

2019/20 Annual Performance Report

Mafube Local Municipality

2019/20



Mafube LM
64 JJ Hadebe Street, Frankfort, 9830
058 813 9700
N/A

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

Table of content

CHAPTER	ITEM	PAGE
	MAYORS FOREWAORD	5
	MUNICIPAL MANAGERS FOREWAORD	6
	MUNICIPAL OVERVIEW	7
	GOVERNANCE	22
	SERVICE DELIVERY PERFORMANCE	65
	ORGANIZAIONAL DEVELOPMENT	147
	FINANCIAL PERFORMANCE	154
	AUDITOR GENERAL'S REPORT	155
APPENDICES		
A	COUNCILLORS, COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE	
B	COMMITTEE AND COMMITTEE PURPOSE	169
C	THIRD TIER ADMINISTRATIVE STRUCTURE	170
D	FUNCTIONS OF THE MUNICIPALITY/ENTITY	171
E	WARD INFORMATION	172
F	DISCLOSURE OF FINANCIAL INTEREST	173
G	REVENUE COLLECTION	173
H	CONDITIONAL GRANTS RECEIVED	173
I	CAPITAL EXPENDITURE-NEW AND UPGRADE/RENEWAL PROGRAMMES/ INCLUDING MIG	174
J	ANNUAL FINANCIAL STATEMENTS	175

List of Abbreviations/acronyms

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
CPIX	Consumer Price Index
CWP	Community Works Programme
DBSA	Development Bank of South Africa
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
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 Frameworks
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
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

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.

Public accountability and Participation.

The municipality established a ward committee for every ward in line with section 3 of the local government Municipal structures Act. 1998 (Act 117 of 1998). Ward committees provide a vital link between ward councillors, the community and the municipality. Ward committees have been functional and active.

IDP and Budget alignment

The municipality in keeping with the culture of public participation as per the requirements of legislation has involved the communities in the drafting of the reviewed IDP and the budget for the financial year. A process plan for these processes was drafted.

The following measures were introduced in order to improve good corporate governance:

- i. Anti-corruption and fraud prevention plan, which is to be presented to council for implementation in the new financial year.
- ii. Procurement plan was developed
- iii. The municipality continues to develop by-laws to improve good governance
- iv. The operation of the Municipality website has been a challenge during this financial year.

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 council thereby ensuring good governance.

Challenges:

- i. Ageing water infrastructure and shortage of water storage capacity.
- ii. Shortage of residential sites.
- iii. Poor maintenance of roads and storm water infrastructure as well as shortage of equipment.
- iv. Ageing working equipment for waste management.
- v. The municipality is unable to pay creditors and third parties.

L.J. Ralebenya
Municipal Manager

CHAPTER ONE

MUNICIPAL OVERVIEW

1. Introduction

Mafube Local Municipality came into existence in the year 2000 and is formed by four towns, Frankfort, Villiers, Cornelia and Tweeling. It is a Category B municipality and is one of the local municipalities in the Free State Province; it belongs to FezileDabi District Municipality.

Frankfort is a small farming town situated on the banks of the Wilge River in the Free State province of South Africa. The town was laid out in 1869 on the farm *Roodepoort*, and named **Frankfurt** (after Frankfurt-am-Main in Germany) by Albert van Gordon. The town later received municipality status in 1896.

The town of **Villiers** is named after Lourens de Villiers on whose farms the town was first built. The town was established at the Vaal River crossing on the very important transport route between Durban and Johannesburg. De Villiers started with the sub division of his farms into erven in 1882 and the town was proclaimed by State President F.W. Reitz on 29 May 1891.

Tweeling (meaning twin in Dutch and Afrikaans) is a small town situated 32 km from Frankfort in the Free State province of South Africa. The adjacent black township is named Mafahlaneng, or "place of twins". This region of the highveld is colloquially known as the Riemland, recalling time when it was a favoured hunting ground of the early pioneers.

The town was established in 1920 on the two farms Tweelingspruit and Tweelingkop, their names derived from two similar looking hills just outside the town. It is situated just east of the Liebenbergsvlei River which is a conduit for water from the Lesotho Highlands Water Project.

Cornelia is a small town in the Free State province of South Africa. In 1875 D.J. Steyn bought the farm "Mooiheid" and J.D. Odendaal bought the farm "Sugarloaf" (known as Tafelkop) for a sum of R2000. They settled there in 1876. At that time it was in the Harrismith district

1.1. THE MUNICIPALITY

1.2. Municipal Name (Head Office): **Mafube Local municipality**

Physical Address: 64 JJ Hadebe Street, Frankfort, 9830

Email address: info@mafubemunicipality.gov.za

Bankers: ABSA Bank

Villiers Unit main office: Mafube Local Municipality

Physical Address: Erf 152 Main Street, Villiers, 9840

Email address: info@mafubemunicipality.gov.za

Unit Manager: Ms. Mmemeng Motloun

Tweeling Unit main office: Mafube Local Municipality

Physical Address: 22 Van Riebeeckstreet, Tweeling, 9820

Email Address: info@mafubemunicipality.gov.za

Unit Manager: Ms Harriet Tsotetsi

Cornelia Unit Main Office: Mafube Local Municipality

Physical Address: erf 367 Richter street, 9850

Email Address: info@mafubemunicipality.gov.za

Unit Manager: Ms Lettie Masiteng

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 municipal council consists of seventeen members elected by mixed-member proportional representation. Nine councillors are elected by first-past-the-post voting in nine wards, while the remaining eight are chosen from party lists so that the total number of party representatives is proportional to the number of votes received.

MUNICIPAL ADMINISTRATION

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

- Corporate Services
- Finance
- Urban Planning and Infrastructure Services
- Community Services and Local Economic Development (LED)

COMMUNITY

Mafube LM actively seeks community participation in matters affecting the community as directed by the Municipal Systems Act. Chapter 4 & 5 requires that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose, encourage and create conditions for local community to participate in the affairs of the municipality, including the preparation, implementation and review of its integrated development plan, Budget, Service Delivery and budget Implementation Plan (SDBIP), Midyear Performance Report, and Annual Report. Mafube Local Municipality has established ward committees in all its nine wards.

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 FezileDabi District Municipality

region. The total estimated residents in the Mafube Region, is 57 876, as per census 2011. As per community survey conducted by Statistic South Africa in the year 2016, the population of Mafube Local Municipality has declined by 0,12 % per annum, from 57 876 as per census 2011 to 57 574 in 2016.

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.

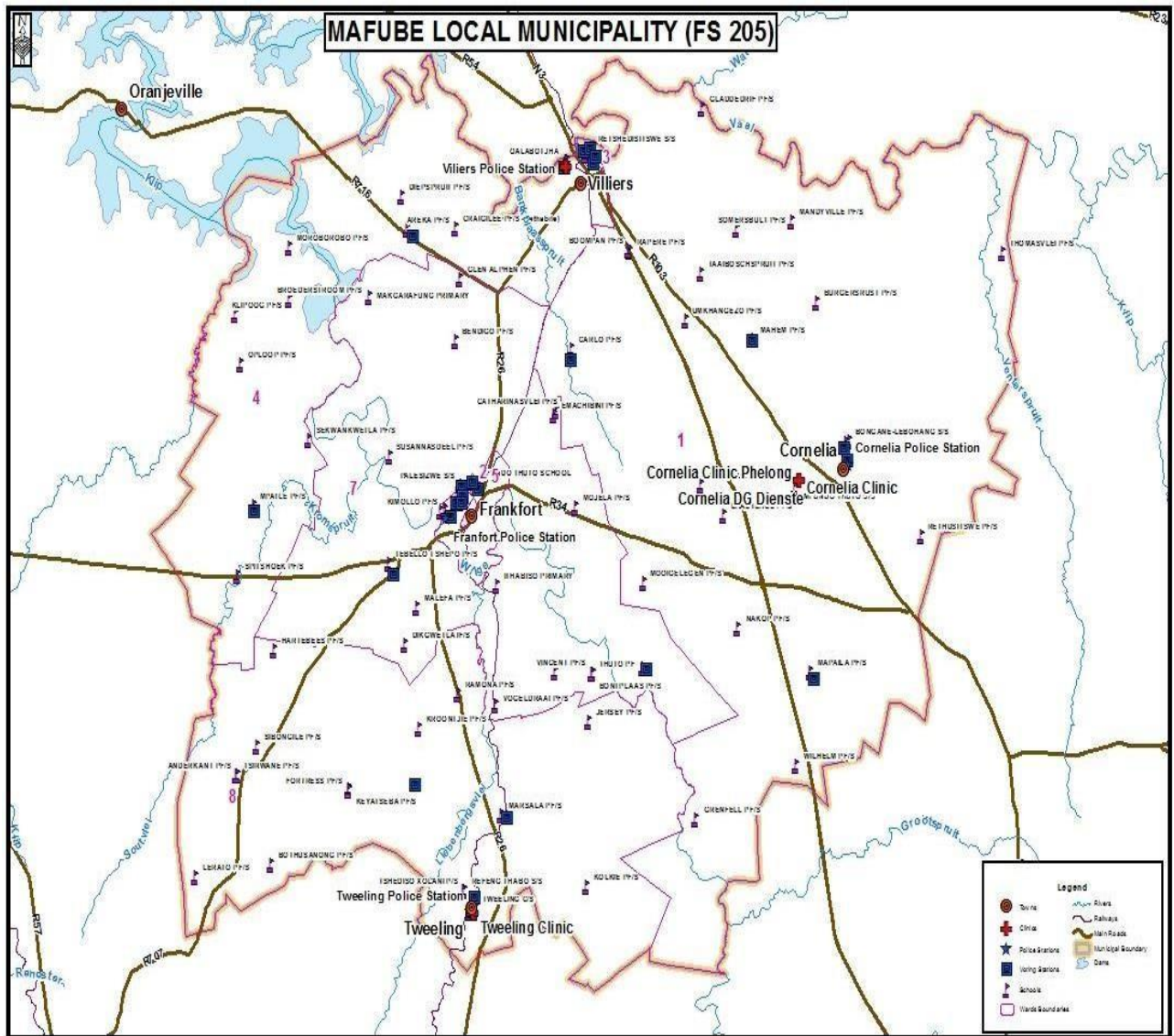
Villiers/Qalabotjha town area is situated on the banks of the Vaal River, adjacent to the N3 National Road between Gauteng and Durban. In relation to other major centres, the town is located 120 km from Johannesburg, 80 km from Vereeniging and 117 km from

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



1.5 DEMOGRAPHIC PROFILE

Demographic Analysis:

Distribution of population by gender in Mafube Local Municipality

Gender		Total	Sex ratio
Male	Female		
27836	29738	57574	94

Data source: Statistics South Africa, Community Survey 2016 (2016 municipal boundaries)

Based on the table above as per community survey conducted by Statistic South Africa in the year 2016, the population of Mafube Local Municipality has declined by 0,12 % per annum, from 57 876 as per census 2011 to 57 574 in 2016.

Distribution of population by functional age group and gender in Mafube Local Municipality

Functional age group	Gender		Total
	Male	Female	
0–14 (Children)	8133	8105	16238
15–34 (Youth)	10257	10435	20692
35–64 (Adults)	7011	7480	14491
65+ (Elderly)	2435	3718	6153
Total	27836	29738	57574

Data source: Statistics South Africa, Community Survey 2016 (2016 municipal boundaries)

Majority of the population of Mafube Local Municipality is youth 0- 34 age group accounts for 64.1 % of the total population of 57 574, followed by the adults age group of 35 – 64, covering 25.2 % of the total population. The elderly population of 65 + years only covers 10.7 % of the Total population size.

Distribution of population by population group and gender in Mafube Local Municipality

Population group	Gender		Total
	Male	Female	
Black African	26129	27487	53616
Coloured	95	131	227
Indian/Asian	31	14	45
White	1580	2106	3686
Total	27836	29738	57574

Data source: Statistics South Africa, Community Survey 2016 (2016 municipal boundaries)

Black African population in Mafube Local Municipality, covers 93.1% of the total population of Mafube Municipality, followed by the white population group standing at 6.4 %, followed by the coloured population being 0.4 %, and the lowest being the Indians/Asian.

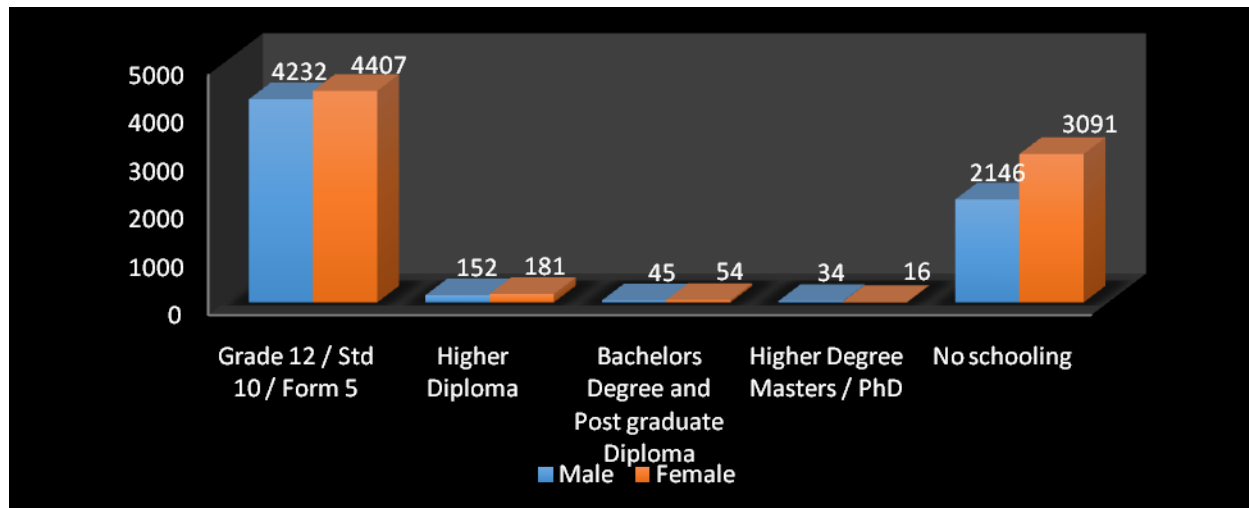
Population of Mafube Local Municipality age 5 years and older by highest level of education attained and gender

Education level	Gender		Total
	Male	Female	
No schooling	1766	2482	4248
Grade 0	906	847	1754
Grade 1/Sub A/Class 1	813	979	1792
Grade 2/Sub B/Class 2	865	701	1566
Grade 3/Standard 1/ABET 1	1350	1288	2638
Grade 4/Standard 2	1140	1107	2246
Grade 5/Standard 3/ABET 2	1030	1095	2125

Grade 6/Standard 4	1433	1310	2743
Grade 7/Standard 5/ABET 3	1479	1429	2908
Grade 8/Standard 6/Form 1	1706	1597	3303
Grade 9/Standard 7/Form 2/ABET 4/Occupational certificate NQF Level 1	1763	1648	3410
Grade 10/Standard 8/Form 3/Occupational certificate NQF Level 2	1931	2195	4126
Grade 11/Standard 9/Form 4/NCV Level 3/ Occupational certificate NQF Level 3	1917	2300	4218
Grade 12/Standard 10/Form 5/Matric/NCV Level 4/ Occupational certificate NQF Level 3	5633	6347	11980
NTC I/N1	14	-	14
NTCII/N2	45	14	59
NTCIII/N3	105	13	118
N4/NTC 4/Occupational certificate NQF Level 5	15	89	104
N5/NTC 5/Occupational certificate NQF Level 5	47	12	59
N6/NTC 6/Occupational certificate NQF Level 5	15	145	160
Certificate with less than Grade 12/Std 10	-	12	12
Diploma with less than Grade 12/Std 10	17	41	57
Higher/National/Advanced Certificate with Grade 12/Occupational certificate NQF	58	73	131
Diploma with Grade 12/Std 10/Occupational certificate NQF Level 6	221	289	510
Higher Diploma/Occupational certificate NQF Level 7	174	203	377
Post-Higher Diploma (Master's	157	143	300
Bachelor's degree/Occupational certificate NQF Level 7	190	201	391
Honours degree/Post-graduate diploma/Occupational certificate NQF Level 8	84	93	177
Master's/Professional Master's at NQF Level 9 degree	16	-	16
PHD (Doctoral degree/Professional doctoral degree at NQF Level 10)	30	12	42
Other	41	62	104

Data source: Statistics South Africa, Community Survey 2016 (2016 Municipal Boundaries)

Gender by highest education level



Population of Mafube Local Municipality age 5 years and older by highest level of education attained and population group

Education level	Population Group				Total
	Black African	Colored	Indian/Asian	White	
No schooling	4115	12	-	122	4248
Grade 0	1724	-	-	30	1754
Grade 1/Sub A/Class 1	1743	-	-	49	1792
Grade 2/Sub B/Class 2	1546	-	-	20	1566
Grade 3/Standard 1/ABET 1	2590	-	-	48	2638

Grade 4/Standard 2	2169	-	-	77	2246
Grade 5/Standard 3/ABET 2	2057	-	-	67	2125
Grade 6/Standard 4	2599	21	-	123	2743
Grade 7/Standard 5/ABET 3	2897	-	-	10	2908
Grade 8/Standard 6/Form 1	3121	28	-	154	3303
Grade 9/Standard 7/Form 2/ABET 4/Occupational certificate NQF Level 1	3375	10	-	25	3410
Grade 10/Standard 8/Form 3/Occupational certificate NQF Level 2	3735	15	15	362	4126
Grade 11/Standard 9/Form 4/NCV Level 3/ Occupational certificate NQF Level 3	4112	14	14	78	4218
Grade 12/Standard 10/Form 5/Matric/NCV Level 4/ Occupational certificate NQF Level 3	10183	70	16	1711	11980
NTC I/N1	14	-	-	-	14
NTCII/N2	59	-	-	-	59
NTCIII/N3	70	-	-	48	118
N4/NTC 4/Occupational certificate NQF Level 5	84	-	-	20	104
N5/NTC 5/Occupational certificate NQF Level 5	59	-	-	-	59
N6/NTC 6/Occupational certificate NQF Level 5	160	-	-	-	160
Certificate with less than Grade 12/Std 10	12	-	-	-	12
Diploma with less than Grade 12/Std 10	42	-	-	15	57
Higher/National/Advanced Certificate with Grade 12/Occupational certificate NQF	91	-	-	40	131
Diploma with Grade 12/Std 10/Occupational certificate NQF Level 6	389	-	-	121	510
Higher Diploma/Occupational certificate NQF Level 7	296	-	-	81	377
Post-Higher Diploma (Master's	254	-	-	46	300
Bachelor's degree/Occupational certificate NQF Level 7	267	-	-	125	391
Honours degree/Post-graduate diploma/Occupational certificate NQF Level 8	92	-	-	85	177
Master's/Professional Master's at NQF Level 9 degree	16	-	-	-	16
PHD (Doctoral degree/Professional doctoral degree at NQF Level 10)	11	-	-	32	42
Other	104	-	-	-	104

Data source: Statistics South Africa, Community Survey 2016 (2016 Municipal Boundaries)

Based on the two tables above focusing on the level of education of Mafube Local Municipality population, 7.3 % of the population has no schooling while 20.8 had schooling to the level of Grade 12/Standard 10/Form 5/Matric/NCV Level 4/ Occupational certificate NQF Level 3.

The majority of the population group with no schooling is the highest standing at 96.9 % of the total of 4248 is the Black African. 85 % of the total of 11 980 schooling to the level of Grade 12/Standard 10/Form 5/Matric/NCV Level 4/ Occupational certificate NQF Level 3 are Black African.

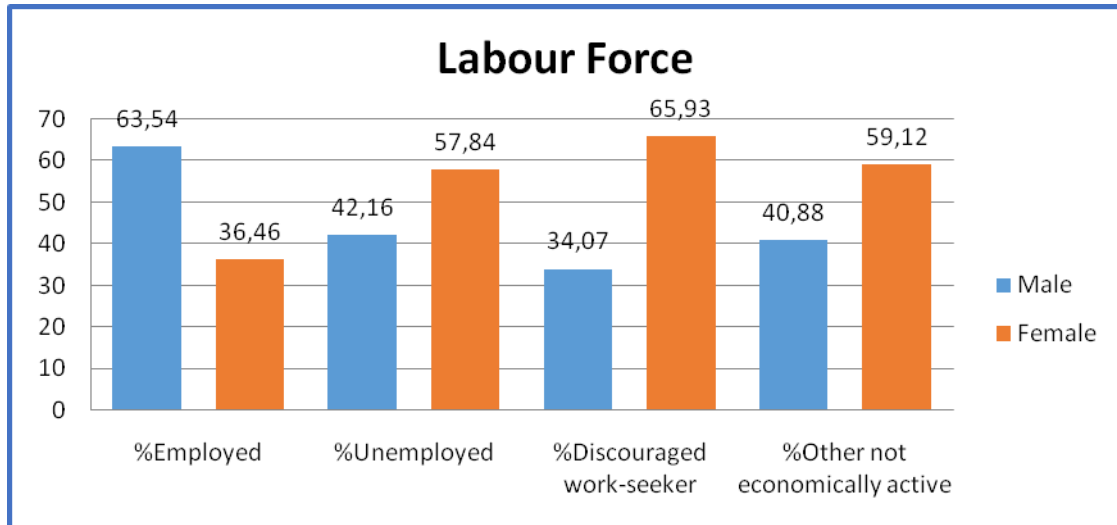
Population of Mafube Local Municipality by age, gender, and employment status and unemployment rate

Age and Gender	Employment Status			Unemployment Rate (%)
	Employed	Unemployed	Not economically active	
15 - 34 (Youth)				
Male	3560	1770	4847	33.2
Female	1608	2344	6165	59.3
Total	5168	4114	11012	44.3
35 - 64 (Adults)				
Male	3935	727	2404	15.6
Female	2693	1081	4800	28.6
Total	6628	1808	7204	21.4

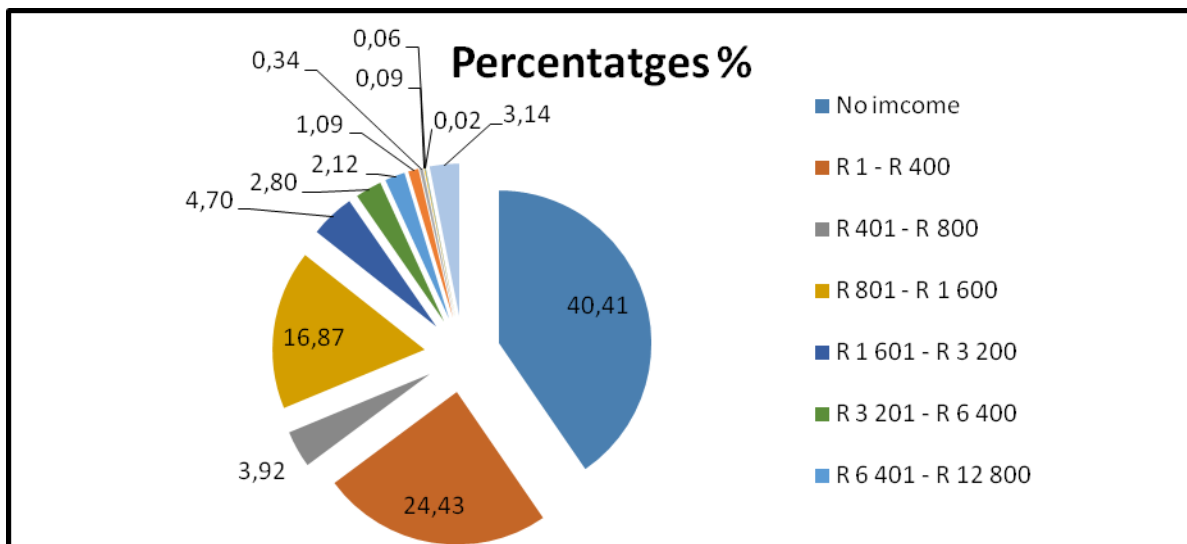
15 - 64 (Working Age Group)				
Male	7495	2497	7251	25.0
Female	4301	3425	10965	44.3
Total	11796	5922	18216	33.4

Data source: Statistics South Africa, Census 2011 (2016 Municipal Boundaries)

Labour force



Individual monthly income



As per the census conducted in 2011, illustrated in the table above, Mafube Local Municipality unemployment rate was standing at 33.4 %, the majority of the unemployment age group being the youth at 44.3 %, and the most unemployed gender group being Females. 66.6 % of the Population of is employed, the individual monthly income of the majority of the population is between R1 – R 3 200.

Population of immigrants in Mafube Local Municipality by highest level of education attained and gender

Education level	Gender		Total
	Male	Female	
No schooling	16	32	49
Grade 0	23	21	44
Grade 1/Sub A/Class 1	33	-	33
Grade 2/Sub B/Class 2	10	-	10
Grade 3/Standard 1/ABET 1	11	-	11
Grade 4/Standard 2	14	23	37
Grade 5/Standard 3/ABET 2	22	-	22
Grade 6/Standard 4	-	22	22
Grade 7/Standard 5/ABET 3	28	25	53
Grade 8/Standard 6/Form 1	12	39	51
Grade 9/Standard 7/Form 2/ABET 4/Occupational certificate NQF Level 1	55	137	192
Grade 10/Standard 8/Form 3/Occupational certificate NQF Level 2	31	63	94
Grade 11/Standard 9/Form 4/NCV Level 3/ Occupational certificate NQF Level 3	13	111	125
Grade 12/Standard 10/Form 5/Matric/NCV Level 4/ Occupational certificate NQF Level 3	122	127	249
NTC I/N1	14	-	14
NTCII/N2	-	-	-
NTCIII/N3	-	13	13
N4/NTC 4/Occupational certificate NQF Level 5	-	20	20
N5/NTC 5/Occupational certificate NQF Level 5	-	-	-
N6/NTC 6/Occupational certificate NQF Level 5	-	13	13
Certificate with less than Grade 12/Std 10	-	-	-
Diploma with less than Grade 12/Std 10	-	-	-
Higher/National/Advanced Certificate with Grade 12/Occupational certificate NQF	-	-	-
Diploma with Grade 12/Std 10/Occupational certificate NQF Level 6	23	13	36
Higher Diploma/Occupational certificate NQF Level 7	13	12	25
Post-Higher Diploma (Master's	15	12	27
Bachelor's degree/Occupational certificate NQF Level 7	14	12	26
Honours degree/Post-graduate diploma/Occupational certificate NQF Level 8	-	-	-
Master's/Professional Master's at NQF Level 9 degree	-	-	-
PHD (Doctoral degree/Professional doctoral degree at NQF Level 10)	-	-	-
Other	-	-	-

Data source: Statistics South Africa, Community Survey 2016 (2016 Municipal Boundaries)

The table above focuses on the educational level of immigrants that comes from within the boundaries of South Africa, which is called internal migration between Towns, Districts and Provinces. Mafube Municipality as per the 2016 Community survey has 4 324 internal immigrants, with the majority having Grade 12/Standard 10/Form 5/Matric/NCV Level 4/ Occupational certificate NQF Level 3, education level.

1.8 Basic Service Delivery Statistics

	2019/20	2018/19	2017/18	2016/17	2015/16
Water					
Blue Drop Score	n/a	n/a	n/a	n/a	28.75

	2019/20	2018/19	2017/18	2016/17	2015/16
Is the municipality responsible to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality have infrastructure to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality actually provide?	Yes	Yes	Yes	Yes	Yes
Is the service outsourced/commercialised?	No	No	No	No	No
Number of households and non-domestic customers to which provided	21 101	21 101	21 046	21 046	20 744
Number of domestic households/delivery points	20 744	20 744	20 744	20 744	20 442
Inside the yard	19 049	19 049	19 049	18 866	18 319
Less than 200m from yard	1 695	1 695	1 695	1 878	2 123
More than 200m from yard	0	0	0	0	0
Domestic households with access to free basic service	4 590	4 600	4 601	4 601	4 508
Electricity					
Is the municipality responsible to provide?	Yes	Yes	Yes	Yes	Yes

	2019/20	2018/19	2017/18	2016/17	2015/16
Does the municipality have infrastructure to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality actually provide?	Yes	Yes	Yes	Yes	Yes
Is the service outsourced/commercialised?	Yes	Yes	Yes	Yes	Yes
Number of households and non-domestic customers to which provided	20 278	20 010	20 010	19 483	19 303
Domestic households with access to free basic service	4 590	4 600	4 601	4 601	4 508
Sewerage and Sanitation					
Green Drop Score	n/a	n/a	n/a	n/a	n/a
Is the municipality responsible to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality have infrastructure to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality actually provide?	Yes	Yes	Yes	Yes	Yes
Is the service outsourced/commercialised?	No	No	No	No	No
Number of households and non-domestic customers to which	21 101	21 101	21 046	21 034	21 034

	2019/20	2018/19	2017/18	2016/17	2015/16
provided					
Number of households using:					
Flush toilet - public sewerage	19 049	16 747	16 747	16 522	16 522
Flush toilet - septic tank	1 395	0	0	0	0
Ventilated pit latrine	0	0	0	0	0
Bucket system	300	3 997	3 997	4 210	4 210
Other	0	0	0	0	0
Domestic households with access to free basic service	4 590	4 600	4 601	4 601	4 508
Solid Waste Services					
Is the municipality responsible to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality have infrastructure to provide?	Yes	Yes	Yes	Yes	Yes
Does the municipality actually provide?	Yes	Yes	Yes	Yes	Yes
Is the service outsourced/commercialised?	No	No	No	No	No
Number of households and non-domestic customers to which	20 744	20 744	20 744	20 732	20 732

	2019/20	2018/19	2017/18	2016/17	2015/16
provided					
Domestic households with access to free basic service	4 590	4 600	4 601	4 601	4 508

CHAPTER TWO

Governance

Governance Structures

Mafube Local Municipality is an Executive Committee type, Category B municipality wherein all powers are 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 placed 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;

1. The local sphere of government consists of municipalities, which must be established for the whole of the territory of the Republic.
2. The executive and legislative authority of a municipality is vested in its Municipal Council.
3. 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.
4. 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.

General Powers and Functions of Mafube Local Municipality

In terms of Section 156 of the Constitution of the Republic of South Africa, 1996, Mafube Local Municipality is a category B municipality that has executive and legislative authority to administer Local Government Matters listed in Part B of Schedule 4 and Part B of Schedule 5 and any other matter assigned to it by national or provincial legislation.

Furthermore, this municipality is accordingly empowered to do anything reasonably necessary for, or incidental to, the effective performance of its functions and the exercise of its powers and this includes making and administering by-laws and policies. The powers and functions of the municipality are as detailed on the table below:

Mafube L.M Powers and functions

Powers & Function	Reference	Performed (Yes/No)
Air pollution	Schedule 4 Part B	No
Building regulations	Schedule 4 Part B	Yes
Child care facilities	Schedule 4 Part B	No
Electricity and gas reticulation	Schedule 4 Part B	Yes

Firefighting services	Schedule 4 Part B	No
Local tourism	Schedule 4 Part B	Yes
Municipal airports	Schedule 4 Part B	N/A
Municipal planning	Schedule 4 Part B	Yes
Municipal health services	Schedule 4 Part B	No
Municipal public transport	Schedule 4 Part B	N/A
Municipal public works	Schedule 4 Part B	Yes
Storm water management systems	Schedule 4 Part B	Yes
Trading regulations	Schedule 4 Part B	Yes
Water and sanitation services	Schedule 4 Part B	Yes
Billboards and the display of advertisements in public places	Schedule 5 Part B	Yes
Control of public nuisances	Schedule 5 Part B	N/A
Control of undertakings that sell liquor to the public	Schedule 5 Part B	No
Facilities for the accommodation, care and burial of animals	Schedule 5 Part B	No
Fencing and fences	Schedule 5 Part B	N/A
Licensing of dogs	Schedule 5 Part B	No
Licensing and control of undertakings that sell food to the public	Schedule 5 Part B	No
Local amenities	Schedule 5 Part B	N/A
Local sport facilities	Schedule 5 Part B	Yes
Markets	Schedule 5 Part B	N/A
Municipal abattoirs	Schedule 5 Part B	No
Municipal parks and recreation	Schedule 5 Part B	Yes
Municipal roads	Schedule 5 Part B	Yes
Noise pollution	Schedule 5 Part B	No
Pounds	Schedule 5 Part B	No
Public places	Schedule 5 Part B	Yes
Refuse removal, refuse dumps and solid waste disposal	Schedule 5 Part B	Yes
Street trading	Schedule 5 Part B	Yes
Street lighting	Schedule 5 Part B	Yes
Traffic and parking	Schedule 5 Part B	No

Fiscal Powers and Functions

Section 229 of the Constitution states the following regarding municipal fiscal powers and functions: Subject to subsections (2), (3) and (4), a municipality may impose:-

- rates on property and surcharges on fees for services provided by or on behalf of the municipality; and
- if authorised by national legislation, other taxes, levies and duties appropriate to local

government or to the category of local government into which that municipality falls, but no municipality may impose income tax, value-added tax, general sales tax or customs duty.

The power of a municipality to impose rates on property, surcharges on fees for services provided by or on behalf of the municipality, or other taxes, levies or duties:-

- may not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities across municipal boundaries, or the national mobility of goods, services, capital or labour; and
- May be regulated by national legislation.

Other powers and function not specified by the constitution

The table on the below provides a list functions and powers that might be undertaken by a local municipality in addition to those specified in the Constitution.

Table 9: Other powers and function Mafube L.M

Powers & Functions	Performed (Yes/No)
Disaster management (*)	No
Gas reticulation Housing (**)	N/A
Integrated development planning	Yes
Libraries and museums (other than provincial libraries and museums)	No
Nature conservation Tourism promotion (at local level only)	No

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 Councillors, 9 Ward Councillors and 8 PR Councillors. Ward Councillors 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 are 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 endeavour to ensure that our 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 have been appointed.

The Mafube LM Council consists of the following 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, these are Councillors appointed by the Mayor to perform functions for which the Mayor is responsible. All Members of the Executive Committee were 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. L.S Kubeka
- Cllr. P.S Skosana

Finance Committee members

- Cllr JT Kotsi (Chairperson)
- Cllr M Mokoena
- Cllr M Monuane

Planning and Infrastructure Committee members

- Cllr WC Motloung (chairperson)
- Cllr TL Moloi

- Cllr P.S Skosana

Corporate Services Committee members

- Cllr JJ Hlongwane (Chairperson)
- Cllr M Monaune
- Cllr J Oost

Community Services

- Cllr N Rakoloti (Chairperson)
- Cllr UC Jafta
- Cllr SA Mosia- Mazibuko

Council Meetings

Attendance of Council meetings by councillors for 2019/2020

Name of Councillor	Total Number of sitting's	Number attended
1.Cllr J.E Sigasa	10	10
2.Cllr M.M Mofokeng	8	8
3.Cllr R.P Mokune	8	8
4.Cllr J.T Kotsi	9	9
5.Cllr F.P Motloun	8	8
6.Cllr M.C Du Plessis	5	5
7.Cllr L.S Kubeka	3	3
8.Cllr U.C Jafta	6	6
9.Cllr W.C Motloun	5	5
10.Cllr J Oost	8	8
11.Cllr Tshidi Moloi	6	6
12.Cllr P.M Monaune	6	6
13.Cllr S.A Mazibuko	8	8
14.Cllr J.J Hlongwane	7	7
15.Cllr P Skosana	8	8
16.Cllr N.E Rakoloti	8	8
17. PR Cllr M Mokoena	7	7

Council Resolution Register for 2019/2020

Below is the table containing Council resolutions taken by the Mafube Council, as per the sitting of each ordinary and Special Council sitting.

Type of Council sitting	Date of the sitting
EXCO	19 June 2020
Special Council	26 May 2020
Special Council	07 May 2020
Special Council	19 March 2020
EXCO	29 November 2020
Special Council	30 November 2020
Special Council	30 January 2020
Ordinary Council	10 December 2019
Special Council	2 December 2019
Special Council	11 November 2019
Special Council	31 October 2019
Special Council	08 October 2019
Ordinary Council	6 September 2019
EXCO	23 August 2019

Resolutions taken from the Ordinary Council meeting of Mafube Local Municipality held on the 06th September 2019 at 11h00 in Frankfort Council Chamber.

Item	Description	Resolved	Status
103	REPORT FROM THE MUNICIPAL MANAGER		
103 (a)	DRAFT MAFUBE L.M 2019-20 PERFORMANCE MANAGEMENT SYSTEM POLICY FRAMEWORK	<ol style="list-style-type: none"> 1. That Council takes note of the Draft 2019/20 PMS Policy Framework as tabled. 2. That Council adopt the Draft 2019-20 PMS Policy Framework. 3. Management to look into how best it can incentivise those employees that had supported the municipality and discharging their functions when it was difficult to do so during the go slow action. 	

103 (b)	2020/2021 IDP PROCESS PLAN AND BUDGET TIME SCHEDULE	<p>1. That Council approves the IDP and Budget Process Plan and time Schedule in terms of section 21 (1)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003);</p> <p>2. That Council approves 2020 / 21 IDP and Budget process plan and time schedule.</p> <p>3. That Mayor and Municipal Manager ensure that the key activities and timelines as per the 2020 / 21 IDP and Budget Process Plan are implemented accordingly.</p>	
103 (c)	VERIFICATION OF 2019 - 20 BUDGET FIGURES	<p>1. That Council adopt and approves the changes effected on the A1 Schedule.</p>	
103 (d)	ILLEGAL UTILIZATION OF THE COMMUNITY STADIUM IN EXTENSION 4 (QALABOTJHA)	<p>1. That the item be completely removed until council receives management feedback.</p>	
104 104 (a)	REPORT FROM CORPORATE SERVICES REPLACING OF A PORTFOLIO COMMITTEE MEMBERS	<p>1. That Council elects and replaces the two Portfolio Committee members that will serve in the Corporate Services and Finance.</p> <p>2. That Corporate Services Directorate organize a workshop that will equip the elected Councillors with information and knowledge of their roles and responsibilities.</p> <p>1. That their election be immediate for the proper and full functioning of committees.</p> <p>PORTFOLIO MEMBERS</p> <p>MPAC</p> <p>1. Cllr. RP Mokuene-Chairperson</p> <p>2. Cllr. LS Kubeka</p> <p>3. Cllr. PS Skosana</p> <p>INFRASTRUCTURE</p>	

		<p>1. Cllr. WC Motloung-Chairperson</p> <p>2. Cllr. TL Moloji</p> <p>3. Cllr. PS Skosana</p> <p>FINANCE</p> <p>1. Cllr. JT Kotsi-Chairperson</p> <p>2. Cllr. M Mokoena</p> <p>3. Cllr. M Monaune</p> <p>CORPORATE SERVICES</p> <p>1. Cllr. JJ Hlongwane-Chairperson</p> <p>2. Cllr. M Monaune</p> <p>3. Cllr. J Oost</p> <p>COMMUNITY</p> <p>1. Cllr. NE Rakoloti-Chairperson</p> <p>2. Cllr. UC Jafta</p> <p>3. Cllr. SA Mosia-Mazibuko</p>	
104 (b)	REPORT ON INVESTIGATION - ALLEGED FINANCIAL MISCONDUCT	<p>1. That Council takes note of the report.</p> <p>2. That Council mandates the Municipal Manager to continue with the investigations in order for the financial misconduct to be dealt with properly failing which the AG can take action against all members of Council including the Municipal Manager in accordance with the Municipal Finance Management Act.</p>	
105 (a)	WATER CONSERVATION AND WATER DEMAND	<p>1. That Council takes note of the Final Mafube Local Municipality Water Conservation and Water</p>	

	MANAGEMENT PLANS REPORT FOR MAFUBE LOCAL MUNICIPALITY	Demand Management report.	
105 (b)	STATUS REPORT ON WATER AND WASTEWATER TREATMENT WORKS	<ol style="list-style-type: none"> 1. That Council takes note of the report (attached); 2. That Council considers an increase in budget allocated for taking samples to accredited independent laboratory as per DWS compliance; and 3. Explore other revenue generating means through engaging the private sector. 	
105 (c)	MAFUBE DRAFT INFORMAL SETTLEMENT BY-LAW	<ol style="list-style-type: none"> 1. That Council takes note of the Draft Informal Settlement By-Law. 	
105 (d)	DRAFT MAFUBE LOCAL MUNICIPALITY DRAFT ROADS AND STREET BY-LAWS.	<ol style="list-style-type: none"> 1. That Council takes note of the draft roads and streets by-laws 	
105 (e)	DRAFT MAFUBE LOCAL MUNICIPALITY DRAFT STORMWATER BY-LAWS	<ol style="list-style-type: none"> 1. That Council takes note of the draft storm water by-laws 	
105 (f)	APPOINTMENT OF LAND SURVEYOR & CONVEYANCER FOR SUBDIVISION OF PROPERTIES	<ol style="list-style-type: none"> 1. That Council takes note of the settlements in the municipality that are not completely formal are still pending proclamation of township and approve the appointment of a Land Surveyor & Conveyancer to do subdivision in order to formalize those settlements. 	
105 (g)	PROPOSAL FOR THE APPLICATION OF AN AREA FOR THE DEVELOPMENT OF SOCIAL & TOWN HOUSING	<ol style="list-style-type: none"> 1. That Council consider entering into an MOU/ Legal agreement for 50% (fifty percent of sites) in Frankfort extension 24 (Next to Wilge River); and 2. The LG No: 1757/1999 that comprises of 168 residential sites, the municipality may enter into an MOU / Partnership with the developers to install infrastructure services in all sites and develop on 50% which the municipality will remain with 50% to sell in future. 	

		<p>3. That for the municipal finance department together with Legal and Admin to advise Council on the type of MOU/financial agreement with regard to 108 sites and the time frames to commence with development should be stipulated in the MOU.</p> <p>4. That Supply Chain, section 14 of MFMA to apply in order for the process to be fair.</p> <p>5. That the Department to check the project handover readiness.</p> <p>6. That Beneficiaries to be verified and the site numbering process to be completed.</p> <p>7. That in cases where initials applicants were parents and happened to pass on before they could be allocated their sites and where the deceased are children, for the department to ensure that there is a seamless handing over to surviving children/family members.</p>	
105 (h)	TABLING OF THE PROPOSAL REGARDING THE ALLOCATION OF AN ALTERNATIVE SITE IN FRANKFORT FOR THE DEVELOPMENT OF A NEW SECONDARY SCHOOL (A PORTION OF THE REMAINDER OF FRANKFORT FARM 74)	<p>1. That Council grant permission to the Department of Education to utilize and occupy a portion of the remainder of Frankfort No: 74, approximately 5ha for the construction of a secondary school;</p> <p>2. That Council provide the Department with a Council resolution and a permission to occupy site;</p> <p>3. That once approved, department to bear all costs of surveying, re-zoning, registration and bulk services; and</p> <p>4. That once approved, the Department should not develop the site until surveying, subdivision and registration have been completed.</p>	
106 106 (a)	REPORT FROM COMMUNITY SERVICES & LED CLOSURE REPORT OF THE DEVELOPMENT OF FRANKFORT CEMETERY PROJECT.	<p>1. That all conditions in the Environmental Authorization are adhered to at all times during the construction and operational phases of the project.</p> <p>2. That further funding be sourced for the construction and operational phase.</p> <p>3. That Town Planning to assist Community Services to legalize the cemetery.</p>	
106 (b)	MAFUBE COMMUNITY PARK PROJECT (CWP).	<p>1. That Council note the progress report on the Mafube Community Park (CWP)</p> <p>2. That the municipality should provide security after the project hand over.</p>	

106 (c)	THUMA MINA GOOD GREEN DEEDS PROJECT - YOUTH COMMUNITY OUTREACH PROGRAMME	<ol style="list-style-type: none"> 1. That a memorandum of understanding be signed and submitted to the DEA. 2. That the Local Municipality provide office accommodation. 	
106 (d)	UPGRADING OF FRANKFORT LANDFILL SITE	<ol style="list-style-type: none"> 1. That Council note the progress report on the Upgrading of Frankfort Landfill Site Project. 2. That further funding be sourced for the construction and operational phase. 3. That Community Services look into an alternate road leading into the landfill site. 	
106 (e)	TABLING OF THE PROPOSAL TO LEASE MAFUBE MUNICIPAL FARM LANDS TO FREESTATE DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT	<ol style="list-style-type: none"> 1. That Council approves the implementation of poverty alleviation programme 2. That occupiers of the farm lands be notified in writing of their expired lease agreement in order to avail the land for the poverty alleviation programme 3. That Mafube Municipal Council approves the lease for Camp 15 (30 ha) and Camp 16 (30 ha) in Tweeling for the project. 	
107 107 (a)	FINANCIAL SERVICES REPORT CONDONMENT OF SUPPLEMENTARY VALUATION ROLL	<ol style="list-style-type: none"> 1. That an application to proclaim a township in these areas for better identification of properties be made. 2. that the registration of all allocated RDP's and vacant stands under the names of private owners in order to clear these properties from our books and be in a position to start levying property taxes and improve revenue collection. 3. That Council is advised that it is necessary to conduct the Supplementary Valuation roll before the end of the Financial Year 2019. These properties can be billed immediately upon 	

		<p>valuation completion as we awaiting for the full valuation roll implementation in July 2020.</p> <p>4. That for the full valuation roll, emphasis must be placed on the importance of complying with stipulations of the Municipal Property Rates Act 6 of 2004 in terms of public awareness and extensive public participation. Announcements on print, visual and audio media platforms must be broadcasted at regular intervals. Residents, councillors and owners of commercial property should also be advised to be cooperative in terms of providing valuers on the field with relevant financial records and lease agreements/information.</p>	
107 (b)	<p>ESTABLISHMENT OF A DISCIPLINARY BOARD AS PER THE MUNICIPAL REGULATIONS OF FINANCIAL MISCONDUCT PROCEDURES AND CRIMINAL PROCEEDINGS</p>	<p>(a) That Council in terms of the Regulation Municipal Regulations of Financial Misconduct Procedures and Criminal Proceedings establishes a disciplinary board.</p> <p>(b) That a disciplinary board consist of-</p> <p>i. That the head of the internal audit unit within the municipality or municipal entity or representative of an organization performing internal audit functions for the municipality or municipal entity if the internal audit function is outsourced;</p> <p>ii. That one member of the Audit Committee of the municipality or municipal entity;</p> <p>iii. That Senior manager from the legal division in the municipality or municipal entity;</p> <p>iv. That a representative of the provincial treasury; and</p> <p>v. That any other person as may be determined by the municipal council or board of directors of a municipal entity.</p>	

Resolutions taken from the Special Council meeting of Mafube Local Municipality held on the 08 th October 2019 at 10h00 in Frankfort Council Chamber.			
Item	Description	Resolved	Status

<p>108</p> <p>108 (a)</p>	<p>REPORT FROM THE MUNICIPAL MANAGER</p> <p>ROLE CLARITY BETWEEN THE OFFICE OF THE ADMINISTRATOR AND MUNICIPAL MANAGER IN A S139(1)(B) ENVIRONMENT</p>	<ol style="list-style-type: none"> 1. That it is important to revive and resuscitate the relations between these two administrative bodies. 2. That as a municipality, it is proper to be in line with legislative prescripts. 3. That we find one another in the interests of creating a prosperous municipality's ability to roll out services. 4. That the improved relations will create a civilian payment culture for services. 	
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Resolutions taken from the Special Council meeting of Mafube Local Municipality held on the 31st October 2019 at 10h00 in Frankfort Council Chamber.

Item	Description	Resolved	Status
<p>109</p> <p>109 (a)</p>	<p>REPORT FROM THE MUNICIPAL MANAGER</p> <p>WATER RESTRICTIONS IMPLEMENTATION IN MAFUBE LOCAL MUNICIPALITY</p>	<ol style="list-style-type: none"> 1. Use of hosepipes to wash cars, clean paved areas and driveways is prohibited. 2. Prohibition from filling of swimming pools. 3. All forms of watering of gardens, sports fields, parks, lawns and other open spaces is prohibited. 4. Use of potable water for operation of car wash business is prohibited; and 5. If borehole water and other alternative sources are being used, this must be clearly communicated and reported to the municipality, and all customers must ensure that they display appropriate signage clearly visible from a public thoroughfare; and 6. That continuous announcement be made to the public about current water supply crisis; and 7. That Council approves draft below water supply operating days in all units. 8. There twenty thousand rand penalty be removed from the initial recommendations since the downside of that will be the enforcing part as well as it being unrealistic given the economic situation within the municipality. 9. Supervisors monitor water usage and provide reports from time to time to the Planning and Infrastructure Directorate so that information filters through to Council, Management and the community. <p><i>The Office of the Municipal Manager to write to:</i></p> <ol style="list-style-type: none"> 1. The Department of the Premier as well as Department of Water and Sanitation to request the release of water from the Sol Plaatjie Dam since the current levels at the Wilge River could only sustain supply for only 10 days. 2. Engage A-B Projects in an effort to allow for the excavation and desludging of the weir. To also request A-B Projects to expand the dam wall. 3. Write letters to other critical stakeholders i.e. Clover SA to thank them for their assistance during the challenging period; as well as schools, hospitals/clinics and the Frankfort Correctional 	

		Facility to explain the situation and encourage them to have alternative water storage facilities. 4. Boreholes be explored as an alternative form of supplying water.	
Resolutions taken from the Special Council meeting of Mafube Local Municipality held on the 11th November 2019 at 10h00 in Frankfort Council Chamber.			
Item	Description	Resolved	Status
110 110 (a)	REPORT FROM THE MUNICIPAL MANAGER 2019/20 ADJUSTMENT BUDGET	1. That Council approves the 2019/2020 Adjustment Budget comprising of R231.5m for Revenue, R231.5m Operational Expenditure and a Capital budget of R40.8m.	
110 (a)i	MAFUBE REVENUE ENHANCEMENT STRATEGY	1. That Council approves the Revenue enhancement Strategy.	
110 (a) ii	MAFUBE PRINCIPLE AND POLICY ON BAD DEBTS WRITTEN OFF FOR THE FINANCIAL YEAR 2019/2020	1. That Council approves the Credit Control and Debt Collection Policy.	

Resolutions taken from the Special Council meeting of Mafube Local Municipality held on the 10th December 2019 at 11h00 in Frankfort Council Chamber.			
Item	Description	Resolved	Status
111 111 (a)	REPORT FROM FINANCIAL SERVICES SECTION 71 REPORTS FOR THE MONTH OF JULY - SEPTEMBER 2019	1. That Council takes note of the reports	
111 (b)	COUNCILLOR`S OUSTANDING MUNICIPAL ACCOUNTS: JULY 2019	1. That Council encourages Councillors to comply with Schedule 1, Section 12 of the Municipal Systems Act No 32 of 2000.	

		<ol style="list-style-type: none"> 2. That refunds be done to those that have advanced payments. 3. That affected Councillors approach the Office of the CFO to correct the inaccuracies on their respective accounts. 	
111 (c)	EMPLOYEES OUTSTANDING MUNICIPAL ACCOUNTS: JULY 2019	<ol style="list-style-type: none"> 1. That Council takes note of the report; 2. That Council force employees to comply with Schedule 2, Section 10 of the Municipal Systems Act No 32 of 2000. 	
111 (d)	COUNCIL REPORT ON MUNICIPAL ACCOUNTS: AUGUST 2019	<ol style="list-style-type: none"> 1. That Councillors comply with Schedule 1, Section 12 of the Municipal Systems Act No 32 of 2000. 	
111 (e)	EXCO REPORT ON MUNICIPAL ACCOUNTS: SEPTEMBER 2019	<ol style="list-style-type: none"> 1. That Councillors comply with Schedule 1, Section 12 of the Municipal Systems Act No 32 of 2000. 	
111 (f)	MUNICIPAL EMPLOYEES REPORT ON MUNICIPAL ACCOUNTS: AUGUST 2019	<ol style="list-style-type: none"> 1. That employees comply with Schedule 2, Section 10 of the Municipal Systems Act No 32 of 2000. 	
111 (g)	MUNICIPAL EMPLOYEES REPORT ON MUNICIPAL ACCOUNTS: SEPTEMBER 2019	<ol style="list-style-type: none"> 1. That employees comply with Schedule 2, Section 10 of the Municipal Systems Act No 32 of 2000. 	
111 (h)	FRUITLESS AND WASTEFUL EXPENDITURE FROM NOVEMBER TO MARCH 2019	<ol style="list-style-type: none"> 1. That Council takes note of the fruitless and wasteful expenditure. 2. That the item be referred to MPAC. 3. That Councillors takes note that the Finance section does have a register for Wasteful and Fruitless expenditure. 	
111 (i)	EXPENDITURE REPORT FOR THE MONTH OF JULY - SEPTEMBER 2019	<ol style="list-style-type: none"> 1. That Council takes note of the report. 2. That Council would appreciate the next report to reflect how the current salary bill could be reduced. 	

		3. That the Organizational Structure be finalized.	
112 112 (a)	REPORT FROM CORPORATE SERVICES STANDING RULES AND ORDERS	1. That Council takes note of the changes and familiarizes itself with them. 2. That a workshop needs to be organized.	
113 113 (a)	REPORT FROM COMMUNITY SERVICES & LED TABLING OF THE PROPOSAL BY AFFLUENCE 12 TO ASSIST MAFUBE LOCAL MUNICIPALITY WITH ECONOMIC SUPPORT DEVELOPMENT	1. That Affluence 12 be given an opportunity to present at EXCO 2. That if EXCO recommends their services, then be requested to present to Council for approval of the MoU or SLA. 3. That the item be referred to Management and provide report to EXCO.	
113 (b)	TABLING OF THE PROPOSAL TO ADOPT FREESTATE PROVINCE STANDARD BUSINESS REGULATION BY-LAW	1. That Council takes note of the Standard Business Regulations By-Law for Mafube Local Municipality 2. That public participation takes place before implementation of the Standard Business Regulations By-Law. 3. That copies of Standard Business Regulations By-Law be put in all municipal notices board and lastly, 4. That SAPS be furnished with copies of the Standard Business Regulations By-Law for enforcement.	
113 (c)	WASTE MANAGEMENT BY-LAW	1. That the three By Laws related to Parks and Open Spaces Management, Waste Management and Cemetery and Crematoria be noted. 2. That the By-Laws be referred for public participation. 3. That a workshop needs to be organized.	

113 (d)	CEMETERIES AND CREMATORIA BY-LAW 2018	<ol style="list-style-type: none"> 1. That Council takes note of the Cemeteries and Crematoria By-Law 2. That the By-law be referred for public participation. 3. That a workshop needs to be organized. 	
113 (e)	DRAFT PARKS AND OPEN SPACES MANAGEMENT BY-LAW	<ol style="list-style-type: none"> 1. That Council takes note of the Draft Park and Open Spaces Management By-law. 2. That the By-law be referred for public participation 3. That a workshop needs to be organized. 	
114 114 (a)	REPORTS FROM PLANNING AND INFRASTRUCTURE PROJECT REPORT	<ol style="list-style-type: none"> 1. That Council disputes the information on the basis that this 98% has been reflected over a period of time and the take is that it could be either be that the 98% is on the spending and not the status of completion. The Director is urged to verify this and submit the correct information. 	
114 (b)	REQUEST FOR REG-GRAVELLING OF STREETS IN MAF AHLANENG.	<ol style="list-style-type: none"> 1. That Council takes note of the Mafahlaneng, Tweeling gravel roads status. 2. That Council considers blading and re-gravelling of poor roads in Mafahlaneng, Tweeling. 3. That the intended project be also rolled out to Villiers and Frankfort towns. 	
114 (c)	REPORT ON THE STATUS OF WATER AND WASTEWATER TREATMENT WORKS IN MAFUBE LM	<ol style="list-style-type: none"> 1. That Council takes note of the report (attached). 	
114 (d)	DEPARTMENT OF HUMAN SETTLEMENT MAFUBE LM TOWNSHIPS DEVELOPMENT PROJECTS REPORT VILLIERS/QALABOTJHA	<ol style="list-style-type: none"> 1. That Council takes note of the report as presented. 	
114 (e)	DEPARTMENT OF POLICE, ROADS AND TRANSPORT PROJECTS IN MAFUBE LOCAL MUNICIPALITY REPORT PROJECT NAME: REHABILITATION OF P42/1 BETWEEN FRANKFORT AND TWEELING	<ol style="list-style-type: none"> 1. That Council takes note of the report. 	

114 (f)	DERELICT SITES IN MAFUBE	<p>That Council takes note of the of the above mentioned list and pronounce itself on the matter of the derelict sites in Mafube so as the process of repossession and or re-allocation may be started in order to allow the Municipality to start collecting monies on the sites that are not being currently occupied. Once Council has pronounced itself on the matter a verification will need to be done again in order to verify if it is still as is.</p>	
114 (g)	TABLING OF THE PROPOSAL FOR THE PURCHASE OF ERF 4331 IN NAMAADI, FRANKFORT	<ol style="list-style-type: none"> 1. That Council approves the application and sell to applicant according to the municipality's market related cost as the site is already subdivided and zoned for residential use. 2. That Council approves the application and sell at the market value of R10 000. 	
114 (h)	TABLING OF THE PROPOSAL FOR THE PURCHASE OF A PORTION OF AN OPEN SPACE IN FRANKFORT NEAR ERVEN 16 AND 17 FOR THE ESTABLISHMENT OF A CHURCH	<ol style="list-style-type: none"> 1. That Council to consider sale of a portion of a land; 2. That portion of land be subdivided and rezoned; and 3. That applicant should not develop on the site until payment, subdivision, and rezoning processes are complete. 4. That Council to consider selling a portion of 600m² to the applicant by the market value of R10 000 (ten thousand rand); and 5. The site should be rezoned and sub-divided by the owner within 6 months failing which the municipality will take back the site and refund the applicant. 	
114(i)	TABLING OF THE PROPOSAL FOR THE PURCHASE OF A PORTION OF THE REMAINDER OF ERF 2098 IN NAMAADI, FRANKFORT	<ol style="list-style-type: none"> 1. That Council considers selling the sites at the market value of R30 000 with a time frame of 6 months and the amount be non-refundable; and 2. That the applicant should not develop on the site until payment, subdivision and rezoning processes are complete. 	
114 (j)	TABLING OF THE PROPOSAL FOR THE LEASE OF ERF 784 AND 790 IN FRANKFORT, INDUSTRIAL	<ol style="list-style-type: none"> 1. That Council considers selling the sites at the market values of R113 760 for erf 784 and 	

	AREA	R179 520 for 790 as per valuation report; and 2. That the applicants be invited to come present their Energy project to EXCO.	
114 (k)	TABLING OF THE PROPOSAL FOR DISPOSABLE OF CERTAIN MUNICIPAL MOVABLE ASSETS (MUNICIPAL FLEET)	1. That the item be removed from the agenda	
114 (L)	TABLING OF THE PROPOSAL FOR THE PURCHASE OF AN OPEN SITE ON FARM 74 NEXT TO ERF 118 OR 319	1. That Council consider selling each site (400m ²) at an amount of R 100-000 respectively as they both will be used for residential purpose.	
114 (m)	TABLING OF THE PROPOSAL FOR THE PURCHASE OF ERF 1915 & 1916 FRANKFORT	1. That the Municipality sell each site at R200 000 even though the market value states that the current value is R30 000 each. 2. That Council recommends to the administration to have an engagement.	
114 (n)	RURAL FS Q1 ELECTRICITY STATUS	1. That Council takes note of the report.	
114 (o)	TABLING OF THE PROPOSAL FOR THE PURCHASE OF ERF 7649 IN NAMAHAADI IN THE NEW TOWNSHIP ESTABLISHMENT FOR BUSINESS	1. That the item be removed as an agenda item.	
114 (p)	TABLING OF THE PROPOSAL FOR PURCHASE OF ERF 1838 IN FRANKFORT	1. That Council approves selling of Erf 1838 based on the following conditions, 2. That supply chain processes of applying section 14 of MFMA be followed for the disposal of Erf 1838. 3. That the conditions as depicted in the municipal's SDF apply, that the land is environmental protected be taken into consideration when development takes place on that property. 4. The environmental studies be conducted in the property in order to determine if any development will not have detrimental impact on the environment itself and the community. 5. That the developers obtain and abide by the decisions taken by the environmental authorities. 6. Since there is a Municipal Infrastructure in the proposed ERF, The Developer is expected to install a buffer around the municipal infrastructure and create access for the municipal	

		officials to access the infrastructure.	
115 115 (a)	REPORT FROM THE OFFICE OF THE ACCOUNTING OFFICER RISK MANAGEMENT POLICY, RISK MANAGEMENT STRATEGY, RISK MANAGEMENT CHARTER, FRAUD RISK MANAGEMENT POLICY AND WHISTLE-BLOWING POLICY 2019-20	<ol style="list-style-type: none"> 1. That Council notes the availability of the Risk and Fraud strategic documents; and the workshop that will enable Council to adopt the Municipal Risk exposure and tolerance. 2. That Council takes note of Risk Management policy, Risk Management Strategy, Risk Management Charter, Fraud Management Policy and Whistle-Blowing Policy 2019/20. 	
115 (b)	MAFUBE MUNICIPALITY SERVICES LEVEL AGREEMENT TOWARDS DEVELOPING A SMART CITY	<ol style="list-style-type: none"> 1. That EXCO requested a full and quantifiable report before it could recommend the item to Council. 	
115 (c)	ESKOM SERVES NOTICE TO STOP PROVISION OF ELECTRICITY SUPPLY SERVICES	<ol style="list-style-type: none"> 1. That Council takes note of the notice received. 2. That Council note that discussions with both ESKOM and Rural Maintenance are ongoing to deal with the impasse on unpaid electricity bills of ESKOM. 	
115 (d)	DRAFT TERMS OF REFERENCE (TOR's) FOR THE ADMINISTRATOR AND MUNICIPAL MANAGER	<ol style="list-style-type: none"> 1. That Council takes note of the Draft ToR's 2. That Council notes that the terms clearly elucidates on the terms of reference and there should be no ambiguity on responsibilities of both the Administrator and Municipal Manager. 3. That Council notes that the signed ToR's are submitted through the MEC CoGTA to Council to approve. 4. That the item be referred to Council. 	
115 (e)	REPORT ON DISCIPLINARY MATTERS	<ol style="list-style-type: none"> 1. That Council takes note of the attached progress report. 2. That Council notes that lack of discipline will render the municipality ungovernable. 3. That the matter be reported to CoGTA urgently as this kind of behavior hinders the implementation of consequence management and further perpetuate ill-discipline in the municipality. 4. That all disciplinary cases still continue. 	
115 (f)	REPORT ON LAND	<ol style="list-style-type: none"> 1. That Council takes note of the report. 2. That Council approves the cancellation of the contract to the lessee that is not paying rent. 3. That Council notes that the contract of the lessee paying rent will be safeguarded. 4. That Council resolves that the land be disposed of in terms of the section 14 of the MFMA 	

116 (a)	FESTIVE SEASON PLAN	1. That Council takes note of the report.	
116 (b)	CLOSING OF MUNICIPAL OFFICES	<ol style="list-style-type: none"> 1. That Council takes note of the report. 2. That the municipality closes on the 23rd December 2019 at 12h00 and reopens on the 02nd January 2020. 3. That discretionary leave be granted for the 24, 27,30 and 31 December 2019and the office open on the 02nd January 2020. 4. That the Directors Technical Services and Community Services ensures that all essential services continue uninterrupted and that people be on standby for essential services to continue. 5. That all standby personnel's details and contact numbers be provided to the Director Technical Services and HR Manager. 	
116 (c)	HUMAN RESOURCES ADMINISTRATION	<ol style="list-style-type: none"> 1. That Council takes note of the report. 2. That Council approves the expense already incurred by the Service Provider an currently outstanding. 3. That Council approves that the contract be re-negotiated at reduced cost to Council. 	
116 (d)	MEMORANDUM OF UNDERSTANDING WITH VKB	<ol style="list-style-type: none"> 1. That Council takes note of the report. 2. That Council elucidate and resolved on the Memorandum of Understanding 	

Resolutions taken from the Special Council meeting of Mafube Local Municipality held on the 30 th January 2020 at 10h00 in Frankfort Council Chamber.			
Item	Description	Resolved	Status
117	REPORT FROM THE ACCOUNTING OFFICER		
117 (a)	2019-2020 MID YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT AND AUDITED 2017-2018 ANNUAL REPORT	<ol style="list-style-type: none"> 1. That the item to be deferred to the next meeting. 2. That the processes should be fully complied with in terms of the legislation 	

		<ol style="list-style-type: none"> 3. That the Council grants the permission to have the 2018/19 Annual Report presented to the next meeting 4. That reasons be provided in writing for the late tabling of the report in terms of Sec 127(3) 5. That Council resolved to note the item with all the inputs made. 	
117 (b)	MAFUBE GENERAL VALUATION ROLL 2020/25	<ol style="list-style-type: none"> 1. That Council takes note of the report on the General Valuation Roll and appointment of the Municipal Valuer. 2. That the date of the valuation for the 2020/25 be determined as 01st August 2019 3. That Council welcomes the report and the stakeholder engagement processes embarked upon. 4. That Council takes note the report as presented. 	
117 (c)	REPLACEMENT OF THE ADMINISTRATOR LETTER	<ol style="list-style-type: none"> 1. That a letter from the MEC COGTA was read out in the meeting (letter attached). 2. That The letter informed the Council that the MEC has replaced Mr Notsi as Mafube Administrator with the appointment of Mr T.M Moremi as the new Mafube Administrator effective from the 01st January 2020. 3. That TOR of the new Administrator is attached to his appointment letter. 4. That Political parties present welcomed the MEC decision and further congratulated the new Administrator for his appointment. 5. That the Speaker on behalf of the Council welcomed and congratulated the new Administrator and officially introduced all the Councillors present and the MM did likewise with management respectively. 6. That Council noted and unanimously welcomed the MEC decision to replace the administrator 	
117 (d)	EMPLOYEES REPORT - DOWNING OF TOOLS FOR NON-PAYMENTS OF SALARIES	<ol style="list-style-type: none"> 1. That a follow up be made as per the CFO report on salaries so that it be resolved urgently. 2. That these matters be referred to the attention of the Administrator for their speedy resolution including a joint letter of demands from SAMWU & IMATU. (letter attached) 3. That urgently restore discipline and order at workplace 4. That if the situation continues a 'NO WORK NO PAY PRINCIPLE' will have to be invoked. 5. That all means must be explored to quickly resolve the salary issue. 	

117 (e)	CONFIDENTIAL LETTER FROM THE MUNICIPAL MANAGER	<ol style="list-style-type: none"> 1. That the resignation of Mr Matlole (the Municipal Manager) be noted and accepted. 2. That the Council wished him well in his future endeavours 	
Resolutions taken from the Special Council meeting of Mafube Local Municipality held on the 19th March 2020 at 10h00 in Frankfort Council Chamber.			
Item	Description	Resolved	Status
118	REPORT FROM THE ACCOUNTING OFFICER	<ol style="list-style-type: none"> 1. That the item be referred back to the sitting of the Ordinary Council. 	
118 (a)	COMPLETION OF SISI NTOMBELA ORPHANAGE	<ol style="list-style-type: none"> 2. That Management put together a detailed report on all Hlasela Projects and the type of relationship that Council has with the project. Council wants to be guided by all available lease agreements how to arrive at a determination on a pricing option for the one of the orphanage. 	
118 (b)	REPORT BY THE MAYOR TO COUNCIL: RESIGNATION OF MR. MATLOLE AND SUBSEQUENT WITHDRAWAL OF HIS RESIGNATION	<ol style="list-style-type: none"> 1. That the earlier resolution taken in January stands. 2. That Council rejects the withdrawal letter and sticks by its earlier resolution. 	
118 (c)	REPORT BY THE MAYOR TO COUNCIL: SECONDMENT OF AN OFFICIAL TO ACT AS THE MUNICIPAL MANAGER OF MAFUBE LOCAL MUNICIPALITY	<ol style="list-style-type: none"> 1. That the Administrator Mr. TM Moremi engage CoGTA to request the services of an acting Municipal Manager for the duration of 3 months. 2. That upon identifying the said individual, EXCO be engaged for add its voice in the final processing of the individual. 3. That during the acting period of the incumbent, he/she commence with the advertising processes of inviting suitable candidates that will fill in the position. <p>1. The trio of the Administrator Mr. TM Moremi, CFO Mr. Amos Makoae and the Director Corporate Services be the ones that will be responsible for transacting in the municipal account.,</p>	
119 (a)	TABLING OF THE PROPOSAL FOR THE ESTABLISHMENT FOR THE TRAUMA CENTRE IN VILLIERS	<ol style="list-style-type: none"> 1. That Council is fully supportive of the establishment of such a centre in Villiers. 	
120 (a)	REPORT FROM CORPORATE SERVICES- COVID 19	<ol style="list-style-type: none"> 1. A special local HIV/AIDS Council with special invitations to stakeholders be called for Tuesday the 24th March 2020 at 10am. 2. Councillors also conduct stakeholder engagements in their respective wards and always ensuring that numbers are kept to the minimum, this also goes for block meetings where this 	

		<p>awareness message will be cascaded.</p> <ol style="list-style-type: none"> 3. To minimize the spread of fake news, the Office of the Mayor jointly with the Office of the Speaker will host a social media page that will pass correctly packaged and informative messages. Comments will be handled upon verification of participants on those pages. 4. The Office of the Mayor will also release a concise, on point press release. 5. All Mayoral Imbizo programmes are immediately suspended. 6. All mass meetings are suspended in favour of block meetings. 7. Councillors and Management are discouraged to honour events of National status. 8. Applications for initiation should not be approved. 9. Management ensure that car spinning events as well as the football Easter tournaments do not forge ahead. 10. There will be an engagement with funeral parlors to help the municipality and the community at large to minimize funeral attendance. 11. Municipal security officials draft attendance registers of all that access municipal buildings so their records are checked and in case they had travelled their information be passed over to officials working on COVID 19. 12. Farm dwellers and people with disabilities be included in the drive to disseminate information. 13. Immediately attending to the eradication of buckets in Ward 7 Phomolong and dealing with dumping sites and stray pigs be made an immediate priority. 14. An operational centre be set up under the stewardship of the Administrator and directorates Community and Corporate Services. 	
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Resolutions taken from the Special Council meeting of Mafube Local Municipality held on the 07th May 2020 at 11h00 in Frankfort Council Chamber.

Item	Description	Resolved	Status
121	REPORT FROM THE ACCOUNTING OFFICER		
121 (a)	UPPER LIMITS FOR COUNCILLORS	<ol style="list-style-type: none"> 1. That Council takes note that the upper limits gazette is ready for implementation. 2. That Council note the concurrence received from the MEC GOGTA. 3. That Council approves the increment as budgeted for from 01st July 2019. 4. That CFO is requested to make thorough calculations and present to Councillors the implications thereof. 5. That back payment of the upper limits is to be made on the same day after the council meeting. 6. That Council is requested to arrange a meeting (during Level 3 of the Lockdown) to take the presentation and thorough interpretation of the gazette. 	
121 (b)	UPPER LIMITS FOR SENIOR MANAGERS	<ol style="list-style-type: none"> 1. That Council takes note and approves the changes in the remuneration of the total remuneration packages payable to the Municipal Manager and Managers directly accountable to the Municipal Manager as budgeted for. 	

		<ol style="list-style-type: none"> 2. That salary gap that exists between Senior Managers and Managers to be looked into and worked out accordingly. 3. That workers who are employed to discharge essential during lockdown need to be incentivized as an encouragement. 	
121 (c)	ESTABLISHMENT OF LOCAL FOOD BANK	<ol style="list-style-type: none"> 1. That an area that will be identified should be disinfected and fumigated. 2. That there be a deployment of a twenty four hour security of the place. 3. That staff will be posted to the area to be furnished with PPE. 4. That Staff to be accountable to the municipality through the office of the Director Community Services. 5. That all stakeholders who are currently involved in the Joint Local Command Council be involved. 6. That Municipal Manager's office to lead the coordination process of the initiative tasking Directors and Unit Managers to assist the process. 7. That Ward Councillors to be used to identify deserving beneficiaries in conjunction with PR Councillors in their respective ward (s). 8. That Municipal Manager and the Administrator to benchmark and liaise with Government Social Security Authorities i.e. Social Development and SASSA on the establishment process of the initiative for proper implementation. 	
121 (d)	COUNCIL SOLIDARITY FUND	<ol style="list-style-type: none"> 1. That Councilors and municipal officials should respond to the President's Call; 2. That Councilors pledge to contribute the 4% annual increment for the months of April, May & June 2020 towards the Solidarity Fund established by government and managed by the Department of Social Development; 3. That Senior Managers, which includes the Municipal Manager and Managers directly reporting to the Municipal Manager and all municipal officials, should donation towards "Fezile Dabi Solidarity Funds" whose proceeds will be used in easing the plight of communities of Fezile Dabi District for the months of April, May & June 2020; 4. That all pledges/contributions should be paid into the National Solidarity Fund and the Fezile Dabi Solidarity Fund; 5. That Councillors and Senior Managers to lead the process of pledging into the local solidarity fund as an encouragement to ordinary municipal employees to follow suit. 6. The proceeds of the fund to be used to assist the municipality and OPS Centre to work towards fighting the spread of COVID - 19. 	
Resolutions taken from the Special Council meeting of Mafube Local Municipality held on the 26 th May 2020 at 10h00 in Frankfort Council Chamber.			
Item	Description	Resolved	Status

<p>122</p> <p>122 (a)</p>	<p>REPORT FROM THE ACCOUNTING OFFICER</p> <p>2020/21 INTERGRATED DEVELOPMENT PLAN</p>	<ol style="list-style-type: none"> 1. That Council takes note of the Draft reviewed IDP for 2020/21. 2. That note that copies of the Draft Reviewed IDP (2020/21) will be published for comments. 3. That Council note that as advised by GoGTA the public participation processes on the said draft will be facilitated using electronic and non-physical contract mechanism and platforms. 4. That Council note that the draft Reviewed IDP 2020/21 will be submitted to both the departments of Treasury and GoGTA. 	
<p>122 (b)</p>	<p>2020/21 TO 2022/23 DRAFT ANNUAL BUDGET</p>	<ol style="list-style-type: none"> 1. That Council approves the Draft 2020/2025 Medium Term Revenue and Expenditure Framework attached Annexure A to the item. 2. That Council approves the draft operating budget revenue of R 244 349 613.91 for the 2020/21 financial year. 3. That Council approves the draft operating budget expenditure of R417 080 612.91 for the 2020/21 financial year. 4. That Council approves the draft capital budget expenditure funding sources of R41 493 496 for the 2020/21 financial year. 5. That Council approves the draft tariff increase of 4.5% across the board. 6. <i>That Council approves the draft budget related policies namely;</i> Fixed Asset Management Policy 2020/21, Banking and Investment policy 2020/21, Budget policy 2020/21, Budget transfer and Virement policy 2020/21, Credit and Debt policy 2020/21, Creditors and payment policy 2020/21, Customer care policy 2020/21, Indigent policy 2020/21, Inventory Management policy 2020/21, Mafube Bad Debt written off policy 2020/21, Mafube Bad Debt policy 2020/21, Mafube SIPDM policy 2020/21, Mafube SCM policy 2019/20, Petty cash policy 2020/21, Rates policy 2020/21, Draft Revenue Enhancement strategy, Subsistence and Travelling policy 2020/21. 7. That Council takes note of the proposed salary total cost to municipality expenses of the Mayor, Speaker, Exco members, Portfolio committee chairpersons, Ordinary Council members, Municipal Manager, Chief Financial Officer and Directors as set out in the draft 2020/2023 MTREF Budget report. 8. That Council takes note that Municipal Manager in terms of the legislation will invite the local community through advertisements in the local press to submit representations in connection 	

		<p>with the 2020/21 draft operational and capital budget as required by the MFMA and the Municipal System Act.</p> <p>9. That Council approves the cancellation of IDP and Budget roadshow programs due to gatherings being prohibited by the Regulations issued in terms of Section 27(2) of the Disaster Management Act in Government Act in Government Gazette No 43107 dated 18 March 2020 as a result of the COVID-19 infectious disease being declared as a global pandemic.</p>	
122 (c)	<p>WATER CONSERVATION & WATER DEMAND MANAGEMENT PROGRAMME (WC&WD) AND GROUND WATER STUDY FOR MAFUBE LOCAL MUNICIPALITY: INSTALLATION OF PREPAID METERS</p>	<ol style="list-style-type: none"> 1. That Council approves the installation of pre-paid water meters in all areas of the municipality as they will enable municipality to bill households accordingly and ensures sustainable revenue generation for the municipality. 2. That Councillors inform the community businesses about the water meter verification and auditing project and subsequent replacement of water meters. 3. That Council note that the municipality will issue a Public Notice informing the residents about the project and planned dates for verification and auditing. 	
122 (d)	<p>REPORT ON THE DETERRORATING WATER LEVEL AT VAAL RIVER IN VILLIERS</p>	<ol style="list-style-type: none"> 1. That Council approves that the Municipality install additional water tanks in high-lying areas for the community to access water. 2. That Council approves the impositions of water restrictions daily from Monday 25th May 2020 until water levels at the Vaal River has improved. 3. That Council approves that a mobile-trailer unit be procured to assist in abstracting water in future should similar challenge prevails in other units. Same unit can be utilized to de-sludge our pumps stations. 4. That a formal Service Level Agreement and/or Memorandum of Agreement be entered into between the Municipality and the Free State Oil to avoid possible audit query on irregular expenditure regarding the cost they incurred for the installation of water pumps at Villiers. 	
122 (e)	<p>FILLING OF THE POST OF THE MUNICIPAL MANAGER</p>	<ol style="list-style-type: none"> 1. That Council takes note of the report. 2. That Council approves the filling of the Municipal Manager's post. 3. That appoint the selection panel to conduct the full selection and recruitment processes (and make recommendation for the appointment of a suitable candidate to Council). 4. That Council must take note that the municipal Administration shall advertise the post in National and Provincial media. 5. That Council must be kept abreast monthly on the progress to appoint the Municipal Manager. 	

Resolutions taken from the Special Council meeting of Mafube Local Municipality held on the 26 th June 2020 at 11h00 in Frankfort Council Chamber.			
Item	Description	Resolved	Status
123	REPORT FROM THE ACCOUNTING OFFICER		
123 (a)			
124	REPORT FROM THE ACCOUNTING OFFICER		
124 (a)	2019/20 ADJUSTMENT BUDGET	1. That Council approves the adjustment budgets comprising of R248 million for operating revenue, R234 million for operational expenditure and a Capital Budget of R41,2 million.	
124 (b)	2020/21 FINAL DRAFT INTERGRATED DEVELOPMENT PLAN (REVIEW)	<ol style="list-style-type: none"> 1. That Council considers Final Draft Review IDP for 2020/2021. 2. That Council adopt the Final Draft Review IDP for 2020/2021. 3. That Council note that copies of the Draft Reviewed IDP (2020/2021) will be published. 4. That Council note that the Final Draft Reviewed IDP 2020/2021 will be submitted to both the Department of Treasury and COGTA 	
124 (c)	2020/2021 TO 2022/2023 FINAL ANNUAL BUDGET	<ol style="list-style-type: none"> 1. That Council approves the final 2020/2021 to 2022/2023 Medium Term Revenue and Expenditure Framework attached as Annexure A to the item. 2. That Council approves the final operating budget revenue of R242 116 614 for the 2020/2021 financial year as well as R 256 347 484 and R 270 407 343 for the two outer years respectively. 3. That Council approves the final operating budget expenditure of R418 715 408 for the 2020/2021 financial year, R 437 976 316 for 2021/2022 and R 458 123 227 for 2022/2023. 4. That Council approves the final capital budget expenditure funding sources of R42 594 000 for the 2020/2021, R 54 134 000 for 2021/22 as well as R 55 189 000. 5. That Council to takes note of the operating deficit of R176,5 million, R181,6 million and R187,7million for the 2020/21, 2021/22, 2022/23 respectively. 6. That Council approves the final tariff increase of 4.5% across the board. 7. That Council takes note and approve that businesses that operate in residential sites will be charged using business tariffs. 	

		<p>8. That Council takes note and approve that all informal businesses will be required to apply for trading licenses, payable to the municipality as per the municipal tariff list.</p> <p>9. That Council approves the final budget related policies attached as Annexure B to the item.</p> <p>10. That Council takes note of the proposed salary total cost to municipality expenses of the Mayor, Speaker, Exco members, Portfolio committee chairpersons, Ordinary council members, Municipal Manager, Chief Financial Officer and Directors as set out in the final 2020/2021 to 2022/2023 MTREF Budget report.</p> <p>11. That Council approves the Financial Turnaround Strategy that will ensure that the operating deficit is funded.</p> <p>10. <i>Approved final annual budget related policies are as follows;</i></p> <p>Accounting policy 2020/21, Asset Management Policy 2020/21; Banking and Investment policy 2020/21; Budget and Reporting policy 2020/21; Creditors and payment policy 2020/21; Mafube Customer Care policy 2020/21; Mafube Inventory Management POLICY 2020/21; Mafube Bad Debts written off policy 2020/21; Mafube Principle and policy on indigent Customers 2020/21; Mafube Rates policy 2020/21; Mafube SIPDM policy 2020/21; Mafube Tariff policy 2020/21; Municipal Cost Containment policy 2020/21; Mafube SCM policy 2020/21; Subsistence and Travelling policy 2020/21; Virement policy 2020/21.</p>	
124 (d)	MAFUBE FINANCIAL TURN-AROUND PLAN	<p>1. That Council consider Mafube Turn- around Plan.</p> <p>2. That Council approves the Mafube Turn-Around Plan.</p> <p>3. That Council takes note that a detailed quarterly progress report on the implementation of the Mafube Financial Turn- around Plan</p>	
125 (a)	TABLING OF THE PROPOSAL FOR THE EXTENSION OF THE LAND USE SCHEME DEADLINE	<p>1. That council approves the extension of the Land Use Scheme to proposed new deadline of 30 January 2022. This will provide the Municipality with sufficient time to engage with all stakeholders and to obtain their approval before adoption of the land use scheme</p>	

Administrative Governance Structures

Mafube L.M is a small Executive Committee type Municipality with an administration organised into five directorates meant to support Council in the implementation of the resolutions and policies within the broad framework of the IDP, applicable legislation. The directorates under the administrative leadership of the Accounting Officer are as follows:

- Office of the Municipal Manager
- Corporate Services
- Financial Services
- Urban Planning and Infrastructure Services
- Community Services and Local Economic Development (LED)

Directorates are structured and organised in a manner that take into consideration the various constitutional and legislative mandates, powers and functions entrusted in the Municipality. The Office of the Municipal Manager serves as the head of Administration 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 Accounting Officer executes his functions in conjunction with the support of managers accountable to him/her.

Executive Management

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

Top Management Contact List

Municipal Manager:	Mr Mojalefa Matlole
Contact Number:	N/A
Corporate Services Director:	Me. Palesa Moloji
Contact Number:	063 697 4253
Chief Financial Officer:	Mr. Amos Makoae
Contact Number:	060 981 5772
Infrastructure and Planning Director:	Mr Diao Ramabitsa
Contact Details:	063 697 4257

Community Services Director:
Contact Details:

Me. Zandile Mofokeng
082 496 7529

Intergovernmental Relations

Intergovernmental Forums utilised by the 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 Accountability and Participation

Ward Committee Performance Status Report

OVERVIEW

Public participation is a vital part of our democracy; it allows for citizens to get involved in how their communities are governed.

Section 73 of the Local Government Municipal Structures Act, 1998(Act 117 of 1998), requires that municipalities must establish Ward Committees as a primary means to enhance participatory democracy.

These Ward Committees provide a vital link between Ward Councilors, the community and the municipality. They allow for members of communities to participate in municipal planning, monitoring and budgeting to address their direct needs. They also help improve communication between our local municipality and its communities.

Establishment Guidelines were followed on establishment of all wards as guided by the Ward Committee Policy adopted by Council.

WARD REPORT

Ward	Town	Reporting Element	Performance Indicator	2019/2020 Reporting Period		Status
				Ward Committee Meetings Reported	Public Meetings Reported	
1	Cornelia & Ntswanatsatsi	Committee Establishment and Training	<ul style="list-style-type: none"> - Committee established of TEN members plus Councillor JE Sigasa as Chairperson - Induction was conducted of all members - Code of conducts are signed by all members - Schedule of meetings are produced and submitted to the 	11	8	Operational and in good standing

			office of the Speaker on a Financial Year Basis – Ward Operational Plan established and implemented			
2	Namahadi		– Committee established of TEN members plus Councillor JJ Hlongwane as Chairperson – Induction was conducted of all members – Code of conducts are signed by all members – Schedule of meetings are produced and submitted to the office of the Speaker on a Financial Year Basis – Ward Operational Plan established and implemented	7	12	Operational and in good standing
3	Qalabotjha		– Committee established of TEN members plus Councillor FP Motloun as Chairperson – Induction was conducted of all members – Code of conducts are signed by all members – Schedule of meetings are produced and submitted to the office of the Speaker on a Financial Year Basis – Ward Operational Plan established and implemented	11	12	Operational and in good standing
4	Villiers & Qalabotjha		– Committee established of TEN members plus Councillor R Mokoena as Chairperson – Induction was conducted of all members – Code of conducts are signed by	9	9	Operational and in good standing

			<ul style="list-style-type: none"> all members – Schedule of meetings are produced and submitted to the office of the Speaker on a Financial Year Basis – Ward Operational Plan established and implemented 			
5	Frankfort & Namahadi		<ul style="list-style-type: none"> – Committee established of TEN members plus Councillor MC Du Plessis as Chairperson – Induction was conducted of all members – Code of conducts are signed by all members – Schedule of meetings are produced and submitted to the office of the Speaker on a Financial Year Basis – Ward Operational Plan established and implemented 	1	6	Operational and in good standing
6	Namahadi		<ul style="list-style-type: none"> – Committee established of TEN members plus Councillor JT Kotsi as Chairperson – Induction was conducted of all members – Code of conducts are signed by all members – Schedule of meetings are produced and submitted to the office of the Speaker on a Financial Year Basis – Ward Operational Plan 	10	11	Operational and in good standing

			established and implemented			
7	Namahadi		<ul style="list-style-type: none"> - Committee established of TEN members plus Councillor UC Jafta as Chairperson - Induction was conducted of all members - Code of conducts are signed by all members - Schedule of meetings are produced and submitted to the office of the Speaker on a Financial Year Basis - Ward Operational Plan established and implemented 	7	9	Operational and in good standing
8	Tweeling&Mafahlaneng		<ul style="list-style-type: none"> - Committee established of TEN members plus Councillor WC Motloung as Chairperson - Induction was conducted of all members - Code of conducts are signed by all members - Schedule of meetings are produced and submitted to the office of the Speaker on a Financial Year Basis - Ward Operational Plan established and implemented 	12	13	Operational and in good standing
9	Qalabotjha		<ul style="list-style-type: none"> - Committee established of TEN members plus Councillor LS Kubeka as Chairperson - Induction was conducted of all members - Code of conducts are signed by 	9	10	Operational and in good standing

			all members – Schedule of meetings are produced and submitted to the office of the Speaker on a Financial Year Basis – Ward Operational Plan established and implemented			
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PROGRESS

Ward committee administration clerks were employed in the office structure by the municipality to assist and support the administration of ward committees

All Nine (9) Wards were successfully established with Ninety members inducted to best perform duties and responsibilities of Ward Committees. A series of Capacity Building programs are conducted from time to time complementary to induction workshop.

All Wards have established and implement the Ward Operation Plans (aligned to Portfolio Committees of Council) as determined and prescribed by the Department of CoGTA in the province i.e.:

Service Delivery Reports (of the committee and sub committees) and monthly meetings are considered an indication of functionality to the Office of the Speaker. Such reports emanates from the established Ward Operational Plans that segments duties and responsibilities of members of Ward Committees representing sectors and/or portfolios.

These reports are tailor made to scrutinise and identify dire service delivery challenges to be presented by the Speaker to the Council for remedies.

Each member of the committee receives an Out of Pocket Expense amounting to R500 on a monthly basis.

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

2020 - 2021 Process Plan (IDP and Budget)

Mafube Local Municipality			
2020/21 IDP and Budget Process Plan			
PHASE	OBJECTIVE	RESPONSIBILITY	TARGET DATE
Preparation	Preparations and Analysis: Review Provincial IDP assessment report, Compile IDP process plan & Budget time schedule	Municipal Manager and Directors	July 2019
	Submission of the IDP and Budget Timeline to the Management Meeting	Municipal Manager	August 2019
	Submit final process plan and time schedule to Council for adoption	Mayor	August 2019
	Submission of the IDP and Budget Process Plan to CoGTA and both Provincial and National Treasuries	Municipal Manager	September 2019
Analysis	Perform situational analysis and assessment of the achievements of the previous IDP (2019/20), and tabulate the analysis report to the Steering committee	Political Office, Municipal Manager and Directors	September 2019
	Conduct IDP public consultations in all nine wards, with all stakeholders	Political Office, Municipal Manager and Directors	October 2019

	All directors to submit 3 year capital budget to CFO	Directors	October 2019
	Discussion meetings per Directorate on Capital Budget and alignment of IDP strategies and objectives	Directors	November 2019
	Submit proposed Tariff increases to CFO	Directors	November 2019
	Submit 3 year personnel budget to CFO	Political Offices, Municipal Manager and Directors	November 2019
	Submit 3 year operating budget to CFO	Political Offices, Municipal Manager and Directors	November 2019
	Integration of IDP and Budget programmes	Political Office, Municipal Manager and Directors	December 2019
	Meeting: IDP Steering committee and IDP Rep forum (To consider report on the review of the status quo and community needs)	Mayor, Municipal manager, Directors and Managers	October 2019
Strategies	Municipal Strategic Planning session (To review the 5 year strategic plan)	Mayor, Municipal manager and Directors	November 2019
	<i>Submit 2019/20 First Quarter Performance Report to Council (Section 52 of MFMA)</i>	Mayor, Municipal manager	October 2019
	Discussion meetings per Directorate on Capital Budget and alignment of IDP strategies and objectives	Directors	November 2019
	Submit proposed Tariff increases to CFO	Directors	November 2019
	Submit 3 year personnel budget to CFO	Political Offices, Municipal Manager and	November 2019

		Directors	
	Submit 3 year operating budget to CFO	Political Offices, Municipal Manager and Directors	November 2019
	Alignment with NDP, FSGDS & MTSF and Integration of IDP and Budget programmes	Political Office, Municipal Manager and Directors	December 2019
Projects	Finalisation of all sector plans and strategies Alignment with NDP, FSGDS & MTSF Projects Identification (Municipal specific & Sectors Projects) Performance Indicators Projects Output, targets & location Project related activities Cost & budget estimates e.g. (Budget)	Municipal manager and Directors	December 2019-Feb 2020
Integration	Integrated SDF Integrated Sectoral Programmes e.g. (WSDP) Disaster Management Institutional plan and sector plans	Municipal Manager	December 2019-Feb 2020
	Meeting to discuss Tariffs, Salaries and Operating Budget	Political Offices, Municipal Manager and Directors	January 2020
	Submit mid-year budget and performance assessment report to the Mayor and Council (<i>Section 72 of MFMA</i>)	Municipal Manager	January 2020
	Tabling of 2017/18 & 18/19 Annual Report in Council (<i>Section 127(2) of MFMA</i>)	Mayor	January 2020
	Meeting: IDP Steering committee (to review progress to date)	Municipal Manager, directors and	January 2020

		managers	
	Compilation and finalisation of the IDP	Municipal Manager	January 2020
	Budget Commission	Chief Financial Officer	February 2020
	IDP and Budget Steering Committee meeting	Mayor, Municipal Manager and Directors	February 2020
	Meetings: to present the Draft IDP to the IDP Steering committee and IDP Rep Forum	Mayor, Municipal Manager and Directors	February 2020
	Tabling of Draft Budget in the Steering Committee	Mayor	March 2020
	Council considers report of Oversight Committee on the 2016/17,17/18&18/19 Annual Report <i>(no later than 2 months after annual report was tabled –Section129(1)of the MFMA)</i>	Chairperson of the oversight committee	March 2020
	Tabling of the Draft 2020/21 IDP and MTREF <i>(Section 16(2) of MFMA)</i>	Mayor	March 2020
	2020/21 Draft IDP and MTREF available to public for comments	Chief Financial Officer	April 2020
	Budget Steering Committee meeting	Mayor, Municipal Manager and Directors	April 2020
	Submit Draft MTREF and IDP to: National and Provincial Treasuries, Provincial CoGTA and Fezile Dabi District Municipality	Chief Financial Officer	April 2020
	Conduct public hearings and community consultations on Draft IDP and Budget	Political Offices, Ward Councillors and Directors	April 2020
	<i>Submit 2019/20 Third Quarter Performance Report to Council (Section 52 of MFMA)</i>	Mayor and Municipal Manager	April 2020

	Responses to submissions made by the public and stakeholders	Mayor, Municipal Manager and Chief Financial Officer	May 2020
Approval	Finalization of IDP 2020/21 and MTREF	CFO and Municipal Manager	May 2020
	Council meeting to approve the 2020-21 IDP and MTREF	Mayor	May 2020
	Submit the 2020/21 Service Delivery and Budget Implementation Plan (SDBIP) and Performance Agreements to the Mayor	Municipal Manager	June 2020
	Submit approved 2020-21 IDP and MTREF to National Treasury, Provincial Treasury and CoGTA	Chief Financial Officer	June 2020
	Publish approved IDP and MTREF	Chief Financial Officer	June 2020
	Approval of the 2020/21 SDBIP <i>(28 days after budget approval)</i>	Mayor	June 2020
	Publish approved SDBIP and signed Performance Agreements <i>(10 working days after SDBIP approval)</i>	Municipal Manager	July 2020

Corporate Governance

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

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

2019/2020 DETAILED MUNICIPAL PROJECT LIST

Service Delivery Overview

Water bulk infrastructure:

- 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.

Project Name and Description	Current Construction Status	Comments
Namahadi: Upgrading of Gravel Roads to Paved Roads and Storm Water Drainage (4,7km)(Second km) (MIS:174361)	Design & Tender stage	Project was moved for implementation in 2020/21 FY to accommodate Covid-19 projects. Only Professional Fees were paid in 2019/20 FY
Qalabotjha: Extension of the Waste Water Treatment Works (MIS: 243122)	Completed	Defects liability period lapsed in May 2020 and retention was released
Mafahlaneng/Tweeling:Upgrade of Sports Ground (MIS: 212177)	Completed	Defects liability period lapsed in June 2020 and retention was released
Namahadi/Kgatholoha: Upgrading of Sports Ground (MIS: 211474)	Completed	Defects liability period lapsed in May 2020 and retention was released
Ntswanatsatsi/Cornelia: Upgrade of Sports Ground	Completed	Defects liability period lapsed in May 2020 and retention was released
Qalabotjha/Villiers: Construction of a 6.5Ml concrete clean water reservoir and pipeline (Phase 1) (MIS:337256)	Completed	
Qalabotjha: Refurbishment of Ext. 3 sewer Pump Station (MIS:364073)	Completed	
Qalabotjha: Replacing of blocked sewer lines in Ext.3 (MIS:364088)	Completed	
Namahadi: Upgrading of 654m sewer main lines in Phomolong (MIS:363990)	Completed	
Frankfort: Upgrading of 86m sewer main lines along Klein Street	Completed	

(MIS:364077)		
Tweeling/Mafahlaneng: Refurbishment of main sewer pump station (MIS:364377)	Completed	

2019/20 Actual Service Delivery and Budget Implementation plan performance reports per directorates

1. 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	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Good Governance and Public Participation	Youth development; HIV&AIDS	1.1 Youth development strategy developed, and Approved by Council.	Develop a Youth development Strategy	Not Achieved	Ward Consultation is in progress.			PMS is unable to verify report due to lack of evidence.	Draft Youth Development Plan/Strategy and Council resolution.
		1.2 Youth development policy developed, and approved by Council.	Develop a youth development policy	Not Achieved	Ward Consultation is in progress			PMS is unable to verify report due to lack of evidence.	Draft Youth Development policy and Council resolution
		1.3 Youth development programmes organised and	Hold 4 youth development programmes	Not Achieved		Mobilisation for the learner ship		PMS is unable to verify report due to lack	Invitation, Agenda, Attendance Register and

		held.						of evidence.	Report
		1.4 HIV&AIDS Council review, by 30 June 2020	Review the established HIV&AIDS Council	Not Achieved 1 Ward based consultation on HIV Issues				PMS is unable to verify report due to lack of evidence.	Invitation, Agenda, Minutes/Report and Attendance Register.
		1.5 HIV&AIDS Council meetings held.	Hold 4 HIV & AIDS Council meetings	Not Achieved	1 Meeting was postponed for next quarter			PMS is unable to verify report due to lack of evidence.	Invitation, Agenda, Attendance Register and Minutes
		1.6 HIV&AIDS strategy developed, and approved by Council.	Develop a Strategy for HIV& AIDS	Not Achieved	Ward based Consultation on progress			PMS is unable to verify report due to lack of evidence.	Draft Strategy for HIV & AIDS and Council resolution
		1.7 HIV&AIDS policy developed, and approved Council.	Develop a policy for HIV& AIDS	Not Achieved				PMS is unable to verify report due to lack of evidence.	Item on Draft policy for HIV& AIDS and Council resolution
		1.8 Programmes on HIV focusing on Social Change Behaviour, and HIV&AIDS awareness campaigns held	Hold 4 awareness campaigns on HIV&AIDS and Social Change Behaviour	Not Achieved, 1 program with LGBTI community				PMS is unable to verify report due to lack of evidence.	Programme activity, attendance register and report.

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	Program mes	Key performance Indicator	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Good Governanc e and Public Participatio n	Public participati on	2.1 Public Participation strategy reviewed and approved by Council.	Review the Public participation strategy	Not Achieved				No Comment	Signed Public Participatio n Strategy.
		2.2 Public Participation policy developed and approved by Council.	Develop the Public participation policy	Not Achieved				No Comment	Public Participatio n Policy and Council Resolution
		2.3 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	Hold 6, community meetings, for rural communities in ward 1, 4, 7 and 8	Not Achieved	Access arrangements with farm owners in Ward 4 could not succeed as it was targeted	Follow up arrangements were in the pipeline for February 2020, however due		Schedule of meetings are to be presented to council for more accountabilit	Invitation, Agenda, Attendance Register and Report

		areas,			for this quarter.	to National Lockdown meetings did not take place		y	
		2.4 Quarterly strategic meetings with ward based stakeholder.	Hold 4 ward based stakeholders meetings	Partially Achieved 3 Meetings held, Stakeholder database is still under development in Ward (s) 1 & 8 and yet to be finalised	Meetings could only be organised in Frankfort and Villiers	Tweeling and Cornelia Stakeholders Forums needs to be revisited and resuscitated for functionality and will be conducted in February 2020, however due to National Lockdown meetings did not take place		KPI to be included in the next Financial year SDBIP for improvement	Invitation, Agenda, Attendance Register and Report
		2.5 Programmes focusing on supporting the NGOs (in particular the CBOs) held	Hold 4 programmes focusing on supporting NGOs	Partially Achieved 1 capacity development program for NGOs in Tweeling	No Program for NGOs in Cornelia was initiated for this purpose due to poor arrangements and non – commitment by Provincial Stakeholders.	The Department (s) of Social Development and SAPS have programs targeted for March 2020 which will be in partnership with the municipality		KPI to be included in the next financial year SDBIP for improvement	Invitation, Agenda, Attendance Register and Report

						to carry through , however due to National Lockdown meetings did not take place			
		2.6 Ward Councillors' public meetings held on a bi – monthly basis.	54 (6 in each ward)	Partially Achieved 18 Public meetings were held. 8 in first quarter and 10 in the second quarter.	Many Ward Councillors did not convene meetings.	The report has been elevated to the Speaker for intervention		KPI to be included in the next review for improvement	Invitation, Agenda, Attendance Register and Report
		2.7 Annual community service delivery satisfaction survey.	1 in a year	Not Achieved	Management Meeting pending	Management to formally guide the launch of the exercise through a meeting		Unit is to seek assistance from Cogta.	No Evidence
		2.8 Ward Committee Management meetings held.	72 (1 monthly in each ward)	Partially Achieved 6 meetings held in the first quarter 9 meetings held in the 2 nd quarter. 1 meeting was	Most Ward Councillors are still not convening meetings.	Schedule of meetings both for Ward Committees and Community is drafted and submitted to all Councillors and Speaker to verify		KPI to be included in the next review for improvement	Invitation, Agenda, Attendance Register and Report

				held Virtually.		before Council adoption for adherence by all Ward Councillors.			
		2.9 Ward Operational Plans developed.	Develop 9 ward based operational plans	Partially Achieved	Only Ward 5 is left behind.	The Office is intervening by holding meetings for capacity building with the committee for compliance.		KPI to be included in the next review for improvement	Invitation, Agenda, Attendance Register and Report
		2.10 Capacity building program for ward committees on core practices held.	Hold 4 capacity building programs for ward committees	Achieved 2 workshops on PMS in the first quarter and 2 day workshop on Bathopele in the 2 nd quarter	No programs and workshops are allowed			No comment	Invitation, Agenda, Attendance Register and Report

3. 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	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Good Governance and Public Participation	IDP	3.1 2019-20 IDP/PMS and Budget Process Plan Develop and Approved by Council, by 30 July 2020	Develop the 2019-20 IDP, PMS and Budget process plan	Achieved IDP/PMS Budget process plan submitted to council.				No comment	Budget process plan and council resolution.
		3.2 Number of community participation conducted on review of 2020-21 IDP, by 30 June 2020	Hold 9 ward base consultation meetings for the review of the 2020-21 IDP, and hold another 9 ward base	Achieved	A Public Notice was advertised and the Public was invited to give comments on			No Comment	Public Notice and Comments

		consultation meetings on the Draft 2020-21 IDP.		the IDP				
	3.3 2019-20 IDP completed and approved by Council before the end of May 2020	Review IDP for the 2019-20 financial year	Achieved				No Comment	Reviewed IDP
	3.4 Develop 2020-21 SDBIP and submit to Council and Mayor by 30 June 2020	Develop the SDBIP for 2020-21 Financial year	Achieved				No Comment	SDBIP and Council Resolution

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	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Good Governance and Public Participation	Performance Management	3.5 Reviewed the PMS Policy Framework and submit to Council for approval by 30 June 2020	Review the PMS Policy framework	Not Achieved				No Comment	PMS policy and council resolution.
		3.6 workshops/trainings conducted on performance management system, by 30 June 2020	Conduct 2 workshops or trainings on performance management system	Partially Achieved training in the 1 st quarter for Management				No comment	Invitation, Minutes and attendance register
		3.7 Develop and submit the 2018-19 annual report to AG & Council, according to all regulations and legislation	Develop and submit the annual report to AG & Council, according to all regulations and	Achieved Submission of the 2017-18 Annual Report to AG and Council				No comment	2017/18 annual report and acknowledgment of submission to

			legislation						AG
		3.8 Performance reports submitted to council on the actual performance in terms of the Top Layer SDBIP, by 30 June 2019	Submit 4 performance reports to Council (One per Quarter)	Not Achieved	Reports have been submitted to the Internal Audit for verification, however the Audit Committee has not being sitting			KPI to be included in the next review for improvement .	Performance Reports
		3.9 Batho Pele Service standard and Charter developed, and approved by Council, by 30 June 2020	Develop Batho Pele services standard and charter	Not Achieved	Batho Pele service standard and charter is currently in draft.	Batho Pele Service Charter is to form part of the Management meeting agenda		KPI to be included in the next review for improvement .	Batho Pele Standard Charter
		3.10 Standard operating procedures for Municipal Services developed, and approved by Council, by 30 June 2020	Develop Standard operating procedures	Not Achieved	Unit is to benchmark with other municipality for achievement	Unit has arranged to do benchmarking in the next quarter.		KPI to be included in the next review for improvement .	SOP

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	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Good Governance and Public Participation	Internal Audit	3.11 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 2020	Develop an Audit Plan	Achieved Audit Action Plan				No comment	Audit Plan
		3.12 Audit action plan developed to address AG Findings and submitted to council for approval on or before 30 Jan 2020	Develop an audit action plan to address AG findings	Not Achieved	The Auditor General is currently busy with the audit of 2017/2018; therefore the municipality will develop or compile audit action plan for	The Auditor General is currently busy with the audit of 2017/2018, immediately the plan will be developed to address AG findings		N/A	Audit Action Plan report

			2019/2020 financial year and the plan will be reviewed weekly during Clean Audit Steering Committee Meeting,				
	3.13 Audit committee meetings held, by 30 June 2020	Hold 6 audit committee meetings	Partially Achieved the meeting was held on the 28 October 2019		Developed Audit committee schedule of meetings for 2019/2020		Attendance register
	3.14 Audit committee reports submitted to Council, by 30 June 2020	Submit 4 audit committee reports to council	Not Achieved	Non-sitting of audit committee due to unavailability of members	Developed Audit committee schedule of meetings for 2019/2020		Reports submitted to council

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	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Good Governance and Public Participation	Risk Management	3.15 Risk management strategy, reviewed and submitted to Council by 30 June 2020	Review risk management strategy	Achieved Risk Management Strategy				No comment	Risk Management strategy.
		3.16 Fraud prevention Plan reviewed and submitted to Council by 30 June 2020	Review the fraud prevention plan	Not Achieved	RMC could not sit for the first quarter	The document is still at draft, and will be submitted the 3 rd quarter.		KPI to be included in the next review for improvement	Fraud Prevention Plan and council Resolution
		3.17 Risk assessments per directorate conducted annually, by 30 June 2020	Conduct 2 risk assessment per directorate	Achieved	Risk assessments conducted 11 – 20 September 2019			KPI to be included in the next review for improvement	Attendance register

	3.18 Risk register updated annually and approved by Council, by 30 June 2020	Update the risk register twice	Achieved	Risk assessments conducted 11 – 20 September 2019			KPI to be included in the next review for improvement .	Updated risk register
	3.19 Risk Committee meetings held annually, by June 2020.	Hold 6 risk management committee meetings	Partially Achieved 1 sitting	RMC could not sit for the first quarter			KPI to be included in the next review for improvement .	Attendance register
	3.20 Reports submitted by the risk committee, to the audit committee by 30 June 2020	Submit 4 reports, from the risk committee to the audit committee	Partially Achieved 1 report	RMC could not sit for the first quarter			KPI to be included in the next review for improvement .	Attendance Register
	3.21 Workshop/Training conducted for risk champions, on risk management by 30 June 2020	Conduct two workshops/training for risk champions on risk management	Not achieved				Not applicable for the quarter under review	Attendance Register
	3.22 Workshop/Training conducted for risk committee members, on risk management by 30 June 2020	Conduct two workshops/training for risk committee members on risk management	Not Achieved				KPI to be included in the next review for improvement .	Attendance Register

Unit/ department: Communication

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	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Good Governance and Public Participation	Communications Management	3.21 Communication strategy developed and approved by 30 June 2020	Approved Communication strategy	Achieved					Communications strategy and Agenda
		3.22 Communication policy reviewed and approved by 30 June 2020	Reviewed and approved communication policy	Achieved					Communications Policy and Agenda
		3.23 Mafube L.M Marketing document developed and approved by June 2020	Approved Mafube Marketing document	Not Achieved	To benchmark LED Unit.	To be addressed in the 3 rd Quarter.		No Comment	Mafube Marketing Document and Management inputs

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	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
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 2020	Conduct a customer satisfaction survey and Submit a report with recommendations to Council	Partially achieved.	Customer satisfaction survey plan still serve in the Finance portfolio Committee and to council.			KPI to be included in the next review for improvement	Customer satisfaction Report and council resolution
		4.2 Revenue management strategy developed and approved by Council by 30 June 2020	Develop revenue management strategy	Achieved Approved on the 26 th June 2020				No Comment	Draft Revenue Management Strategy and council resolution.

4.3 Credit and Debt collection strategy developed and submitted to council for approval by 30 June 2020	Develop debt collection strategy	Achieved				No comment.	council resolution
4.4 Credit and Debt collection policy reviewed and submitted to Council for approval by 30 June 2020	Review the credit and debt collection policy	Achieved				No comment	credit and debt collection policy
4.5 Revenue enhancement strategy developed and submitted to Council for approval, by 30 June 2020	Develop revenue enhancement strategy	Achieved				No comment	Council resolution.
4.6 Rates policy reviewed and submitted to Council for approval by 30 June 2020	Review the rates policy	Achieved				No comment	Council resolution.
4.7 Tariff policy reviewed and submitted to Council for approval by 30 June 2020	Review the tariff policy	Achieved				No comment	Council resolution
4.8 Customer care policy reviewed and approved by Council, by 30 June 2020	Review the customer care policy	Achieved				No comment	Council resolution.
4.9 Indigent	Conduct two	Achieved	Process is			No comment.	Indigent

registration campaigns conducted annually, by 30 June 2020	indigent registration campaigns		on-going.				registration Register
4.10 Reports prepared and submitted to the accounting officer on the updates conducted on the indigent register, by 30 June 2020	Prepare and submit two reports	Achieved	Monthly FBS Monitoring Report			No comment	FBS Report
4.11 Consumers water meter readings conducted, by 30 June 2020	Conduct water meter readings on a monthly basis	Achieved				No comment	Metre reading and route report
4.12 Monthly reconciliations for all control accounts done, by 30 June 2020	Conduct monthly reconciliations for all control accounts	Achieved				No comment	reconciliation reports
4.13 Issue account statements to all consumers, by the 7 th of every new month, by 30 June 2020	Issue account statements to all consumers, by the 7 th of every new month	Achieved				No comment	Reports
4.14 Attend and resolve all billing queries, received from consumers within 48 hours, by 30 June 2020	Attend and resolved all received billing queries within 48 hours	Achieved				No comment	Complaints register

		<p>4.15 By-law on customer care, credit control and debt collection policy, developed and approved by council, by 30 June 2020</p>	<p>Develop a By-law on customer care, credit control and debt collection policy</p>	<p>Not Achieved</p>		<p>It will be tabled in the next financial year</p>		<p>KPI to be included in the next review for improvement</p>	<p>Draft by laws and council resolution.</p>
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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	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Municipal Financial Viability and Management	Expenditure	4.16 Creditors and payment policy reviewed and approved by Council, by 30 June 2020	Review the Creditors and payment policy	Achieved				No Comment.	Council resolution
		4.17 Petty cash management strategy developed and approved by council, by 30 June 2020	Develop petty cash management strategy	Achieved				No Comment.	Council resolution
		4.18 Petty cash policy reviewed and submitted to council for approval, by 30	Review the petty cash policy	Achieved				No Comment.	Council resolution

		June 2020							
		4.19 Fruitless and wasteful register submitted to MPAC, by 30 June 2020	Quarterly submit the fruitless and wasteful register to MPAC	Not Achieved	The register in existence as it was prepared monthly.	The register has not been submitted as there has not been an MPAC sitting in the 1 st quarter.		KPI to be included in the next review for improvement .	fruitless and wasteful register to MPAC
		4.20 Fruitless and wasteful register submitted to Council, by 30 June 2020	Quarterly submit the fruitless and wasteful register to Council	Not Achieved	Has been prepared for the month of October19, November 19 and December 19, however not submitted to the council			KPI to be included in the next review for improvement .	Fruitless and wasteful register.
		4.21 Subsistence and Travelling allowance policy reviewed and approved by Council, by 30 June 2020	Review the subsistence and traveling policy	Achieved				No comment.	Council Resolution
	Payroll	4.22 Payroll reports developed and submitted to the accounting officer, by 30 June 2020	Prepare and submit 12 reports to the accounting officer	Achieved				No comment	Payroll Reports
		4.23 Statutory deductions submitted to SARS,	Submit 12 statutory	Achieved				No comment	Statutory SARS

		by 30 June 2020	deductions SARS						report
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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	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Municipal Financial Viability and Management	SCM	4.24 SCM policy reviewed and approved by Council, by 30 June 2020	Review the SCM Policy	Achieved				No comment	Council resolution
		4.25 Review the inventory management policy and submit to council for approval by 30 June 2020	Review the inventory management policy	Achieved				No comment	Council resolution
		4.26 Develop a procurement plan that is linked to IDP, SDBIP and Budget submitted to Council for approval, by 30 June 2020	Develop a procurement plan that is linked to IDP, SDBIP and Budget	Not Achieved				KPI to be included in the next review for improvement.	Draft Procurement plan and council resolution
		4.27 Develop Bid committees policy and	Develop Bid committees	Not Achieved	As per the advice from			KPI to be included in	Policy and Council

		procedures, by end September 2019	policy and procedures		Provincial Treasury, the SCM policy clearly define the roles and responsibilities of Bid Committees and the composition thereof, so it is not necessary to have another policy apart from SCM policy.			the next review for improvement.	Resolution
		4.28 Formally appoint in writing, the Specification, Evaluation and Adjudication Committee Members, by 30 June 2020	Formally appoint in writing, the Specification, Evaluation and Adjudication Committee Members	Not Achieved				KPI to be included in the next review for improvement.	Appointment Letters
		4.29 Trainings/workshops conducted, for the Specification, Evaluation and Adjudication Committee Members, by 30 June 2020	Conduct one training/workshop for the Specification, Evaluation and Adjudication Committee Members	Not Achieved				KPI to be included in the next review for improvement	Invitation, Minutes, Agenda and Report
		4.30 SCM Practitioners and all Bid Committee Members with signed	All bid committee members and	Achieved The code of				No comment	Signed code of

		adherence to Codes of Good Conduct, by 30 June 2020	SCM practitioners, to sign adherence to codes of good conduct	conduct is incorporated in the appointment letter.					conducts
		4.31 Declaration by Bid Committee Members at every meeting, during 2019-2020 financial year	Bid Committee Members to declare interest, confidentiality and impartiality at every meeting	Achieved				No comment	Signed declaration of interests
		4.32 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 2020	Develop a system and SOP,) to monitor supplier performance and contracts in progress in accordance with their terms and conditions	Not Achieved				KPI to be included in the next review for improvement	SOP
		4.33 Develop stock management strategy, and submitted to Council, by 30 June 2020	Develop stock management strategy	Not Achieved				KPI to be included in the next review for improvement	stock management strategy
		4.34 % of bids received published on	100%	Achieved Advertisements				KPI to be included in	Bid Publication

		municipal website, by 30 June 2020		are done on the following website: Free state online www.mafube.fs.gov.za				the next review for improvement	
		4.35 Trainings/workshops conducted on SCM procedures, by 30 June 2020	Conduct one training/workshop on SCM procedures	Not Achieved				KPI to be included in the next review for improvement	Invitation, Minutes, Agenda and Report

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	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Municipal Financial Viability and Management	Budget	4.36 Annual Budget approved by Council on or before end May 2020	Develop the annual budget	Achieved Budget time-lines to Council for approval and Proposed Tariffs were developed and waiting consultation processes				No comment	Budget time lines, tariffs and council resolution
		4.37 Budget policy developed and approved by Council, by 30 June 2020	Develop the budget policy	Achieved				No comment	Council Resolution

		4.38 Mid-year budget performance (sect 72 report) submitted to council by end January 2020	Develop a Mid-year budget performance report	Achieved				KPI to be included in the next review for improvement	Mid-year budget performance report signed by the Mayor
		4.39 Trainings/workshops conducted on Budget procedures, by 30 June 2020	Conduct one training on budget procedure	Not Achieved	The department was finalising the AFS 2017/2018 financial year, which was submitted to AG on the last month of the quarter	Budget workshops will be incorporated on the implementation of Budget time lines processes.		KPI to be included in the next review for improvement	Invitation, Minutes, Agenda and Report
		4.40 Submit monthly Section 71 Report in terms of the MFMA before the 10th working day of each month, 2019-20 financial year	Submit monthly Section 71 reports	Achieved 6 S71				No comment	Screenshot

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	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Municipal Financial Viability and Management	Assets	4.41 Asset management strategy developed and submitted to Council, by 30 June 2020	Develop asset management strategy	Achieved				No Comment	asset management strategy and Council Resolution
		4.42 Trainings/workshops conducted on asset management, by 30 June 2020	Conduct one Trainings/workshops on asset management	Not Achieved	The department was finalising the AFS 2017/2018 financial year, which was submitted to AG on the last month of the quarter.	Assets Management workshop will be conducted on the last quarter after Auditor General processes.		KPI to be included in the next review for improvement	Invitation, Minutes, Agenda and Report

		4.43 Asset management Policy developed and submitted to Council, by 30 June 2020	Develop asset management policy	Achieved					No comment	asset management policy and Council resolution
		4.44 Asset replacement Plan developed, and submitted to Council, by 30 June 2020	Develop the asset replacement plan	Not Achieved					KPI to be included in the next review for improvement	asset replacement plan and council resolution
		4.45 Compiled GRAP compliant Fixed Asset Register, by 30 June 2020	Compile a GRAP compliant Fixed Asset Register	Not Achieved					KPI to be included in the next review for improvement	Fixed Asset Register

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	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
		4.46 Annual Financial statement for 2017/18 financial year tabled before MPAC on or before 18 August 2019	Table annual financial statements to MPAC	Not Achieved	The AFS was finalised on the 06 September 2019 and submitted to AG on the same day.	The municipality has improved the processes and procedures of year end closure.		KPI to be included in the next review for improvement	AFS, Agenda, Attendance Register and Minutes of MPAC
		4.47 Financial statements submitted to AG on or before end August 2019	Submit Annual financial statement to AG	Not Achieved				KPI to be included in the next review for improvement	Proof of Submission to AG

5 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	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Good Governance and Public Participation	Legal admin	5.1 % Agenda for council, executive committee and portfolio committees delivered on time (Ordinary Council - 72 hours, Special Council - 48 Hours and EXCO & Committees - 72 hours)	100% deliveries of agenda for Council, executive committee and portfolio committees delivered on time	Not Achieved	N/A	N/A		KPI to be included in the next review for improvement	Register
		5.2 % of Council resolutions distributed to directorates within 5 working days after each Council meeting,	100% distribution of Council resolution	Not Achieved				KPI to be included in the next review for improvement	Register/ Report

		by 30 June 2020							
		5.3 Trainings/workshops organised and held for MPAC, and section 79 committee, by 30 June 2020	Organise and hold two, Trainings/workshops, for MPAC, and section 79 committee	Not Achieved		Trainings will be organised from October		KPI to be included in the next review for improvement	Invitation, agenda, attendance register and report/minutes
		5.4 Developed litigation strategy, and submit to Council for approval, by 30 June 2020	Develop a litigation strategy	Not Achieved	Awaiting COGTA to provide a draft strategy			KPI to be included in the next review for improvement	Draft litigation strategy and Council resolution
		5.5 Audited existing municipal contracts, and reports submitted to the Accounting officer by 30 June 2020	100% Audit existing contracts and submit reports quarterly reports to the accounting officer	Not Achieved				KPI to be included in the next review for improvement	Report
		5.6 Reports prepared on legal matters (Including litigations by the municipality, and against the municipality), and submitted to the accounting officer, by 30 June 2020	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 next review for improvement	Report
	Record management	5.7 Record management policy reviewed and submitted to council for approval, by 30	Review the record management policy	Not Achieved				KPI to be included in the next review for	Invitation, and Attendance Register

		June 2020						improvement	
		5.8 Workshops/trainings conducted on Record management, by 30 June 2020	Conduct two Workshops/trainings Record management	Not Achieved				KPI to be included in the next review for improvement	Invitation, and Attendance Register
		5.9 Reports prepared on record management submitted to the Accounting Officer, by 30 June 2020	Submit 4, reports on record management	Not Achieved				KPI to be included in the next review for improvement	Report
	Facilities management	5.10 Facilities management strategy developed and submitted to Council for approval, by 30 June 2020	Develop Facility management strategy	Not Achieved	Clarification of roles to be resolved between departments			KPI to be included in the next review for improvement	Draft facility management strategy and Council Resolution
		5.11 Facilities maintenance plan developed and submitted to Council for approval, by 30 June 2020	Develop facilities maintenance plan	Not Achieved	Clarification of roles to be resolved between departments			KPI to be included in the next review for improvement	Draft facilities maintenance plan and council resolution
		5.12 By-law for facility management developed and submit to Council by 30 June 2020	Develop a By-law, for facility management	Not Achieved	Clarification of roles to be resolved between departments			KPI to be included in the next review for improvement	Draft By-law and Council Resolution.
		5.13 Facilities management policy developed and submitted to Council	Develop Facilities management policy	Not Achieved	Clarification of roles to be resolved between			KPI to be included in the next review for	Invitation and Attendance Register

		for approval, by 30 June 2020			departments			improvement	
		5.14 Reports prepared on facilities management submitted to the Accounting Officer, by 30 June 2020	Prepare and submit 4 reports	Not Achieved	Clarification of roles to be resolved between departments			KPI to be included in the next review for improvement	Report

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	Annual Target 2019/20	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	Capacity building	5.15 Workplace skills development plan reviewed, and approved by Council, by 30 April 2020	Review the workplace skills development plan	Not Achieved				KPI Could not be verified due to lack of evidence	Workplace Skills plan
		5.16 WSP, annual training report (ATR) & PIVOTAL report compiled and submitted to LGSETA on or before 30 April 2020.	Compile and submit the WSP, annual training report (ATR) & PIVOTAL	Not Achieved				KPI Could not be verified due to lack of evidence	WSP, annual training report (ATR) & PIVOTAL
		5.17 HR Strategy reviewed and approved by Council by 30 June 2020	Review the HR strategy	Not Achieved				KPI Could not be verified due to lack of evidence	Invitation and Attendance Register
		5.18 Code of conduct for	Review the	Partially				KPI Could	Reviewed

		employees , reviewed and submitted to Council for approval, by 30 June 2020	employees code of Conduct	Achieved				not be verified due to lack of evidence	Code of Conduct
		5.19 workshops/trainings for employees conducted on Code of conduct by 30 June 2020	Conduct 2 workshops/trainings on Code of conduct	Not Achieved				KPI Could not be verified due to lack of evidence	Invitation and Attendance Register and Report
		5.20 Review the Municipal Organogram, by 30 June 2020	Review the Organogram	Not Achieved				KPI Could not be verified due to lack of evidence	Organogram
		5.21 Report on Full Time Equivalent posts on the organogram vacant, submitted to Council, by 30 June 2020	Prepare 4 and submit a report on full time equivalent	Not Achieved				KPI Could not be verified due to lack of evidence	Report
		5.22 Overtime policy reviewed and approved by Council, by 30 June 2020	Review the overtime policy	Not Achieved				KPI Could not be verified due to lack of evidence	Overtime Policy and Council resolution
	Employee wellness	5.23 Reviewed occupational health and safety policy, by 30 June 2020	Review the occupational health and safety policy	Partially Achieved	The policy is currently at draft stage	The policy's will need to be reviewed		KPI Could not be verified due to lack of evidence	occupational health and safety policy and Council resolution
		5.24 employee wellness policy developed and	Develop employee	Partially Achieved	The policy is currently at	The policy's will need to be		KPI Could not be	employee wellness

	approved by Council, by 30 June 2020	wellness policy		draft stage	reviewed		verified due to lack of evidence	policy and Council Resolution
	5.25 Employee wellness strategy developed and approved by Council, by 30 June 2020	Develop employee wellness Strategy	Partially Achieved	The strategy is in the policy.	N/A		KPI Could not be verified due to lack of evidence	employee wellness Strategy and council resolution
	5.26 Employee wellness programmes conducted by 30 June 2020	Conduct 4 employee wellness programmes	Not Achieved	No funding	We will Benchmark with department of health focusing on obesity and Cancer.		KPI Could not be verified due to lack of evidence	Invitation, Agenda, Attendance Register/Report
	5.27 Awareness campaigns conducted on occupational health and safety, by 30 June 2020	Conduct 2 awareness campaigns on occupational health and safety	Not Achieved				KPI Could not be verified due to lack of evidence	Invitation, Agenda, Attendance Register/Report
	5.28 Health and safety inspections conducted and reports submitted to the Accounting Officer, by 30 June 2020	Conduct 4 health and safety inspections, and submit 4 reports	Partially Achieved	N/A	N/A		KPI Could not be verified due to lack of evidence	Reports
	5.29 Health and healthy committee meetings held, by 30 June 2020	Hold 4 Health and healthy committee meetings	Partially Achieved				KPI Could not be verified due to lack of evidence	Reports
Labour relations	5.30 LLF meetings held, by 30 June 2020	Hold 4 LLF meetings	Not Achieved				KPI Could not be	Reports

								verified due to lack of evidence	
		5.31 Reports prepared on disputes and grievances submitted to the Accounting Officer, by 30 June 2020	Prepare and submit monthly reports on disputes and grievances	Partially Achieved				KPI Could not be verified due to lack of evidence	Reports
		5.32 Reports prepared and submitted to the accounting officer, on disciplinary cases, by 30 June 2019	Prepare and submit monthly reports	Partially Achieved				KPI Could not be verified due to lack of evidence	Reports
		5.33 Submit the disciplinary Code to Council for noting, by 30 September 2019	Develop disciplinary action strategy	Not Achieved		To be submitted in the next council seating		KPI Could not be verified due to lack of evidence	disciplinary action strategy and Council Resolution
		5.34 Trainings/workshops organized and held for managers and supervisors on disciplinary procedures, by 30 June 2020	Organize and hold 2 Trainings/workshops for managers and supervisors on disciplinary procedures	Not Achieved		A program to be developed and implemented by the end of November 2019		KPI Could not be verified due to lack of evidence	Invitation, Attendance Register/Reports and agenda
		5.35 Employment Equity Plan reviewed, submitted to Management for Inputs & Approved by Council, by end March 2020	Review Employment Equity Plan	Not Achieved		To be submitted by the 15 th of January 2020		KPI Could not be verified due to lack of evidence	Employment Equity Plan and council resolution

	5.36 Establish Employment Equity Committee, by 30 June 2020	Hold 4 meetings	Not Achieved		Appoint the employment equity committee as per the dictates of the law		KPI Could not be verified due to lack of evidence	Reports and Attendance Registers
	5.37 Compiled & Submitted Employment equity report to Department of Labour by End March 2020	Compile 4 reports& Submit Employment equity report to Department of Labour	Not Achieved		To be submitted by the 15 th of January 2020		KPI Could not be verified due to lack of evidence	Reports

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	Annual Target 2019/20	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	Security	5.38 Security Assessment conducted by 30 June 2020	Conduct 4 Security Assessments	Not Achieved		Security Assessment to be conducted SSA to form part of the security assessment.		KPI Could not be verified due to lack of evidence	4 Assessment report
		5.39 Security management policy developed and approved by Council, by 30 June 2020	Develop security policy	Not Achieved				KPI Could not be verified due to lack of evidence	security policy and Council Resolution
		5.40 Security management strategy/Plan developed and approved by Council, by 30 June 2020	Develop security management strategy/plan	Not Achieved		The report of internal assessment and that of SSA to inform the strategy		KPI to be included in the next review for improvement	security management strategy/plan and Council

					development			resolution	
		5.41 Reports prepared on security management incidents submitted to Accounting Officer, by 30 June 2020	Prepare 12 reports and submit monthly reports on security management incidents	Not Achieved				KPI to be included in the next review for improvement	12 Reports

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	Annual Target 2019/20	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	5.42 ICT Disaster Recovery Plan developed and approved by Council, by 30 June 2020	Develop ICT Disaster Recovery Plan	Not Achieved				KPI to be included in the next review for improvement	ICT Disaster Recovery Plan and Council Resolution
		5.43 Developed municipal website, by 30 June 2020	Develop a Municipal website	Not Achieved		Cost analysis to be conducted by the 18 th of October 2019		KPI to be included in the next review for improvement	Screenshot
		5.44 Developed website management strategy by 30 June 2020	Develop a website management strategy	Not Achieved		To be informed by cost analysis and the approval thereof		KPI to be included in the next review for improvement	website management strategy and Council resolution

		5.45 Developed website management policy by 30 June 2020	Develop a website management policy	Not Achieved				KPI to be included in the next review for improvement	website management policy and Council resolution
		5.46 Telephone management plan developed, and approved by Council, by 30 June 2020	Develop Telephone management plan	Not Achieved				KPI to be included in the next review for improvement	Telephone management plan and Council resolution
		5.47 Developed Electronic records management system, by 30 June 2020	Develop Telephone management plan	Not Achieved				KPI to be included in the next review for improvement	Telephone management plan and council resolution
		5.46 Developed Electronic records management system, by 30 June 2019	Develop Electronic records management system	Not Achieved				KPI to be included in the next review for improvement	Electronic records management system and council resolution
		5.47 Developed Municipal electronic complain management system, by 30 June 2019	Develop Electronic records management system	Not Achieved				KPI to be included in the next review for improvement	Electronic records management system and council resolution
		5.48 Developed Municipal electronic complain management system, by 30 June 2020	Develop a Municipal electronic complain management system	Not Achieved				KPI to be included in the next review for improvement	Municipal electronic complain management system and council

									resolution
		5.49 ICT Business Continuity Plan (BCP) developed and approved by Council, by 30 June 2020	Develop ICT Business Continuity Plan (BCP)	Not Achieved		This is absolutely dependent on fully developed and running IT systems		KPI to be included in the next review for improvement	ICT Business Continuity Plan (BCP) and council resolution
		5.50 Maintenance procedures developed, by 30 June 2020 to ensure that system software is controlled.	Develop Maintenance procedures	Not Achieved		This is absolutely dependent on fully developed and running IT systems		KPI to be included in the next review for improvement	Maintenance procedures and council resolution
		5.51 Systems performance reports submitted to the Accounting Officer and CFO, by 30 June 2020	Submit 12 Monthly reports on systems performance	Not Achieved				KPI to be included in the next review for improvement	12 reports
		5.49 % of ICT complaints, attended with 24 hours, by 30 June 2020	Attend all ICT complaints with 24 Hours	Not Achieved	Lack of resources			KPI to be included in the next review for improvement	ICT complaints Register

6 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	Program mes	Key performance Indicator	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Basic Service Delivery		6.1 % of households with access to basic refuse removal one a week, by 30 June 2020	100 %, refuse removal services extended to households once a week	Not Achieved	Broken and shortage of working equipment's i.e. Compactor tractors	Refuse removal schedule is available		KPI to be included in the next review for improvement	10 Acknowledgement forms per ward, per household
		6.2 % of Business, public entities and industries with access to refuse removal twice a week, by 30 June 2020	100 %, refuse removal services extended to Business, public entities and	Not Achieved	Refuse removal was not done due to unavailability of working equipment's	Refuse removal schedule is available		KPI to be included in the next review for improvement	10 Acknowledgement forms per ward, per Business, public entities and industries

			industries, twice a week						
		6.3 Reviewed integrated waste management plan, and approved by Council by 30 June 2020	Review the integrated waste management Plan	Not achieved	Lack of capacity	A request letter was submitted to DEA/DESTEA and still waiting for response.		KPI to be included in the next review for improvement	integrated waste management Plan and council resolution
		6.4 Developed waste management By-law, approved by Council, by 30 June 2020	Develop a waste management By-law	Not Achieved	Draft Waste Management By Law is available with the assistance from MISA and has been submitted to portfolio committee			KPI to be included in the next review for improvement	waste management By-law and council resolution
		6.5 Environment management Strategy developed and approved by Council, by 30 June 2020	Develop environment management strategy	Not Achieved		A request letter was submitted to DEA/DESTEA and still waiting for response		KPI to be included in the next review for improvement	environment management strategy and council resolution
		6.6 Developed open space management By-Law, approved by Council, by 30 June 2020	Develop open space management By-Law	Not Achieved	Draft open space management By Law is available and has been presented to			KPI to be included in the next review for improvement	open space management By-Law and council resolution

					portfolio committee meeting				
		6.7 Consolidated Land fill sites operation and maintenance plan (for all units) developed and approved by Council, by 30 June 2020	Develop a Land fill sites operations and maintenance plan	Not Achieved	Draft Operations and Management Plan is available			KPI to be included in the next review for improvement	Land fill sites operations and maintenance plan and council resolution
		6.8 Consolidated Parks & cemeteries operations and maintenance plan developed (for all units) and approved by Council, by 30 June 2020.	Develop parks operations and maintenance plan	Not Achieved	Lack of capacity	Follow up will be made on the request.		KPI to be included in the next review for improvement	parks operations and maintenance plan and council resolution

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	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Basic Service Delivery	Sport arts and culture;	6.9 Established sports arts and culture forum by 30 June 2020	Establish sports arts and culture forum	Not Achieved	The Section's budget is poorly financed and this leads to all programs being cancelled. Non availability of resources such as transport makes it very difficult to meet all stakeholders under one roof.	Budget enough funds to cater for all programs.		KPI to be included in the next review for improvement	Invitation, agenda, attendance register/report
		6.10 Sport arts and culture forums meetings	Hold 4 meetings of Sport arts and	Not Achieved.	Lack of adequate funding. Some	The Forum utilizes a WhatsApp		KPI to be included in the next	Invitation, agenda, attendance

	held, by 30 June 2020	culture forum		votes have already been depleted in the beginning of this financial year.	Group to fulfil all its communication obligations. Adequate budget funding and availability of operational and human resources		review for improvement	register/report
	6.11 Sport arts and Culture programmes held, by 30 June 2020	Hold 2 Sport arts and Culture programmes	Not Achieved				KPI to be included in the next review for improvement	Invitation, agenda, attendance register/report
	6.12 Sport arts and culture development policy developed and approved by Council, by 30 June 2020	Develop Sport arts and culture development policy	Not achieved	A finalized policy will be submitted to the portfolio committee and thereafter to council for adoption.	This activity will be done during the 2 nd quarter.		KPI to be included in the next review for improvement	Sport arts and culture development policy and council resolution
	6.13 Sport arts and culture development strategy developed and approved by Council, by 30 June 2020	Develop Sport arts and culture development strategy	Not achieved	Vacant post	Urgently fill the post		KPI to be included in the next review for improvement	Sport arts and culture development strategy and council resolution
Social Developme	6.14 Woman, children and people with	Develop a policy for development	Not Achieved				KPI to be included in the next	policy for development Woman,

nt	disability development policy developed and approved by Council, by 30 June 2020	Woman, children and people with disability					review for improvement	children and people with disability and council resolution
	6.15 Woman, children and people with disability development Strategy developed and approved by Council, by 30 June 2020	Develop a Strategy for development Woman, children and people with disability	Not Achieved				KPI to be included in the next review for improvement	Strategy for development Woman, children and people with disability and council resolution
	6.16 Awareness campaigns on children rights held, by 30 June 2020	Hold one campaign on children rights	Not Achieved				KPI to be included in the next review for improvement	Invitation, agenda, attendance register/reports
	6.17 Awareness campaigns on Disability held, by 30 June 2020	Hold one awareness campaign on disability	Not Achieved				KPI to be included in the next review for improvement	Invitation, agenda, attendance register/reports
	6.18 Programmes for Older Persons, focusing on day care and residential care, held by 30 June 2020	Hold one programme	Not Achieved				KPI to be included in the next review for improvement	Invitation, agenda, attendance register/reports

6.19 Programmes for Persons with Disability, focusing on day care and residential care, held by 30 June 2020	Hold one programme	Not Achieved				KPI to be included in the next review for improvement	Invitation, agenda, attendance register/reports
6.20 Programmes empowering families such as parenting programmes, held by 30 June 2020	Hold one programme	Not Achieved				KPI to be included in the next review for improvement	Invitation, agenda, attendance register/reports
6.21 Programmes for children in need of care and protection, held by 30 June 2020	Hold two programmes	Not Achieved				KPI to be included in the next review for improvement	Invitation, agenda, attendance register/reports
6.22 Programmes for abused and neglected children, held by 30 June 2020	Hold two programmes	Not Achieved				KPI to be included in the next review for improvement	Invitation, agenda, attendance register/reports
6.23 Programmes for Orphans and vulnerable children addressing Psychosocial Support services, held by 30 June 2020	Hold 4 programmes	Not Achieved				KPI to be included in the next review for improvement	Invitation, agenda, attendance register/reports

	6.24 Programmes supporting Early Childhood Development, held by 30 June 2020	Hold 4 programmes	Not Achieved				KPI to be included in the next review for improvement	Invitation, agenda, attendance register/reports
	6.25 Programmes focusing on prevention and reduction of crime for adults and children, held by 30 June 2020	Hold 4 programmes	Not Achieved				KPI to be included in the next review for improvement	Invitation, agenda, attendance register/reports
	6.26 Programmes focusing on supporting Victims of Crime and Violence, held by 30 June 2020	Hold 4 programmes	Not Achieved				KPI to be included in the next review for improvement	Invitation, agenda, attendance register/reports
	6.27 Programmes focusing on men issues around domestic violence etc, held by 30 June 2020	Hold 2 programmes	Not Achieved				KPI to be included in the next review for improvement	Invitation, agenda, attendance register/reports
	6.28 Programmes focusing on prevention of Substance Abuse, held by 30 June 2020	Hold 4 programmes	Not Achieved				KPI to be included in the next review for improvement	Invitation, agenda, attendance register/reports
Disaster Manageme	6.29 Disaster management Plan	Develop a disaster	Not achieved	Vacant post	Urgently fill the		KPI to be included in	disaster management

nt	developed and approved by Council, by 30 June 2020	management plan			post		the next review for improvement	plan and council resolution
	6.30 Climate Change Response Plan developed, and approved by Council, by 30 June 2020	Develop a Climate Change Response Plan	Not achieved	Vacant post	Urgently fill the post		KPI to be included in the next review for improvement	Climate Change Response Plan and council resolution
	6.31 Developed Fire management plan, approved by council, by 30 June 2020	Develop a Fire management plan	Not achieved	Vacant post	Urgently fill the post		KPI to be included in the next review for improvement	Fire management plan and council resolution
	6.32 Disaster management public awareness and training, conducted by 30 June 2020	Conduct public awareness and training on Disaster management	Not achieved	Vacant post	Urgently fill the post		KPI to be included in the next review for improvement	Invitation, agenda, attendance register and report
	6.33 Developed disaster response and recovery plan, approved by Council, by 30 June 2020	Develop a disaster response and recovery plan	Not achieved	Vacant post	Urgently fill the post		KPI to be included in the next review for improvement	disaster response and recovery plan and council resolution

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	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Local Economic Development Agricultural Development	Business Development; SMME's Development; Tourism; and agriculture Development	6.34 Reviewed of LED Forum, by 30 June 2020	Review the LED forum	Not Achieved	N/A	N/A		KPI to be included in the next review for improvement	Invitation, Agenda, attendance register/report
		6.35 LED forum meetings held, by 30 June 2020	Hold 4 LED forum meetings	Not Achieved	Lack of resources	Availability of working equipment and resources		KPI to be included in the next review for improvement	Invitation, Agenda, attendance register/report
		6.36 Established local service providers forum, by 30 June 2020	Establish a local service providers forum	Not Achieved	Lack of resources	Availability of working equipment and resources		KPI to be included in the next review for improvement	Invitation, Agenda, attendance register/report
		6.37 Service providers forum, meetings held,	Hold 4 service providers	Not Achieved	Lack of resources	Availability of working		KPI to be included in	Invitation, Agenda,

by 30 June 2020	forums			equipment and resources		the next review for improvement	attendance register/report
6.38 LED strategy reviewed and approved by Council, by 30 June 2020	Review the LED strategy	Not Achieved	COGTA to assist the municipality with the review of LED Strategy			KPI to be included in the next review for improvement	LED Strategy and Council resolution
6.39 Tourism strategy reviewed and approved by Council, by 30 June 2020	Review the Tourism development strategy	Not Achieved	Lack of resources	Availability of working equipment and resources.		KPI to be included in the next review for improvement	Tourism development strategy and council resolution
6.40 Agriculture development strategy reviewed and approved by Council, by 30 June 2020	Review the agriculture development strategy	Not Achieved	Lack of resources	Availability of working equipment and resources.		KPI to be included in the next review for improvement	agriculture development strategy and Council resolution
6.41 SMME development plan reviewed and approved by Council, by 30 June 2020	Review the SMME's development plan	Not Achieved	Lack of resources	Availability of working equipment and resources.		KPI to be included in the next review for improvement	SMME's development plan and council resolution
6.42 Developed By-law, in relation to Formal and informal trading, and approved by Council, by 30 June 2020	Develop a By-law for formal and informal trading	Not Achieved	Lack of resources	Availability of working equipment and resources.		KPI to be included in the next review for improvement	By-law for formal and informal trading and council resolution
6.43 Developed By-law, in relation to street trading, and	Develop a By-law for street trading	Not Achieved	Lack of resources	Availability of working equipment and		KPI to be included in the next	By-law for street trading and

approved by Council, by 30 June 2020				resources.		review for improvement	council resolution
6.44 Business Development Policy reviewed, and approved by Council, by 30 June 2020	Review the business development policy	Not Achieved	Lack of resources	Availability of working equipment and resources.		KPI to be included in the next review for improvement	business development policy and council resolution
6.45 LED programmes conducted, by 30 June 2020	Conduct 4 LED programmes	Not Achieved	Lack of resources	Availability of working equipment and resources.		KPI to be included in the next review for improvement	Invitation, agenda, attendance register and council resolution
6.46 Reviewed commonage management committee, by 30 June 2020	Review the commonage management committee	Not Achieved	Lack of resources	Availability of working equipment and resources.		KPI to be included in the next review for improvement	Invitation, agenda, attendance register and council resolution
6.47 Commonage management committee meetings held, by 30 June 2020	Hold 4 commonage management committee meetings	Not Achieved	Lack of resources	Availability of working equipment and resources.		KPI to be included in the next review for improvement	Invitation, agenda, attendance register and council resolution
6.48 Developed commonage management strategy, approved by Council, by 30 June 2020	Develop a commonage management strategy	Not Achieved	Lack of resources	Availability of working equipment and resources		KPI to be included in the next review for improvement	commonage management strategy and council resolution
6.49 Developed commonage	Develop a commonage	Not Achieved	Lack of resources	Availability of working		KPI to be included in	commonage

management policy, approved by Council, by 30 June 2020	management policy			equipment and resources		the next review for improvement	management policy and council resolution
6.50 Developed commonage management By-law, approved by Council, by 30 June 2020	Develop a By-law on Commonage management	Not Achieved	Lack of resources	Availability of working equipment and resources		KPI to be included in the next review for improvement	By-law on Commonage management and council resolution
6.51 Programmes focusing on Poverty reduction within Communities, Households and individuals, conducted by 30 June 2020	Conduct 4 Programmes focusing on Poverty reduction within Communities, Households and individuals	Not Achieved	Lack of resources	Availability of working equipment and resources		KPI to be included in the next review for improvement	Invitation, agenda, attendance register /report
6.52 Programmes focusing on empowerment of youth in income generating projects, conducted by 30 June 2020	Conduct 4 Programmes focusing empowerment of youth in income generating projects	Not Achieved	Lack of resources	Availability of working equipment and resources		KPI to be included in the next review for improvement	Invitation, agenda, attendance register /report
6.53 Established Tourism Forum by 30 June 2020	Establish a local tourism forum	Not Achieved	Lack of resources	Availability of working equipment and resources		KPI to be included in the next review for improvement	Invitation, agenda, attendance register /report

6.54 Tourism Forum meetings held, by 30 June 2020	Hold 4 tourism meetings	Not Achieved	Lack of resources	Availability of working equipment and resources		KPI to be included in the next review for improvement	Invitation, agenda, attendance register /report
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7 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	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Basic Service Delivery	Water	7.1 % of households with access to basic level of water service standard, by 30 June 2020	100% access to basic level of water service standard, to households	Achieved 99 %				No Comment	Acknowledgement from 10 households in each wards.
		7.2 Water infrastructure operations and maintenance plan developed and approved by Council, by 30 June 2020	Develop water infrastructure operations and maintenance plan	Not Achieved	KPI not budgeted	Seek funding from relevant sector departments		KPI to be included in the next review for improvement	draft water infrastructure operations and maintenance plan and Council Resolution
		7.3 Water Service	Develop water	Not Achieved	National			KPI to be	Draft water

Development Plan developed and approved by Council, by 30 June 2020	services development plan		lockdown and study is to be completed in December 2020			included in the next review for improvement	services development plan and Council Resolution.
7.4 % Reported water leaks repaired within 48 hours, by 30 June 2020	Repair all reported water leaks within 24 Hours	Partially achieved	Due to shortage of fleet and protective clothing for staff, some reported water leakages took longer than 48 hours to be repaired	Have reliable and roadworthy fleet; provide employees with protective clothing so that both teams can start working at the same time.		KPI to be included in the next review for improvement	Report and log book
7.5 Awareness campaigns on water conducted, by 30 June 2020	Conduct 4 awareness campaigns	Partially achieved Awareness campaigns only done in Tweeling and Cornelia	All campaigns in the Units could not be conducted due to National COVID-19 lockdown – Public gatherings or meetings prohibited.	Conduct awareness campaigns in all units		KPI to be included in the next review for improvement	Invitation, Agenda, Attendance register and report
7.6 Reports prepared on the status of water infrastructure	Prepare and submit 4 reports	Achieved				No comment	Reports

submitted to Accounting Officer, by 30 June 2020							
7.7 Water quality blue drop status reports submitted to the accounting officer, by 30 June 2020	Submit 12 monthly reports on water quality	Achieved				No comment	monthly report

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	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Basic Service Delivery	Sanitation	7.8 % of households with access to basic sanitation service standard, by 30 June 2019	100 % access to basic sanitation service standard	Partially Achieved	Some Households could not be accessed due to current COVID-19 National Lockdown			KPI to be included in the next review for improvement	10 Acknowledgement from 10 households in each wards.
		7.9 Sanitation infrastructure operations and maintenance plan developed and approved by Council, by 30 June 2019	Develop Sanitation infrastructure operations and maintenance plan	Not Achieved	KPI not budgeted	Seek funding from relevant sector departments.		KPI to be included in the next review for improvement	draft water infrastructure operations and maintenance plan and Council

							Resolution
7.10 % Reported sewage blockages repaired within 48 hours, by 30 June 2019	100% repair of all reported sewage blockages	Achieved				No comment	Customer complaints Register
7.11 Awareness campaigns on sanitation conducted, by 30 June 2019	Conduct 4 awareness campaigns on sanitation	Partially achieved 1	Awareness campaigns only done in Tweeling and Cornelia	Conduct awareness campaigns in all units		KPI to be included in the next review for improvement	Awareness campaign activities, attendance registers and reports.
7.12 Water quality green drop status reports submitted to the accounting officer, by 30 June 2019	Submit 12 monthly reports on water quality	Achieved 6				No comment	monthly reports and proof of submission to the accounting.

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	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Basic Service Delivery	Electricity	7.13 % of households with access to basic electricity service standard, by 30 June 2019	93% households access to basic electricity service standard	96% Achieved				No comment	10 Acknowledgement from 10 households in each wards.
		7.14 Energy master plan developed and submitted to Council for approval by 30 June 2019	Develop the energy master plan	Not achieved	The electricity function has been outsourced to Rural FS, they refusing to give us the master plan citing contractual	Seek intervention of MM/Administrator to have the energy master plan from Rural FS		KPI to be included in the next review for improvement	Draft energy master plan and Council Resolution

			breach.				
7.15 Rural Maintenance electricity status report, submitted to Council, by 30 June 2019	Submit 4 reports on status of electricity	Achieved				No comment	Report and council resolution
7.16 By-law on electricity, developed and submitted to council, by 30 June 2019	Develop a By-law on electricity	Partially achieved	Inputs from Rural FS received, draft to be forwarded to both Eskom and Management	Forward the Draft to both Eskom and Management for inputs and conduct public participation		KPI to be included in the next review for improvement	Draft by law of electricity

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	Programmes	Key performance Indicator	Annual Target 2019/20	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	7.17 Road and storm water infrastructure. Operation and maintenance plan developed and approved by Council, by 30 June 2019	Develop Operation and maintenance plan for Road and storm water infrastructure	Not achieved	KPI not budgeted	Seek funding from sector departments.		KPI to be included in the next review for improvement	draft Road and storm water infrastructure operations and maintenance plan and Council Resolution
		7.18 Developed roads and storm water master plan, approved by Council, by 30 June 2019	Develop a master plan for roads and storm water master plan,	Not achieved	KPI not budgeted	Seek funding from sector departments.		KPI to be included in the next review for improvement	draft roads and storm water master plan and

								Council Resolution
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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	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Basic Service Delivery	Project management	7.19 Service level agreements developed for all appointed service providers, by 30 June 2019	Develop Service level agreements for all appointed service providers	Not Achieved	Shared functions between SCM and Corporate Department	Let the two departments that deal with contract management take over the KPI		KPI to be included in the next review for improvement	SLA Developed
		7.20 Projects implementation plans, Developed and approved by the Accounting officer, by 30 June 2019	Develop projects implementation plans	Achieved				No comment	The approved Implementation plan.
		7.21 Reports compiled and submitted to the accounting officer, on the implementation of Projects plans, by 30	Compile and submit 4 reports	Achieved				No comment	Quarterly Reports

		June 2019							
		7.22 Namahadi: Upgrading of Gravel Roads to Paved Roads and Storm Water Drainage (4,7km)(Second km)	50%	Not Achieved	Project Re-prioritised to curb spreading of COVID-19 pandemic. Advert could not be placed due to COVID-19 National Lockdown			KPI to be included in the next review for improvement	Construction progress report
		7.23 Qalabotjha/Villiers: Construction of a 6.5MI concrete clean water reservoir and pipeline (Phase 1)	100% fully operational reservoir	Partially Achieved 95% of progress to date Minutes attached				No Comment	Progress report
		7.24 Qalabotjha/Villiers: Rehabilitation of Sports Ground	30% completion of the project	Not Achieved	Project Re-prioritised to curb spreading of COVID-19 pandemic. Advert could not be placed due to	Engage COGTA as the project registration is long overdue. Project to be implemented in the 2020/21 Financial Year		KPI to be included in the next review for improvement	Report

					COVID-19 National Lockdown				
		7.25 Refurbishment of Frankfort Water Purification Plant	100% fully operational water purification plant	Partially Achieved 70% of progress to date Report attached				No comment	Progress report
		7.26 Electrification of 466 households in Namahadi Ext. 8 (Phase 5)	100% electrification of households	Achieved					Report

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	Annual Target 2019/20	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	Urban Planning	7.27 Spatial development framework (SDF) reviewed and approved by Council, by 30 June 2020	Review the Spatial development framework (SDF)	Not Achieved	COGCTA changed the support personnel that was assisting the municipality because the previous one got a new job somewhere and the new assistant personnel was yet to receive a project handover and	Project steering committee meetings to finalise situational analysis to be held.		No comment	Process plan

					documents, Project steering meeting hasn't sat since March because of the global pandemic				
		7.28 GIS STRATEGY Develop a GIS Plan and approved by Council by 30 June 2020	Develop a GIS Plan	Partially Achieved				No comment	draft GIS Plan and Council Resolution
		7.29 Land use management policy (Land Use Scheme), developed and approved by Council, by 30 June 2020.	Develop the land use management policy	Not Achieved Land Use Scheme developed through the Service Provider, Municipality to pay the service provider for the release of the LUS.				KPI to be included in the next review for improvement	draft land use management policy and Council Resolution
		7.30 % of Rezoning, subdivisions and consolidation applications	100%, evaluation of application received	Achieved				KPI to be included in the next review for improvement	Application Register/Report

		received and evaluated by MLM comments submitted to Municipal Planning Tribunals, by 30 June 2020.(Land Development / Use Applications)							
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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	Annual Target 2019/20	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	Housing	7.31 Housing Development plan reviewed and approved by Council, by 30 June 2020 Housing Sector Plan	Review the Housing development plan	Partially Achieved	Project steering meeting hasn't sat since March because of the global pandemic (Covid 19)to conduct site inspections in order to finalise situational analysis.	Site visits and project steering committee meetings to finalise situational analysis to be held.		KPI to be included in the next review for improvement	Draft Housing development plan and Council resolution.
		7.32 Development of Informal Settlement	Develop a By-law on	Achieved				No comment	Invitation, Agenda,

		By- law	informal settlement						Attendance Register and inputs
		7.33 By-law on building regulation, developed and approved by Council, by 30 June 2020.	Develop a By-law on building regulation	Not Achieved	There is a generic Free state Standard building regulations By- Law	There is generic Free State Standard Building Regulations by- law that is currently in use and will be taken to Council for the approval.		KPI to be included in the next review for improvement	By-law on building regulation and council resolution
		7.34 % of Submitted building plans assessed within 14 days of receipt, by 30 June 2020. Building plans Register	100% Assess all submitted building plans	Achieved				No comment	Report
		7.35 % 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 2020.	100%, conduct inspections for all approved building plans	Achieved				No comment	Register /Report

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	Annual Target 2019/20	Actual performance	Reasons for non-performance	Corrective measures taken to improve performance	Internal audit comments	Comments on verification	Source of evidence
Municipal Financial Viability and Management	Fleet management	7.36 Fleet management Strategy developed and approved by Council, by 30 June 2020	Develop a fleet management strategy	Not achieved	Part of the Fleet Management Policy which was submitted to management last FY for inputs	Fleet Management Policy Induction to be done in Frankfort Unit and all inputs from Units fleet users be consolidated before Policy is tabled to Council for approval		KPI to be included in the next review for improvement .	fleet management strategy and Council Resolution
		7.37 Fleet replacement plan developed and approved by Council, by 30 June 2020	Develop a fleet replacement plan	Not achieved	Part of the Fleet Management Policy			KPI to be included in the next review for improvement .	fleet replacement plan and Council Resolution
		7.42 Reports compiled and	Prepare and compile 4	Achieved				No Comment	Report

		prepared on fleet management submitted to the Accounting Officer, by 30 June 2020	reports on fleet management						
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QUARTERLY PROJECTIONS OF SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS

2019/2020 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	68	17	21	50	81	237	
Target Achieved	13	0	0	31	12	56	
% Achieved	19%	0%	0%	62%	15%	24%	

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 to 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

- 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 a small Executive Committee type of a municipality. The work force 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 work force of the municipality.

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

Figure: HR role in strategic decisions



The following Human Resource draft policies and strategy are currently under review in Mafube Local Municipality:

- Human Resources Policy;
- Recruitment Policy;
- Overtime policy
- Subsistence and Travelling Policy;
- Cell Phone Policy;
- Sexual Harassment Policy;
- HIV/AIDS Policy;

Main Collective Agreement

Notwithstanding the date of signature hereof, The main collective agreement came into effect/operation in respect of the parties to the agreement, on the 1st of July 2015 and shall have remained in force till June 2020. Thereafter the agreement shall continue indefinitely in respect of the parties to the agreement.

This agreement shall come into operation in respect of non-parties (which includes , but is not limited to municipal entities as defined in the Municipal Systems Act 32 of 2000, on a date to be determined by the Minister of Labour and shall remain in force until 30

June 2020 ; and after 2020 or such further period as determined by the minister of labour as requested by the parties.

It should also be stated that the municipality is using the main collective agreement in its daily operations to guide and give meaning to those things that could have become problematic.

Key Performance Area (KPA) Based on Strategic Objectives

The following directorate / departments and their respective functional units as outlined below will be responsible for realisation of the strategic oriented outcome goals, objectives, indicators and targets as outlined in this plan:

Directorate/ Department 1: Office of the Mayor

This programme is responsible for the overall political direction and political leadership of the municipality

Directorate/ Department 2: Office of the Speaker

This programme is responsible for the overall public participation of the municipality

Directorate/ Department 3: Office of the Municipal Manager

This programme is responsible for the overall strategic direction, executive and administration leadership of the municipality. The following support functions falls directly under this programme:

- Integrated Development Planning;
- Performance Management System;
- InternalAudit;
- RiskManagement;
- Communication;

Directorate/ Department 4: Corporate Services

This programme is responsible for facilitating accountability, good corporate governance and oversight rendering internal administrative support function to all departments and the council. This programme consists of the following divisions:

- Legal Services;
- Administration
- Records Services;
- Human Resource Management;
- Facilities management
- Security management
- Information CommunicationTechnology;

Directorate/ Department 5: Finance

This programme is responsible for performing various financial management functions of the municipality including budgeting management and reporting, financial accounting, financial analysis, cash management, debt management, supply chain management, and also to advise the Accounting Officer and other officials of the municipality in discharging their respective financial management duties assigned to them in terms of Municipal Finance Management Act.

This programme consists of the following divisions:

- Income / Revenue Management;
- Expenditure Management;
- Budget;
- Financial accounting
- Asset Management
- Supply Chain Management

Directorate/ Department 6: Urban Planning & Technical Services

This programme is responsible for erection, maintenance and repairs of municipal infrastructure and well as management of services distribution networks within the municipality's areas of supply. This programme consists of the following divisions:

- Water quality management
- Water infrastructure

- Sewage infrastructure
- Electrical & Mechanical Engineering; and
- Project Management.
- Fleet management
- Town planning, housing and
- Land use management

Directorate/ Department 7: Community Services & Local Economic Development

This programme is responsible for provision of social services to the community such as libraries, parks, cemeteries, public safety, etc. The main objective of this programme is to ensure that members of the community receive easily accessible, uninterrupted and quality social services. This programme is divided into the following divisions, namely:

- Environmental management
- Disaster management
- Social services
- Local Economic Development, tourism and agriculture development

Capacitating the Municipal Workforce

Mafube Local Municipality Skills development report

HUMAN RESOURCES UNIT REPORT

1. 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 February 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. BonganiNdaba	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. M.J Matlole	MFMP (WITS)	February 2019	Municipality
10. Jonas Kotsi	B.A in Development & Management (NWU)	January 2017	Municipality
11. Caravan Motloug	Paralegal (Intec)	January 2018	Municipality
12 JJ Hlongwane	Diploma in Local Government and Administration		Municipality

1.3. 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 held on the 23 rd August 2019
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2. COMPLIANCE SUBMISSIONS

Workplace Skills Plan/ATR 2019/2020(Annual Submission)

- Submitted on the 30th April 2019 to Local Government Seta (LGSETA)

Employment Equity Report (Annual Submission)

- Submitted on the 15th January 2020 to Department of Labour (DOL)

Regulations on minimum competency requirements (Quarterly Submission i.e. January & July)

- Submitted on the 31st January 2020 to Provincial/National Treasury
- Submitted on March 2020 to Provincial/National Treasury

CHAPTER FIVE

FINANCIAL PERFORMANCE

Mafube Local Municipality - FS 205 - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)		
Description	2019/2020	2018/2019
R thousand	Audited Outcome	Audited Outcome
Revenue By Source		
Property rates	20 640 556,00	18 288 740,00
Service charges - electricity revenue	3 108,00	3 137,00
Service charges - water revenue	29 354 914,00	41 069 855,00
Service charges - sanitation revenue	19 522 180,00	15 184 452,00
Service charges - refuse revenue	14 799 304,00	13 265 768,00
Service charges - other		
Rental of facilities and equipment	1 376 185,00	652 008,00
Interest earned - external investments	30 087,00	10 436,00
Interest earned - outstanding debtors	39 262 094,00	33 366 519,00
Interest earned - taxation revenue	4 090 420,00	3 181 332,00
Dividends received	-	15 453,00
Transfers and subsidies	167 234 929,00	133 247 117,00
Other revenue	3 790 507,00	3 207 831,00
Gains on disposal of PPE		
Total Revenue (excluding capital transfers and contributions)	300 104 284,00	261 492 648,00
Expenditure By Type		
Employee related costs	99 809 816,00	93 022 192,00
Remuneration of councillors	6 084 634,00	5 956 812,00
Debt impairment	107 254 949,00	89 244 121,00
Depreciation & asset impairment	55 070 203,00	60 933 534,00
Finance charges	51 465 642,00	48 082 734,00
Bulk purchases	30 775 851,00	27 368 210,00
Other expenditure	50 594 663,00	42 470 743,00
Total Expenditure	401 055 758,00	367 078 346,00
Surplus/(Deficit)	- 100 951 474,00	- 105 585 698,00

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 2020, 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 effects and 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 2020, 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 16 of 2019 (Dora).

Basis for qualified opinion

Property, plant and equipment

3. I was unable to obtain sufficient appropriate audit evidence for the rural Free State electricity network assets as stated in the property, plant and equipment note, due to the status of the accounting records. I was unable to confirm rural Free State electricity network assets by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to rural Free State electricity network assets stated at R34 379 029 (2019: R38 003 663) in note 3 to the financial statements.

Receivables from exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions, as the municipality could not provide adequate, accurate and complete underlying accounting records to support the receivables from exchange transactions 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 R19 548 099 (2019: R27 129 998) in the financial statements.

Receivables from non-exchange transactions

5. The municipality did not recognise receivables from non-exchange transactions in accordance with GRAP 104, *Financial instruments* as some of the consumer debtors - rates could not be verified. As a result, consumer debtors - rates and allowance for impairment consumer debtors - rates were overstated by R13 044 227 in note 11 to the financial statements. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.
6. During 2019, I was unable to obtain sufficient appropriate audit evidence for receivables from non-exchange transactions and 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 R5 051 446 in notes 9 and 11 to the financial statements. My audit opinion on the financial statements for the period ended 30 June 2019 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the receivables from non-exchange transactions for the current period.

Service charges

7. I was unable to obtain sufficient appropriate audit evidence for service charges, as a number of consumers were not billed, meter readings were incorrectly captured on the billing system and some consumers were also inconsistently billed. I was unable to confirm the revenue for service charges by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to revenue from service charges stated at R58 602 577 (2019: R65 821 975) in the financial statements.

Unauthorised expenditure

8. I was unable to obtain sufficient appropriate audit evidence for unauthorised expenditure due to the status of the accounting records. 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 571 366 250 (2019: R1 406 842 685) in note 49 to the financial statements.

Irregular expenditure

9. I was unable to obtain sufficient appropriate audit evidence for irregular expenditure due to the status of the accounting records. 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 R548 105 618 (2019: R486 465 439) in note 51 to the financial statements.

Fruitless and wasteful expenditure

10. I was unable to obtain sufficient appropriate audit evidence for fruitless and wasteful expenditure due to the status of the accounting records. 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 R265 267 947 (2019: R211 212 278) in note 50 to the financial statements.

Context for the opinion

11. 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.
12. 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 code.
13. 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

14. I draw attention to the matter below. My opinion is not modified in respect of this matter.
15. Note 48 to the financial statements, indicates that the municipality's current liabilities of R710 237 568 exceeded its current assets of R105 548 057. In addition, as disclosed in note 52 of the financial statements the municipality owed pension and medical aid funds an amount of R94 611 578 (2019: R89 131 015) as at 30 June 2020, which was long overdue. As stated in note 48, 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

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

Material impairments

17. As disclosed in note 11 to the financial statements, consumer debtors were impaired by R675 385 629 (2019: R552 615 340).

Material losses — water **distribution losses**

18. As disclosed in note 52 to the financial statements, material water distribution losses of R25 076 608 (2019: R18 356 703) were incurred by the municipality.

Material uncertainty relating to claims against the municipality

19. With reference to note 42 to the financial statements, the municipality is the defendant in various 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

20. As disclosed in note 45 to the financial statements, the corresponding figures for 30 June 2019 have been restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2020.

Other matter

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

Unaudited disclosure notes

22. 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

23. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA 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.

24. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

25. 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.

26. 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
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Introduction and scope

27. 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 key performance area (KPA) presented in the annual performance report. I was engaged to perform procedures to identify findings but not to gather evidence to express assurance.

28. 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 KPA presented in the annual performance report of the municipality for the year ended 30 June 2020:

KPA	Pages in the annual performance report
KPA 1: basic service delivery	.. X -X ...

29. The material findings in respect of the usefulness and reliability of the selected KPA are as follows:

30. I was unable to audit the usefulness and reliability of the selected KPA as the annual performance report was presented without accurate and complete underlying (performance) records. This placed limitation 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.

- KPA 1: Basic services delivery

Other matters

31. I draw attention to the matters below.

Achievement of planned targets

32. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 30 of this report.

Report on the audit of compliance with legislation

Introduction and scope

33. 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.

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

Annual financial statements and annual report

35. 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, revenue, expenditure and disclosures items identified by the auditors in the submitted financial statements were subsequently corrected and the

supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.

36. The annual financial statements were not submitted to the Auditor-General for auditing within four months after the end of the financial year, as required by section 126(1)(a) of the MFMA.
37. The annual financial statements were not submitted to the Auditor-General within four months after the end of the financial year and written explanation setting out the reasons for the failure were not tabled in council as required by section 133(1)(a) of the MFMA.

Expenditure management

38. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
39. 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.
40. 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.
41. 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 (SCM) regulations.
42. 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 incurred on the overdue accounts.
43. 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.

Procurement and contract management

44. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements due to a lack of adequate underlying accounting records associated with transactions processed on a secondary bank account operated by the municipality during the financial year.
45. 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). Similar non-compliance was also reported in the prior year.

46. Quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.
47. 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. Similar non-compliance was also reported in the prior year.
48. Some of the contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the 2017 preferential procurement regulations. This non-compliance was identified in the procurement processes for the electrification of 466 stands in Namahadi extension 8 (Phase 5).
49. Some of the contracts were awarded through a competitive bidding process that were not adjudicated by the bid adjudication committee. This non-compliance was identified in the procurement processes for the Electrification of 466 stands in Namahadi extension 8 (Phase 5)-
50. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2). Similar non-compliance was also reported in the prior year.
51. Some of the contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). This non-compliance was identified in the procurement processes for the electrification of 466 stands in Namahadi extension 8 (Phase 5). Similar non-compliance was also reported in the prior year.
52. The preference point system was not applied on some of the procurement of goods and services above R30 000 as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act. Similar non-compliance was also reported in the prior year.
53. Some of the contracts were awarded to bidders based on preference points that were not calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA) and its regulations. This non-compliance was identified in the procurement processes for the electrification of 466 stands in Namahadi extension 8 (Phase 5).
54. Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of PPPFA and 2017 preferential procurement regulations. This non-compliance was identified in the procurement processes for the electrification of 466 stands in Namahadi extension 8 (Phase 5).
- s5. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding, as required by the 2017 preferential procurement regulations. This non-compliance was identified in the procurement processes for the electrification of 466 stands in Namahadi Extension 8 (Phase 5).

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

Consequence management

57. 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.
58. Irregular 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.
59. 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.
60. Allegations of financial misconduct laid against officials of the municipality were not investigated, as required by section 171(4)(a) of the MFMA.
61. 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).

Revenue management

62. An adequate management, accounting and information system which accounts for revenue was not in place, as required by section 64(2)(e) of the MFMA.
63. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.
64. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.
65. Accounts for service charges were not prepared on a monthly basis, as required by section 64(2)(c) of the MFMA.

Other information

66. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected KPA presented in the annual performance report that have been specifically reported in this auditor's report.
67. My opinion on the financial statements and findings on the reported performance information and compliance with legislation does not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

68. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected KPA presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
69. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal **control deficiencies**

70. 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.
71. There was continued instability in the 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.
72. Compliance with applicable legislation was not effectively monitored by management as instances of non-compliance reported in the previous year recurred. The oversight structures, including the administrators, did not improve the oversight and governance of the control environment which maintained the lack of implementation 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.
73. Effective internal control processes were not implemented by management to manage the daily and monthly processing and reconciling of transactions. Effective recordkeeping was not implemented to ensure that complete, relevant, and accurate information is accessible and available to support financial and performance reporting. This resulted in material limitation misstatements being identified in the financial statements and the annual performance report.
74. The internal audit division was not adequately resourced and functioning and did not effectively identify internal control deficiencies or recommend effective corrective action. This contributed to the material misstatements being identified in the financial statements and the annual performance report.
75. The audit committee did not provide adequate oversight to review and verify the information reported in the annual financial statements and annual performance report submitted for auditing. This resulted in the processing of material adjustments during the audit that could have been prevented.

Material irregularities

76. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit. The material irregularity identified is as follows:

Full and proper records not kept (2017-18) — infrastructure assets and bulk purchases of water

77. Reasonable steps were not taken in the 2017-18 financial year to ensure that full and proper records were kept of infrastructure assets and bulk purchases of water, as required by section 62(1)(b) of the MFMA. The non-compliance contributed to a disclaimed audit opinion as I could not obtain sufficient appropriate audit evidence to support the amounts and disclosures in the financial statements.

78. The lack of full and proper records is likely to result in substantial harm to the municipality as it contributed to the material uncertainty regarding its ability to continue operations, as disclosed in note 42 to the 2017-18 financial statements and paragraph 33 in the 2017-18 audit report. This, in turn, is likely to have a negative impact on the municipality's ability to discharge its service delivery mandate.

79. The accounting officer was notified of this material irregularity on 11 June 2021 and invited to make a written submission on the actions taken and that will be taken to address this matter. The following actions have been taken to resolve the material irregularity:

- An administrator was appointed at the municipality on 27 January 2020, as intervention in terms of section 139(b) of the Constitution of the Republic of South Africa. This intervention was uplifted on 6 May 2021. A municipal manager was subsequently appointed on 1 May 2021.
- A senior official was suspended on 15 February 2021 due to several mat-administration issues identified during previous audits. The disciplinary process is still ongoing.
- A funding plan for the 2021-22 financial year, which includes activities relating to improved revenue enhancement and cost containment, was developed and approved by the council on 31 May 2021 and implementation thereof is in progress. In addition, the accounting officer and Eskom agreed to a repayment plan on 21 July 2021. The accounting officer committed to a payment plan for the amounts due to the pension fund on 22 April 2021.
- The municipality has addressed some of the shortcomings with regard to the availability of financial records, and the audit outcome for the 2018-19 financial year, as per audit report signed on 30 September 2021, improved from a disclaimer of opinion to a qualified opinion. The qualified opinion was maintained in the 2019-20 audit report. The actions taken to address the lack of full and proper records included the following:
 - the fixed asset register was updated through asset verifications and reconciled to the general ledger and financial statements.
 - the reconciliation of bulk purchases as well as the invoices and statements from the Department of Water Affairs were provided for audit purposes.

80. I will follow up on the implementation of the outstanding actions during my next audit.

Other reports

81. I draw attention to the following engagements conducted by various parties which had or could have an impact on the municipality's financial statements, reported performance information and compliance with applicable legislation and other related matters. The report did not form part of my opinion on the financial statements or findings on the reported performance information or compliance with legislation.

82. 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 obtained.

Auditor General

Bloemfontein

15 December 2021



auditor general of 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
M. Mofokeng	Speaker
J.J Hlongwane	2
F.P Motloug	3
R.O Mokoune	4
M.C Du Plessis	5
J.T Kotsi	6
U.C Jafta	7
W.C Motloug	8
L.S Kubeka	9
T.M.Moloi	PR Councillor
N. Rakoloti	PR Councillor
P. Monaune	PR Councillor
DA Councillors	
H. Pretorius	5
A.S Mosia	PR Councillor
FVP Councillors	
J. Oost	PR Councillor
EFF Councillors	
T.L Moloi	PR Councillor

A2: Number of Council Meetings Attended by Councillors

Name of Councillor	Total Number of sitting's	Number attended
1.Cllr J.E Sigasa	10	10
2.Cllr M.M Mofokeng	10	8
3.Cllr R.P Mokune	10	8
4.Cllr J.T Kotsi	10	9
5.Cllr F.P Motloug	10	8
6.Cllr M.C Du Plessis	10	5
7.Cllr L.S Kubeka	10	3
8.Cllr U.C Jafta	10	6
9.Cllr W.C Motloug	10	5
10.Cllr J Oost	10	8
11.Cllr Tshidi Moloi	10	6
12.Cllr P.M Monaune	10	6
13.Cllr S.A Mazibuko	10	8
14.Cllr J.J Hlongwane	10	7
15.Cllr P Skosana	10	8
16.Cllr N.E Rakoloti	10	8

A3: Committee Allocation

Executive Committee

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

- CLLR J.E Sigasa Mayor
- CLLR. F.P Motloun EXCO Member
- CLLR. M.C DU Plessis EXCO Member

MPAC Committee members

- Cllr. P Monaune (Chairperson)
- Cllr. L.S Kubeka
- Cllr. P.S Skosana

Finance Committee members

- Cllr JT Kotsi (Chairperson)
- Cllr M Mokoena
- Cllr M Monuane

Planning and Infrastructure Committee members

- Cllr WC Motloun (chairperson)
- Cllr TL Moloji
- Cllr P.S Skosana

Corporate Services Committee members

- Cllr JJ Hlongwane (Chairperson)
- Cllr M Monaune
- Cllr J Oost

Community Services

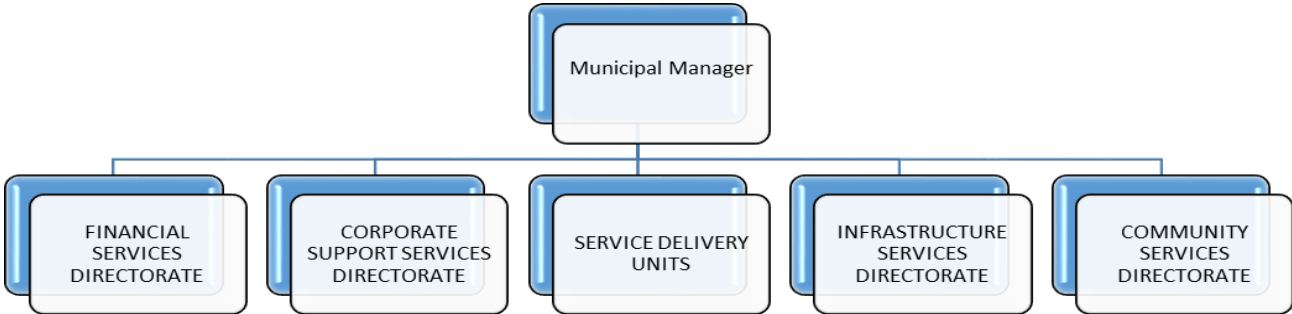
- Cllr N Rakoloti (Chairperson)
- Cllr UC Jafta
- Cllr SA Mosia- Mazibuko

APPENDIX B: Committee 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 Traffic and parking	Refuse removal and solid waste Municipal roads Airports Fire fighting Markets Cemeteries Municipal public works Electricity regulation Municipal health Storm water Potable water Sanitation Licensing	Libraries Housing
Licensing of dogs		

APPENDIX E: Ward Information

Initials and Surname	Ward	Party
J.E Sigasa (Mayor)	1	ANC
J.J Hlongwane	2	ANC
R.OMokoune	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 F: Disclosure of Financial Interest

The municipality has signed financial disclosure forms for Municipal Manager and Managers reporting direct to the municipal manager.

The forms are in hard copy format and will be availed to anyone who requests them.

APPENDIX G: REVENUE COLLECTION PERFORMANCE

Month	Billing amount	Actual collection amount	Collection rate
Jul-19	9 468 975,43	1 497 431,84	16%
Aug-19	8 390 782,67	1 110 193,18	13%
Sep-19	9 256 495,89	1 220 632,87	13%
Oct-19	9 631 038,05	2 643 237,00	27%
Nov-19	8 681 926,47	2 681 562,91	31%
Dec-19	9 215 581,35	1 793 884,19	19%
Jan-20	7 873 719,68	2 214 874,84	28%
Feb-20	10 087 041,07	1 831 845,06	18%
Mar-20	9 161 731,36	733 473,65	8%
Apr-20	8 389 295,76	538 596,27	6%
May-20	8 389 117,59	1 049 510,27	13%
Jun-20	8 453 756,17	3 207 980,12	38%

APPENDIX H: Conditional Grants Received:

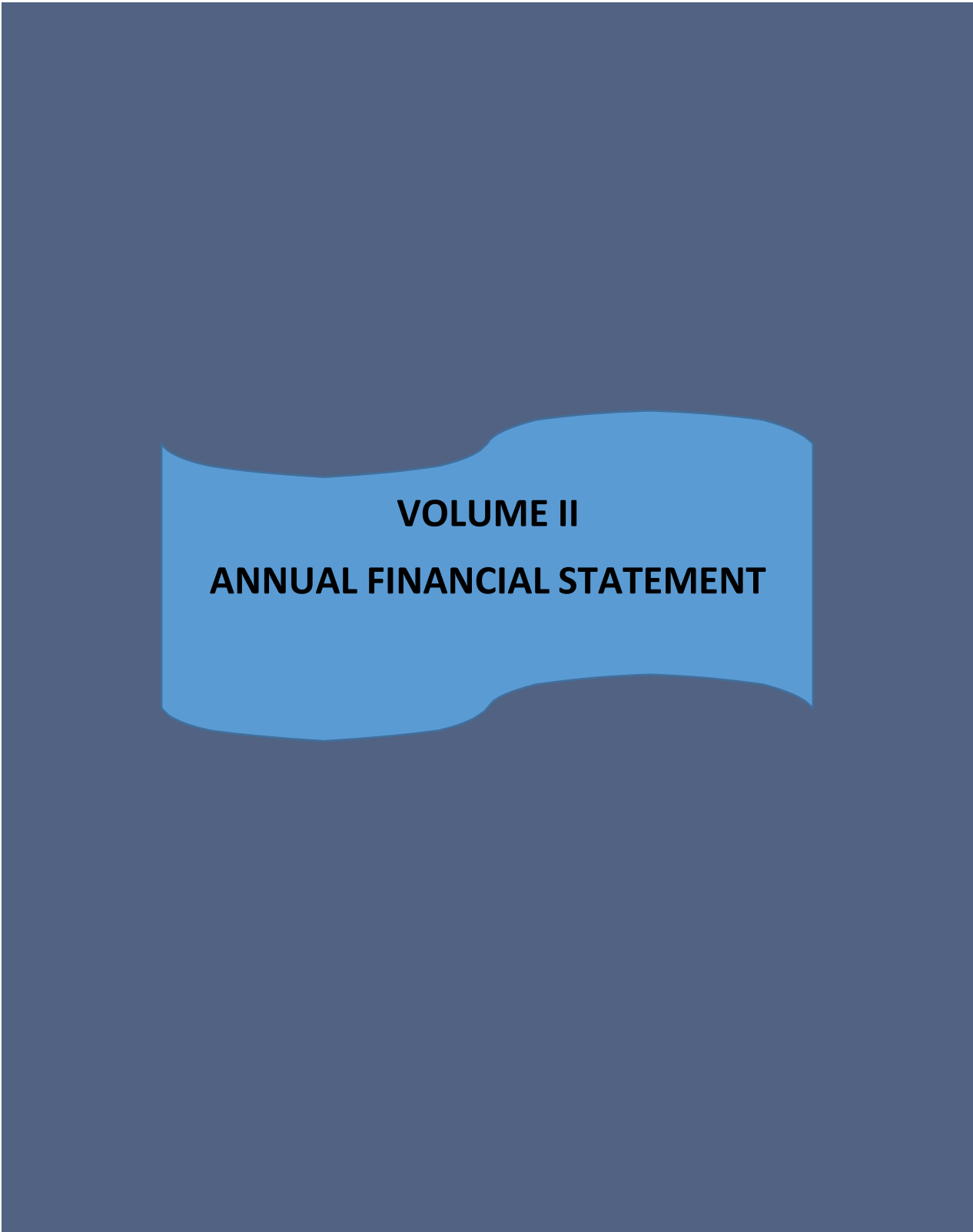
CONDITIONAL GRANT DISCRPTION	OPENING BALANCE	GRANTS RECEIVED	SPENDING		
Municipal Infrastructure Grant (MIG)	245 375,00	22 444 000,00	(22 466 462,19)	222 912,81	
Integrated National Electrification Programme (INEP)	-	7 000 000,00	(6 476 347,44)	523 652,56	
Financial Management Grant (FMG)	28 182,62	2 880 000,00	(2 908 182,62)	-	
Water Services Infrastructure Grants(WSIG)	0	14 000 000,00	(13 999 999,99)	0,01	
Expanded Public Works Programme(EPWP)	0	1 000 000,00	(1 023 970,00)	(23 970,00)	Own Fund
Energy Efficiency and Demand Side Manangement Grants(EEDG)	845 251,00	0	-	845 251,00	
GRANT TOTAL	1 118 808,62	47 324 000,00	(46 874 962,24)	1 567 846,38	

APPENDIX I: Capital Expenditure-New and Upgrade/Renewal Programmes: IncludingMIG**WATER SERVICES INFRASTRUCTURE GRANT (WSIG)**

Project Name and Description	Ward	Expenditure
Refurbishment and Automation of Frankfort Water Treatment Works	5	R10 000 000
Water Conversation and Water Demand Management (WC&WDM) – installation and replacement of water meters in Mafube municipality	All wards (1 to 9)	R4 000 000
Total		R14 000 000

INFRASTRUCTURE NATIONAL ELECTRIFICATION PROGRAMME (INEP)

Project Name and Description	Ward	Expenditure
Electrification of 466 Households in Namahadi Extension 5	7	R6 100 000
Total		R6 100 000



MAFUBE LOCAL
MUNICIPALITY

(Registration number FS205)

**Audited Annual Financial
Statements for the year
ended 30 June 2020**

Mafube Local Municipality

(Registration number FS205)

General Information

Nature of business and principal activities

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

Mayoral committee

Executive Mayor

Cllr. JE Sigasa

Speaker

Cllr. MM Mofokeng

Chief Whip

Cllr. FP Motloung

Councillors

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. SA Mazibuko(Mosia)

Cllr. J Oost

Cllr. TL Moloi

Cllr. NE Rakoloti

Cllr. PS Sikhosana

Cllr. M Mokoena

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

Mafube Local Municipality

(Registration number FS205)

Bankers

ABSA Bank Limited

FNB Bank Limited

Auditors

Auditor General - South Africa

Registered Auditors

Attorneys

Peyper Attorneys

Mafube Local Municipality

(Registration number FS205)

Index

The reports and statements set out below comprise the audited 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 Audited Annual Financial Statements	40 - 89

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

Mafube Local Municipality

(Registration number FS205)

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)

Mafube Local Municipality

(Registration number FS205)

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 audited annual financial statements and related financial information included in this report. It is the responsibility of the accounting officers to ensure that the audited 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 audited annual financial statements and was given unrestricted access to all financial records and related data.

The audited 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 audited 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 audited 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 2021 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 audited 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.

Mafube Local Municipality

(Registration number FS205)

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

The audited 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

Mafube Local Municipality

(Registration number FS205)

Accounting Officer's Report

The accounting officers submit their report for the year ended 30 June 2020.

1. 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 100 951 480 (2019: deficit R 105 585 698).

2. Going concern

We draw attention to the fact that at 30 June 2020, the municipality had an accumulated surplus (deficit) of R 194 990 058 .

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

3. Accounting Officers' interest in contracts

The Accounting Officer does not have an interest in contracts.

4. Accounting policies

The audited 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.

5. 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

6. Bankers

Mafube Local Municipality

(Registration number FS205)

Accounting Officer's Report

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

First National Bank will continue to provide banking services to the municipality.

7. Auditors

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

8. Public Private Partnership

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

9. 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.

Mafube Local Municipality

(Registration number FS205)

Accounting Officer's Report

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

Mafube Local Municipality

(Registration number FS205)

Statement of Financial Position as at 30 June 2020

Figures in Rand	Note(s)	2020	2019 Restated*
Assets			
Current Assets			
Inventories	7	1 088 617	1 238 083
Other financial assets	5	158 755	136 582
Receivables from exchange transactions	8&11	19 548 099	27 129 998
Receivables from non-exchange transactions	9&11	2 832 937	5 051 446
VAT receivable	10	78 811 767	59 392 285
Cash and cash equivalents	12	3 107 882	1 958 146
		105 548 057	94 906 540
Non-Current Assets			
Investment property	2	19 040 491	19 040 491
Property, plant and equipment	3	845 132 232	868 441 631
Heritage assets	4	35 758	35 758
Other financial assets	5	340 505	349 256
		864 548 986	887 867 136
Total Assets		970 097 043	982 773 676
Liabilities			
Current Liabilities			
Payables from exchange transactions	15	704 707 420	613 581 310
Consumer deposits	17	1 576 337	1 530 706
Employee benefit obligation	6	1 739 521	1 050 619
Unspent conditional grants and receipts	13	1 368 904	1 118 809
Provisions	14	845 386	644 793
		710 237 568	617 926 237
Non-Current Liabilities			
Employee benefit obligation	6	12 034 737	11 584 423
Provisions	14	18 455 651	19 317 817
		30 490 388	30 902 240
Total Liabilities		740 727 956	648 828 477
Net Assets		229 369 087	333 945 199
Reserves			
Other NDR		34 379 029	38 003 663
Accumulated surplus		194 990 058	295 941 535
Total Net Assets		229 369 087	333 945 198

Mafube Local Municipality

(Registration number FS205)

Statement of Financial Performance

Figures in Rand	Note(s)	2020	2019 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	19	58 602 577	65 821 975
Rental of facilities and equipment	20	1 376 185	652 008
Other income	24	3 477 711	2 961 873
Interest received	25	39 292 181	33 376 955
Actuarial gains		-	245 958
Dividends received	25	-	15 453
Total revenue from exchange transactions		102 748 654	103 074 222
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	20 640 556	18 288 740
Other (Non-exchange)	21	5 076 923	3 701 237
Interest - Taxation revenue	23	4 090 420	3 181 332
Transfer revenue			
Government grants & subsidies	27	167 234 929	133 247 117
Public contributions and donations	28	312 796	-
Total revenue from non-exchange transactions		197 355 624	158 418 426
Total revenue	18	300 104 278	261 492 648
Expenditure			
Employee related costs	29	(99 809 816)	(93 022 192)
Remuneration of councillors	30	(6 084 634)	(5 956 812)
Depreciation and amortisation	31	(32 771 930)	(34 317 364)
Impairments	32	(22 298 273)	(26 616 170)
Finance costs	33	(51 465 642)	(48 082 734)
Lease rentals on operating lease	22	(1 234 596)	(724 278)
Debt Impairment	34	(107 254 949)	(89 244 121)
Bulk purchases	35	(30 775 851)	(27 368 210)
Actuarial losses		(637 531)	-
General Expenses	36	(48 722 536)	(41 746 465)
Total expenditure		(401 055 758)	(367 078 346)
Deficit for the year		(100 951 480)	(105 585 698)

Mafube Local Municipality

(Registration number FS205)

Statement of Changes in Net Assets

Figures in Rand

Balance at 01 July 2018

Changes in net assets

Surplus for the year

Other

Total changes

Balance at 01 July 2019

Changes in net assets

Surplus for the year

Other

Total changes

Balance at 30 June 2020

Note(s)

Other NDR	Accumulated surplus	Total net assets
41 443 856	401 527 233	442 971 089
	- (105 585 698)	(105 585 698)
(3 440 193)	-	(3 440 193)
(3 440 193)	(105 585 698)	(109 025 891)
38 003 663	295 941 538	333 945 201
	- (100 951 480)	(100 951 480)
(3 624 634)	-	(3 624 634)
(3 624 634)	(100 951 480)	(104 576 114)
34 379 029	194 990 058	229 369 087

Mafube Local Municipality

(Registration number FS205)

Cash Flow Statement

Figures in Rand	Note(s)	2020	2019 Restated*
Cash flows from operating activities			
Receipts			
Property rates taxation		16 338 690	14 704 876
Service charges		(56 222 592)	(22 892 433)
Grants		167 134 624	132 184 211
Interest income		43 382 601	36 573 740
		170 633 323	160 570 394
Payments			
Employee costs		(105 392 763)	(98 703 503)
Suppliers		22 773 676	30 884 431
Finance costs		(51 465 642)	(48 082 734)
		(134 084 729)	(115 901 806)
Net cash flows from operating activities	39	36 548 594	44 668 588
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(35 385 436)	(40 541 281)
Proceeds from sale of financial assets		(13 422)	(22 606)
Net cash flows from investing activities		(35 398 858)	(40 548 434)
Cash flows from financing activities			
Repayment of other financial liabilities		-	(4 662 137)
Net cash flows from financing activities		-	(4 662 137)
Net increase/(decrease) in cash and cash equivalents		1 149 736	(541 983)
Cash and cash equivalents at the beginning of the year		1 958 146	2 500 129
Cash and cash equivalents at the end of the year	12	3 107 882	1 958 146

Mafube Local Municipality Statement of Comparison of Budget and Actual Amounts

(Registration number FS205)

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	77 591 743	-	77 591 743	58 602 577	(18 989 166)	Please refer below for reasons.
Rental of facilities and equipment	159 869	-	159 869	1 376 185	1 216 316	Please refer below for reasons.
Other income - (rollup)	373 719	-	373 719	3 477 711	3 103 992	Please refer below for reasons.
Interest received - investment	28 120 295	(11 875 541)	16 244 754	39 292 181	23 047 427	Please refer below for reasons.
Dividends received	3 034 655	-	3 034 655	-	(3 034 655)	
Total revenue from exchange transactions	109 280 281	(11 875 541)	97 404 740	102 748 654	5 343 914	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	19 374 081	12 673 891	32 047 972	20 640 556	(11 407 416)	Please refer below for reasons.
Other (Non-exchange)	-	-	-	5 076 923	5 076 923	
Transfer revenue						
Government grants & subsidies	139 238 000	16 547 000	155 785 000	167 234 929	11 449 929	Please refer below for reasons.
Public contributions and donations	-	-	-	312 796	312 796	
Fines, Penalties and Forfeits	210 400	-	210 400	-	(210 400)	Please refer below for reasons.
Total revenue from non-exchange transactions	158 822 481	29 220 891	188 043 372	193 265 204	5 221 832	
Total revenue	268 102 762	17 345 350	285 448 112	296 013 858	10 565 746	
Expenditure						
Personnel	(99 134 454)	-	(99 134 454)	(99 809 816)	(675 362)	Please refer below for reasons.

Mafube Local Municipality Statement of Comparison of Budget and Actual Amounts

Remuneration of councillors	(6 450 488)	-	(6 450 488)	(6 084 634)	365 854	Please refer below for reasons.
Depreciation and amortisation	(15 260 000)	10 000 000	(5 260 000)	(32 771 930)	(27 511 930)	Please refer below for reasons.

Mafube Local Municipality Statement of Comparison of Budget and Actual Amounts

(Registration number FS205)

	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	-	-	-	(22 298 273)	(22 298 273)	Please refer below for reasons.
Finance costs	(7 349 200)	-	(7 349 200)	(51 465 642)	(44 116 442)	Please refer below for reasons.
Lease rentals on operating lease	-	-	-	(1 234 596)	(1 234 596)	
Debt Impairment	(9 630 000)	(37 401 000)	(47 031 000)	(107 254 949)	(60 223 949)	Please refer below for reasons.
Bulk purchases	(2 578 000)	-	(2 578 000)	(30 775 851)	(28 197 851)	Please refer below for reasons.
Transfers and Subsidies	(10 520 000)	7 520 000	(3 000 000)	-	3 000 000	
General Expenses	(71 963 559)	8 709 955	(63 253 604)	(48 722 536)	14 531 068	Please refer below for reasons.
Total expenditure	(222 885 701)	(11 171 045)	(234 056 746)	(400 418 227)	(166 361 481)	
Operating deficit	45 217 061	6 174 305	51 391 366	(104 404 369)	(155 795 735)	
Actuarial gains/losses	-	-	-	(637 531)	(637 531)	Please refer below for reasons.
Deficit before taxation	45 217 061	6 174 305	51 391 366	(105 041 900)	(156 433 266)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	45 217 061	6 174 305	51 391 366	(105 041 900)	(156 433 266)	

Mafube Local Municipality Statement of Comparison of Budget and Actual Amounts

(Registration number FS205)

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	477 164	-	477 164	1 088 617	611 453	Please refer below for reasons.
Other financial assets	42 988	-	42 988	158 755	115 767	
Receivables from exchange transactions	55 015 089	57 560 811	112 575 900	18 101 926	(94 473 974)	Please refer below for reasons.
Receivables from non-exchange transactions	5 283 210	-	5 283 210	2 832 937	(2 450 273)	Please refer below for reasons.
Cash and cash equivalents	14 646 314	(10 574 723)	4 071 591	3 107 882	(963 709)	Please refer below for reasons.
	75 464 765	46 986 088	122 450 853	25 290 117	(97 160 736)	
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	701 449 657	4 147 582	705 597 239	845 132 232	139 534 993	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	340 505	(17 248)	Please refer below for reasons.
	779 046 926	4 147 582	783 194 508	864 548 986	81 354 478	
Total Assets	854 511 691	51 133 670	905 645 361	889 839 103	(15 806 258)	
Liabilities						
Current Liabilities						
Payables from exchange transactions	66 500 154	472 940 560	539 440 714	704 707 420	165 266 706	Please refer below for reasons.
VAT payable	-	-	-	3 890 675	3 890 675	Please refer below for reasons.
Consumer deposits	565 972	-	565 972	1 576 337	1 010 365	Please refer below for reasons.
Employee benefit obligation	-	-	-	1 739 521	1 739 521	Please refer below for reasons.

Mafube Local Municipality Statement of Comparison of Budget and Actual Amounts

(Registration number FS205)

Unspent conditional grants and receipts	-	-	-	1 368 904	1 368 904
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Mafube Local Municipality Statement of Comparison of Budget and Actual Amounts

(Registration number FS205)

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Provisions	902 836	-	902 836	845 386	(57 450)	Please refer below for reasons.
	67 968 962	472 940 560	540 909 522	714 128 243	173 218 721	
Non-Current Liabilities						
Employee benefit obligation	-	-	-	12 034 737	12 034 737	Please refer below for reasons.
Provisions	31 923 760	(8 701 202)	23 222 558	18 455 651	(4 766 907)	Please refer below for reasons.
	31 923 760	(8 701 202)	23 222 558	30 490 388	7 267 830	
Total Liabilities	99 892 722	464 239 358	564 132 080	744 618 631	180 486 551	
Net Assets	754 618 969	(413 105 688)	341 513 281	145 220 472	(196 292 809)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Other NDR	-	-	-	34 379 029	34 379 029	
Accumulated surplus	754 618 969	(413 105 688)	341 513 281	110 841 443	(230 671 838)	
Total Net Assets	754 618 969	(413 105 688)	341 513 281	145 220 472	(196 292 809)	

Mafube Local Municipality Statement of Comparison of Budget and Actual Amounts

(Registration number FS205)

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

Category	Reason
Revenue	
Service Charges	This was due to illegal connections on electricity as well as the drought experienced by the Vrede unit which has resulted in less revenue generated through the water service.
Rental of Facilities	Properties not in the ownership of the municipality were included in the projections used on the budget whereas the actual billed excluded this properties
Other Income	Less income on other revenue like grave fees, sundry income was generated than anticipated
Interest received- Investment	Due to the credit control measures put in place by the municipality, less interest was charged on consumer debtors.
Property rates	Accounting for the supplementary valuation roll has resulted in higher revenue from property rates.
Government grants & Subsidies	This is due to the inclusion of both the operational and capital grants in the financial statements whereas these are separate on the budget
Fines, Penalties and Forfeits	This is due to less people contravening the laws within the municipal boundaries.
Expenditure	
Personnel	The projections on the budget had accounted for vacant positions which were not filled during the financial year.
Remuneration of Councilors	This is due to adhoc budget expenses related to Councilors being less than anticipated. The municipality also implemented cost containment measures during the year as the cash flow position of the municipality is still in a dire situation.
Depreciation and amortization	Less depreciation was provided for during the budget process.
Finance costs	This is mainly due to the increasing Eskom debt and Department of Water Affairs accounts.
Impairment losses	No provision was made in the budget for uncollected fines. A condition assessment was performed during the year and a significant amount of infrastructure assets were impaired as due to budget constraints the maintenance of roads could not be kept.
Bulk Purchases	The budget for bulk purchases was not in line with the actual spend. This was an error on the budget. The 2019 year was not used as a basis for the 2020 budget expense.
General Expenses	The municipality implemented cost cutting measures during the year as the cash flow position of the municipality is still in a dire situation which resulted in an underspending for the year.
Statement of Financial Position	
Current Assets	
Inventory	More inventory items were purchased than initially anticipated.
Consumer Debtors	Gross debtors were accounted in the budget statement and not net impairment. This was an error in the budget.
Vat Receivables	The budget included VAT under consumer debtors. This was an error in the budget process.

Mafube Local Municipality Statement of Comparison of Budget and Actual Amounts

(Registration number FS205)

Cash and Cash Equivalents	The cash flow was not accounted for correctly as the 2019 financial year was not used as a basis.
Non-Current Assets	
Investment Property	The Municipality never provided for Investment Property in the Annual budget this error will be corrected in the 2021 Annual budget.

Mafube Local Municipality Statement of Comparison of Budget and Actual Amounts

(Registration number FS205)

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

Property, plant and equipment					Land was restated in the current year due to reworked assets register.
Heritage Assets					No provision was made in the Annual budget for heritage assets
Current Liabilities					
Other financial liabilities					Incorrect amortization was applied on the DBSA liability.
Payables from Exchange transactions					The 2019 financial year was not used as basis for payables in the budget process. This resulted in an understatement in the budget.
Employee Benefit obligation					This was not provided in the budget
Provisions					This was not provided in the budget
Vat Payables					VAT payables was budgeted for but never incurred
Non-Current Liabilities					
Employee benefit obligation					As the valuation of the provision are only performed at year end, the budget movement was unknown in the budget process
Provisions					As the valuation of the provision are only performed at year end, the budget movement was unknown in the budget process

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

Figures in Rand

Note(s)

2020

2019

1. Presentation of Audited Annual Financial Statements

The audited 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 audited 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 audited annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

Presentation currency

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

Going concern assumption

These audited 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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

Significant judgements and sources of estimation uncertainty (continued) 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 14 - 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

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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.

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

Investment property (continued)

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

Investment property is recognised as an asset when, 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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

Property, plant and equipment (continued)

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

Property, plant and equipment (continued)

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in 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:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in municipality or deficit; and
- (c) 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 audited annual financial statements.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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 a municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

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

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

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

Heritage assets (continued)

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

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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.

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

1.9 Financial instruments (continued)

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the Municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

Impairment of cash-generating assets (continued)

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.

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

Impairment of non-cash-generating assets (continued)

Designation

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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.

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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.

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Mafube Local Municipality

(Registration number FS205)

Accounting Policies

- 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 managed to protect 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.

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Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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 agents

Identification

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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 it 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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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.

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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 a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2019/07/01 to 2020/10/31.

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

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

The audited 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 audited annual financial statements as the recommended disclosure when the audited 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:

Mafube Local Municipality

(Registration number FS205)

Accounting Policies

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.

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2. Investment property

	2020		2019	
	Cost / Valuation	Accumulated depreciation and accumulated impairment Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment Carrying value
Investment property	114 712 352	(95 671 861) 19 040 491	114 712 352	(95 671 861) 19 040 491

Reconciliation of investment property - 2020

	Opening balance	Total
Investment property	19 040 491	19 040 491

Reconciliation of investment property - 2019

	Opening balance	Total
Investment property	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.

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

3. Property, plant and equipment

	2020		2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment Carrying value	
Land	18 143 545	-	18 143 545	-	18 143 545
Buildings	113 659 973	(48 347 865)	65 312 108	(44 248 471)	69 411 502
Plant and machinery	2 439 969	(1 533 464)	906 505	(1 345 312)	720 757
Motor vehicles	17 480 811	(14 364 026)	3 116 785	(13 495 011)	3 985 800
Office equipment	1 383 545	(917 754)	465 791	(821 350)	547 415
IT equipment	1 225 825	(934 470)	291 355	(833 392)	329 840
Infrastructure - Road network	187 571 144	(86 277 004)	101 294 140	(72 801 631)	110 930 416
Infrastructure - Electricity network	183 881 649	(65 471 266)	118 410 383	(59 568 876)	124 312 773
Landfill site asset	15 931 075	(7 586 308)	8 344 767	(6 734 694)	10 502 747
Rural Freestate Electricity Network	34 379 029	-	34 379 029	-	38 003 663
Wastewater network	458 499 191	(141 748 948)	316 750 243	(120 114 255)	337 854 356
Water network	204 915 112	(69 358 111)	135 557 001	(61 506 021)	143 409 091
Work in Progress	42 160 580	-	42 160 580	-	10 289 726
Total	1 281 671 448	(436 539 216)	845 132 232	(381 469 013)	868 441 631

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Transfers	Other changes, movements	Depreciation	Impairment loss	Impairment reversal	Total
Land	18 143 545	-	-	-	-	-	-	18 143 545
Buildings	69 411 502	-	-	-	(3 058 914)	(1 136 591)	96 111	65 312 108
Plant and machinery	720 757	373 900	-	-	(132 200)	(80 459)	24 507	906 505
Motor vehicles	3 985 800	-	-	-	(887 640)	(125 312)	143 937	3 116 785
Office equipment	547 415	14 780	-	-	(93 252)	(5 191)	2 039	465 791
IT equipment	329 840	62 593	-	-	(105 304)	(5 505)	9 731	291 355
Infrastructure - Road network	110 930 416	-	3 839 097	-	(7 565 184)	(6 003 600)	93 411	101 294 140
Infrastructure - Electricity network	124 312 773	-	-	-	(5 746 791)	(155 599)	-	118 410 383
Landfill site asset	10 502 747	-	-	(1 306 365)	(851 615)	-	-	8 344 767
Rural Freestate Electricity Network	38 003 663	-	-	(3 624 634)	-	-	-	34 379 029
Wastewater network	337 854 356	-	530 580	-	(9 754 523)	(12 062 024)	181 854	316 750 243
Water network	143 409 091	-	-	-	(4 576 511)	(3 300 283)	24 704	135 557 001
Work in progress	10 289 726	36 346 417	(4 475 563)	-	-	-	-	42 160 580
	868 441 631	36 797 690	(105 886)	(4 930 999)	(32 771 934)	(22 874 564)	576 294	845 132 232

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Transfers	Other changes, movements	Depreciation	Impairment loss	Impairment reversal	Total
Land	18 143 545	-	-	-	-	-	-	18 143 545
Buildings	66 187 486	-	8 481 619	-	(2 839 163)	(2 423 529)	5 089	69 411 502
Plant and machinery	805 225	114 000	-	-	(149 636)	(53 331)	4 499	720 757
Motor vehicles	3 951 527	1 321 270	-	-	(999 213)	(295 687)	7 903	3 985 800
Office equipment	615 477	38 967	-	-	(91 746)	(16 794)	1 511	547 415
IT equipment	389 868	99 450	-	-	(153 517)	(11 906)	5 945	329 840
Infrastructure - Roads network	118 605 642	-	-	-	(7 184 535)	(490 691)	-	110 930 416
Infrastructure - Electricity network	130 331 450	-	-	-	(5 747 646)	(271 031)	-	124 312 773
Landfill site asset	5 819 324	-	-	8 993 613	(4 310 190)	-	-	10 502 747
Rural Freestate Electricity Network	41 443 856	-	-	(3 440 193)	-	-	-	38 003 663
Wastewater network	304 508 314	-	58 854 663	-	(8 440 539)	(17 075 731)	7 649	337 854 356
Water network	145 995 421	-	7 824 915	-	(4 401 176)	(6 010 423)	354	143 409 091
Work in progress	55 492 389	29 958 534	(75 161 197)	-	-	-	-	10 289 726
	892 289 524	31 532 221	-	5 553 420	(34 317 361)	(26 649 123)	32 950	868 441 631

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

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

Mafube Local Municipality

(Registration number FS205)
Infrastructure

100 548 256	120 387 111
106 616 238	134 196 086

Notes to the Audited Annual Financial Statements

Figures in Rand

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020

2019

3. 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 2020

	Included within Infrastructure	Total
Opening balance	10 289 726	10 289 726
Additions/capital expenditure	36 346 417	36 346 417
Transferred to completed items	(4 475 563)	(4 475 563)
	42 160 580	42 160 580

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

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
Infrastructure - Wastewater network	476 899	1 913 610
Infrastructure - Water network	332 931	394 888
General Repairs and maintenance	343 858	437 229
Infrastructure - Electricity network	3 171 387	130 000
Buildings	254 349	431 409
	4 579 424	3 368 986

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.

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020	2019
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4. Heritage assets

	2020		2019	
	Cost / Valuation	Accumulated Carrying value impairment losses	Cost / Valuation	Accumulated Carrying value impairment losses
Other - Jewels	35 758	-	35 758	35 758

Reconciliation of heritage assets 2020

Opening balance	Total	
Other - Jewels	35 758	35 758

Reconciliation of heritage assets 2019

	Opening balance	Total
Other - Jewels	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.	261 170	269 921
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.	51 340	37 490
VKB Agriculture Limited - Short term member loan The member loan bears interest and is available on demand.	102 415	94 092
	499 260	485 838

Non-current assets

At amortised cost	340 505	349 256
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Current assets

At amortised cost	158 755	136 582
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Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020

2019

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 2020	30 June 2019
Discount Rate (D)	8.80%	10.46%
Consumer price inflation (CPI)	4.90%	5.20%
Health care cost inflation (H = 1.50% + CPI)	6.40%	6.70%
Maximum Subsidy Cap Increase (MSC = (1.00% + CPI)*75%)	6.40%	6.70%

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 2019 the duration of liabilities was 7.99 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2020 is 9.40% per annum, and the yield on the inflation-linked bonds of a similar term was about 4.46% per annum, implying an underlying expectation of inflation of 4.25% per annum ($[1 + 9.40\% - 0.5\%] / [1 + 4.46\%] - 1$).

A health care cost inflation rate of 5.75% was assumed. This is 1.50% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary.

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020

2019

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 3.45% per annum $([1 + 9.40\%] / [1 + 5.75\%] - 1)$. 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

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020

2019

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	$(5 / 250 + 2\%) \times$ annual earnings
10	10 days accumulative leave + 3% of annual salary	$(10 / 250 + 3\%) \times$ annual earnings
15	15 days accumulative leave + 4% annual salary	$(15 / 250 + 4\%) \times$ annual earnings
20	15 days accumulative leave + 5% of annual salary	$(15 / 250 + 5\%) \times$ annual earnings
25, 30, 35, 40, 45	15 days accumulative leave + 6% of annual salary	$(15 / 250 + 6\%) \times$ 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.

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

VALUATION ASSUMPTIONS:

2020

2019

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 2020
Discount Rate	8.10%	8.20%
CPI	4.38%	3.16%
Salary increase rate	5.38%	4.16%
Net discount rate	2.58%	3.88%

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.

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020

2019

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 2019 the duration of liabilities was 6.27 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2020 is 8.20% per annum, and the yield on inflation-linked bonds of a similar term was about 4.40% per annum. This implies an underlying expectation of inflation of 3.16% per annum $([1 + 8.20\% - 0.5\%] / [1 + 4.40\%] - 1)$.

We have assumed that salary inflation would exceed general inflation by 1.0% per annum, i.e. 4.16% 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 3.88% per annum $([1 + 8.20\%] / [1 + 4.16\%] - 1)$.

DEMOGRAPHIC AND DECUREMENT 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	(7 740 719)	(7 146 336)
Present value of the defined benefit obligation - Long service awards	(6 033 539)	(5 488 706)
	(13 774 258)	(12 635 042)
Non-current liabilities	(12 034 737)	(11 584 423)

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
Current liabilities	(1 739 521)	(1 050 619)
	(13 774 258)	(12 635 042)

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

Opening balance	12 635 042	12 633 000
Actuarial gains	637 531	(245 958)
Net expense recognised in the statement of financial performance	501 685	248 000
	13 774 258	12 635 042

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020 2019

6. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

Current service cost	527 204	638 000
Interest cost	1 025 100	1 081 000
Benefits paid	(1 050 619)	(1 471 000)
	501 685	248 000

Calculation of actuarial gains and losses

Actuarial (gains) losses – Long service awards	(50 721)	(667 294)
Actuarial (gains) losses – Post employment benefit plan	688 252	421 336
	637 531	(245 958)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used (PEMA)	9.32 %	9.30 %
Discount rates used (LSA)	6.70 %	5.77 %
Salary increase rate (LSA)	6.38 %	6.47 %
Health care cost inflation rate (PEMA)	7.40 %	7.65 %
Net Discount Rate (LSA)	2.38 %	2.07 %
Net Discount Rate (PEMA)	1.79 %	1.53 %

PEMA Liability Reconciliation:

Opening Accrued Liability	(7 146 336)	(6 679 000)
-Current-service Cost	-	-
-Interest Cost	595 159	597 000
-Contributions (benefits paid)	(689 028)	(551 000)
Total Annual Expense	93 869	(46 000)
-Actuarial Loss / (Gain)	688 252	421 336
Closing Accrued Liability	(7 740 719)	(7 146 336)

LSA Liability Reconciliation:

Opening Accrued Liability	(5 488 706)	(5 954 000)
-Current-service Cost	527 204	638 000
-Interest Cost	429 941	484 000
-Contributions (benefits paid)	(361 591)	(920 000)
Total Annual Expense	(595 554)	(202 000)
-Actuarial Loss / (Gain)	(50 721)	(667 294)
Closing Accrued Liability	(6 033 539)	(5 488 706)

7. Inventories

Consumable stores	1 055 253	1 198 692
Water for distribution	33 364	39 391
	1 088 617	1 238 083

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

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
8. Receivables from exchange transactions		
Other receivables - Overpayment of Salaries	4 320 330	3 548 408
Other receivable - Rural Maintenance	4 631 689	4 631 689
Other debtors #1	15 106	-
Consumer debtors - Electricity	170 238	167 306
Consumer debtors - Water	6 890 256	10 482 914
Consumer debtors - Sewerage	1 963 474	3 008 724
Consumer debtors - Refuse	1 166 644	1 963 551
Consumer debtors - Other	390 362	3 327 406
	19 548 099	27 129 998

Fair value of trade and other receivables

Trade and other receivables	28 451 183	28 345 755
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Trade and other receivables impaired

As of 30 June 2020, trade and other receivables of R (113 691 245) (2019: R (94 847 892)) were impaired and provided for.

The amount of the provision was R (620 749 926) as of 30 June 2020 (2019: R (412 210 789)).

The ageing of these loans is as follows:

9. Receivables from non-exchange transactions

Consumer debtors - Rates	2 832 937	5 051 446
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Fair value of receivables from non-exchange transactions

Other receivables from non-exchange transactions	(2 516 904)	1 165 938
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Receivables from non-exchange transactions impaired

As of 30 June 2020, other receivables from non-exchange transactions of R (13 282 345) (2019: R (9 718 206)) were impaired and provided for.

The amount of the provision was R (62 074 008) as of 30 June 2020 (2019: R (48 791 663)).The

ageing of these loans is as follows:

10. VAT receivable

VAT	78 811 767	59 392 285
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Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
11. Consumer debtors disclosure		
Gross balances		
Consumer debtors - Rates	59 986 894	50 608 105
Consumer debtors - Electricity	5 963 437	5 746 164
Consumer debtors - Water	277 823 189	216 606 161
Consumer debtors - Sewerage	186 035 336	153 586 274
Consumer debtors - Refuse	145 519 288	121 268 222
Consumer debtors - Other	13 471 396	28 801 761
	688 799 540	576 616 687
Less: Allowance for impairment		
Consumer debtors - Rates	(57 153 957)	(45 556 659)
Consumer debtors - Electricity	(5 793 199)	(5 578 858)
Consumer debtors - Water	(270 932 933)	(206 123 247)
Consumer debtors - Sewerage	(184 071 862)	(150 577 550)
Consumer debtors - Refuse	(144 352 644)	(119 304 671)
Consumer debtors - Other	(13 081 034)	(25 474 355)
	(675 385 629)	(552 615 340)
Net balance		
Consumer debtors - Rates	2 832 937	5 051 446
Consumer debtors - Electricity	170 238	167 306
Consumer debtors - Water	6 890 256	10 482 914
Consumer debtors - Sewerage	1 963 474	3 008 724
Consumer debtors - Refuse	1 166 644	1 963 551
Consumer debtors - Other	390 362	3 327 406
	13 413 911	24 001 347
Included in above is receivables from exchange transactions		
Electricity	170 238	167 306
Water	6 890 256	10 482 914
Sewerage	1 963 474	3 008 724
Refuse	1 166 644	1 963 551
Other	-	3 327 406
	10 190 612	18 949 901
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	2 832 937	5 051 446
	13 023 549	24 001 347
Rates		
Current (0 -30 days)	1 923 272	1 100 517
31 - 60 days	1 563 720	887 647
61 - 90 days	1 528 171	941 917
91 - 120 days	1 671 721	1 063 880
121+ days	53 300 010	46 614 144
Impairment for bad debts	(57 153 957)	(45 556 659)
	2 832 937	5 051 446

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
11. Consumer debtors disclosure (continued)		
Electricity		
Current (0 -30 days)	36 639	22 311
31 - 60 days	22 410	11 007
61 - 90 days	22 410	21 977
91 - 120 days	27 153	19 104
121+ days	5 854 825	5 671 764
Impairment for bad debts	(5 793 199)	(5 578 857)
	170 238	167 306
Water		
Current (0 -30 days)	5 256 408	4 389 992
31 - 60 days	4 640 354	3 961 566
61 - 90 days	4 633 243	3 144 673
91 - 120 days	4 843 335	4 075 370
121+ days	258 449 849	201 596 095
Impairment for bad debts	(270 932 933)	(206 684 782)
	6 890 256	10 482 914
Sewerage		
Current (0 -30 days)	2 930 108	2 375 553
31 - 60 days	2 898 626	2 361 840
61 - 90 days	2 951 252	2 404 714
91 - 120 days	2 926 662	2 050 218
121+ days	174 328 688	144 393 949
Impairment for bad debts	(184 071 862)	(150 577 550)
	1 963 474	3 008 724
Refuse		
Current (0 -30 days)	2 177 079	1 773 271
31 - 60 days	2 158 909	1 758 938
61 - 90 days	2 198 010	1 780 511
91 - 120 days	2 177 999	1 527 751
121+ days	136 807 291	114 427 751
Impairment for bad debts	(144 352 644)	(119 304 671)
	1 166 644	1 963 551
Other		
Current (0 -30 days)	475 451	498 589
31 - 60 days	196 870	639 290
61 - 90 days	197 201	(229 419)
91 - 120 days	289 841	309 314
121+ days	12 312 033	27 583 987
Impairment for bad debts	(13 081 034)	(25 474 355)
	390 362	3 327 406
Reconciliation of allowance for impairment		
Balance at beginning of the year	(552 615 340)	(451 284 246)
Contributions to allowance	(122 770 289)	(101 331 094)
	(675 385 629)	(552 615 340)

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
12. Cash and cash equivalents (continued)		
Bank balances	(2 000 298)	727 384
Short-term deposits	5 108 180	1 230 762
	3 107 882	1 958 146

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	3 107 882	1 958 146
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The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
ABSA Bank - Call Account - 9090111270	251	3 279	3 240	251	3 279	3 240
ABSA - Call Account - 9229618782	434	2 074	1 667	434	2 074	1 667
ABSA Bank - Call Account - 9232387538	611	1 225 252	4 033 535	611	1 225 252	4 033 535
ABSA Bank - Cheque Account - 4052823517	384 157	263 178	348 368	-	-	-
First National Bank - Cheque Account - 62817361679	130 599	-	-	-	-	-
First National Bank - Call Account - 62817394901	5 106 727	-	-	5 106 727	-	-
Total	5 622 779	1 493 783	4 386 810	5 108 023	1 230 605	4 038 442

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
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
Integrated National Electrification Programme (5B)	523 653	-
Energy Efficiency and Demand Side Management Grant (EEDG)	845 251	845 251
	1 368 904	1 118 809
Movement during the year		
Balance at the beginning of the year	1 118 809	2 181 926
Additions during the year	47 771 000	39 479 000
Income recognition during the year	(47 520 905)	(40 542 117)
	1 368 904	1 118 809

The nature and extent of government grants recognised in the audited annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

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

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020

2019

14. Provisions

Reconciliation of provisions - 2020

	Opening Balance	Change in site life	Change in the priced quotations	Change in discount factor	Finance Cost	Total
Environmental rehabilitation	19 962 610	1 065 409	1 159 179	(3 530 954)	644 793	19 301 037

Reconciliation of provisions - 2019

	Opening Balance	Change in site life	Change in the priced quotations	Change in discount factor	Finance Cost	Total
Environmental rehabilitation	10 008 404	(1 358 394)	10 272 764	79 243	960 593	19 962 610
Non-current liabilities					18 455 651	19 317 817
Current liabilities					845 386	644 793
					19 301 037	19 962 610

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 2020 was 11.28% p.a.. The consumer price inflation of 6.61% 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.

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020

2019

Discount rate (D) 11.28%

Consumer price inflation (C) 6.61%

Net discount rate 4.38%

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.

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020

2019

14. Provisions (continued)Site

Life calculation 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.

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020

2019

14. 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.

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
15. Payables from exchange transactions		
13th cheque accrual	2 834 826	2 573 067
Accrued leave pay	7 393 989	6 496 790
Accrued salary expense	151 397 806	144 401 912
Retentions	3 174 275	3 588 455
Payments received in advanced - contract in process	6 247 494	11 489 270
Trade payables	533 659 030	445 031 816
	704 707 420	613 581 310
Fair value of trade and other payables		
Trade payables	704 707 420	613 581 310
16. VAT payable		
17. Consumer deposits		
Rates, water, refuse, electricity and rental	1 576 337	1 530 706

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
18. Revenue		
Actuarial gains	-	245 958
Dividends received	-	15 453
Government grants & subsidies	167 234 929	133 247 117
Interest received - investment	39 292 181	33 376 955
Other (Non-exchange)	5 076 923	3 701 237
Other income related to municipal services	3 477 711	2 961 873
Property rates	20 640 556	18 288 740
Public contributions and donations	312 796	-
Rental of facilities and equipment	1 376 185	652 008
Service charges	58 602 577	65 821 975
	296 013 858	258 311 316

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

Actuarial gains	-	245 958
Dividends received	-	15 453
Interest received - investment	39 292 181	33 376 955
Other income - (rollup)	3 477 711	2 961 873
Rental of facilities and equipment	1 376 185	652 008
Service charges	58 602 577	65 821 975
	102 748 654	103 074 222

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

Taxation revenue		
Property rates	20 640 556	18 288 740
Other (Non-exchange)	5 076 923	3 701 237
Transfer revenue		
Government grants & subsidies	167 234 929	133 247 117
Public contributions and donations	312 796	-
	193 265 204	155 237 094

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.

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
19. Service charges		
Sale of electricity	3 102	3 137
Sale of water	24 277 991	37 368 618
Sewerage and sanitation charges	19 522 180	15 184 452
Refuse removal	14 799 304	13 265 768
	58 602 577	65 821 975
20. Rental of facilities and equipment		
Premises		
Own Premises	1 376 185	652 008
21. Other (non-exchange)		
Water non-exchange	5 076 923	3 701 237
22. Lease rentals on operating lease		
Motor vehicles		
Contractual amounts	1 234 596	724 278
23. Interest from non-exchange receivables		
Interest - Taxation revenue	4 090 420	3 181 332
24. Other income		
Administrative Fees	84 082	63
Building Fees	63 797	53 772
Camping Fees	1 739	1 112
Cemetery Fees	189 781	150 316
Clearance certificate	26 914	24 415
Connection Fees	27 188	28 021
Meter Reading Fees	9	688
Photocopies	2 203	2 652
Royalties	3 062 351	2 650 361
Sale of Sand	4 341	(3 124)
Sub-divisioning	386	81
Tender deposits	14 920	46 255
Valuation roll	-	7 261
	3 477 711	2 961 873
25. Investment revenue		
Dividend revenue		
Other financial asset - Local	-	15 453
Interest revenue		
Bank	30 087	10 436
Interest charged on trade and other receivables	39 262 094	33 366 519
	39 292 181	33 376 955
	39 292 181	33 392 408

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
26. Property rates		
Rates received		
Residential	12 257 922	11 640 997
Commercial	6 006 989	4 916 416
Agricultural	2 375 645	1 731 327
	20 640 556	18 288 740
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)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
27. Government grants and subsidies		
Operating grants		
Equitable share	95 847 000	85 705 000
Expanded Public Works Programme Integrated Grant (EPWP)	1 000 000	-
Provincial Government Grant	23 867 024	7 000 000
Local Government Financial Management Grant (FMG)	2 908 183	2 389 659
Municipal Disaster Relief Grant	447 000	-
	124 069 207	95 094 659
Capital grants		
Municipal Infrastructure Grant (MIG)	22 689 375	21 818 625
Water Services Infrastructure Grant (Direct)	14 000 000	15 000 000
Integrated National Electrification Programme (5B)	6 476 347	533 833
Energy Efficiency and Demand Side Management Grant (EEDG)	-	800 000
	43 165 722	38 152 458
	167 234 929	133 247 117
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	43 165 722	38 152 458
Unconditional grants received	124 069 207	95 094 659
	167 234 929	133 247 117
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)		
Balance unspent at beginning of year	245 375	-
Current-year receipts	22 444 000	22 064 000
Conditions met - transferred to revenue	(22 689 375)	(21 818 625)
	-	245 375
Conditions still to be met - remain liabilities (see note 13).		
Local Government Financial Management Grant (FMG)		
Balance unspent at beginning of year	28 183	2 842
Current-year receipts	2 880 000	2 415 000
Conditions met - transferred to revenue	(2 908 183)	(2 389 659)
	-	28 183
Conditions still to be met - remain liabilities (see note 13).		
Expanded Public Works Programme Integrated Grant (EPWP)		
Current-year receipts	1 000 000	-

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

Conditions met - transferred to revenue

	2020	2019
	(1 000 000)	-
	-	-

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
27. Government grants and subsidies (continued)		
Conditions still to be met - remain liabilities (see note 13).		
Integrated National Electrification Programme (5B)		
Balance unspent at beginning of year	-	533 833
Current-year receipts	7 000 000	-
Conditions met - transferred to revenue	(6 476 347)	(533 833)
	523 653	-
Conditions still to be met - remain liabilities (see note 13).		
Water Services Infrastructure Grant (Direct)		
Current-year receipts	14 000 000	15 000 000
Conditions met - transferred to revenue	(14 000 000)	(15 000 000)
	-	-
Conditions still to be met - remain liabilities (see note 13).		
Municipal Disaster Relief Grant		
Current-year receipts	447 000	-
Conditions met - transferred to revenue	(447 000)	-
	-	-
Energy Efficiency and Demand Side Management Grant (EEDG)		
Balance unspent at beginning of year	845 251	1 645 251
Conditions met - transferred to revenue	-	(800 000)
	845 251	845 251
Conditions still to be met - remain liabilities (see note 13).		
28. Public contributions and donations		
Services in kind contribution	312 796	-

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
29. Employee related costs		
Acting allowances	1 053 011	1 064 001
Basic	68 459 316	63 318 357
Bonus	5 087 067	4 636 040
Car allowance	8 920 695	7 788 197
Defined contribution plans	9 806 807	9 184 909
Employee benefit obligation	501 685	248 000
Housing benefits and allowances	635 299	562 752
Leave pay provision charge	1 187 012	718 749
Medical aid - company contributions	1 791 108	3 256 154
Other payroll levies	83 177	80 770
SDL	749 897	760 762
Standby Allowance	925 132	820 969
UIF	609 610	582 532
	99 809 816	93 022 192
Remuneration of Municipal Manager - MJ Matlole		
Annual Remuneration	1 683 619	2 927 784
Allowances	493 685	34 000
Contributions to UIF, Medical and Pension Funds	20 877	31 402
	2 198 181	2 993 186
Contracted terminated 28 February 2020		
Remuneration of Municipal Manager - K Masekoane		
Annual Remuneration	312 796	-
	312 796	-
Acting from 01 April 2020 until 30 June 2020. Salary was paid by COGTA		
Remuneration of Chief Financial Officer - MA Makoae		
Annual Remuneration	596 500	589 195
Allowances	430 090	430 090
Contributions to UIF, Medical and Pension Funds	10 721	12 042
	1 037 311	1 031 327
Remuneration of Director Community Service - ZE Mofokeng		
Annual Remuneration	497 124	891 874
Allowances	401 142	-
Contributions to UIF, Medical and Pension Funds	9 583	11 338
	907 849	903 212
Remuneration of Director Corporate Services - SB Radebe		
Acting Allowance	-	15 604
	-	15 604

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
29. Employee related costs (continued)		
Remuneration of Director Planning & Infrastructure - AL Mphuthi		
Acting Allowance	-	18 446
	-	18 446
Remuneration of Director Corporate Services - PP Moloi		
Annual Remuneration	732 637	627 599
Allowances	334 632	306 746
Contributions to UIF, Medical and Pension Funds	11 285	10 693
	1 078 554	945 038
Remuneration of Director Planning & Infrastructure - DL Ramabitsa		
Annual Remuneration	639 765	579 755
Allowances	386 826	354 590
Contributions to UIF, Medical and Pension Funds	10 739	10 554
	1 037 330	944 899
30. Remuneration of councillors		
Councillors	6 084 634	5 956 812
31. Depreciation and amortisation		
Property, plant and equipment	32 771 930	34 317 364

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
32. Impairment of assets		
Impairments		
Property, plant and equipment	22 332 364	26 650 434
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.		
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:		
(g):Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.		
Due to significant budget constraints, the municipality could not maintain the maintenance plan as required for the infrastructure assets. This lead 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.		
Land - IGRAP 18 indicates that land is recognised based on control. Control of land is evidenced by the following criteria:		
(a) legal ownership; and/or		
(b) the right to direct access to land, and to restrict or deny the access of others to land. 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.		
Reversal of impairments		
Property, plant and equipment	(34 091)	(34 264)
Land parcels previously impaired where disposed off during the year. Therefore the impairment allowance was reversed.		
Total impairment losses (recognised) reversed	22 298 273	26 616 170
33. Finance costs		
Bulk Accounts	50 820 849	47 122 140
Interest Cost - Landfill site provision	644 793	960 594
	51 465 642	48 082 734
34. Debt impairment		
Contributions to debt impairment provision	106 096 743	88 383 713
Bad debts written off	1 158 206	860 408
	107 254 949	89 244 121
35. Bulk purchases		
Water	30 775 851	27 368 210

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
36. General expenses		
Advertising	96 349	308 302
Auditors remuneration	6 118 060	3 344 020
Bank charges	490 982	310 008
Bursaries	-	88 741
Community development and training	33 085	640 217
Consulting and professional fees	10 281 438	9 264 434
Consumables	4 166 345	4 333 895
Debt collection	99 000	-
Electricity	10 735 738	4 806 259
Fines and penalties	1 394 449	253 265
Fuel and oil	1 178 793	1 401 451
Hire	261 549	1 182 186
IT expenses	14 927	335 317
Insurance	1 817 539	1 163 221
Motor vehicle expenses	26 378	104 247
Other expenses	-	99 582
Printing and stationery	1 480 984	1 170 027
Repairs and maintenance	5 216 900	3 374 620
Security (Guarding of municipal property)	479 811	3 140 604
Staff welfare	32 577	294 584
Subscriptions and membership fees	33 716	298 149
Telephone and fax	2 198 859	3 141 978
Travel - local	2 399 674	2 403 058
Uniforms	165 383	288 300
	48 722 536	41 746 465
37. Auditors' remuneration		
Fees	6 118 060	3 344 020
38. Operating deficit		
Operating deficit for the year is stated after accounting for the following:		
Operating lease charges		
Motor vehicles		
• Contractual amounts	1 234 596	724 278
Impairment on property, plant and equipment	22 332 364	26 650 434
Reversal of impairment on property, plant and equipment	34 091	34 264
Depreciation on property, plant and equipment	32 771 930	34 317 364
Employee costs	105 894 450	98 979 004

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
39. Cash generated from operations		
Deficit	(100 951 480)	(105 585 698)
Adjustments for:		
Depreciation and amortisation	32 771 930	34 317 364
Impairment deficit	22 298 273	26 616 170
Debt impairment	107 254 949	89 244 121
Movements in retirement benefit assets and liabilities	1 139 216	2 042
Movements in provisions	(661 573)	9 954 207
Changes in working capital:		
Inventories	149 466	(231 539)
Receivables from exchange transactions	7 581 899	(3 731 486)
Consumer debtors	(107 254 949)	(89 244 121)
Other receivables from non-exchange transactions	2 218 509	(886 574)
Payables from exchange transactions	91 126 110	100 726 724
VAT	(19 419 482)	(15 499 061)
Unspent conditional grants and receipts	250 095	(1 063 117)
Consumer deposits	45 631	49 556
	36 548 594	44 668 588

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020

2019

40. Financial instruments disclosure

Categories of financial instruments

2020

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	19 548 099	19 548 099
Other receivables from non-exchange transactions	2 832 937	2 832 937
Cash and cash equivalents	3 107 882	3 107 882
	25 488 918	25 488 918

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	704 707 420	704 707 420
Consumer deposits	1 576 337	1 576 337
	706 283 757	706 283 757

2019

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	27 129 998	27 129 998
Other receivables from non-exchange transactions	5 051 446	5 051 446
Cash and cash equivalents	1 958 146	1 958 146
	34 139 590	34 139 590

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	613 581 310	613 581 310
Consumer deposits	1 530 706	1 530 706
	615 112 016	615 112 016

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
41. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	64 348 921	79 458 849
Total capital commitments		
Already contracted for but not provided for	64 348 921	79 458 849
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	205 448	479 988
- in second to fifth year inclusive	205 448	479 988
	410 896	959 976

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020

2019

42. Contingencies

The following cases have been reported but not yet confirmed.

Name of entity/subsidiary	Management's description of matter (including current status, amount claimed and legal counsel's reference if known)	Management's estimate of the financial exposure (including costs and disbursements) 2020	Management's estimate of the financial exposure (including costs and disbursements) 2019	Legal counsel's remarks / Status
MJ Matlole	The case is a constructive dismissal matter referred to the CCMA. The claim amount is calculated at 12 months' remuneration.	1 300 000	-	Pending CCMA matter.
Ntiyiso Consulting	The matter relates to a claim instituted for alleged services rendered by Ntiyiso Consulting which is disputed by the Municipality as well as the manner in which they were appointed.	1 074 464	-	Pending High Court matter.
N&C Maintanance	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	The matter is about an accident due to a pothole and therefore the claim for damages for medical and future damages.	150 000	150 000	Pending High Court Litigation.
Blackbird Trading	Blackbird issued applications for payments against the Municipality	2 831 562	-	Pending High Court Litigation.
Blackbird Trading	Blackbird issued applications for payments against the Municipality	8 140 485	-	Pending High Court Litigation.
Emily Dhladhla	Emily Dhladhla is an application in the Labour Court for a review which is still pending. However, the matter has not at this time being prosecuted and will all probability have lapsed and have been archived.	100 000	100 000	Pending Labour Court Application

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020

2019

43. Related parties

Relationships

Accounting Officers

Mr J Matlole

Mr K Masekoane

Members of key management

Executive Mayor - Cllr. JE Sigasa

Speaker - Cllr. MM Mofokeng

Chief Whip - Cllr. FP Motloung

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. SA Mazibuko(Mosia)

Cllr. J Oost

Cllr. TL Moloi

Cllr. NE Rakoloti

Cllr. PS Sikhosana

Cllr. M Mokoena

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

43. Related parties (continued)

Remuneration of management

Management class: Board members

2020

	Basic salary	Allowances	Contributions to Medical and Pension Funds	Total
Name				
Municipal Manager - MJ Matlole	1 683 619	493 685	20 877	2 198 181
Municipal Manager (Seconded) - K Masekoane	312 796	-	-	312 796
Chief Financial Officer - MA Makoae	596 500	430 090	10 721	1 037 311
Director Planning & Infrastructure - DL Ramabitsa	639 765	386 826	10 739	1 037 330
Director Community Service - ZE Mofokeng	497 124	401 142	9 583	907 849
Director Corporate Service - PP Moloji	732 637	334 632	11 285	1 078 554
	4 462 441	2 046 375	63 205	6 572 021

2019

	Basic salary	Allowances	"Contributions to UIF, Medical and Pension Funds"	Total
Name				
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

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

Director Planning & Infrastructure (Acting) - AL Mphuthi

-	18 446	-	18 446
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Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

43. Related parties (continued)

5 616 207	1 159 476	76 029	6 851 712
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Management class: Councillors2020

Name	Basic Salary Contributions to Medical and Pension Funds	Travel Allowance	Cellphone Allowance	Total	
Mayor - Cllr. JE Sigasa	543 435	87 355	208 317	3 600	842 707
Speaker - Cllr. MM Mofokeng	429 740	74 910	166 654	3 600	674 904
Cllr. FP Motloung	261 486	3 434	87 162	44 400	396 482
Cllr. WC Motloung	220 704	35 497	84 603	3 600	344 404
Cllr. JJ Hlongwane	253 809	2 971	84 603	3 600	344 983
Cllr. TJ Kotsi	253 809	2 971	84 603	3 600	344 983
Cllr. CU Jafta	197 774	2 322	65 925	3 600	269 621
Cllr. LS Kubeka	197 774	2 322	65 925	3 600	269 621
Cllr. RP Mokuene	253 809	2 971	84 603	3 600	344 983
Cllr. MC Du Plessis	261 486	3 060	87 162	3 600	355 308
Cllr. PM Monaune	197 774	2 322	65 925	3 600	269 621
Cllr. SA Mazibuko(Mosia)	180 494	19 602	65 925	3 600	269 621
Cllr. J Oost	197 774	2 322	65 925	3 600	269 621
Cllr. TL Moloji	197 774	2 322	65 925	3 600	269 621
Cllr. NE Rakoloti	207 422	2 384	69 141	3 600	282 547
Cllr. PS Sikhosana	197 774	2 322	65 925	3 600	269 621
Cllr. MP Mokoena	197 774	2 288	65 925	-	265 986
	4 250 612	251 375	1 484 248	98 400	6 084 634

2019

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

43. Related parties (continued)

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 Motloug	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 Motloug	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

Refer to note "Remuneration of councillors"

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
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44. Change in estimate

Property, plant and equipment

During the valuation of landfill site provision for 2020 financial year the following amendments 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 4 310 190.47 Depreciation

after adjustment - R 851 614.15

Effect of change in estimate - R 3 458 576.32

During the valuation of landfill site provision for 2019 financial year the following amendments 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 390 372.51

Depreciation after adjustment - R 4 310 190.47

Effect of change in estimate - R 3 919 817.96

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020

2019

45. 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

2019

	Note	As previously reported	Correction of error	Restated
Payables from exchange transactions	15	(615 958 123)	2 376 813	(613 581 310)
Property, plant and equipment	3	861 903 573	6 538 058	868 441 631
Receivables from exchange transactions	8	28 345 755	(1 215 757)	27 129 998
Receivables from non-exchange transactions	9	1 816 442	3 235 004	5 051 446
Accumulated surplus		323 313 758	(10 631 441)	312 682 317
VAT Receivable	10	59 694 962	(302 677)	-
		599 421 405	-	599 421 405

Statement of financial performance

2019

	Note	As previously reported	Correction of error	Re-classification	Restated
Interest received	25	36 558 287	-	(3 181 332)	33 376 955
Depreciation, amortisation and impairments	3	(41 128 356)	(19 805 178)	-	(60 933 534)
Other (Non-exchange)		4 354 397	(653 160)	-	3 701 237
Interest - Taxation revenue		-	-	3 181 332	3 181 332
Finance costs		(48 082 520)	(214)	-	(48 082 734)
General expenditure		(39 993 506)	(1 752 959)	-	(41 746 465)
Remuneration of councillors		(5 929 312)	(27 500)	-	(5 956 812)
Debt impairment		(92 479 125)	3 235 004	-	(89 244 121)
Surplus for the year		(186 700 135)	(19 004 007)	-	(205 704 142)

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020

2019

45. Prior-year adjustments (continued)Errors

1. Payables from exchange transactions:

Transactions were identified that were processed in the incorrect financial year. Corrections made impacted Trade Payables Creditors, General expenses, VAT Payable and Accumulated Surplus accounts.

2. Property, plant and equipment:

Depreciation and impairment were recalculated and corrected as Impaired assets depreciation were not adjusted to be in line with the remaining useful life. Corrections made impacted Property, plant and equipment, Impairment, Depreciation and Accumulated Surplus accounts.

3. Receivables from exchange transactions:

The billing integration from the sub ledger did not fully integrate with the ledger module. Corrections made impacted Receivables from Exchange, Revenue for service charges, Trade Payables for Debtors with credit balances, Debt Impairment, VAT Receivable and Accumulated Surplus accounts.

4. Receivables from non-exchange transactions:

The billing integration from the sub ledger did not fully integrate with the ledger module. Corrections made impacted Receivables from Non-Exchange, Taxation Revenue, Trade Payables for Debtors with credit balances, VAT Receivable and Accumulated Surplus accounts.

5. Depreciation, amortisation and impairments:

Depreciation and impairment were recalculated and corrected as Impaired assets depreciation were not adjusted to be in line with the remaining useful life. Corrections made impacted Property, plant and equipment, Impairment, Depreciation and Accumulated Surplus accounts.

6. General Expenditure:

Transactions were identified that were processed in the incorrect financial year. Corrections made impacted Trade Payables Creditors, General expenses, VAT Payable and Accumulated Surplus accounts.

7. Remuneration of councillors:

Correction of councillors remuneration for 2019. Corrections made impacted Remuneration of councillors and Employee costs Basic and Pension.

8. Debt impairment:

Correction of initial bad debt provision for 2019. Corrections made impacted Receivables from non exchange, Debt Impairment and Accumulated Surplus accounts.

9. Interest received:

Interest received contained Interest for transactions from non exchange. Corrections made impacted Interest received and Interest received Other non exchange accounts.

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020	2019
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46. Comparative figures

Certain comparative figures have been reclassified / restated.

The effects of the reclassification / restatement are as follows:

1. Due to prior period corrections of Fruitless & Wasteful expenditure the population from 2012 to 2019 was re-evaluated for completeness and accuracy, the opening balances for 2019 have been restated from R 207 982 678 to R 158 675 983.
2. Due to prior period corrections of Irregular expenditure the population from 2012 to 2019 was re-evaluated for completeness and accuracy, the opening balances for 2019 have been restated from R 285 540 218 to R 423 644 923.
3. Due to prior period corrections relating to COAF's of 2020 where a Payable was recognized the Contingent liabilities comparative balances for 2019 have been restated from R 232 672 721 to R 1 550 000.

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020

2019

47. 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.

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 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	704 707 420	-	-	-

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	613 581 310	-	-	-

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020

2019

47. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

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	2020	2019
Receivables from non-exchange transactions	19 548 099	27 129 998
Receivables from exchange transactions	2 832 937	5 051 446
Bank balances	3 107 882	1 958 146

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

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 risk

Price risk

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020

2019

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.

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020

2019

48. Going concern

We draw attention to the fact that at 30 June 2020, the municipality had an accumulated surplus (deficit) of R 194 990 058 and that the municipality's total assets exceed its liabilities by R 229 369 087. The current liabilities of R 710 237 568 (2019: R 617

926 237) exceeded its current assets R 105 548 057 (2019: R 94 906 540).

The audited 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:.

1. Suppliers are not paid within the legislative 30 days;
2. Employee benefit obligations are unfunded; refer note 6
3. High levels of distribution losses; refer note 52
4. Slow collection and low recoverability of outstanding consumer accounts; and
5. 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.

49. Unauthorised expenditure

Opening balance as previously reported	1 406 842 685	1 228 963 131
Opening balance as restated	1 406 842 685	1 228 963 131
Add: Expenditure identified - current	164 523 565	177 879 554
Closing balance	1 571 366 250	1 406 842 685

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)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
50. Fruitless and wasteful expenditure		
Opening balance as previously reported	211 212 278	158 675 983
Opening balance as restated	211 212 278	158 675 983
Add: Expenditure identified – current	54 055 669	52 536 295
Closing balance	265 267 947	211 212 278

Mafube Local Municipality

(Registration number FS205)

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

Figures in Rand

50. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

	2020	2019
Summary of fruitless and wasteful		
Absa - interest on bank charges	2 191	2 325
AGSA - interest on overdue account	688 587	260 053
Department of Water & Sanitation - Interest on overdue accounts	21 158 640	18 321 227
Eskom - interest on overdue account	19 042	98 486
Manley Inc Trust - Interest and execution costs	-	44 533
FNB - interest on bank charges	497	-
Municipal Council Pension Fund interest on overdue account	52 909	26 245
PSN Inc	-	1 058
Rural Free State - interest on overdue account	11 745 465	12 782 554
Rural Maintenance - interest on loan	-	234 582
SA Post Office - Penalty for late renewal	-	40
SALA Pension fund - interest on overdue account	9 014 497	8 148 694
SALGBC - Fine for non-payment	-	10 000
SAMWU Pension fund - interest on overdue account	7 625 312	8 827 979
SARS - interest & penalties	3 748 529	2 774 053
Telkom SA	-	4 950
VIP Consulting	-	999 516
	54 055 669	52 536 295

Mafube Local Municipality

(Registration number FS205)

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
51. Irregular expenditure		
Opening balance as previously reported	486 465 439	423 644 923
Opening balance as restated	486 465 439	423 644 923
Add: Irregular Expenditure - current	61 640 179	62 820 516
Closing balance	548 105 618	486 465 439

Mafube Local Municipality

(Registration number FS205)

Audited Annual Financial Statements for the year ended 30 June 2020

Notes to the Audited Annual Financial Statements

Figures in Rand

2020

2019

51. Irregular expenditure (continued)

Incidents/cases identified in the current year include those listed below:

	Summary of irregular expenditure	
Bid specifications Committee not in place	8 225 249	3 562 723
Competitive bidding not invited	16 403 869	22 189 182
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	15 590 662	6 382 515
Declaration of interest not submitted	691 506	5 064 865
Lowest quote not awarded	-	4 741
No evidence of bids being advertised.	4 100 229	3 520 816
Expenditure not approved by a delegated official	-	468 412
Preference point system not applied	12 173 913	14 455 858
No supporting documents	61 117	52 613
Suppliers not on CSD	450 552	316 572
Overpayment of MM salary	786 221	1 610 317
Three written quotations not invited	3 156 861	5 162 769
No evidence of tax clearance certificate	-	29 133
	61 640 179	62 820 516

52. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	3 067 962	3 054 662
2018/2019 subscription / fee	-	118 357
2019/2020 subscription / fee	124 669	-
Amount paid - current year	(54 194)	(105 057)
Amount paid - previous years	(13 300)	-
	3 125 137	3 067 962

Material losses

Water Distribution loss	25 076 608	18 356 703
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Audit fees

Opening balance	2 798 477	-
Current year subscription / fee	7 724 356	4 105 676
Amount paid - current year	-	(1 307 199)
	10 522 833	2 798 477

PAYE and UIF

Opening balance	57 482 593	57 488 039
Current year subscription / fee	13 852 103	13 027 502
Amount paid	(12 581 877)	(15 708 992)
Interest and penalties	3 735 888	2 676 044
	62 488 707	57 482 593

Pension and Medical Aid Deductions

Opening balance	89 131 015	66 531 491
Current year subscription / fee	22 931 422	20 373 814
Amount paid	(34 143 577)	(13 896 491)
Interest	16 692 718	16 122 201
	94 611 578	89 131 015

VAT

VAT receivable	78 811 767	59 392 285
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VAT Receivable are shown in note 10.

All VAT returns have been submitted for the year.

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020 2019

52. 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 2020:

30 June 2020	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
J Oost	3 472	331	3 803
JT Kotsi	2 419	37 983	40 402
M Moloji	2 372	16 308	18 680
SA Mosia	2 011	3 530	5 541
UC Jafta	3 327	39 166	42 493
JJ Hlongwane	987	2 983	3 970
RP Mokuene	3 991	101 357	105 348
TL Moloji	3 196	52 586	55 782
WC Motloung	1 633	19 196	20 829
SP Monaune	1 009	16 094	17 103
M Mokoena	1 642	22 508	24 150
	26 059	312 042	338 101

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 Moloji	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 Moloji	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

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

30 June 2020	Highest outstanding amount	Aging (in days)
J Oost	331	120
JT Kotsi	35 164	270
M Moloji	13 507	270
SA Mosia	1 702	270
UC Jafta	36 126	270
JJ Hlongwane	1 899	270
RP Mokuene	95 938	270
TL Moloji	48 855	270
WC Motloung	17 159	270
SP Monaune	14 855	270

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
M Mokoena	20 629	270
	286 165	2 820

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

2020 2019

52. Additional disclosure in terms of Municipal Finance Management Act (continued)

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 Jaffa	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
SP Monaune	12 156	270
	226 177	3 000

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
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52. Additional disclosure in terms of Municipal Finance Management Act (continued)

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
Emergency	357 062	3 199 625
	357 062	6 435 853

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.

1. 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.
2. Due to the 2018 Audit that only completed in January 2020 the opening balances for 2019 could be transferred.
3. Due to Financial systems limitations the debtors sub ledger did not balance.
4. Due to the National Pandemic (COVID-19) and the regulations & precautions thereof constrained the operational functions of the municipality.

In terms of section 32 (4) states the accounting officer must promptly inform the mayor, the MEC for local government in the province and the Auditor-General, in writing, of –

- a. any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality;
- b. whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and
- c. the steps that have been taken—
 1. to recover or rectify such expenditure; and
 2. to prevent a recurrence of such expenditure.

Due to the following reasons the unauthorised, irregular and fruitless & wasteful expenditure was not reported.

1. 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.
2. Due to the 2018 Audit that only completed in January 2020 the opening balances for 2019 could be transferred.

Mafube Local Municipality

(Registration number FS205)

Notes to the Audited Annual Financial Statements

Figures in Rand

	2020	2019
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3. Due to Financial systems limitations the debtors sub ledger did not balance.
4. Due to the National Pandemic (COVID-19) and the regulations & precatons thereof constrained the operational functions of the municipality.

53. 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 audited annual financial statements.