244	2 961 873	2 606 629	Please refer below for reasons.
Interest received - investment	26 730 319	-	26 730 319	36 558 287	9 827 968	Please refer below for reasons.
Dividends received	2 884 653	-	2 884 653	15 453	(2 869 200)	
Total revenue from exchange transactions	97 321 311	-	97 321 311	106 009 596	8 688 285	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	30 533 270	-	30 533 270	18 288 740	(12 244 530)	Please refer below for reasons.
Licences and Permits (Non-exchange)	-	-	-	4 354 397	4 354 397	
Transfer revenue						
Government grants & subsidies	125 758 000	-	125 758 000	133 247 117	7 489 117	Please refer below for reasons.
Fines, Penalties and Forfeits	200 000	-	200 000	-	(200 000)	Please refer below for reasons.
Total revenue from non-exchange transactions	156 491 270	-	156 491 270	155 890 254	(601 016)	
Total revenue	253 812 581	-	253 812 581	261 899 850	8 087 269	
Expenditure						
Personnel	(98 785 868)	-	(98 785 868)	(93 022 192)	5 763 676	Please refer below for reasons.
Remuneration of councillors	(6 380 553)	-	(6 380 553)	(5 929 312)	451 241	Please refer below for reasons.
Transfer payments - Other	(10 000 000)	-	(10 000 000)	-	10 000 000	

Depreciation and amortisation	(5 000 000)	-	(5 000 000)	(29 700 463)	(24 700 463)	Please refer below for reasons.
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	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Impairment loss/ Reversal of impairments	-	-	-	(8 125 943)	(8 125 943)	Please refer below for reasons.
Finance costs	(3 000 000)	-	(3 000 000)	(48 082 520)	(45 082 520)	Please refer below for reasons.
Lease rentals on operating lease	-	-	-	(724 278)	(724 278)	
Debt Impairment	(2 500 000)	-	(2 500 000)	(92 479 125)	(89 979 125)	Please refer below for reasons.
Bulk purchases	(4 000 000)	-	(4 000 000)	(22 938 100)	(18 938 100)	Please refer below for reasons.
General Expenses	(41 181 524)	-	(41 181 524)	(39 993 506)	1 188 018	Please refer below for reasons.
Total expenditure	(170 847 945)	-	(170 847 945)	(340 995 439)	(170 147 494)	
Operating deficit	82 964 636	-	82 964 636	(79 095 589)	(162 060 225)	
Actuarial gains/losses	-	-	-	245 958	245 958	Please refer below for reasons.
Deficit before taxation	82 964 636	-	82 964 636	(78 849 631)	(161 814 267)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	82 964 636	-	82 964 636	(78 849 631)	(161 814 267)	

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	477 164	-	477 164	1 238 083	760 919	Please refer below for reasons.
Other financial assets	42 988	-	42 988	136 582	93 594	
Receivables from exchange transactions	67 015 089	-	67 015 089	24 909 056	(42 106 033)	Please refer below for reasons.
Receivables from non-exchange transactions	5 283 210	-	5 283 210	1 816 442	(3 466 768)	Please refer below for reasons.
Cash and cash equivalents	2 346 745	-	2 346 745	1 958 146	(388 599)	Please refer below for reasons.
	75 165 196	-	75 165 196	30 058 309	(45 106 887)	
Non-Current Assets						
Investment property	76 875 883	-	76 875 883	19 040 491	(57 835 392)	Please refer below for reasons.
Property, plant and equipment	793 997 081	-	793 997 081	865 649 829	71 652 748	Please refer below for reasons.
Intangible assets	363 633	-	363 633	-	(363 633)	
Heritage assets	-	-	-	35 758	35 758	Please refer below for reasons.
Other financial assets	357 753	-	357 753	349 256	(8 497)	Please refer below for reasons.
	871 594 350	-	871 594 350	885 075 334	13 480 984	
Total Assets	946 759 546	-	946 759 546	915 133 643	(31 625 903)	
Liabilities						
Current Liabilities						
Other financial liabilities	858 108	-	858 108	-	(858 108)	Please refer below for reasons.
Payables from exchange transactions	77 355 737	-	77 355 737	610 870 384	533 514 647	Please refer below for reasons.
VAT payable	-	-	-	4 122 009	4 122 009	Please refer below for reasons.
Consumer deposits	1 565 972	-	1 565 972	1 530 706	(35 266)	Please refer below for reasons.

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Employee benefit obligation	-	-	-	1 050 619	1 050 619	Please refer below for reasons.
Unspent conditional grants and receipts	-	-	-	1 118 809	1 118 809	
Provisions	902 836	-	902 836	644 793	(258 043)	Please refer below for reasons.
Bank overdraft	769 786	-	769 786	-	(769 786)	
	81 452 439	-	81 452 439	619 337 320	537 884 881	
Non-Current Liabilities						
Employee benefit obligation	-	-	-	11 584 423	11 584 423	Please refer below for reasons.
Provisions	31 923 760	-	31 923 760	19 317 817	(12 605 943)	Please refer below for reasons.
Other liability 1	2 656 970	-	2 656 970	-	(2 656 970)	
	34 580 730	-	34 580 730	30 902 240	(3 678 490)	
Total Liabilities	116 033 169	-	116 033 169	650 239 560	534 206 391	
Net Assets	830 726 377	-	830 726 377	264 894 083	(565 832 294)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	830 726 377	-	830 726 377	264 894 083	(565 832 294)	

Inventory	More store items were retained during the financial period, this may be as a result of more purchases having been made or increased controls over stores issues.
Other financial assets	A slight overbudgeting, it will be corrected and corrected.

Presentation of Unaudited Annual Financial Statements

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

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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

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

These accounting policies are consistent with the previous period.

Presentation currency

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

Going concern assumption

These unaudited 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.

Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

Significant judgements and sources of estimation uncertainty

In preparing the unaudited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the unaudited 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 unaudited annual financial statements. Significant judgements include:

1.4 Significant judgements and sources of estimation

uncertainty (continued)Trade receivables

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

The impairment for trade receivables is calculated on a payment rate basis per consumer. The payment rate is calculated on the total payments received per consumer in the current year, and then divided by the total revenue billed per consumer for the current year. The percentage is then converted to a non payment ratio. The non payment ratio is then multiplied with the consumers total outstanding balance. The movement between a consumers yearly impairment balance are accounted through profit and loss in the statement of financial performance.

Allowance for slow moving, damaged and obsolete stock

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

Fair value estimation

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

The 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.

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 15 - Provisions.

Useful lives of Property, Plant and Equipment and Investment Properties

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and Investment properties. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives. In the event that a depreciating asset is nearing the end of its useful live, the availability of budget to replace the asset is considered. If the asset is not budgeted to be replaced, the useful life is extended by one year. Depreciation is adjusted going forward.

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 6.

Effective interest rate

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

Significant judgements and sources of estimation

uncertainty (continued) 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 discounted at the effective interest rate, computed at initial recognition.

Investment property

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

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

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

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

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

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

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

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	15 - 50 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service 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 municipality 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 municipality or deficit when the compensation becomes receivable.

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.

Property, plant and equipment (continued)

The cost of an item of property, plant and equipment is recognised as an asset when:
it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Buildings	Straight-line	15 to 50 years
Plant and machinery	Straight-line	10 years
Furniture and fixtures	Straight-line	10 years
Motor vehicles	Straight-line	10 years
Office equipment	Straight-line	10 years
IT equipment	Straight-line	10 years
Landfill sites	Straight-line	20 to 33 years
Wastewater network	Straight-line	12 to 50 years
Water network	Straight-line	15 to 80 years

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

Property, plant and equipment (continued)

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

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

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

The depreciation charge for each period is recognised in municipality 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 municipality or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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

Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in municipality or deficit; and
- if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

Heritage assets

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

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

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

Heritage assets (continued)

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

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

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

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

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

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

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

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

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Impairment

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

Derecognition

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

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

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.

1.9 Financial instruments (continued)

Financial instruments are classified into three categories namely, financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost. The Municipality determines the classification of its financial instruments at initial recognition.

Initial recognition and measurement

A financial instrument is recognised, when the Municipality becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added or deducted from the fair value, as appropriate on initial recognition.

Subsequent measurement – financial assets

Financial assets consist of cash and cash equivalents, deposits, receivables and investments.

Receivables are subsequently measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Changes in the carrying amount of the provision is recognised in the Statement of Financial Performance. When a receivable is considered uncollectible, it is written off against the provision. Any gains or losses arising from the change in fair value of investments measured at fair value are recognised in the Statement of Financial Performance.

Residual interests that do not have a quoted market price in an active market, and the fair value of which cannot be reliably are subsequently measured at cost less any impairment. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Any calculated impairment is recognised in the Statement of Financial Performance.

Subsequent measurement – financial liabilities

Financial liabilities consist of payables, interest bearing loans and bank overdrafts. These liabilities are subsequently measured at amortised cost, using the effective interest rate method. Finance costs are expensed in the Statement of Financial Performance in the period in which they are incurred except where stated otherwise (see accounting policy on borrowing costs).

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the Municipality establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on municipality-specific inputs.

Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash and are subject to an insignificant risk of change in value. Cash and cash equivalents are carried at amortised cost. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are carried at amortised cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

Financial instruments

(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
Trade receivables from Exchange transactions	Financial asset measured at amortised cost
Trade receivables from Non-Exchange transactions	Financial asset measured at amortised cost
Investments	Financial asset measured at amortised cost
VAT Receivable	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at fair value

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
Payables from Exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Employee benefit obligations	Financial liability measured at amortised cost
Provisions	Financial liability measured at amortised cost
Finance lease obligations	Financial liability measured at amortised cost
Other financial liabilities	Financial liability measured at amortised cost

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.

Leases (continued)

Operating leases - lessor

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

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

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

Inventories

Inventory consist of raw materials, work in progress, consumables and finished goods, which are valued at the lower of cost, determined on the first in first out basis, and net realisable value, except for items which are valued at the tariffs charged. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

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

Redundant and slow moving inventory are identified and written down to their estimated net realisable values estimated by management. Inventories are written down according to their age, condition and utility. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventory arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventory recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventory is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Water Inventory

Water is regarded as inventory when the Municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the Municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.).

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates. Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

Impairment of cash-generating assets

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the individual asset.

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 recoverable amount of the cash-generating unit to which the asset belongs is determined.

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

1.12 Impairment of cash-generating assets (continued)

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

Value in use of a cash-generating asset is the present value of the 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.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment of assets carried at revalued amount reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

Impairment of cash-generating assets

(continued) Designation

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

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

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

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

Administrative/owner-occupied assets

It is accepted that all administrative assets, for example, vehicles, office equipment/furniture, plant and machinery, computer equipment and administrative land and buildings are non-cash generating assets as they do not generate any return.

Infrastructure assets

Infrastructure assets can be divided into five main groups, roads, water, electricity, sewer and waste management. Roads do not generate any return and is therefore categorised as non-cash generating assets.

Water and electricity infrastructure assets in the municipality generate a return in the form of water and electricity service charges. These returns are not considered to be commercial returns for the following reason:

These levies are determined annually based on:

- the funds required as per the budget; and
- the fees set by ESKOM and NERSA

The budget is prepared to meet the objective of the municipality as set out in the IDP and SDBIP;

The objectives of the municipality set in the IDP and SDBIP is to deliver services to the community and not to generate a commercial return.

Water and electricity infrastructure assets are non-cash generating assets.

Waste management do generate a return in the form of a fee charged at landfill sites for the disposing of household waste when the load is of a certain size.

These landfill sites are however management to project health, well-being and the environment by providing the facility to safely dispose of household waste. Landfill sites are treated as non-cash generating assets.

Community assets

Community assets are all categorised as non-cash generating assets even if some of these assets, for example, swimming pool, community hall or cemeteries generate a return. The return generated by these assets is small and immaterial in relation to the cost of the assets and therefore is not considered to be a commercial

return. In addition, all community assets are held with the primary objectives of service delivery in the community, to uplift the communities and to stimulate and enhance economic growth in the different communities.

Impairment of non-cash-generating assets

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable service amount of the asset.

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

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

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

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

A Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Impairment of non-cash-generating assets

(continued) Designation

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

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

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

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

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

Administrative/owner-occupied assets

It is accepted that all administrative assets, for example, vehicles, office equipment/furniture, plant and machinery, computer equipment and administrative land and buildings are non-cash generating assets as they do not generate any return.

Infrastructure assets

Infrastructure assets can be divided into five main groups, roads, water, electricity, sewer and waste management. Roads do not generate any return and is therefore categorised as non-cash generating assets.

Water and electricity infrastructure assets in the municipality generate a return in the form of water and electricity service charges. These returns are not considered to be commercial returns for the following reason:

These levies are determined annually based on:

- the funds required as per the budget; and
- the fees set by ESKOM and NERSA

The budget is prepared to meet the objective of the municipality as set out in the IDP and SDBIP;

The objectives of the municipality set in the IDP and SDBIP is to deliver services to the community and not to generate a commercial return.

Water and electricity infrastructure assets are non-cash generating assets.

Waste management do generate a return in the form of a fee charged at landfill sites for the disposing of household waste when the load is of a certain size.

These landfill sites are however management to project health, well-being and the environment by providing the facility to safely dispose of household waste. Landfill sites are treated as non-cash generating assets.

Community assets

Community assets are all categorised as non-cash generating assets even if some of these assets, for example, swimming pool, community hall or cemeteries generate a return. The return generated by these assets is small and immaterial in relation to the cost of the assets and therefore is not considered to be a commercial return. In addition, all community assets are held with the primary objectives of service delivery in the community, to uplift the communities and to stimulate and enhance economic growth in the different communities.

Employee benefits

The Municipality provides short term benefits, long term benefits and retirement benefits for its employees and councillors.

Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service.

Leave pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total accrued leave days at year end and is shown as an accrual in the Statement of Financial Position.

Bonus Provisions

The Municipality recognises the expected cost of bonuses as a provision only when the Municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made at reporting date.

Post-employment benefits: Defined contribution plans

A defined contribution plan is a plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The Municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees.

Post-employment benefits: Defined benefit plans

A defined benefit plan is a plan that defines an amount of benefit that an employee will receive on retirement.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out by independent qualified actuaries regularly, as may be required for fair presentation.

Actuarial gains or losses recognised immediately in the Statement of Financial Performance.

Long-service Allowance

The Municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the Municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The Municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

Employee benefits (continued)

Post retirement Health Care Benefits

The Municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the Municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Past-service costs are recognised immediately, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Provisions and contingencies

Provisions are recognised when the Municipality has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances, where the provision being measured involves a large population of items; the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

Environmental Rehabilitation Provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the

obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments (continued)

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

Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and

Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Revenue

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Recognition and measurement

The Municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore, services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Service Charges – exchange revenue

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

Pre-paid Electricity – exchange revenue

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

Sale of goods – exchange revenue

1.17 Revenue (continued)

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

- the Municipality has transferred to the buyer 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;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividends – exchange revenue

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

Revenue Recognition of Unclaimed Deposits – exchange revenue

Unclaimed deposits older than three (3) years are recognised as revenue.

Rates and Taxes – non-exchange 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 proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Fines – non-exchange revenue

Fines constitute both spot fines and camera fines. Fines are recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. It is measured at the best estimate, based on past experience, of the amount of revenue the Municipality is entitled to collect.

Subsequent to initial recognition and measurement, the Municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate.

Donations and Contributions – non-exchange revenue

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. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Transfers and subsidies – non-exchange revenue

Unconditional Grants

Equitable share allocations are recognised in revenue at the start of the financial year.

Conditional Grants

Revenue (continued)

Conditional grants recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

Services Received In-kind – non-exchange revenue

Services in kind are recognised at its fair value when it is significant to the operations and/or service delivery objectives and when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably. If the services in-kind are not significant to the operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, only the nature and type of services in-kind received during the reporting period is disclosed.

Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

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

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

1.18 Revenue from non-exchange transactions (continued)

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.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non- exchange transactions is classified based on the nature of the underlying transaction.

1.18 Revenue from non-exchange

transactions (continued) Rates and Taxes –

non-exchange revenue

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

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 proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

Fines – non-exchange revenue

Fines constitute both spot fines and camera fines. Fines are recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. It is measured at the best estimate, based on past experience, of the amount of revenue the Municipality is entitled to collect.

Subsequent to initial recognition and measurement, the Municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate.

Donations and Contributions – non-exchange revenue

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. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Transfers and subsidies – non-exchange revenue

Unconditional Grants

Equitable share allocations are recognised in revenue in the beginning of the financial

year. **Conditional Grants**

Conditional grants recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Interest earned on grants received and invested is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

Services Received In-kind – non-exchange revenue

Services in kind are recognised at its fair value when it is significant to the operations and/or service delivery objectives and when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably. If the services in-kind are not significant to the operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, only the nature and type of services in-kind received during the reporting period is disclosed.

Transfers and subsidies – non-exchange expenditure

Revenue from non-exchange transactions (continued)

The Municipality transfers money to individuals, organisations and other sectors of government from time to time. These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

Turnover

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

Investment income

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

Borrowing costs

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

Accounting by principals and

agentsIdentification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.

- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.

- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

Comparative figures

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

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 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.

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.

Irregular expenditure

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 (continued)

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Budget information

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

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

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

The approved budget covers the fiscal period from 2018/07/01 to 2019/06/30.

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

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

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

Comparative information is not required.

Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party

in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

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:

Events after reporting date (continued)

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.

Value added tax

The municipality is registered with the SARS for VAT on the payment basis, in accordance with the Section 15(2)(a) of the Value Added Tax Act no 89 of 1991. Revenue, expenses and assets are recognised net of the amounts of value added tax. Value added tax is accounted for using the payment basis.

Revenue, expenses and assets are recognised net of the amount of VAT except:

Where the VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and Receivables and payables that are stated with the amount VAT included.

Grants-in aid (Expense)

The municipality annually awards grants to individuals and organisations based on merit. When making these transfers, the municipality does not receive any goods or services directly in return, as would be expected in a purchase or sale transaction; expect to be repaid in future; or expect a financial return, as would be expected from an investment.

Figures in Rand

2019	2018
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Investment property

2019		2018	
Cost /	Accumulated Carrying value	Cost /	Accumulated
Valuation	depreciation and accumulated impairment	Valuation	Carrying value depreciated and accumulated impairment
114 712 352	(95 671 861)	114 712 352	(95 671 861)
19 040 491		19 040 491	

Investment property

Reconciliation of investment property - 2019

Investment property

Opening balance	Total
19 040 491	19 040 491

Reconciliation of investment property - 2018

Investment property

Opening balance	Total
19 040 491	19 040 491

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.

Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciat ion and accumul ated impairm ent	Carrying value	Cost/ Valuation	Accumulated Carrying value depreciat ion and accumula ted impairm ent	
Land	18 143 545	-	18 143 545	18 143 545	-	18 143 545
Buildings	113 659 973	(41 133 399)	72 526 574	105 178 354	(37 888 958)	67 289 396
Plant and machinery	2 066 069	(1 245 875)	820 194	1 952 069	(1 120 202)	831 867
Motor vehicles	17 480 811	(13 079 084)	4 401 727	16 159 541	(12 087 101)	4 072 440
Office equipment	1 368 765	(792 954)	575 811	1 329 798	(701 955)	627 843
IT equipment	1 163 232	(804 512)	358 720	1 063 782	(662 403)	401 379
Infrastructure - Road network	183 732 047	(70 557 775)	113 174 272	183 732 047	(64 039 388)	119 692 659
Infrastructure - Electricity network	183 881 649	(59 099 958)	124 781 691	183 881 649	(53 371 875)	130 509 774
Landfill site asset	17 716 122	(3 467 119)	14 249 003	8 722 509	(2 458 879)	6 263 630
Wastewater network	457 968 611	(102 799 725)	355 168 886	399 113 948	(87 209 618)	311 904 330
Water network	204 915 112	(53 755 432)	151 159 680	197 090 196	(49 369 042)	147 721 154
Work in Progress	10 289 726	-	10 289 726	55 492 389	-	55 492 389
Total	1 212 385 662	(346 735 833)	865 649 829	1 171 859 827	(308 909 421)	862 950 406

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Transfers	Depreciation	Impairment loss	Impairment reversal	Total
Land	18 143 545	-	-	-	-	-	18 143 545
Buildings	67 289 396	-	8 481 619	(2 740 707)	(634 690)	130 956	72 526 574
Plant and machinery	831 867	114 000	-	(135 421)	(12 630)	22 378	820 194
Motor vehicles	4 072 440	1 321 270	-	(885 979)	(172 309)	66 305	4 401 727
Office equipment	627 843	38 967	-	(90 593)	(3 700)	3 294	575 811
IT equipment	401 379	99 450	-	(159 988)	(5 625)	23 504	358 720
Infrastructure - Road network	119 692 659	-	-	(6 599 668)	-	81 281	113 174 272
Infrastructure - Electricity network	130 509 774	-	-	(5 740 857)	-	12 774	124 781 691
Landfill site asset	6 263 630	8 993 613	-	(1 008 240)	-	-	14 249 003
Wastewater network	311 904 330	-	58 854 663	(8 342 378)	(7 319 705)	71 976	355 168 886
Water network	147 721 154	-	7 824 915	(3 996 633)	(494 015)	104 259	151 159 680
Work in Progress	55 492 389	29 958 527	(75 161 190)	-	-	-	10 289 726
	862 950 406	40 525 827	7	(29 700 464)	(8 642 674)	516 727	865 649 829

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Transfers	Depreciation	Impairment loss	Total
Land	18 143 545	-	-	-	-	18 143 545
Buildings	79 767 860	-	2 159 486	(2 866 153)	(11 771 797)	67 289 396
Plant and machinery	1 104 607	-	-	(130 061)	(142 679)	831 867
Motor vehicles	7 107 646	-	-	(1 076 696)	(1 958 510)	4 072 440
Office equipment	745 308	-	-	(88 598)	(28 867)	627 843
IT equipment	499 434	107 025	-	(138 075)	(67 005)	401 379
Infrastructure - Roads network	127 291 237	-	-	(6 616 882)	(981 696)	119 692 659
Infrastructure - Electricity network	136 543 521	-	-	(5 756 584)	(277 163)	130 509 774
Landfill site asset	6 688 378	-	-	(424 748)	-	6 263 630
Wastewater network	325 438 934	-	-	(8 392 394)	(5 142 210)	311 904 330
Water network	163 114 775	429 809	-	(4 121 199)	(11 702 231)	147 721 154
Work in Progress	37 702 779	19 949 096	(2 159 486)	-	-	55 492 389
	904 148 024	20 485 930	-	(29 611 390)	(32 072 158)	862 950 406

Pledged as security

None of the Property, plant and equipment has been pledged as security.

Capitalised expenditure (excluding borrowing costs)

Buildings	5 500 908	13 562 020
Plant and machinery	305 969	8 925
Office equipment	131 324	-
IT equipment	129 781	238 030
Infrastructure	100 548 256	120 387 111
	106 616 238	134 196 086

Property, plant and equipment (continued)

Details of properties

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.

Reconciliation of Work-in-Progress 2019

	Included within Infrastructure	Total
Opening balance	55 492 389	55 492 389
Additions/capital expenditure	29 958 527	29 958 527
Transferred to completed items	(75 161 190)	(75 161 190)
	10 289 726	10 289 726

Reconciliation of Work-in-Progress 2018

	Included within Infrastructure	Total
Opening balance	37 702 779	37 702 779
Additions/capital expenditure	19 949 096	19 949 096
Transferred to completed items	(2 159 486)	(2 159 486)
	55 492 389	55 492 389

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Infrastructure - Roads network	61 850	65 561
Infrastructure - Wastewater network	1 913 610	1 858 397
Infrastructure - Water network	394 888	-
General Repairs and maintenance	437 229	1 136 237
Infrastructure - Electricity network	130 000	304 449
Buildings	431 409	689 061
	3 368 986	4 053 705

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.

Heritage assets

	2019			2018		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated value impairment losses	Carrying
Service concession assets [Stateclass]	35 758	-	35 758	35 758	-	35 758

Reconciliation of heritage assets 2019

	Opening balance	Total
Service concession assets [State class]	35 758	35 758

Reconciliation of heritage assets 2018

	Opening balance	Total
Service concession assets [State class]	35 758	35 758

5. Other financial assets

At amortised cost

VKB Agriculture Limited - Member Funds The member funds arises from awards earned by members based on purchases. Awards do not earn interest or dividends and have a 15 year maturity life and are then transferred to the security member loan.	269 921	273 849
VKB Agriculture Limited - Membership The membership deposit was paid to open a trading account and become a member. The receivable do not earn interest nor dividends and is repayable when membership is cancelled.	79 335	79 335
VKB Agriculture Limited - Membership The membership deposit was paid to open a trading account and become a member. The receivable do not earn interest nor dividends and is repayable when membership is cancelled.	5 000	5 000
VKB Agriculture Limited - Security member loan When the member fund awards mature after 15 years it is transferred to the member loan account. The loan serves as security against the trading account. The loan is payable on demand after settling any outstanding balance on the trading account.	37 490	26 889
VKB Agriculture Limited - Short term member loan The member loan bears interest and is available on demand.	94 092	78 159
	485 838	463 232

Non-current assets

At amortised cost	349 256	353 184
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Current assets

At amortised cost	136 582	110 048
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6. Employee benefit obligations

Defined benefit plan

It is the policy of the municipality to provide retirement benefits to all its employees who elect to participate in the different available schemes. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose. The majority of employees belong to three benefit retirement funds. One fund is administered by the Provincial Pension Fund. These benefit funds are multi-employer funds and as such they are treated as contribution plans in terms of exemption included in GRAP 25.

The last actuarial valuation was dated 30 June 2020.

Post retirement

medical aid planNET

DISCOUNT RATE

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

Assumption	30 June 2019	30 June 2018
Discount Rate (D)	8.75%	9.32%
Consumer price inflation (CPI)	4.84%	5.90%
Health care cost inflation (H)	6.34%	7.40%
Net discount rate $((1+D)/(1+H)-1)$	2.27%	1.79%

It is the relative levels of the discount rate and health care cost inflation to one another that are important, rather than the nominal values. The assumption regarding the relative levels of these two rates is our expectation of the long-term average.

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

The methodology for setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2018 the duration of liabilities was 8.29 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 27 June 2019 is 8.75% per annum, and the yield on the inflation-linked bonds of a similar term was about 3.25% per annum, implying an underlying expectation of inflation of 4.84% per annum $([1 + 8.75\% - 0.5\%] / [1 + 3.25\%] - 1)$.

A health care cost inflation rate of 6.34% was assumed. This is 1.50% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary.

However, it is the relative levels of the discount rate and health care inflation to one another that is important, rather than the nominal values. We have thus assumed a net discount factor of 2.27% per annum $([1 + 8.75\%] / [1 + 6.34\%] - 1)$. This year's valuation basis is, therefore, stronger than previous year's basis from a discount rate perspective.

DEMOGRAPHIC AND DECREMENT ASSUMPTIONS

The demographic and decrement assumptions were consistent in the previous and current valuation period, and are as follows:

Assumption	Active employees	Pensioners
Normal retirement age	65	-
Age difference between spouses	4 years	4 years
Mortality	SA85-90 (Normal)	PA (90)-2

6. Employee benefit obligations

(continued)POST EMPLOYMENT

MEDICAL SUBSIDY:

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

Mafube is committed to paying subsidies broadly as follows:

For staff employed and aged at least 55 years and at least 50 years, as at 1 July 2003, 60% and 50%, respectively, in post-employment for currently employed staff.

Widow(er)s and orphans of current continuation pensioners are entitled to continue subsidy, at the same rate applicable to the principal pensioner, upon the death of the principal pensioner.

It is important to note that the subsidy percentages were supplied to us by Mafube and are not verifiable. Should the subsidy percentages be confirmed and differ to the above our results may need to be adjusted.

Long service award liability

Mafube offers bonuses for every 5 years of completed service from 5 years to 45 years. Below we outline the benefits awarded to qualifying employees.

Completed Service (in years)	Long Service Bonus Awards	Determination of cash bonus
5	5 days accumulative leave + 2% of annual salary	$(5 / 250 + 2\%) \times \text{annual earnings}$
10	10 days accumulative leave + 3% of annual salary	$(10 / 250 + 3\%) \times \text{annual earnings}$
15	15 days accumulative leave + 4% annual salary	$(15 / 250 + 4\%) \times \text{annual earnings}$
20	15 days accumulative leave + 5% of annual salary	$(15 / 250 + 5\%) \times \text{annual earnings}$
25, 30, 35, 40, 45	15 days accumulative leave + 6% of annual salary	$(15 / 250 + 6\%) \times \text{annual earnings}$

Notes to above Table:

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

-The portion of the bonus that is a percentage of annual salary is awarded within the month following the employee attaining the qualifying completed years of service.

VALUATION ASSUMPTIONS:

NET DISCOUNT RATE

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

Assumption	30 June 2019	30 June 2018
Discount Rate	8.10%	8.81%
CPI	4.38%	5.38%
Salary increase rate	5.38%	6.38%
Net discount rate	2.58%	2.28%

GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation.

6. Employee benefit obligations (continued)

The methodology for setting the financial assumptions has been updated to be more duration specific. At the previous valuation report, 30 June 2018 the duration of liabilities was 6.29 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 27 June 2019 is 8.10% per annum, and the yield on inflation-linked bonds of a similar term was about 3.08% per annum. This implies an underlying expectation of inflation of 4.38% per annum $([1 + 8.10\% - 0.5\%] / [1 + 3.08\%] - 1)$.

We have assumed that salary inflation would exceed general inflation by 1.0% per annum, i.e. 5.38% per annum.

However, it is the relative levels of the discount rate and salary inflation to one another that is important, rather than the nominal values. We have thus assumed a net discount factor of 2.58% per annum $([1 + 8.10\%] / [1 + 5.38\%] - 1)$.

DEMOGRAPHIC AND DECREMENT ASSUMPTION

The demographic and decrement assumptions were consistent in the previous and current valuation period, and are as follows:

Assumption	30 June 2019	30 June 2020
Assumed retirement age (years)*	65	65
Mortality	SA85-90	SA85-90

WITHDRAWAL TABLE

The following withdrawal assumptions were applicable over the valuation periods:

Age	Withdrawal rates (Male)	Withdrawal rates (Female)
20	13.30%	13.30%
25	13.30%	13.30%
30	10.90%	10.90%
35	8.20%	8.20%
40	5.80%	5.80%
45	4.10%	4.10%
50	2.90%	2.90%
55+	-	-

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

Carrying value

Present value of the defined benefit obligation - Post employment benefit plan	(7 146 336)	(6 679 000)
Present value of the defined benefit obligation - Long service awards	(5 488 706)	(5 954 000)
	(12 635 042)	(12 633 000)
Non-current liabilities	(11 584 423)	(11 162 000)
Current liabilities	(1 050 619)	(1 471 000)
	(12 635 042)	(12 633 000)

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

Opening balance	12 633 000	12 885 000
Actuarial gains	(245 958)	(585 000)
Net expense recognised in the statement of financial performance	248 000	333 000
	12 635 042	12 633 000

Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

Current service cost	638 000	637 000
Interest cost	1 081 000	1 100 000
Benefits paid	(1 471 000)	(1 404 000)
	248 000	333 000

Calculation of actuarial gains and losses

Actuarial (gains) losses – Long service awards	(667 294)	77 000
Actuarial (gains) losses – Post employment benefit plan	421 336	(662 000)
	(245 958)	(585 000)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used (PEMA)	8.75 %	9.32 %
Discount rates used (LSA)	8.10 %	8.81 %
Salary increase rate (LSA)	5.38 %	6.38 %
Health care cost inflation rate (PEMA)	6.34 %	7.40 %
Net Discount Rate (LSA)	2.58 %	2.28 %
Net Discount Rate (PEMA)	2.27 %	1.79 %

PEMA Liability Reconciliation:

Opening Accrued Liability	(6 679 000)	(7 279 000)
-Current-service Cost	-	8 000
-Interest Cost	597 000	649 000
-Contributions (benefits paid)	(551 000)	(595 000)
Total Annual Expense	(46 000)	(62 000)
-Actuarial Loss / (Gain)	421 336	(662 000)
Closing Accrued Liability	(7 146 336)	(6 679 000)

LSA Liability Reconciliation:

Opening Accrued Liability	(5 954 000)	(5 606 000)
-Current-service Cost	638 000	629 000
-Interest Cost	484 000	451 000
-Contributions (benefits paid)	(920 000)	(809 000)
Total Annual Expense	(202 000)	(271 000)
-Actuarial Loss / (Gain)	(667 294)	77 000
Closing Accrued Liability	(5 488 706)	(5 954 000)

Inventories

Consumable stores	1 198 692	959 132
Water for distribution	39 391	47 412
	1 238 083	1 006 544

Carrying value of inventories carried at fair value less costs to sell	938 847	1 109 732
Inventories recognised as an expense during the year	1 561 367	740 425

Receivables from exchange transactions

Other receivables - Overpayment of Salaries	4 202 630	2 592 313
Other receivable - Rural Maintenance	4 631 689	4 631 689
Consumer debtors - Electricity	167 306	177 958
Consumer debtors - Water	11 044 449	9 638 438
Consumer debtors - Sewerage	3 008 724	2 767 172
Consumer debtors - Refuse	1 963 551	1 834 027
Consumer debtors - Other	3 327 406	3 513 655
	28 345 755	25 155 252

Fair value of trade and other receivables

Trade and other receivables	28 345 755	25 155 252
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Trade and other receivables impaired

As of 30 June 2019, trade and other receivables of R (94 847 892) (2018: R (50 282 291)) were impaired and provided for.

The amount of the provision was R (507 058 681) as of 30 June 2019 (2018: R (412 210 789)).

Impairment of receivables are based on payment ratio analysis. Detailed payment analysis have been performed based based on payment history and ratio per debtor per service. Detailed schedule & calculations available.

Receivables from non-exchange transactions

Consumer debtors - Rates	1 816 442	3 596 388
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Fair value of receivables from non-exchange transactions

Other receivables from non-exchange transactions	1 816 442	3 596 388
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Receivables from non-exchange transactions impaired

As of 30 June 2019, other receivables from non-exchange transactions of R (9 718 206) (2018: R (29 275 886)) were impaired and provided for.

The amount of the provision was R (48 791 663) as of 30 June 2019 (2018: R (39 073 457)).

Impairment of receivables are based on payment ratio analysis. Detailed payment analysis have been performed based based on payment history and ratio per debtor per service. Detailed schedule & calculations available.

VAT receivable

VAT	59 037 331	43 657 415
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11. Consumer debtors disclosure

Gross balances

Consumer debtors - Rates	50 608 105	42 669 845
Consumer debtors - Electricity	5 746 164	5 498 207
Consumer debtors - Water	217 167 696	170 145 905
Consumer debtors - Sewerage	153 586 274	126 119 763
Consumer debtors - Refuse	121 268 222	100 827 167
Consumer debtors - Other	28 801 761	27 550 997
	577 178 222	472 811 884

Less: Allowance for impairment

Consumer debtors - Rates	(48 791 663)	(39 073 457)
Consumer debtors - Electricity	(5 578 858)	(5 320 249)
Consumer debtors - Water	(206 123 247)	(160 507 467)
Consumer debtors - Sewerage	(150 577 550)	(123 352 591)
Consumer debtors - Refuse	(119 304 671)	(98 993 140)
Consumer debtors - Other	(25 474 355)	(24 037 342)
	(555 850 344)	(451 284 246)

Net balance

Consumer debtors - Rates	1 816 442	3 596 388
Consumer debtors - Electricity	167 306	177 958
Consumer debtors - Water	11 044 449	9 638 438
Consumer debtors - Sewerage	3 008 724	2 767 172
Consumer debtors - Refuse	1 963 551	1 834 027
Consumer debtors - Other	3 327 406	3 513 655
	21 327 878	21 527 638

Included in above is receivables from exchange transactions

Electricity	167 306	177 958
Water	11 044 449	9 638 438
Sewerage	3 008 724	2 767 172
Refuse	1 963 551	1 834 027
Other	3 327 406	3 513 655
	19 511 436	17 931 250

Included in above is receivables from non-exchange transactions (taxes and transfers)

Rates	1 816 442	3 596 388
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Net balance	21 327 878	21 527 638
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Rates

Gross debtors	1 100 517	42 669 845
31 - 60 days	887 647	-
61 - 90 days	941 917	-
91 - 120 days	1 063 880	-
121+ days	46 614 144	-
Impairment for bad debts	(48 791 663)	(39 073 457)
	1 816 442	3 596 388

11. Consumer debtors disclosure (continued)

Electricity

Current (0 -30 days)	22 311	5 498 207
31 - 60 days	11 007	-
61 - 90 days	21 977	-
91 - 120 days	19 104	-
121+ days	5 671 764	-
Impairment for bad debts	(5 578 857)	(5 320 249)
	167 306	177 958

Water

Current (0 -30 days)	4 389 992	170 145 905
31 - 60 days	3 961 566	-
61 - 90 days	3 144 673	-
91 - 120 days	4 075 370	-
121+ days	201 596 095	-
Impairment for bad debts	(206 123 247)	(160 507 467)
	11 044 449	9 638 438

Sewerage

Current (0 -30 days)	2 375 553	126 119 763
31 - 60 days	2 361 840	-
61 - 90 days	2 404 714	-
91 - 120 days	2 050 218	-
121+ days	144 393 949	-
Impairment for bad debts	(150 577 550)	(123 352 591)
	3 008 724	2 767 172

Refuse

Current (0 -30 days)	1 773 271	100 827 167
31 - 60 days	1 758 938	-
61 - 90 days	1 780 511	-
91 - 120 days	1 527 751	-
121+ days	114 427 751	-
Impairment for bad debts	(119 304 671)	(98 993 140)
	1 963 551	1 834 027

Other

Current (0 -30 days)	498 589	27 550 997
31 - 60 days	639 290	-
61 - 90 days	(229 419)	-
91 - 120 days	309 314	-
121+ days	27 583 987	-
Impairment for bad debts	(25 474 355)	(24 037 342)
	3 327 406	3 513 655

Reconciliation of allowance for impairment

Balance at beginning of the year	(451 284 246)	(371 726 069)
Contributions to allowance	(104 566 098)	(79 558 177)
	(555 850 344)	(451 284 246)

12. Cash and cash equivalents

Cash and cash equivalents consist of:

12. Cash and cash equivalents (continued)

Bank balances	727 384	(1 538 469)
Short-term deposits	1 230 762	4 038 598
	1 958 146	2 500 129

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating

Baa3	1 958 146	2 500 129
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The municipality had the following bank accounts

Account number / description	Cash book balances			Bank statement balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
ABSA Bank - Call Account - 9090111270	3 279	3 240	-	3 279	3 240	-
ABSA - Call Account - 9229618782	2 074	1 667	-	2 074	1 667	-
ABSA Bank - Call Account - 9232387538	1 225 252	4 033 535	-	1 225 252	4 033 535	-
ABSA Bank - Cheque Account - 4052823517	263 178	348 368	-	-	-	-
Total	1 493 783	4 386 810	-	1 230 605	4 038 442	-

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant (MIG)	245 375	-
Local Government Financial Management Grant (FMG)	28 183	2 842
Integrated National Electrification Programme (5B)	-	533 833
Energy Efficiency and Demand Side Management Grant (EEDG)	845 251	1 645 251
	1 118 809	2 181 926

Movement during the year

Balance at the beginning of the year	2 181 926	8 402 690
Additions during the year	39 479 000	3 345 000
Income recognition during the year	(40 542 117)	(9 565 764)
	1 118 809	2 181 926

The nature and extent of government grants recognised in the unaudited 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 26 for reconciliation of grants from National/Provincial Government.

14. Other financial liabilities**At amortised cost**

Rural Freestate Loan - 4 662 137

The Municipality received a loan (advance for salaries) from Rural Maintenance (Pty) Ltd on 30 October 2014. The loan was for R3 000 000 at an interest rate compounded monthly of prime plus 2%. Redemption date 30 November 2018.

Current liabilities

At amortised cost - 4 662 137

15. Provisions

Reconciliation of provisions - 2019

	Opening Balance	Change in site life	Change in the priced quotations	Change in discount factor	Finance Cost	Total
Environmental rehabilitation	10 008 403	(1 358 393)	10 272 764	79 243	960 593	19 962 610

Reconciliation of provisions - 2018

	Opening Balance	Change in site life	Change in the priced quotations	Change in discoun tfactor	Finance Cost	Total
Environmental rehabilitation	9 584 247	477 706	127 543	(382 689)	201 596	10 008 403
Non-current liabilities					19 317 817	9 047 810
Current liabilities					644 793	960 593

19 962 610 10 008 403

Environmental rehabilitation provision

Mafube Local Municipality consists of four (4) towns (Frankfort/Namahadi, Villiers/Qalabotjha, Cornelia/Ntswanatsatsi, and Tweeling/Mafahlaneng). Villiers, Tweeling, and Cornelia are located in an area of agricultural significance and Frankfort is the central business district of Mafube Municipality.

Key assumptions used:

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 average of the Zero-Coupon Yield Curve (Nominal Bond) over the entire durations applicable in the future. The annualised long term discount rate at 30 June 2018 was 9.60% p.a.. The consumer price inflation of 6.06% p.a. was obtained from the differential between the averages of the Nominal Bond Yield Curve and the Real Bond Yield Curve (Zero Yield Curves).

The Zero-Coupon Yield Curves were obtained from the Bond Exchange of South Africa after the market closed on 30 June 2020.

Discount rate (D) 9.6011.28%
 Consumer price inflation (C)
 6.06% Net discount rate 3.34%

Landfill closure and rehabilitation

Landfill operations continue until all the available permitted airspace has been filled. Once this happens, the site close and capped with a layer of impermeable clay and a layer of the top soil. Grass and other suitable vegetation

types are planted to stabilize the soil and improve the appearance. Environmental monitoring continues for a period of up to 30 years after the closure of the site. No appointment for the closure of the sites has been made, and

therefore only rough estimates have been compiled without site visits with no detailed inspections or investigations. Basic information on the size and classification of each site was supplied.

Site Life calculation

15. Provisions (continued)

Frankfort Landfill Site:

The site is operational and is receiving general waste; that is domestic and industrial waste from the Frankfort area, whose total deposition tonnages per day are unknown. The waste is brought in by Municipal operated waste collection trucks as well as private transportation by residents.

The footprint size of the Frankfort landfill site, as measured from Google Earth, is approximately 81,667 m² (or 8 hectares).

The total remaining airspace as at June 2018 was 147,055 m³.

Frankfort and Namahadi towns' population was reported as 26,073 in 2011 as per the 2011 Census report.

Using the growth rate of 0.22% for Mafube Municipality, as given by STATSSA, the population in 2020 is estimated to be 26,594.

Assuming a waste per capita per day generation rate of 1.2kg, the estimated waste generation tonnage per month for the areas served by the Frankfort landfill site is 890 tonnes. This assumes a waste density of 750 kg/m³.

Per Method A, the remaining site life of this landfill is approximately 7 years.

Tweeling Landfill site:

The landfill site is operational and is receiving general waste from the Tweeling and Mafahlaneng areas, whose total tonnages are unknown. Tweeling and Mafahlaneng towns were reported to have approximately 1,909 households as per the Census 2011 report. Tweeling is the smaller of the two areas.

The footprint of the Tweeling landfill site, as measured from Google Earth, is approximately 20,000 m² (2 hectares). The total available airspace as at June 2018 was assumed to be 36,872 m³.

Tweeling and Mafahlaneng towns were reported to have a combined population of 6,465 in 2011 as per the 2011 Census report. Using the growth rate of 0.22% as given by STATSSA, the population in 2018 is estimated to be 6,594.

Assuming a waste per capita per day generation rate of 1.2kg, the estimated waste generation tonnage per month for the areas served by the Tweeling landfill site is 221 tonnes. This assumes a waste density of 750 kg/m³. The site life of this landfill was not calculated. The report submitted in 2014 had indicated that the site had reached its technical capacity and should be rehabilitated then closed down by the end of that financial year. It was also reported that the landfill site was deemed a health hazard because it is located within a residential area, and there is no buffer zone as per legal requirements. As stated above, this recommendation should be implemented as soon as practically possible to prevent and minimise any further social and environmental damage that would occur due to continued dumping of waste at this landfill site.

15. Provisions

(continued)Villiers

Landfill site:

The landfill site is operational and is receiving general waste from the Villiers and Qalabotjha areas, whose total tonnages are unknown. Villiers and Qalabotjha towns were reported to have approximately 4,867 households as per the 2011 Census report. Villiers is the smaller of the two areas.

The footprint size of the Villiers landfill site, as measured from Google Earth, is approximately 61,335 m² (6.1 hectares). The total available airspace as at June 2018 was estimated to be 107,339 m³.

Villiers and Qalabotjha towns had a combined population of 17,318 in 2011 as per the 2011 Census report. Using the growth rate of 0.22% as given by STATSSA, the population in 2020 is estimated to be 17,661.

Assuming a waste per capita per day generation rate of 1.2kg, the estimated waste generation tonnage per month for the areas served by the Villiers landfill site is 591 tonnes. This assumes a waste density of 750kg/m³.

The remaining site life of the Villiers landfill site is then approximately 8 years.

Cornelia Landfill site:

The site is operational and is receiving general waste from the Cornelia and Ntswanatsatsi areas, whose total tonnages are unknown. Cornelia and Ntswanatsatsi towns were reported to have approximately 749 households as per 2011 Census report. Cornelia is the smaller of the two towns.

Cornelia and Ntswanatsatsi towns have a combined 749 households and the generated waste tonnages are unknown.

The footprint size of the Cornelia landfill site, as measured from Google Earth, is approximately 85,882m². Assuming 40% is used for cells development, the initial available airspace was 85,882 m³.

Cornelia and Ntswanatsatsi towns were reported to have a combined population of 2,964 in 2011, as per the 2011 Census report. Using the growth rate of 0.22% (for Mafube Municipality), as reported by STATSSA, the population in 2020 is estimated to be 3,023.

Assuming 10 years operation, waste density of 750 kg/m³, waste generation rate of 1.2kg per capita per day and a waste to cover ratio of 1:4, the cumulative utilised airspace since then to date is 20,041m³ and the total available airspace at 30 June 2020 becomes 65,841 m³.

The remaining site life of the Cornelia landfill site is then approximately 32 years.

16. Payables from exchange transactions

13th cheque accrual	2 573 067	2 342 166
Retentions	3 588 453	8 987 574
Accrued leave pay	6 496 790	5 883 241
Accrued salary expense	144 401 912	115 430 514
Payments received in advanced - contract in process	17 541 799	9 736 471
Service concession assets	-	115 682
Trade payables	436 268 361	374 603 597
	610 870 382	517 099 245

Fair value of trade and other payables

Trade payables	610 870 382	517 099 245
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17. Consumer deposits

Rates, water, refuse, electricity and rental	1 530 706	1 481 150
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18. Revenue

Actuarial gains	245 958	585 000
Direct taxes (Income tax, estate duty)	-	9 250
Dividends received	15 453	-
Government grants & subsidies	133 247 117	115 012 437
Interest received - investment	36 558 287	16 852 125
Other (Non-exchange)	4 354 397	4 856 394
Other income related to municipal services	2 961 873	2 732 646
Property rates	18 288 740	26 336 163
Rental of facilities and equipment	652 008	238 049
Service charges	65 821 975	65 692 544
	262 145 808	232 314 608

The amount included in revenue arising from exchanges of goods or services are as follows:

Actuarial gains	245 958	585 000
Dividends received	15 453	-
Interest received - investment	36 558 287	16 852 125
Other income - (rollup)	2 961 873	2 732 646
Rental of facilities and equipment	652 008	238 049
Service charges	65 821 975	65 692 544
	106 255 554	86 100 364

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Direct taxes (Income tax, estate duty)	-	9 250
Property rates	18 288 740	26 336 163
Other (Non-exchange)	4 354 397	4 856 394

Transfer revenue

Government grants & subsidies	133 247 117	115 012 437
	155 890 254	146 214 244

Basis on which fair value of inflowing resources was measured

Transfers

Fines

Fines issued in terms of the Criminal Procedures Act are usually issued by way of notice to offenders, and can (a) indicate the value of the fine to be paid, and that certain reductions could be made to the value of the fine payable and how, or the circumstances under which, such reductions can be applied, or (b) indicate that the offender must appear in Court on a specified date (in these instances, the value of the fine may or may not be indicated but this is often only determined after a separate legal process). In 2012, the ASB revised IGRAP 1 Applying the Probability Test on the Initial Recognition of Revenue to include revenue from non-exchange transactions. This amendment is applicable to municipalities from 1 July 2013. IGRAP 1 indicates that entities should not consider the probability of non-payment on the initial recognition of revenue. This should be considered as a subsequent event when assessing impairment.

19. Service charges

Sale of electricity	3 137	80
Sale of water	37 368 618	34 704 267
Sewerage and sanitation charges	15 184 452	19 305 607
Refuse removal	13 265 768	11 682 590
	65 821 975	65 692 544

20. Rental of facilities and equipment**Premises**

Own Premises	652 008	238 049
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21. Other (non-exchange)

Water non-exchange	4 354 397	4 856 394
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22. Lease rentals on operating lease**Motor vehicles**

Contractual amounts	724 278	2 281 102
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23. Other income

Administrative Fees	63	80 011
Building Fees	53 772	42 664
Camping Fees	1 112	2 000
Cemetery Fees	150 316	226 221
Clearance certificate	24 415	39 996
Connection Fees	28 021	29 392
Meter Reading Fees	688	-
Photocopies	2 652	92
Royalties	2 650 361	2 270 449
Sale of Sand	(3 124)	13 619
Sub-divisioning	81	261
Tender deposits	46 255	11 023
Valuation roll	7 261	16 918
	2 961 873	2 732 646

24. Investment revenue**Dividend revenue**

Other financial asset 1 - Foreign	15 453	-
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Interest revenue

Bank	10 436	13 443
Interest charged on trade and other receivables	36 547 851	16 838 682
	36 558 287	16 852 125
	36 573 740	16 852 125

25. Property rates

Rates received

Residential	11 640 997	12 319 299
Commercial	4 916 416	11 460 807
Agricultural	1 731 327	2 556 057
	18 288 740	26 336 163

Valuations

Residential	1 228 974 354	1 228 974 354
Commercial	149 513 820	149 513 820
State	73 100 494	73 100 494
Municipal	56 330 000	56 330 000
Small holdings and farms	6 194 281 806	6 194 281 806
Institutional and Other	115 529 000	115 529 000
	7 817 729 474	7 817 729 474

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

	201	201
26. Government grants and subsidies		
Operating grants		
Equitable share	85 705 000	77 722 668
Expanded Public Works Programme Integrated Grant (EPWP)	-	1 000 000
Provincial Government Grant	7 000 000	32 091 673
Local Government Financial Management Grant (FMG)	2 389 659	2 563 214
	95 094 659	113 377 555
Capital grants		
Municipal Infrastructure Grant (MIG)	21 818 625	785 332
Water Services Infrastructure Grant (Direct)	15 000 000	-
Integrated National Electrification Programme (5B)	533 833	64 550
Energy Efficiency and Demand Side Management Grant (EEDG)	800 000	785 000
	38 152 458	1 634 882
	133 247 117	115 012 437
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	38 152 458	1 634 882
Unconditional grants received	95 094 659	113 377 555
	133 247 117	115 012 437
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members and the day to day running of the municipality.		
Municipal Infrastructure Grant (MIG)		
Current-year receipts	22 064 000	785 332
Conditions met - transferred to revenue	(21 818 625)	(785 332)
	245 375	-
Conditions still to be met - remain liabilities (see note 13).		
Local Government Financial Management Grant (FMG)		
Balance unspent at beginning of year	2 842	574 056
Current-year receipts	2 415 000	2 345 000
Conditions met - transferred to revenue	(2 389 659)	(2 563 214)
Unspent FMG portion deducted from Equitable share in 2019	-	(353 000)
	28 183	2 842
Conditions still to be met - remain liabilities (see note 13).		
Expanded Public Works Programme Integrated Grant (EPWP)		
Current-year receipts	-	1 000 000
Conditions met - transferred to revenue	-	(1 000 000)
	-	-

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

	201	201
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26. Government grants and subsidies (continued)

Integrated National Electrification Programme (5B)

Balance unspent at beginning of year	533 833	5 398 383
Conditions met - transferred to revenue	(533 833)	(64 550)
Unspent INEP portion deducted from Equitable share in 2019	-	(4 800 000)
	-	533 833

Conditions still to be met - remain liabilities (see note 13).

Water Services Infrastructure Grant (Direct)

Current-year receipts	15 000 000	-
Conditions met - transferred to revenue	(15 000 000)	-
	-	-

Energy Efficiency and Demand Side Management Grant (EEDG)

Balance unspent at beginning of year	1 645 251	2 430 251
Conditions met - transferred to revenue	(800 000)	(785 000)
	845 251	1 645 251

Conditions still to be met - remain liabilities (see note 13).

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

	201	201
27. Employee related costs		
Acting allowances	1 064 001	1 490 611
Basic	63 318 357	59 124 535
Bonus	4 636 040	4 436 396
Car allowance	7 788 197	6 585 880
Defined contribution plans	9 184 909	8 373 656
Employee benefit obligation	248 000	-
Housing benefits and allowances	562 752	577 025
Cellphone Allowance	-	150 000
Leave pay provision charge	718 749	251 692
Long-service awards	-	338 044
Medical aid - company contributions	3 256 154	1 657 961
Other payroll levies	80 770	81 354
SDL	760 762	724 388
Standby Allowance	820 969	944 565
Travel, motor car, accommodation, subsistence and other allowances	-	11 830
UIF	582 532	559 968
	93 022 192	85 307 905

Remuneration of Municipal Manager - MJ Matlole

Annual Remuneration	2 927 784	1 219 910
Allowances	34 000	11 830
Contributions to UIF, Medical and Pension Funds	20 877	12 943
	2 982 661	1 244 683

Appointed on 01 February 2018

Remuneration of Municipal Manager - Mr PI Radebe

Annual Remuneration	-	323 670
Allowances	-	666 884
Performance Bonuses	-	9 986
	-	1 000 540

The council placed PI Radebe on special leave. Mr PI Radebe was remunerated in full for the whole period that he was placed on special leave.

Remuneration of Chief Financial Officer - MA Makoe

Annual Remuneration	769 494	-
Allowances	257 130	-
Contributions to UIF, Medical and Pension Funds	10 123	-
Backpay	11 807	-
	1 048 554	-

Appointed 01 March 2018

Remuneration of Chief Financial Officer - P Rametse

Acting Allowance	-	93 971
	-	93 971

Acting from August 2017 - January 2018

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

	201	201
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27. Employee related costs (continued)

Remuneration of Director Community Service - AL Tshabalala

Acting Allowance	-	122 076
	-	122 076

Remuneration of Director Corporate Service - NE Radebe

Annual Remuneration	-	302 599
Allowances	-	239 764
Contributions to UIF, Medical and Pension Funds	-	5 822
	-	548 185

Contracted ended in October 2017

Remuneration of Director Community Service - ZE Mofokeng

Annual Remuneration	891 874	282 060
Contributions to UIF, Medical and Pension Funds	11 338	3 415
	903 212	285 475

Appointed on 01 March 2018

Remuneration of Director Corporate Services - SB Radebe

Acting Allowance	15 604	62 414
	15 604	62 414

Remuneration of Director Planning & Infrastructure - AL Mphuthi

Acting Allowance	18 446	184 974
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Remuneration of Director Corporate Services - PP Moloi

Annual Remuneration	627 599	-
Allowances	306 746	-
Contributions to UIF, Medical and Pension Funds	10 693	-
	945 038	-

Remuneration of Director Planning & Infrastructure - DL Ramabitsa

Annual Remuneration	579 755	-
Allowances	354 590	-
Contributions to UIF, Medical and Pension Funds	10 554	-
	944 899	-

28. Remuneration of councillors

Councillors	5 929 312	5 749 456
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Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

	201	201
29. Depreciation and amortisation		
Property, plant and equipment	29 700 463	29 614 477
Investment property	-	(382 280)
	29 700 463	29 232 197
30. Impairment of assets		
Impairments		
Property, plant and equipment	8 175 085	32 072 159
<p>An 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.</p> <p>Infrastructure assets - GRAP 26.(23) states: In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:</p> <p>(g):Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.</p> <p>Due to significant budget constraints, the municipality could not maintain the maintenance plan as required for the infrastructure assets. This led to the value in use being lower than the economic value of the assets. Assets were therefore impaired to a condition grade lower based on physical assessment of these assets.</p> <p>Land - IGRAP 18 indicates that land is recognised based on control. Control of land is evidenced by the following criteria:</p> <p>legal ownership; and/or</p> <p>the right to direct access to land, and to restrict or deny the access of others to land.</p> <p>During the year it was identified that control over land has been lost. The most significant part of this was rural development for housing. As the land was not yet transferred to the legal new owners name, the land was impaired.</p>		
Reversal of impairments		
Property, plant and equipment	(49 142)	-
<p>Land parcels previously impaired were disposed off during the year. Therefore the impairment allowance was reversed.</p>		
Total impairment losses (recognised) reversed	8 125 943	32 072 159
31. Finance costs		
Bulk Accounts	47 121 926	48 229 038
Interest Cost - Landfill site provision	960 594	-
	48 082 520	48 229 038
32. Debt impairment		
Contributions to debt impairment provision	91 618 717	70 872 032
Bad debts written off	860 408	914 975
	92 479 125	71 787 007
33. Bulk purchases		
Water	22 938 100	40 530 491

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

	201	201
34. General expenses		
Advertising	308 302	630 828
Auditors remuneration	3 344 020	91 165
Bank charges	310 008	249 956
Bursaries	88 741	10 992
Community development and training	638 767	448 013
Consulting and professional fees	8 285 029	4 601 377
Consumables	4 333 895	1 592 918
Electricity	4 806 259	10 046 890
Fines and penalties	253 265	1 143 675
Fuel and oil	1 401 451	1 444 085
Hire	1 182 186	2 168 406
IT expenses	335 317	202 449
Insurance	1 163 221	1 134 040
Motor vehicle expenses	104 247	19 822
Other expenses	99 582	135 395
Postage and courier	-	(62 108)
Printing and stationery	1 170 027	1 159 467
Repairs and maintenance	3 368 985	4 053 705
Security (Guarding of municipal property)	2 661 504	35 686
Staff welfare	294 584	180 319
Subscriptions and membership fees	298 149	901 826
Telephone and fax	2 856 590	2 344 963
Training	-	25 661
Travel - local	2 401 077	2 215 621
Uniforms	288 300	735 930
	39 993 506	35 511 081

Electricity - Credit note was received in 2019 for R3,497,551.51 that reduced the expense. Refer to Eskom Invoice - 743892921401

35. Auditors' remuneration

Fees	3 344 020	91 165
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36. Operating deficit

Operating deficit for the year is stated after accounting for the following:

Operating lease charges

Motor vehicles actual amounts	724 278	2 281 102
Impairment on property, plant and equipment	8 175 085	32 072 159
Reversal of impairment on property, plant and equipment	49 142	-
Depreciation on property, plant and equipment	29 700 463	29 614 477
Depreciation on investment property	-	(382 280)
Employee costs	98 951 504	91 057 361

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

	201	201
37. Cash generated from operations		
Deficit	(78 849 631)	(118 385 828)
Adjustments for:		
Depreciation and amortisation	29 700 463	29 232 197
Impairment deficit	8 125 943	32 072 159
Debt impairment	92 479 125	71 787 007
Movements in retirement benefit assets and liabilities	2 042	(868 199)
Movements in provisions	9 954 207	(71 399)
Changes in working capital:		
Inventories	(231 539)	(1 424 533)
Receivables from exchange transactions	(3 190 503)	-
Consumer debtors	(92 479 125)	(81 492 466)
Other receivables from non-exchange transactions	1 779 946	-
Payables from exchange transactions	93 771 137	106 347 744
VAT	(15 379 916)	(11 010 469)
Unspent conditional grants and receipts	(1 063 117)	(6 220 764)
Consumer deposits	49 556	-
	44 668 588	19 965 449

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

201 201

38. Financial instruments disclosure

Categories of financial instruments

2019

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	28 345 755	28 345 755
Other receivables from non-exchange transactions	1 816 442	1 816 442
Cash and cash equivalents	1 958 146	1 958 146
	32 120 343	32 120 343

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	610 870 382	610 870 382
Consumer deposits	1 530 706	1 530 706
	612 401 088	612 401 088

2018

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	25 155 252	25 155 252
Other receivables from non-exchange transactions	3 596 388	3 596 388
Cash and cash equivalents	2 500 129	2 500 129
	31 251 769	31 251 769

Financial liabilities

	At amortised cost	Total
Other financial liabilities	4 662 137	4 662 137
Trade and other payables from exchange transactions	517 099 245	517 099 245
Consumer deposits	1 481 150	1 481 150
	523 242 532	523 242 532

39. Commitments

Authorised capital expenditure

Already contracted for but not provided for

erty, plant and equipment	79 458 849	76 852 260
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Total capital commitments

Already contracted for but not provided for	79 458 849	76 852 260
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This committed expenditure relates to property, plant and equipment and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc.

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

201

201

Contingencies

The following cases have been reported but not yet confirmed.

WSSA	The municipality had appointed WSSA to develop water maintenance plans as well as maintenance for sewer and water purification plants.	1 410 498	1 410 498	Pending litigation.
Department of Water & Sanitation	DWS litigate the municipality for the water usage abstracted from the Wilge River, the matter was subjected to an IGR forum but no tangible solution has been arrived at yet.	109 000 000	109 000 000	Pending litigation.
Pensions (MWRF, SALA, FSPF & MCPF)	The municipality defaulted from paying employee pension contributions since 2012 to date, as a result former SAMWU Provident Fund(MWRF),has refused to release claims on the employee claims	100 000 000	100 000 000	Monies outstanding.
Mafube / Sala Pension Fund	The municipality defaulted from paying employee pension contributions since 2012 to date, as a result former SAMWU Provident Fund(MWRF),has refused to release claims on the employee claims	20 712 223	20 712 223	Monies outstanding.
Mafube / Greyhound and 2 Others	Claim by Greyhound for the damage caused when the Freemans transport Truck bumped into the truck	-	-	Matter settled.
N&C Maintenance	Dispute of payments on work done to water pumps	400 000	400 000	Pending litigation.
Fire Fighters	Fire Fighters appointed on the Mayor's programs and took the Municipality to court as they wanted to be appointed permanently	900 000	900 000	Pending Labour Court application.
WDT Goosen	Claim for damages	150 000	-	Pending High Court litigation.
Emily Dhladhla	Labour Court matter	100 000	-	Pending Labour Court application.

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

201

201

Related parties

Relationships

Accounting Officers

Members of key management

Mr J Matlole
Executive Mayor - Cllr. JE
Sigasa Speaker - Cllr. NE
Motaung Chief Whip - Cllr.
MM Mofokeng

Cllr. WC
Motloung Cllr. JJ
Hlongwane Cllr.
TJ Kotsi
Cllr. CU Jafta
Cllr. LS Kubeka
Cllr. RP
Mokuene
Cllr. MC Du
Plessis Cllr. PM
Monaune Cllr. FP
Motloung
Cllr. SA
Mazibuko (Mosia) Cllr. J
Oost
Cllr. TL Moloi
Cllr. NE
Rakoloti
Cllr. PS Sikhosana

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

41. Related parties (continued)

Remuneration of management

Management class: Board members

2019

Name	Basic salary	Allowances	Contributions to UIF, Medical and Pension Funds	Total
Municipal Manager - MJ Matlole	2 927 784	34 000	31 402	2 993 186
Chief Financial Officer - MA Makoae	589 195	430 090	12 042	1 031 327
Director Planning & Infrastructure - DL Ramabitsa	579 755	354 590	10 554	944 899
Director Community Service - ZE Mofokeng	891 874	-	11 338	903 212
Director Corporate Service - PP Moloji	627 599	306 746	10 693	945 038
Director Corporate Service (Acting) - SB Radebe	-	15 604	-	15 604
Director Planning & Infrastructure (Acting) - AL Mphuthi	-	18 446	-	18 446
	5 616 207	1 159 476	76 029	6 851 712

2018

Name	Basic salary	Allowances	Contributions to UIF, Medical and Pension Funds	Total
Municipal Manager - Mr PI Radebe	323 670	666 884	9 986	1 000 540
Municipal Manager - MJ Matlole	1 219 910	11 830	12 943	1 244 683
Chief Financial Officer - MA Makoae	214 832	107 523	9 855	332 210
Director Community Service - ZE Mofokeng	282 060	-	3 415	285 475
Director Corporate Service - NE Radebe	302 599	239 764	5 822	548 185

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

41. Related parties (continued)

Chief Financial Officer (Acting) - P Rametse	93 971	-	-	93 971
Director Corporate Service (Acting) - SB Radebe	62 414	-	-	62 414
Director Community Service (Acting) - AL Tshabalala	122 076	-	-	122 076
Director Planning & Infrastructure (Acting) - AL Mphuthi	184 974	-	-	184 974
	2 806 506	1 026 001	42 021	3 874 528

Management class: Councillors

2019

Name	Basic Salary	Contributions to Medical and Pension Funds	Travel Allowance	Cellphone Allowance	Total
Mayor - Cllr. JE Sigasa	545 373	85 623	202 958	3 600	837 554
Speaker - Cllr. NE Motaung	458 446	5 679	148 571	3 300	615 996
Cllr. MM Mofokeng	213 537	31 781	58 771	3 600	307 689
Cllr. WC Motloun	221 491	34 795	82 426	3 600	342 312
Cllr. JJ Hlongwane	253 744	3 168	82 426	3 600	342 938
Cllr. TJ Kotsi	253 744	3 168	82 426	3 600	342 938
Cllr. CU Jafta	197 723	2 476	64 229	3 600	268 028
Cllr. LS Kubeka	197 723	2 476	64 229	3 600	268 028
Cllr. RP Mokuene	253 744	3 168	82 426	3 600	342 938
Cllr. MC Du Plessis	261 419	3 263	84 920	3 600	353 202
Cllr. PM Monaune	197 723	2 477	64 229	3 600	268 029
Cllr. FP Motloun	245 130	3 100	84 920	3 600	336 750
Cllr. SA Mazibuko(Mosia)	180 835	19 530	64 229	3 600	268 194
Cllr. J Oost	197 724	2 477	64 229	3 600	268 030
Cllr. TL Moloji	197 724	2 477	64 229	3 600	268 030
Cllr. NE Rakoloti	197 724	2 477	64 229	3 600	268 030
Cllr. MT Moloji	24 874	6 944	10 495	600	42 913
Cllr. PS Sikhosana	158 487	2 000	51 896	2 830	215 213

4 257 165	217 079	1 421 838	60 730	5 956 812
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Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

Related parties

(continued)

2018

Name	Basic Salary	Travel	Cellphone	Total	
	Contributions to Medical and Pension Funds	Allowa nce	Allowance		
Mayor - Cllr. JE Sigasa	524 567	82 279	195 030	3 600	805 476
Speaker - Cllr. NE Motaung	480 707	5 965	156 024	3 600	646 296
Cllr. MM Mofokeng	166 334	25 962	61 484	3 600	257 380
Cllr. WC Motloun	218 855	34 142	80 884	3 600	337 481
Cllr. JJ Hlongwane	250 505	3 095	80 884	3 600	338 084
Cllr. TJ Kotsi	250 505	3 110	80 884	3 600	338 099
Cllr. CU Jafta	190 393	2 372	61 484	3 600	257 849
Cllr. LS Kubeka	193 404	2 378	58 473	3 600	257 855
Cllr. RP Mokuene	203 969	3 696	64 458	3 600	275 723
Cllr. MC Du Plessis	251 727	3 125	81 291	3 600	339 743
Cllr. PM Monaune	241 584	2 997	77 910	3 600	326 091
Cllr. FP Motloun	219 918	23 554	81 291	3 600	328 363
Cllr. SA Mazibuko(Mosia)	176 514	19 347	61 484	3 600	260 945
Cllr. J Oost	190 393	2 372	61 484	3 600	257 849
Cllr. TL Moloji	190 393	2 372	61 484	3 600	257 849
Cllr. NE Rakoloti	190 393	2 372	61 484	3 600	257 849
Cllr. MT Moloji	151 308	41 301	61 484	3 600	257 693
	4 091 469	260 439	1 387 517	61 200	5 800 625

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

201

201

Change in estimate Property,

plant and equipment

During the valuation of landfill site provision for 2019 financial year the following amentmends were taken into consideration:

Effect of change in discount rate

Change in engineering priced quotations and assumptions

Changes in site lives, based on more accurate statistics

Depreciation before adjustment - R 340 794.20

Depreciation after adjustment - R 1 110 224.29

Effect of change in estimate - R 769 430.09

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

201 201

Prior-year adjustments

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

Statement of financial position

2018

	Note	As previously reported	Correction of error	Restated
Cash and cash equivalents	12	2 508 563	(8 434)	2 500 129
Inventories	7	960 081	46 463	1 006 544
Other financial assets		110 048	-	110 048
Receivables from exchange transactions	8	112 575 899	(87 420 647)	25 155 252
VAT payable / receivable		(3 031 764)	46 687 036	43 655 272
Receivables from non-exchange transactions	9	9 255 225	(5 658 837)	3 596 388
Other financial liabilities	14	(4 665 022)	2 885	(4 662 137)
Other financial assets		353 184	-	353 184
Heritage assets		35 758	-	35 758
Unspent conditional grants and receipts	13	(8 953 816)	6 771 890	(2 181 926)
Accumulated surplus (deficit)		(343 821 870)	(60 252 111)	(404 073 981)
Intangible assets		311 368	(311 368)	-
Investment property	2	72 142 138	(53 101 647)	19 040 491
Employee benefit obligation		(12 633 000)	-	(12 633 000)
Property, plant and equipment	3	705 597 240	151 089 536	856 686 776
Payables from exchange transactions		(527 455 133)	10 355 888	(517 099 245)
Consumer deposits		(1 479 268)	(1 882)	(1 481 150)
Provisions		(10 008 403)	-	(10 008 403)
		(8 198 772)	8 198 772	-

Statement of financial performance

2018

	Note	As previously reported	Correction of error	Restated
Depreciation, amortisation and impairments	29	(55 218 611)	(5 660 997)	(60 879 608)
Employee costs	27	(90 657 496)	(399 865)	(91 057 361)
Finance costs	31	(41 287 517)	(6 941 521)	(48 229 038)
General	34	(40 522 168)	5 011 087	(35 511 081)
Lease rentals on operating lease	23	-	(2 281 102)	(2 281 102)
Bulk purchases		(40 261 545)	(268 946)	(40 530 491)
Debt Impairment		(83 350 500)	11 561 350	(71 789 150)
Rendering of services	19	74 464 708	(5 216 469)	69 248 239
Taxation revenue	25	47 761 330	(16 559 522)	31 201 808
Transfer revenue	26	92 736 297	22 276 140	115 012 437
Interest received - investment	24	16 908 520	(56 395)	16 852 125
Surplus for the year		(119 426 982)	1 463 760	(117 963 222)

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

201

201

43. Prior-year adjustments

(continued)Errors

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

201

201

43. Prior-year adjustments (continued)

The following errors were found and corrected:

Cash and cash equivalents

Transactions were accounted for in the correct financial year.

Inventories

The year end inventory were corrected and restated.

Receivables from exchange transactions

The billing integration from the sub ledger did not fully integrate with the ledger module.

Receivables from non-exchange transactions

The billing integration from the sub ledger did not fully integrate with the ledger module.

Other financial liabilities

Transactions were accounted for in the correct financial year.

Unspent conditional grants and receipts

Transactions were accounted for in the correct financial year.

Investment property

All investment property items were investigated and corrected based on control of the asset.

Property, plant and equipment & Work in process

A full asset verification process were performed. All projects were reconciled.

Depreciation, amortisation and impairments

A new Asset Management Policy were implemented during the financial year, with all asset classes were re-evaluated to ensure useful life were in reflecting the lifespan of asset classes.

Employee costs

The payroll integration from the payroll system did not fully integrate with the general ledger, subsequently all transactions were manually imported.

Finance costs

Interest and penalties were recalculated and corrected.

General

Reclassification of expenditure performed for the prior year, as well as recalculation of all creditors.

Other income

Classification and disclosure corrections.

Rendering of services

The billing integration from the sub ledger did not fully integrate with the ledger module.

Rental of facilities and equipment

Classification and disclosure corrections.

Taxation revenue

The billing integration from the sub ledger did not fully integrate with the ledger module.

Transfer revenue

Grants and DORA schedules were recalculated and reconciled to the financials.

Interest received - investment

Investment register were recalculated and reconciled to the

financials.19.VAT Payable

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

201

201

43. Prior-year adjustments (continued)

Correction was done relating to VAT incorrectly accounted for on Debt Impairment.

Change in accounting policy

Changes in accounting policies occurred during the year under

review. The following change in accounting policies occurred:

1. Cash & Cash Equivalents changed from fair value to amortised cost. Accounting policy were incorrectly classified, policy have been amended accordingly.

44. Comparative figures

Certain comparative figures have been reclassified /

restated. The effects of the reclassification / restatement

are as follows:

Due to prior period corrections of work in process the commitments for 2018 have been restated.

Due to prior period corrections of key management the disclosure for 2018 have been restated.

45. Risk

management

Financial risk

management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk, but the exposure is limited to the the municipality's management thereof. Due to largely, "non-trading nature" of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Budget and Treasury Office monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The municipality does not enter into or trade financial instruments for speculative purposes. Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports monthly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

201

201

45. Risk management

(continued)Liquidity risk

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

Liquidity risk is the risk that the municipality will not be able to meet its obligations as they fall due. The Municipality managing of liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met. The tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

At 30 June 2019

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	610 870 382	-	-	-

At 30 June 2018

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	517 099 245	-	-	-

Credit risk

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

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

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2019	2018
Receivables from non-exchange transactions	28 345 755	25 155 252
Receivables from exchange transactions	1 816 442	3 596 388
Bank balances	1 958 146	2 500 129

The municipality is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note for additional details.

Market risk

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

201

201

Risk management (continued)

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income received on interest on investments are dependent of changes in market interest rates. Interest rate risk is deferred that the fair value of future cash flows associated with a financial instrument will fluctuate in amount as a result in market interest changes.

To decrease interest rate risk exposure, investments is mostly done on a on a term not longer than six months. The current Interest rate shown below is the average interest earned during the year under review on call investment deposits and cash in current banking institutions.

Cash flow

interest rate

riskPrice risk

The municipality is exposed to equity securities price risk because of investments held by the municipality and classified on the consolidated statement of financial position either as available-for-sale or at fair value through municipality or deficit. The municipality is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the municipality diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the municipality.

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

Surplus for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through surplus or deficit. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available for sale.

Post-tax municipality for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through municipality or deficit. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified as available-for-sale.

Going concern

We draw attention to the fact that at 30 June 2019, the municipality had an accumulated surplus (deficit) of R 331 490 124 and that the municipality's total liabilities exceed its assets by R 331 490 124. The current liabilities of R 615 215 309 (2018: R 527 856 051) exceeded its current assets R 522 669 297 (2018: R 451 832 418).

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

The municipality is experience some financial difficulties, indicators are as follows:.

- Suppliers are not paid within the legislative 30 days;
- Employee benefit obligations are unfunded; refer note 6
- High levels of distribution losses; refer note 49

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

	201	201
Slow collection and low recoverability of outstanding consumer accounts; and Unfavourable financial ratios.		

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

47. Unauthorised expenditure

Opening balance as previously reported	1 228 963 131	1 014 343 730
Opening balance as restated	1 228 963 131	1 014 343 730
Add: Expenditure identified - current	197 243 575	214 619 401
Closing balance	1 426 206 706	1 228 963 131

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

201

201

Unauthorised expenditure (continued)

The municipality has started the process to investigate unauthorised expenditure identified. The process followed is in terms of the guideline issued by National Treasury.

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

	<u>201</u>	<u>201</u>
48. Fruitless and wasteful expenditure		
Opening balance as previously reported	206 891 213	165 074 216
Opening balance as restated	206 891 213	165 074 216
Add: Expenditure identified - current	52 536 295	41 816 997
Closing balance	259 427 508	206 891 213

Mafube Local Municipality

(Registration number FS205)

Unaudited Annual Financial Statements for the year ended 30

Notes to the Unaudited Annual Financial Statements

Figures in Rand

201

201

Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

Summary of fruitless and wasteful

Absa - interest on bank charges	2 325	1 536
AGSA - interest on overdue account	260 053	654 321
Department of Water & Sanitation - Interest on overdue accounts	18 321 227	11 099 633
Business Connexion - interest on overdue account	-	31 605
Eskom - interest on overdue account	98 486	571 770
Gaba - Traffic fine	-	700
Gavin Gaba - overdue rental admin fee	-	573
Manley Inc Trust - Interest and execution costs	44 533	-
Municipal Council Pension Fund interest on overdue account	26 245	52 558
North West University - interest on tuition fees	-	296
PI Radebe - salary paid to MM while on special leave	-	990 553
PSN Inc	1 058	-
Rural Free State - interest on overdue account	12 782 554	10 924 845
Rural Maintenance - interest on loan	234 582	532 400
SA Post Office - Penalty for late renewal	40	-
SALA Pension fund - interest on overdue account	8 148 694	5 589 822
SALGBC - Fine for non-payment	10 000	-
SAMWU Pension fund - interest on overdue account	8 827 979	6 809 039
SARS - interest & penalties	2 774 053	4 243 034
Sibusisiwe Electrical Contractor & Supplier - interest on overdue account	-	314 312
Telkom SA	4 950	-
VIP Consulting	999 516	-
	52 536 295	41 816 997

49. Irregular expenditure

Opening balance as previously reported	303 153 949	258 339 557
Opening balance as restated	303 153 949	258 339 557
Add: Irregular Expenditure - current	62 820 516	44 814 392
Closing balance	365 974 465	303 153 949

Incidents/cases identified in the current year include those listed below:

	Summary of irregular expenditure	
Bid specifications Committee not in place	3 562 723	1 603 810
Competitive bidding not invited	22 189 182	36 139 318
Contract awarded yet the winning bidder's account for municipal rates and taxes and municipal service charges were in arrears for more than 3 months at the time of awarding the contract	6 382 515	-
Declaration of interest not submitted	5 064 865	384 082
Lowest quote not awarded	4 741	22 630
No evidence of bids being advertised.	3 520 816	-
Procurement done without seven days advertisement	-	166 000
Expenditure not approved by a delegated official	468 412	-
No supporting documents	52 613	-
Overpayment of MM salary	1 610 317	-
Preference point system not applied	14 455 858	-
Suppliers not on CSD	316 572	-
Three written quotations not invited	5 162 769	6 498 552
No evidence of tax clearance certificate	29 133	-
	62 820 516	44 814 392

50. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	3 054 662	2 961 700
2018/2019 subscription / fee	118 357	390 312
Amount paid - current year	(105 057)	(297 350)
	3 067 962	3 054 662

Material losses

Water Distribution loss	18 356 703	36 779 702
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Audit fees

Opening balance	-	11 031 389
Current year subscription / fee	4 105 676	91 165
Amount paid - current year	(1 307 199)	(11 122 554)
	2 798 477	-

PAYE and UIF

Opening balance	57 488 039	33 675 502
Current year subscription / fee	13 027 502	26 690 306
Amount paid - current year	(15 708 992)	(2 877 772)
Interest and penalties	2 676 044	-
	57 482 593	57 488 036

Pension and Medical Aid Deductions

Opening balance	66 531 491	42 110 952
Current year subscription / fee	20 373 814	24 420 539
Amount paid - current year	(13 896 491)	-
Interest	16 122 201	-
	89 131 015	66 531 491

VAT

VAT receivable	59 051 004	43 655 272
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VAT input receivables are shown in note 10.

All VAT returns have been submitted for the year. Returns were late submitted that resulted in penalties and interest being charged, the interest and penalties have been disclosed as Fruitless and wasteful expenditure.

50. Additional disclosure in terms of Municipal Finance

Management Act (continued) Councillors' arrear consumer

accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2019:

30 June 2019	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
J Oost	2 181	1 787	3 968
NE Motaung	5 054	2 957	8 011
JT Kotsi	2 119	34 893	37 012
M Molo	2 046	9 804	11 850
SA Mosia	2 240	8 267	10 507
UC Jafta	2 471	32 513	34 984
JJ Hlongwane	1 189	7 083	8 272
RP Mokuene	3 802	85 248	89 050
TL Molo	2 903	43 276	46 179
PS Skosana	742	241	983
WC Motloung	1 449	19 455	20 904
SP Monaune	846	13 284	14 130
	27 042	258 808	285 850

30 June 2018	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
J Oost	2 075	2 168	4 243
NE Motaung	3 363	404	3 767
JT Kotsi	2 156	31 800	33 956
M Molo	1 855	2 228	4 083
SA Mosia	2 126	6 117	8 243
UC Jafta	2 508	25 987	28 495
M Tshlongwane	3 354	16 603	19 957
RP Mokuene	4 219	73 362	77 581
TL Molo	2 480	36 622	39 102
LS Kubeka	1 634	5 277	6 911
WC Motloung	1 488	18 869	20 357
SP Monaune	827	10 667	11 494
	28 085	230 104	258 189

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

30 June 2019	Highest outstanding amount	Aging (in days)
J Oost	122	210
NE Motaung	1	210
JT Kotsi	31 731	270
M Molo	3 622	270
SA Mosia	5 412	270
UC Jafta	29 879	270
JJ Hlongwane	5 658	270
RP Mokuene	80 149	270
TL Molo	39 835	270
PS Skosana	88	150
WC Motloung	17 524	270

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

SP Monaune	12 156	270
	226 177	3 000

30 June 2018

Highest outstanding amount	Aging (in days)
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J Oost	161	240
NE Motaung	403	120
JT Kotsi	28 897	270
M Moloji	104	270
SA Mosia	3 645	270
UC Jafra	18 595	270
M Tshlongwane	14 812	270
RP Mokuene	66 883	270
TL Moloji	32 077	270
LS Kubeka	3 394	270
WC Motloung	17 231	270
SP Monaune	9 832	270
	196 034	3 060

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations the following deviations are listed below.

Incident		
Exceptional case	3 236 228	4 660 895
Emergency	3 199 625	889 294
Sole suppliers	-	26 697
	6 435 853	5 576 886

Non Compliance - Municipal Finance Act

In terms of section 126 (1)(a) of the Municipal Finance Act (No.56 of 2003), the accounting officer of a municipality must prepare the annual financial statements within two months after the end of the financial year. Due to the following reasons the financial statements were not finalized and submitted within the two months after year end.

Due to the 2018 Audit that only completed in January 2020 financial consultants could only be appointed subsequently to prepare the annual financial statements for 2019 & 2020.

Due to the 2018 Audit that only completed in January 2020 the opening balances for 2019 could be transferred.

Due to Financial systems limitations the debtors sub ledger did not balance.

Due to the National Pandemic (COVID-19) and the regulations & precautions thereof constrained the operational functions of the municipality.

51. 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 unaudited annual financial statements.

LIST OF ABBREVIATIONS

AIDS	Acquired Immune Deficiency Syndrome
AQMP	Air Quality Management Plan
BBBEE	Broad Based Black Economic Empowerment
BEE	Black Economic Empowerment
BSC	Balanced Scorecard
CDW	Community Development Workers
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
COGTA	Department of Cooperative Governance and Traditional Affairs
CPF	Community Policing Forums
CPIX	Consumer Price Index
CWP	Community Works Programme
DBSA	Development Bank of South Africa
DEDP	Director: Economic Development and Planning
DPLG	Department of Provincial and Local Government
DME	Department of Mineral and Energy
DoRA	Division of Revenue Act
DRM	Disaster Risk Management
DODCS	Director: Organisational Development and Corporate Services
DoRA	Division of Revenue Act
DSS	Director: Social Services
DTIS	Director: Technical and Infrastructural Services
DWA	Department of Water Affairs
EAP	Economic Active Population
EIA	Environmental Impact Assessment
EID	Economic and Infrastructure Development Cluster
EM	Executive Mayor
EPWP	Expanded Public Works Programme
ESKOM	Electricity Supply Commission
FMG	Financial Management Grant
GAC	Governance and Administration Cluster
GIS	Geographical Information Systems
GRAP	Generally Recognised Accounting Practices
HIV	Human Immunodeficiency Virus
HRD	Human Resources Development
HRDS	Human Resources Development Strategy
ICT	Information Communication and Technology
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
KPA	Key Performance Areas
KPI	Key Performance Indicators
LED	Local Economic Development

LGSETA	Local Government Sector Education and Training Authority
LGTAS	Local Government Turnaround Strategy
LSM	Living Standard Measure
MAYCO	Mayoral Committee
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MIIF	Municipal Infrastructure Investment Framework
MMC	Member of the Mayoral Committee
MOU	Memorandum of Understanding
MPRA	Municipal Property Rates Act
MSA	Municipal Systems Act
MSIG	Municipal Systems Improvement Grant
MTAS	Municipal Turnaround Strategy
MTBC	Medium Term Budget Committee
MTREF	Medium Term Revenue and Expenditure Framework
MTSF	Medium Term Strategic Framework
NEMA	National Environmental Management Act
NERSA	National Electricity Regulator of South Africa
NKPI	National Key Performance Indicators
NSDP	National Spatial Development Perspective
NT	National Treasury
OD	Organisational Development
OHSA	Occupational Health and Safety Act
PGDS	Provincial Growth and Development Strategy
PHC	Primary Health Care
PI F	Premier's Inter-governmental Forum
PM	Performance Management
PMS	Performance Management System
PPP	Public Private Partnership
PT	Public Transport
PWD	People Living With Disability
RDP	Reconstruction and Development Programme
RED	Regional Electricity Distributor
SALGA	South African Local Government Association
SALGBC	South African Local Government Bargaining Council
SAPS	South African Police Service
SARS	South African Revenue Service
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SETA	Sector Education and Training Authority
SGB	School Governing Body
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprise
SPCD	Social Protection and Community Development Cluster
UIF	Unemployment Insurance Fund
WWTW	Waste Water Treatment Works
WTW	Water Treatment Works

