

MADIBENG LOCAL MUNICIPALITY



2017/18 ANNUAL REPORT

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INTRODUCTION

The Municipal Annual Report is one of the three (3) important documents that the Municipality must develop and table before Council in every financial year. The other two (2) documents are the Integrated Development Plan (IDP), which is a 5-Year long Council Strategic Planning Document, and the Municipal Annual Budget, which make provision for the collection of municipal revenue and the allocation of financial resources towards the implementation of the capital as well as the operational programmes of Council.

The Integrated Development Plan and the Annual Budget are both forward-looking documents in that they are prepared and adopted ahead of the commencement of the relevant financial year, setting out the pre-determined objectives with regard to what the municipality intends doing and how. The annual report, which is the document we are concerned with here, is backward-looking, reporting on the actual performance at the end of financial year on how the Municipality has implemented the Integrated Development Plan and Budget through the Service Delivery & Budget Implementation Plan.

In terms of section 121 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the Municipality must for each and every financial year, prepare the annual report for submission and consideration by Council of a municipality within a period of nine (9) months from the end of a financial. The purpose of the annual report is to:

- *To provide a record of the activities of the municipality during the financial year to which the annual report relates, both financial (budget implementation) as well as non-financial (service delivery performance) information to provide feed-back to the community and all other key stakeholders.*
- *To provide a report on the performance against the budget of the municipality for that financial year.*
- *To promote accountability to the local community for the decisions the Municipality made throughout the financial year.*

Section 46 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) provides that the Municipality must prepare for each financial year a performance report consisting of the following:

- *Performance of the Municipality and of each service provider during the financial year.*
- *Comparison of the performance of the financial year of reporting with the performance of the previous financial year.*
- *Measures taken to correct and improve the performance, where it was not satisfactory.*

The annual performance report must form part of the Municipality's annual report prepared and handled in terms of Chapter 12 of the Local Government: Municipal Finance Management Act, 2003.

The MFMA Circular 63: Annual Report Update dated 26 September 2012, provides for the submission of the draft annual report within a period of two (2) months from the end of the financial year in lieu of the annual performance report in terms of section 46 of the Local Government: Municipal System Act, 2000. This draft annual report is prepared with due consideration of the legislator and policy framework mentioned above.

CHAPTER:1

1.1 EXECUTIVE MAYOR'S FOREWORD



CLLR J.M MOTHIBE INTRODUCTION

The 2017/18 Year marked the 2nd year of the current term of Council wherein we are expected as local government to raise the bar in terms of service delivery amidst the triple challenges of inequality, poverty and unemployment confronting the country, and the Municipality alike.

Being a community centred municipality, it is worth noting that we have continued to collaborate with the administrative arm of the municipality and together as a collective brought about a sound administration with a sole mandate of ensuring that we deliver on our mandate of improving the quality of livelihoods of our communities.

Together as a collective, we have employed extra efforts in ensuring that we successfully implement all registered capital projects and in instances where we could not meet deadlines, we have put stringent measures to ensure such projects are ultimately delivered without any compromise.

Our Council is committed to clean, accountable and transparent governance, where we expect nothing else but high standards in service delivery by all functionaries of the Municipality.

With Service delivery being the core business of the municipality, we continued to implement major infrastructural projects during the 2017/2018 financial year prioritising in water supply projects in varying areas of our municipality

It is worth noting that we closed the year with satisfactory progress made in all projects executed and we are indeed looking forward to have it ultimately concluded to address the challenges we are facing as the municipality where the demand of the service far surpasses supply.

Revenue collection rate in the municipality remains a concerning factor, in that it remained far below the National norm, where households owed the municipality more than R1 billion. The dire consequence of this low collection and payment rate is the reduced infrastructure investment by the municipality in varying wards, thereby addressing the developmental aspirations of communities therein.

Secondly, this low payment rate for services consumed, meant that the municipality is rendering services at a loss, and in return rendered unable to pay its creditors within the stipulated timeframes due to insufficiency of funds.

Public Participation

Public Participation remains the cornerstone of our endeavour to put our people first when it comes to developmental matters concerning them.

It is an essential element of successful good local governance and it is against this background that we have been consistent in adhering to implementation of all legislated Public Participation processes, procedures and mechanisms.

We continued to afford our people opportunity to guide us as far as their needs are concerned and have done so by involving them from the primary stage of the Integrated Development Planning.

During the period October –November 2017 the municipality conducted Ward Level IDP Public Participation Meetings whereby communities were afforded an opportunity to consider and re-prioritise their developmental needs.

This was followed later on in the month of December by the IDP Representative Forum where the Municipality's needs were subsequently confirmed as thus:

- 1) Water and Sanitation
- 2) Roads and Storm-water
- 3) Electricity
- 4) Social Services
- 5) Land and Housing
- 6) Local Economic Development

Implementation of some of our projects were on numerous occasions interrupted by members of the public preventing contractors from performing their work.

Amidst all the recorded success and challenges our municipality finds itself in, we would continue to sound a clarion call to all the stakeholders within our municipality, to join us in our endeavour to make our municipality a better, where all members of our communities enjoys healthy and sustainable quality of life.

As the Council of Madibeng Local Municipality, we would love to thank all those who tirelessly work towards an effectively functioning municipality.

Sincerely Yours in Developmental Local Government.



CLLR. JM MOTHIBE
EXECUTIVE MAYOR



1.2 MUNICIPAL MANAGER'S FOREWORD

**MM MALULEKA
MUNICIPAL MANAGER**

INTRODUCTION

The 2017/18 Annual Report affords us an opportunity to give feedback and account for the performance of the Municipality against the pre-determined targets as encapsulated in the 2017/18 Integrated Development Plan (IDP) and Annual Budgets respectively, the implementation of which was ensured through the 2017/18 Budget and Service Delivery Implementation Plan (SDBIP).

The 2017/18 IDP and Annual Budget respectively were compiled with the primary view of ensuring that the Municipality adequately responsive towards a realization of the following objects of Local Government as espoused in the Constitution of the Republic of South Africa:-

- a) to provide democratic and accountable government for local communities;
- b) to ensure the provision of services to communities in a sustainable manner;
- c) to promotes social and economic development;
- d) to promote a safe and healthy environment; and
- e) to encourage the involvement of communities and community organisations in the matters of local government.

Accordingly, in an endeavour to realize the aforementioned objects of Local Government within its space, the Madibeng Local Municipality duly performed the following functions as our developmental priorities:-

- a) Water and Sanitation;
- b) Electricity Supply;
- c) Roads and Storm water;
- d) Refuse Removal;
- e) Financial Sustainability; and
- f) Human Settlements.

To effectively monitor and evaluate our performance of the Municipality and all those individuals assigned to the Municipality through the Constitution and other founding pieces of Legislation, we categorised them in the following National Key Performance Areas:-

- a) Basic Service Delivery and Infrastructure Development;
- b) Local Economic Development;
- c) Good Governance and Public Participation;
- d) Municipal Financial Viability and Management;
- e) Spatial Rationale and Transformation; and
- f) Municipal Transformation and Institutional Development.

Accordingly, the performance of the Municipality against all these KPAs is outlined in the Annual Performance Report (APR), which is one of the key constituent components of the 2017/18 Annual Report.

According to the APR, the following performance highlights are recorded: -

- a) Managed to fill all the critical posts including Senior Management Positions;
- b) Managed on the number of households (hh) with access to refuse removal services;
- c) Managed to increase the access of water supply to our communities;
- d) Managed to improve on the quality of our water;
- e) Managed to improve on implementation and expenditure rate of MIG; and
- f) Managed to increase number of job creation opportunities

During the 2017/18 Financial Year, the Municipality had all but one Senior Management positions filled. Director: Planning and Human Settlement, was a position that was still vacant by the end of the year under audit.

While the Municipality had enhanced its human capital capacity, its ability to increase its infrastructural investment during the year under audit was negatively impacted by the low payment rates of services consumed, with household being the highest debtors to the Municipality by R1.3 Billion. This resulted into the municipality's collection rate being consistently far below the National Norm of 95%

Consequently, the audit opinion for the 2017/18 Audit year was a **Disclaimer**, which represents no improvement and/or regression from the two preceding Audit Years, i.e. 2016/17 and 2015/16 respectively.

Key amongst the contributing factors to this audit outcome were: -

- a) Cash and Cash;
- b) Revenue and Trade Receivables;
- c) Expenditure and Trade payables;
- d) Investment Properties; and
- e) Contract Management

Majority of these findings were recurring from previous financial years, which is indicative of the fact that measures implemented were not adequate to effectively address them, and clear them from the audit file. In majority of these findings, the Auditor-General South Africa (AGSA) raised a limitation of Scope, signalling the chronic challenge with our record management systems, procedures and controls.

Moving forward, the Municipality have since developed Post Audit Action Plan (PAAP) within which all the findings; causal factors; corrective measures; timeframes and responsible persons are incorporated to ensure adequate attendance and improvement in all the findings therein.

We therefore wish to sound a clarion call to all our stakeholders to partner with us as we work towards making our Municipality work for the betterment of the livelihoods of our communities.

It is our outmost believe that the vast wealth of knowledge and expertise amongst our officials; astute and visionary leadership by our Political principals and development activisms of our communities we possess the ultimate chalice requisite for Madibeng to realize its developmental vision of ***"Madibeng, the Prosperous Platinum and Green Tourism City"***

As the Administration of Madibeng Local Municipality, we wish to thank all who have contributed towards the preparation of all documents which lead to the finalization of this, 2017/18 Annual Report

As we progressively work towards improving the quality of livelihoods for all our communities.

We thank you in advance for your unequivocal support.

Sincerely Yours



MM MALULEKA
MUNICIPAL MANAGER

1.3 MUNICIPAL OVERVIEW

1.3.1 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

History of Madibeng: The town Brits was founded on 25 May 1924 on the farm Roode Kopjes and named after the owner, Gert Brits. The town gained municipal status in 1944 and during 2000 the Municipalities of Brits and Hartbeespoort were incorporated and named NW372. During 2001 it was renamed to Madibeng Local Municipality.

A concise description of the Madibeng Local Municipality is set out below.

Madibeng is classified as a category B Municipality, functioning through the Executive Mayoral System. The Municipality was recently demarcated into 41 wards and the Municipal Council comprises of 82 Councillors, (of which 10 are members of the Mayoral Committee), with a full-time Speaker, Chief Whip and Executive Mayor.

Madibeng consists of several urban and rural areas, villages, farm portions, as well as a proper established and serviced industrial area.

The following Traditional Authorities are situated within the jurisdiction of Madibeng:

- Mmakau Tribal Office
- Baapo ba Mogale Tribal Office, Bapong
- Bakwena ba Mogopa, Jericho
- Bakwena Ba Mogopa Tribal Office, Hebron
- Batang Tribal Office Maboloka

One of the advantages of Madibeng is its central location in the North West Province, with Pretoria, Johannesburg, Rustenburg and Krugersdorp as bordering neighbours.

As the neighbouring towns are easily accessible through road networks, residents are not confined to employment in the Madibeng jurisdiction alone, but can easily commute to workplaces in the cities and other towns. Furthermore, the Lanseria Airport is situated a mere 40 kilometres from Brits.

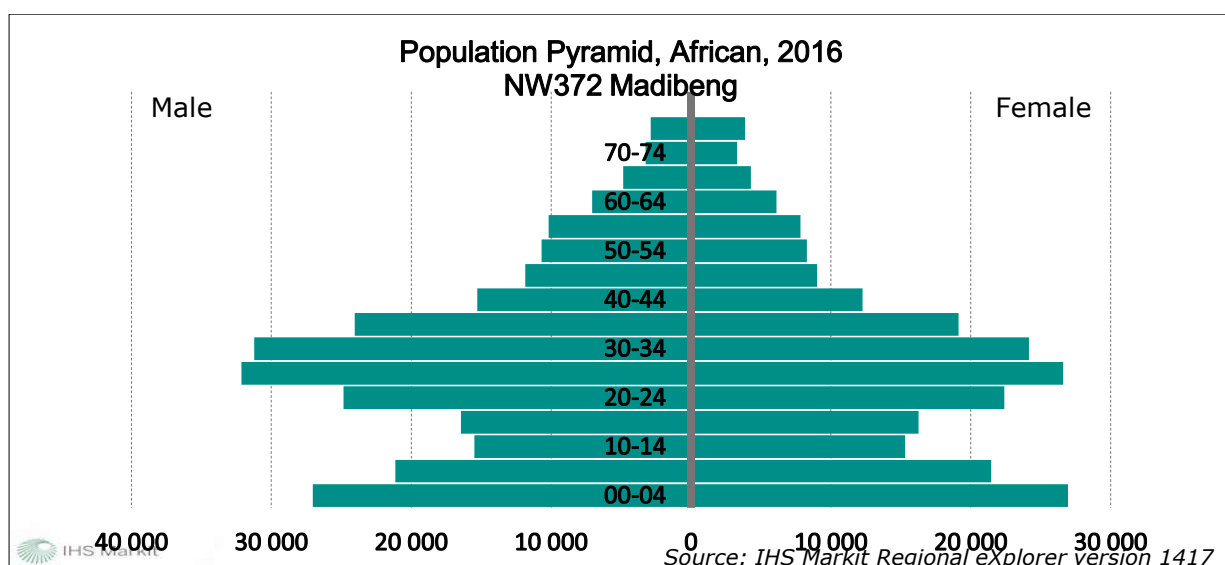
The most prominent economic activities include manufacturing, mining and agriculture. Mining is tending to out-perform the agriculture sector. The area is the world's third largest chrome producer and includes the richest Platinum Group Metals Reserve (situated on the Merensky Reef). Manufacturing is the dominant sector, with motor industry related activities predominant.

NATURAL RESOURCES	
Natural Resources	Relevance to community
Chrome	3 rd largest chrome producer in the world- employs a larger number of the workers around Madibeng.
Platinum	Richest Platinum Group Metals Reserve
Granite	Creating employment
Dams(Hartespoortdam,Klipvoordam)	Reserve Water
Rivers(Crocodile)	Source of water
Mountains(magaliesburg Range)	Recreational and Tourism

MUNICIPAL FUNCTIONS	
DEPARTMENT PORTFOLIO	CORE FUNCTIONS
Budget and Treasury Office	Revenue; Expenditure and Supply Chain Management; Budget and Risk Management
Corporate Support Services	Human Resource Management and Training; Administration; Records and Secretariat Services,
Human Settlement & Planning	Housing, Land Administration, Town Planning; Building Control
Infrastructure & Technical Services	Project Management Unit, Water & Sanitation, Electricity, Roads & Storm Water
Community Services	Solid Waste and Environmental Management; Parks, Sports and Recreation
Economic Development & Planning	Agriculture, Tourism, SMME
Public Safety & Social Development	Security, Traffic, Fleet & Facilities and Fire
IDP, PMS & Internal Audit	Municipal Strategic Planning, Performance Management and Auditing
Special Programs and Traditional Affairs	Traditional Leadership, Youth, Gender, Disabled, Children, HIV/Aids and Aged
Intergovernmental Relations and Communications	Marketing, Communications and Intergovernmental and Stakeholder Relations

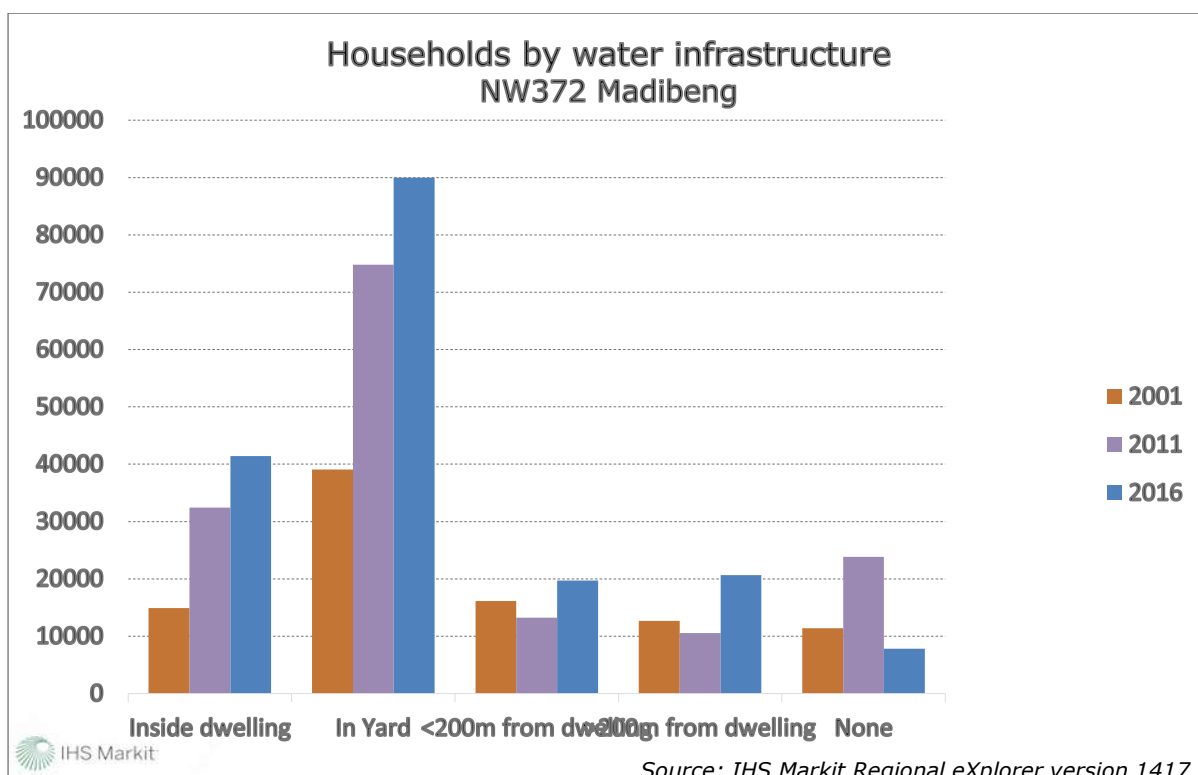
DEMOGRAPHIC STATISTICAL OVER VIEW, AS PER CENSUS 2016

POPULATION GROUP		
Comparative Periods	2011	2016
Black African	424 874	485 639
Coloured	3 910	4 773
Indian Or Asian	2 410	2 946
White	43 556	49 030
TOTAL	474, 750	542, 388

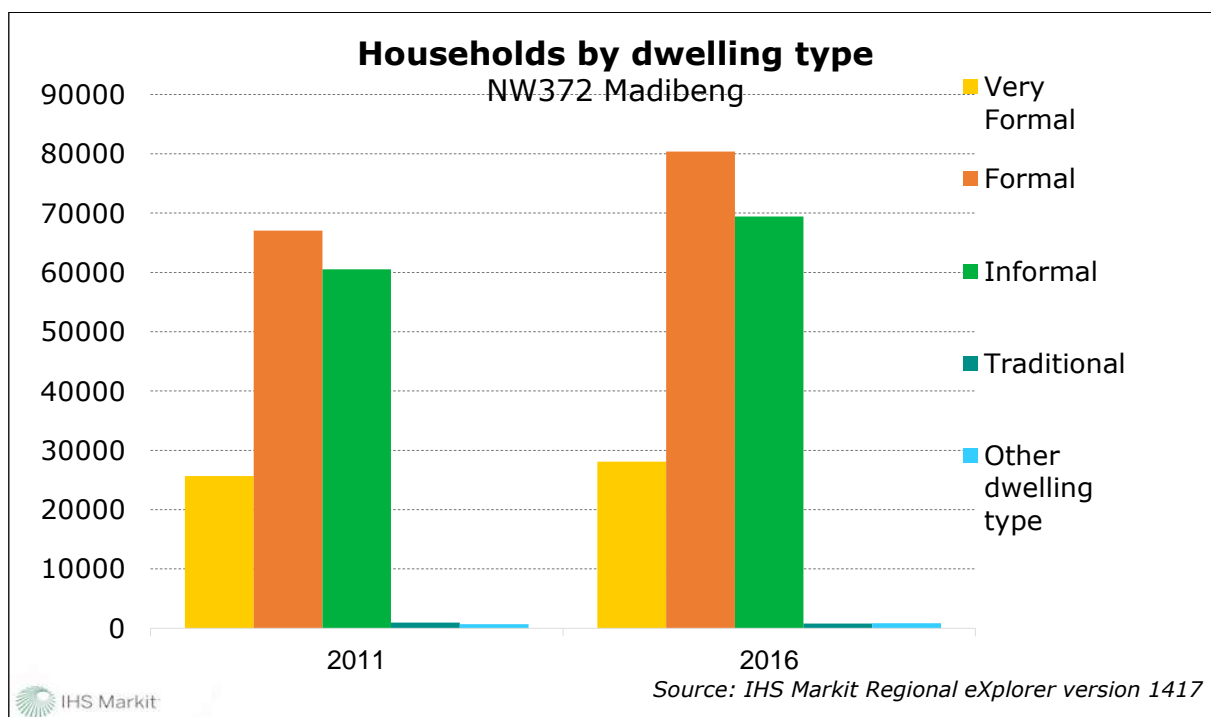
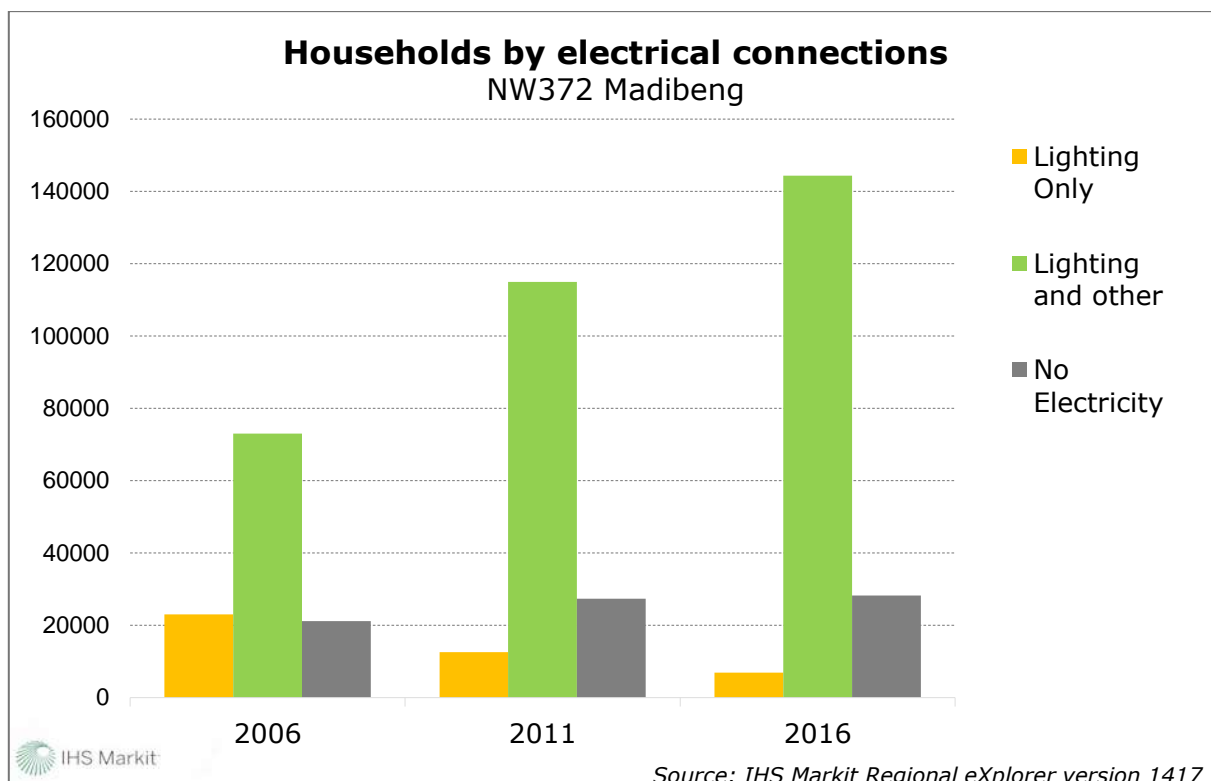


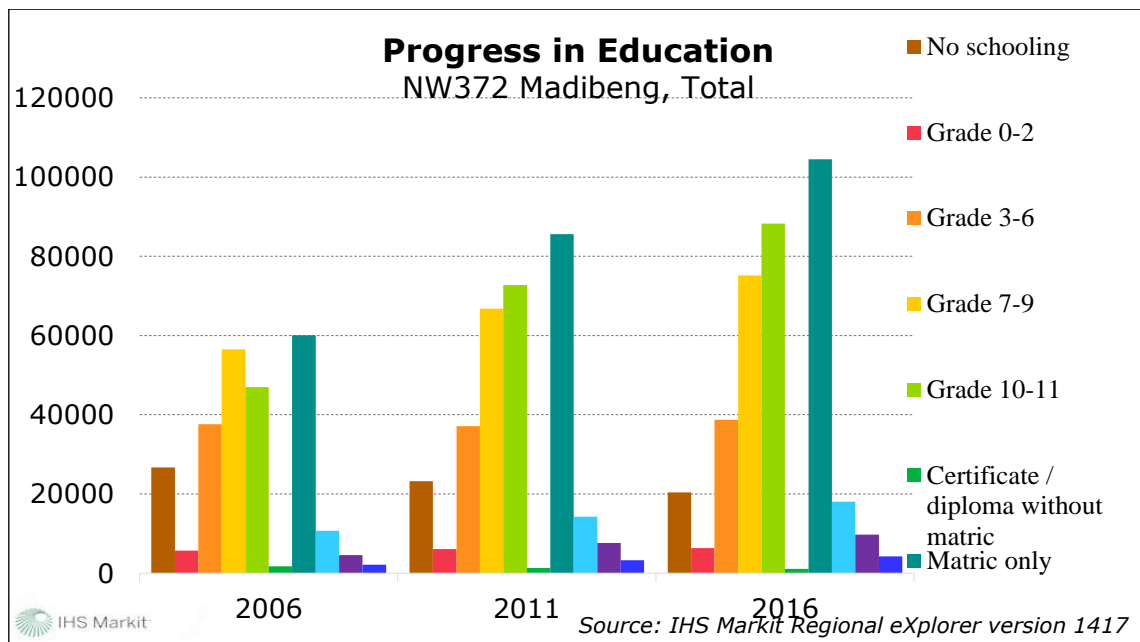
The most prominent economic activities include manufacturing, mining and agriculture. Mining is tending to out-perform the agriculture sector. The area is the world's third largest chrome producer and includes the richest Platinum Group Metals Reserve (situated on the Merensky Reef). Manufacturing is the dominant sector, with motor industry related activities predominant.

NUMBER OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES		
WATER SERVICES		
COMPARATIVE PERIODS	2011	2016
Piped water inside dwelling	32 454	41 414
Piped water in yard	74 781	89 962
Communal piped water: less than 200m from dwelling (At RDP-Level)	13 255	19 722
Communal piped water: more than 200m from	10 580	20 647

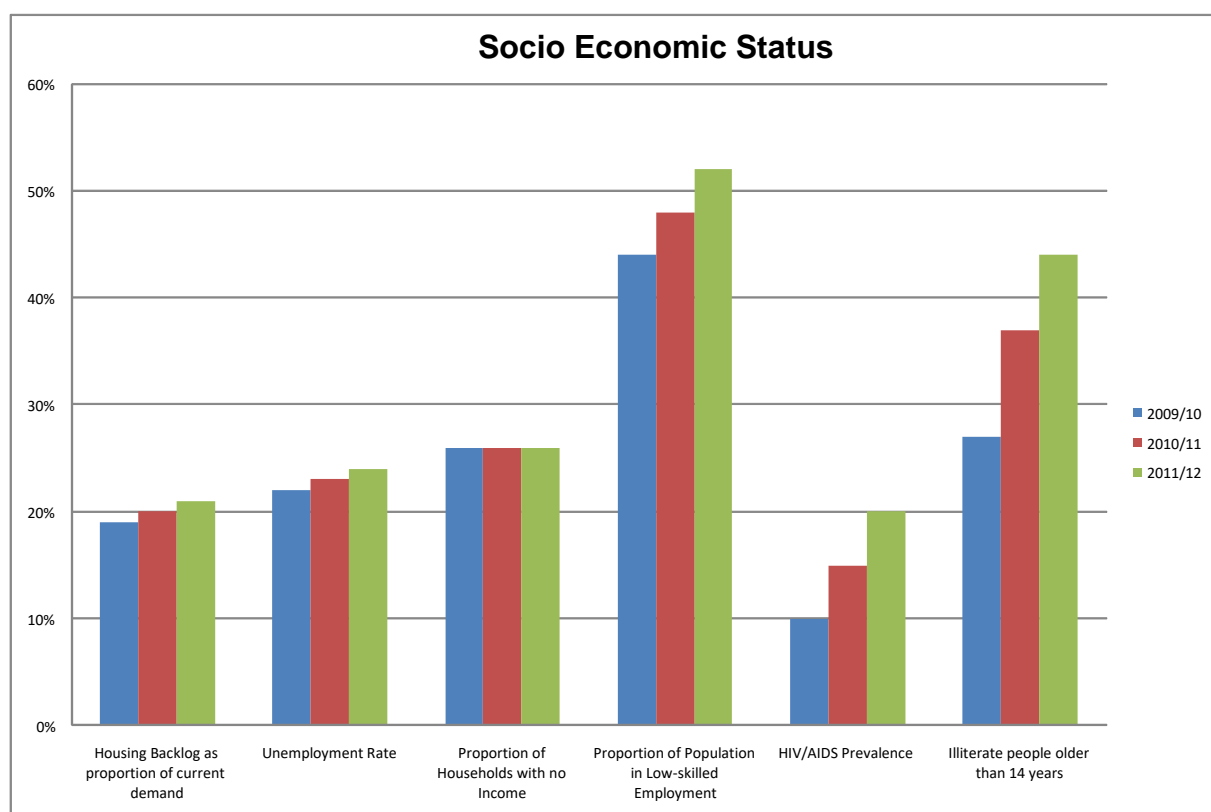


NUMBER OF HOUSEHOLDS BY ELECTRICITY USAGE		
ELECTRICITY CONNECTIONS		
COMPARATIVE PERIODS	2011	2016
Electricity For Lighting Only	12 608	6 944
Electricity Lighting And Other Purposes	114 933	144 394
Not Using Electricity	27 368	28 250
TOTAL	154 910	179 587





NUMBER OF HOUSEHOLDS BY TYPE OF TOILET		
SANITATIONS		
COMPARATIVE YEARS	2011	2016
Flush	52 510	64 645
Ventilation Improved Pit (Vip)	19 625	21 699

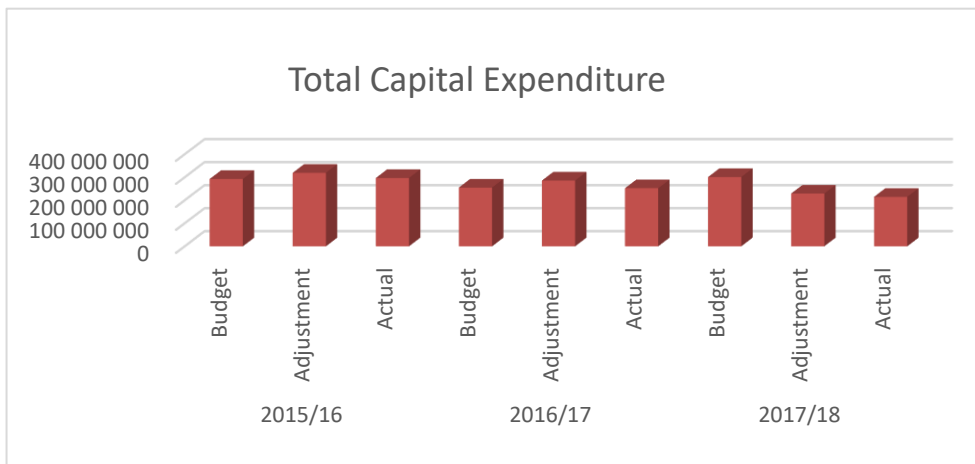


1.3.2 FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW: 2017/2018 (R'000)			
Details	Original Budget	Adjustment Budget	Actual
Income:			
Grants	872 738 000	783 374 000	780 488 000
Taxes, Levies and tariffs	996 439 792	987 145 243	918 162 651
Other	120 012 000	132 145 169	125 413 444
Sub Total	1 989 189 792	1 902 664 411	1 824 064 095
Less: Expenditure	2 293 154 170	2 458 352 173	2 135 177 107
Net Total (Deficit)	-R303 964 378	-R555 687 762	-R311 113 012
T.1.4.2			

OPERATING RATIOS		
DETAILS	ORIGINAL%	ADJUSTED%
Employee Cost	17%	17%
Repairs & Maintenance	4%	4%
Finance Charges & Impairment	31%	30%
T 1.4.3		

TOTAL CAPITAL EXPENDITURE 2015/2016 TO 2017/2018								
2015/16			2016/17			2017/18		
Budget	Adjustment	Actual	Budget	Adjustment	Actual	Budget	Adjustment	Actual
292 461 000	319 139 190	296 831 984	255 211 000	285 573 800	252 614 260	301 005 000	229 116 000	214 819 453



CHAPTER 2: GOVERNANCE

2.1 INTRODUCTION TO GOVERNANCE

The 4th Local Government Municipal Elections in the Republic of South Africa were held on the 03 August 2016. The official business of Madibeng Local Municipality for the 2016/2017 financial year commenced with the convening of the inaugural Council meeting on the 18 August 2016 where the following political office bearers were elected in terms of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998):

- *Speaker: Councillor K S Ntshabele.*
- *Single Whip: Councillor PB Makgabo.*
- *Executive Mayor: Councillor JM Mothibe.*

The following councillors were also elected at the same meeting to represent Madibeng Local Municipality at the Bojanala Platinum District Municipality:

#	NAME OF COUNCILLOR	GENDER		PARTY	# OF VOTES	SEAT ALLOCATION	
		MALE	FEMALE			1ST	FINAL
1	EE Tanke		x	ANC	45	6.428	7
2	ML Makgale	x					
	OD Marapyane	3					
4	TS Bogale	x					
5	MW Motlhasedi	x					
6	JT Moabi	x					
7	HT Phalwane	x					
8	E van der Schyff	x		DA	19	2.714	3
9	MZ Banda		x				
10	JC van Rhyn	x					
11	KS Komape	x		EFF	14	2.0	2
12	J Mosito		x				
13	MM Sekgothe		x	F4SD	2	0.285	1
	TOTAL	10	4		80		13

2.2 COMPONENT A: POLITICAL GOVERNANCE

2.2.1 INTRODUCTION TO POLITICAL GOVERNANCE

Council remain the highest decision making body in the municipality and exercises both legislative and executive powers within the area of jurisdiction of Madibeng. Council of Madibeng Local comprises of a total 82 Councillors, under stewardship of the speaker who also chairs the Council.

Both the political and administrative wings of the municipality have supporting and advisory structures around to advise and assist during the Council decision making matrix. It also encourages good governance through the collective and joint decision making process. Public participation also enhances the principle of good governance in the decision making process.

POLITICAL STRUCTURE

EXECUTIVEMAYOR: CLLR JOSTINA MOTHIBE



SPEAKER: CLLR K NTSHABELE



CHIEF WHIP: CLLR PB MAKGABO



MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE			
 <p>EXECUTIVE MAYOR: CLLR JOSTINA MOTHIBE</p>	 <p>MMC: ROADS & TRANSPORT CLR PA PHETLHE</p>	 <p>MMC: PLANNING & HUMAN SETTLEMENTS CLR J SEFUDI</p>	
 <p>MMC: PUBLIC SAFETY, FLEET & FACILITIES MANAGEMENT CLR MM MACHETE</p>	 <p>MMC: CORPORATE SUPPORT SERVICES CLR ETM MODISE</p>	 <p>MMC: BUDGET & TREASURY OFFICE CLR SDN NTHANGENI</p>	 <p>MMC: ECONOMIC DEVELOPMENT, TOURISM & AGRICULTURE CLR DS MAIMANE</p>
 <p>MMC: INFRASTRUCTURE & TECHNICAL SERVICES CLR J RATLOI</p>	 <p>MMC: IDP/PMS/LEGAL SERVICES CLR SM MAUNATLALA</p>	 <p>MMC: COMMUNITY DEVELOPMENT CLR MP TLHOPANE</p>	 <p>MMC: IGR & SPECIAL PROJECTS CLR NM MAQAKAMBA</p>

Madibeng Local Municipality is an Executive Mayoral and Ward Participatory System type of the Municipality and Council which exercises both the executive and legislative powers to plough the culture of good corporate governance and accountability in the Municipality as all Council delegates are expected to report to Council on regular basis on the decisions taken in the course of exercising delegated powers of authority.

Municipality also established the following ten (10) Portfolio Committees in terms of section 80 of the same Act:

#	DESCRIPTION		CHAIRPERSON
	COMMITTEE	PORTFOLIO	
PC.01	Finance	Budget & Treasury Office	MMC SDN Nthangeni
PC.02	Corporate Services	Corporate Support Services	MMC ETM Modise
PC.03	Economic Development	Economic Development, Tourism & Agriculture	MMC DS Maimane
PC.04	Planning	Planning & Human Settlement	MMC J Sefudi
PC.05	Community Development	Community Development	MMC M Thlopane
PC.06	Public Safety	Public Safety & Facilities Management	MMC MM Machete
PC.07	Infrastructure Development	Infrastructure & Technical Services	MMC J Ratloi
PC.08	IDP/PMS/Legal Services	IDP/PMS/Legal Services	MMC SM Maunatlala
PC.09	Roads & Transport	Roads & Transport	MMC PA Phetlhe
PC.10	IGR & Special Projects	IGR & Special Projects	MMC NM Maqakamba

The Political decision making process of Council also depends on the delegation of authority amongst political office bearers.

During the above-mentioned 12 meetings, Council took 152 resolutions, of which 78 have been executed and 74 are still outstanding:

STATUS OF COUNCIL RESOLUTIONS FOR 2017/2018 FINANCIAL YEAR			
DIRECTORATE/OFFICE	TOTAL	EXECUTED	OUTSTANDING
Office of the Municipal Manager	34	19	15
Planning & Human Settlement	17	10	7
Corporate Support Services	16	16	0
Community Development	10	10	0
Budget & Treasury Office	37	2	35
Infrastructure & Technical Services	10	0	10
Economic Development, Tourism & Agriculture	22	21	1
Public Safety, Fleet & Facilities Management	6	0	6
TOTAL	152	78	74

2.2.2 FUNCTIONALITY OF COUNCIL AND SECTION 80 COMMITTEES

The Council has an approved municipal calendar and it serves as the annual programme for meetings of the Council, Mayoral Committee and section 80 Committees. The calendar also includes other meetings other than those of Council or its Committees.

The Council established ten (10) Portfolio Committees in terms of section 80 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998).

During the 2017/2018 financial year, Council met 12 times (*4 ordinary + 8 special meetings*) as follows:

COUNCIL MEETINGS			
ORDINARY COUNCIL MEETINGS		SPECIAL COUNCIL MEETINGS	
NO	DATE	NO	DATE
1	29 August 2017	1	2 November 2017
2	28 November 2017	2	26 January 2018
3	27 February 2018	3	31 January 2018
4	29 May 2018	4	22 February 2018
5	N/A	5	27 March 2018
6	N/A	6	29 March 2018
7	N/A	7	18 April 2018
8	N/A	8	27 June 2018

MAYORAL COMMITTEE MEETINGS			
ORDINARY MEETINGS		SPECIAL MEETINGS	
NO	DATE	NO	DATE
1	26 July 2017	1	24 August 2017
2	16 August 2017	2	27 November 2017
3	27 September 2017	3	24 January 2018
4	15 November 2017	4	25 January 2018
5	31 January 2018	5	27 February 2018
6	11 April 2018	6	26 March 2018
7	22 May 2018	7	22 June 2018

The Council Portfolio Committees should also meet on monthly basis and during the 2017/2018 financial year, all ten (10) Portfolio Committees met as follows:

PORTFOLIO COMMITTEE MEETINGS				
#	NAME OF PORTFOLIO COMMITTEE	PLANNED	ACTUAL	DEFICIT
PC.1	Financial Committee	11	3	8
PC.2	Corporate Services Committee	11	9	2
PC.3	Economic Development Committee	11	6	5
PC.4	Planning Committee	11	6	5
PC.5	Community Services Committee	11	4	7
PC.6	Public Safety Committee	11	0	11
PC.7	Infrastructure Development Committee	11	1	10
PC.8	IDP/PMS/Legal Services Committee	11	1	10
PC.9	Roads & Transport Committee	11	1	10
PC.10	IGR & Special Projects Committee	11	1	10

These statistics give a negative outcome of the functionality and effectiveness of Council Committees. Some Committees of Council are not functioning well due to non-convening of meetings because no reports were submitted. Sometimes meetings are convened, but there is lack of quorum.

Delegations and Rules of Order Committees were established in February 2017. It is critical that the Rules of Order Committee should convene and function effectively because its core mandate is the enforcement of the Code of Conduct for Councillors, which includes convening of Council Committee meetings and members' attendance of Committee meetings since the failure of some of them is due to lack of the quorum (sufficient attendance).

On 09 September 2017 - the Council established the Municipal Public Accounts Committee (MPAC) in terms of section 79 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) and appointed Councillor ED Diale as the Chairperson.

Madibeng Local Municipality is an Executive Mayoral and Ward Participatory System type of the Municipality and Council which exercises both the executive and legislative powers to plough the culture of good corporate governance and accountability in the Municipality as all Council delegates are expected to report to Council on regular basis on the decisions taken in the course of exercising delegated powers of authority.

<u>COUNCIL COMMITTEES</u>	<u>COUNCIL</u>	<u>OTHER COMMITTEES</u>
Perform certain powers & functions of council	Exercises both executive and legislative authority	Advice Council on technical and strategic matters
<u>MAYORAL COMMITTEE</u>	<u>EXECUTIVE MAYOR</u>	<u>PORTFOLIO COMMITTEES</u>
Assist Executive Mayor to perform executive powers	Performs executive powers i.t.o legislation or delegations	Advice the Executive Mayor & Mayoral Committee
<u>DIRECTORS</u>	<u>MUNICIPAL MANAGER</u>	<u>DIRECTORATES</u>
Assist the Municipal Manager to perform admin functions	Head: municipal administration and accounting officer	Directorates and Portfolios led by Directors and MMCs
<u>TECHNICAL COMMITTEES</u>	<u>ADMINISTRATION</u>	<u>MANAGERS/SUPERVISORS</u>
Support the management decision making process	Staff supports achievement of strategic objectives	Contribute towards attaining Council strategic objectives

All Council structures in the form of committees, political office bearers and administration are designed to support the entire process of decision-making to promote the principles of good corporate governance and accountability in the Municipality. This system is also designed to complement a form of collective decision-making, which includes consultation with all the municipality's stakeholders.

ESTABLISHMENT OF WARD COMMITTEES

It is made clear that ward councillors' report directly to the office of the Speaker, which remains the custodian of ward committees. The ward councillors are responsible for the total of 41 wards across Madibeng.

FUNCTIONALITY AND EFFECTIVENESS OF THE WARD COMMITTEES

In order to ensure that ward committees function effectively, the Office of the Speaker provides administrative, financial and logistical support such as legislations, stationary, capacity building and a monthly allowance of R1 000 for each member. An amount of R1 000 000 was allocated towards the overall training and development of members of ward committees.

Madibeng Local Municipality has established ward committees in all its 41 wards and a total of 410 members of ward committees, which reflects an increase of 50 members from the previous term of Council. The equity balance and representation is as follows:

EQUITY REPRESENTATION OF MEMBERS OF WARD COMMITTEES															
GENDER BALANCE				EQUITY BALANCE								YOUTH		DISABLED	
Male		Female		Blacks		Whites		Indians		Coloureds		NO	%	NO	%
#	%	#	%	#	%	#	%	#	%	#	%				
188	46	218	58	374	92	23	6	4	1	5	1	131	32	9	2

Each ward committee has a 6 months pre-planned schedule to provide for at least one (1) ward committee meeting and one (1) community meeting per ward per month. Ward committees are fully effective and sitting as indicated below:

MONTHLY WARD COMMITTEE MEETINGS					
NO. OF WARDS	TOTAL NO.OF MEETINGS / REPORTS	PLANNED	ACTUAL	DEFICIT	%
37 wards	8 meetings each	8	8	0	100%
4 wards	7 meetings each		7	1	89%
QUARTERLY WARD COMMUNITY MEETINGS					
41 wards (all)	2 meetings each	2	2	0	100%
SUBMISSION OF MONTHLY WARD REPORTS					
35 wards	8 reports submitted		8	0	100%
4 wards	7 reports submitted		7	1	89%
1 ward	6 reports submitted		6	2	75%
1 ward	0 report submitted		0	8	0%
Evaluation of the functionality and effectiveness of ward committees is done based on eight (8) monthly meetings of the ward committee, two (2) quarterly meetings of the ward community meetings and eight (8) monthly reporting because the process to establish ward committees was finalised in October 2016 and the committees started functioning thereafter. which is a period of eight months and 2 quarters.					

2.2.3 COMPOSITION OF POLITICAL PARTIES DURING 2017/2018 FINANCIAL YEAR.

Madibeng Local Municipality has a total of eighty-one (81) Councillors, forty-one (41) ward councillors and forty (40) proportional representation councillors. There are seven (7) political parties represented in Council as follows:

#	NAME OF POLITICAL PARTY	# OF MEMBERS IN COUNCIL	STATUS IN COUNCIL
1	African National Congress (ANC)	45	Governing Party
2	Democratic Alliance (DA)	16	Official Opposition
3	Economic Freedom Fighters (EFF)	14	Opposition
4	Freedom Front Plus (VF+)	2	Opposition
5	Forum 4 Service Delivery (F4SD)	2	Opposition
6	Congress of the People (COPE)	1	Opposition
7	African Independent Congress (AIC)	1	Opposition
8	Magosi	2	N/A
	TOTAL	83	

Fourteen (14) councillors are designated as full time deployees: Speaker, Executive Mayor, Single Whip, and Chairperson: Municipal Public Accounts Committee and 10 Members of Mayoral Committee.

EQUITY REPRESENTATION OF MEMBERS IN COUNCIL							
DESIGNATION		GENDER BALANCE		EQUITY BALANCE		YOUTH	DISABLE
Full-Time	Part-Time	Male	Female	Blacks	70 (86%)	16	3
14	67	51	30	Whites	11 (14%)	-	-
-	-	-	-	Indians	00 (0%)	-	-
-	-	-	-	Coloureds	00 (0%)	-	-
14 (17%)	67 (83%)	51 (63%)	30 (37%)	81 (100%)		16 (20%)	2 (4%)

2.3 ADMINISTRATIVE GOVERNANCE

2.3.1 INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Municipal Manager heads the Municipal administration in terms of the Local Government: Municipal System, 2000 (Act 32 of 2000). As the accounting officer, exercises the fiduciary responsibility in terms of the Local Government: Municipal Finance Management Act, 2003 (Act 53 of 2003). Council and political office bearers provide political direction and legal framework within which the Municipal Manager executes official functions, including overseeing senior managers (*managers directly accountable to the municipal manager*), who are heads of Department.

The Municipal Manager, assisted by Senior Managers, also provides an administrative and advisory support to Council and its functionaries. They also interface with political office bearers and political structures for administrative and logistical support to ensure that effective political oversight over administration is exercised within the positive climate to promote good governance and accountability.

ROLES AND RESPONSIBILITY OF DIRECTORS				
PLANNING	IMPLEMENTATION	REVIEW	REPORTING	PERFORMANCE AUDIT
<ul style="list-style-type: none">Participation in the identification of IDP priorities and the whole IDP process.Participates in the formulation and revision of the municipal strategic scorecard.Enters into Performance agreement with the Municipal manager.	<ul style="list-style-type: none">Manages the implementation of the Departmental SDBIP.Ensures that annual programmes are implemented according to the targets and timeframes agreed to.Implements performance improvement measures approved by the Executive Mayor and the Council.Ensures that performance objectives in the performance agreements are achieved.	<ul style="list-style-type: none">Participates in the formulation of the annual review programme of the IDP and Mid-TermAnnually reviews the performance of the department to improve the economy, efficiency and effectiveness of the departments.Quarterly and annually evaluates the performance of the department	<ul style="list-style-type: none">Submit monthly and quarterly departmental performance reports.Comments on the monthly reports in terms of any material variance.Reports on the implementation of the improvement measures adopted by the Executive Mayor and Council.Annually reports on the performance of the department.	<ul style="list-style-type: none">Participates in the formulation of the response to the recommendation of the Internal Audit and the Performance Audit Committee.Participates in the formulation of the response to performance audit report of the Auditor General and makes recommendations to the Municipal manager.

 <p>MUNICIPAL MANAGER MR. MM MALULEKA</p>	 <p>CHIEF FINANCIAL OFFICER MR. M MAPOSA</p>	 <p>DIRECTOR: CORPORATE SUPPORT SERVICES MS. MG MAGOLE</p>
 <p>DIRECTOR: INFRASTRUCTURE & TECHNICAL SERVICES MR. FR NTEKELE</p>	 <p>DIRECTOR: COMMUNITY DEVELOPMENT MS M MMOPE</p>	 <p>DIRECTOR: PUBLIC SAFETY, FLEET & FACILITIES MANAGEMENT MS P DILINGA</p>
 <p>DIRECTOR: ECONOMIC DEVELOPMENT MR STN MNISI</p>	 <p>ACTING DIRECTOR: HUMAN SETTLEMENT MR. N PULE</p>	 <p>CHIEF AUDIT EXECUTIVE MR M A MMAPHETHO</p>

TOP ADMINISTRATIVE STRUCTURE (SENIOR MANAGEMENT)

Decisions at senior management level are taken in terms of delegated powers, individually or collectively as a strategic management team, depending on nature of delegation of authority and the decision itself.

Collective decisions are normally taken through the resolutions of the management meetings at strategic management team and Directorates' management, and during the 2017/2018 financial year, a total of 8 meetings (*4 ordinary + 4 special*) were held as follows:

STRATEGIC MANAGEMENT TEAM (SENIOR MANAGEMENT) MEETINGS			
ORDINARY SMT MEETINGS		SPECIAL SMT MEETINGS	
NO	DATE	NO	DATE
1	04 July 2017	1	15 September 2017
2	03 August 2017	2	09 October 2017
3	04 September 2017	3	16 October 2017
4	13 November 2017	4	11 December 2017

2.3.2 CHANGES IN SENIOR ADMINISTRATIVE STRUCTURE IN 2017/2018 FINANCIAL YEAR

DESIGNATION	INCUMBENT NAME	STARTING DATE	ENDING DATE
Municipal Manager	MM Maluleka	01/02/2018	31/01/2023
Chief Financial Officer	M Maposa	01/05/2018	30/04/2023
Chief Audit Executive	M Mmapheto	01/03/2016	28/02/2020
Director: Corporate Support Services	MG Magole	03/07/2017	30/04/2023
Director: Infrastructure & Technical Services	FR Ntekele	09/04/2018	30/06/2022
Acting Director: Human Settlement & Planning	N Pule	01/07/2017	To date
Director: Economic Development, Tourism & Agriculture	STN Mnisi	03/07/2018	30/06/2022
Director: Community Services	M Mmope	01/03/2018	28/02/2023
Director: Public Safety, Fleet & Facilities Management	P Dilinga	01/03/2018	28/02/2023

4 COMPONENT B: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4.1 INTRODUCTION TO INTEGRATED DEVELOPMENT PLANNING (IDP)

The IDP unit manages and coordinates the strategic planning process of Council in terms of the development and review of the 5-Year Strategic Document of Council (IDP) in terms of the pre-approved Process Plan. The current IDP document is the 4th generation IDP and was adopted on the 26 May 2017 for the period of five (5) beginning from 2017 and ending 2021, subject to review and amendments at annual intervals to ensure that it is relevant to the immediate basic needs of the communities of Madibeng.

2.4.2 IDP PUBLIC PARTICIPATION

- The IDP Ward Public Participation meetings were conducted during October/ November 2017.
- An IDP Rep Forum meeting, whereby the outcome of the IDP Ward Public Participation exercise was presented, took place on 29 November 2017.

At this meeting the prioritized municipal needs and projects were determined as follows:

PRIORITY	NEED
Priority 1	Water and Sanitation
Priority 2	Roads and Storm water
Priority 2	Electricity
Priority 4	Land and Housing
Priority 5	Social Services
Priority 6	Local Economic Development

2.4.3 IDP PARTICIPATION AND ALIGNMENT

NO	IDP PARTICIPATION AND ALIGNMENT	YES/NO
1	Does the municipality have impact, outcome, input, output indicators?	Yes
2	Does the IDP have priorities, objectives, KPIs, development strategies?	Yes

NO	IDP PARTICIPATION AND ALIGNMENT	YES/NO
3	Does the IDP have multi-year targets?	Yes
4	Are the above aligned and can they calculate into a score?	Yes
5	Does the budget align directly to the KPIs in the strategic plan?	Yes
6	Do the IDP KPIs align to the Section 56 Managers	Yes
7	Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
8	Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
9	Were the indicators communicated to the public?	Yes
10	Were the four quarter aligned reports submitted within stipulated time frames?	Yes

The IDP division coordinates the process together with Budget & Treasury Office and the Performance Management division to ensure that the annual budget process and the service delivery & budget implementation plan are aligned to the Council 5-Year Integrated Development Plan, the five concretes (Agriculture, Culture & Tourism-ACT, Villages, Townships & Small Dorpies-VTSD, Reconciliation, Healing & Renewal-RHR, Setsokotsane and Saamwerk Saamtrek Philosophy) of the Rebranding, Renewal and Rebranding (RRR) Programme of the North West Provincial Government to link up the Municipality's IDP Document with the National Government's Long Term Vision 2030 of the National Development Plan.

2.5 BUDGET PUBLIC PARTICIPATION PROGRAMME

TASK TEAM	No OF MEETINGS	DATES	WARD	VENUE	TIME
TT1 MMC Nthangeni	5	08 May 2017	1	Fafung Community Hall	13h00
		09 May 2017	2	Tribal Hall	17h00
		29 April 2017	03	Hall 15 Madidi	10h00
		10 May 2017	4	Bataung Tribal Hall	17h00
		03 May 2017	23	Mayors Parlour	17h00
TASK TEAM	No OF MEETINGS	DATES	WARD	VENUE	TIME
TT2 MMC Tlhopane	4	09 May 2017	5	RDP Office	10h00
		28 April 2017	6	Rovers Ground	16h00
		03 May 2017	7	Majakaneng Community Hall	17h00
		07 May 2017	11	Itumeleng Primary School	10h00
TASK TEAM	No OF Meetings	DATES	WARD	VENUE	TIME
TT3	4	06 May 2017	08	YB Jakkalas	10h00
		07 May 2017	09	Block C Grounds	08h00

MMC Modise		09 May 2017	10	Kgabalatsane	17h00
		04 May 2017	12	Letlhabile Community Hall	17h00
TASK TEAM	No OF MEETINGS	DATES	WARD	VENUE	TIME
TT4 MMC Maunatlala	4	10 May 2017	13	Oukasie Community Hall	17h00
		09 May 2017	14	Skwaereng	16h00
		07 May 2017	15	Tlhasedi primary School	09h00
		02 May 2017	18	Mmakau Community Hall	16h00
TASK TEAM	No OF Meetings	DATES	WARD	VENUE	TIME
TT5 MMC Sefudi	4	02 May 2017	19	Moumong Sports Ground	16h00
		06 May 2017	20	Mothotlung Community Hall	16h00
		04 May 2017	21	Damonsville Community Hall	16h00
		09 May 2017	22	Brits High School	18h00
TASK TEAM	No OF MEETINGS	DATES	WARD	VENUE	TIME
TT6 MMC Ratloi	4	05 May 2017	26	Community Hall	16h00
		07 May 2017	27	Bokamoso Hall	10h00
		04 May 2017	28	Segwetlane Ground	16h00
		09 May 2017	34	Letlhakaneng / Shakung	16h00
TASK TEAM	No OF MEETINGS	DATES	WARD	VENUE	TIME
TT7 MMC Maimane	4	07 May 2017	25	Tribal Hall	16h00
		04 May 2017	29	Kosmos Hall	18h00
		10 May 2017	31	Community Office	14h00
		08 May 2017	32	Segwaelane Hall	15h00
TASK TEAM	No OF MEETINGS	DATES	WARD	VENUE	TIME
TT8 MMC Machete	4	04 May 2017	29	Kosmos Hall	18h00
		09 May 2017	35	Rabokala Community Hall	10h00
		29 April 2017	36	Klipgat Community Hall	11h00
		10 May 2017	16	Itsoseng Community Hall	17h00
TASK TEAM	No OF MEETINGS	DATES	WARD	VENUE	TIME
TT9 MMC Phetlhe	4	09 May 2017	37	Klipgat High School	10h00
		04 May 2017	38	Selamodi Combined School	17h00
		29 April 2017	40	Sonop Community Hall	10h00
		07 May 2017	41	Lot Phalatse Primary School	10h00
TASK TEAM	No OF MEETINGS	DATES	WARD	VENUE	TIME
TT10 MMC Maxaxamba	4	10 May 2017	17	Ramogodi Community Hall	16h00
		06 May 2017	24	Makanyaneng Middle School	11h00
		04 May 2017	33 & 30	GL Primary School	18h00
		09 May 2017	39	Elandsrand Community Hall	16h30

2.6 COMPONENT C: CORPORATE GOVERNANCE

2.6.1 INTRODUCTION TO CORPORATE GOVERNANCE

The municipality has structures established to support good governance, *amongst* those being the Internal Audit Unit, Audit Committee and MPAC as an Oversight Committee. Risk management is one of the responsibilities of the Internal Audit Unit, which reports operationally to the Audit Committee. The unit facilitates and coordinates the risk management process, but the establishment of a separate risk management unit, which will report directly to the Municipal Manager, was proposed in the new organisational structure to have a dedicated unit specialising in risk management to assist the Municipal Manager to monitor and manage the institutional risks much better.

2.6.2 OVERVIEW OF RISK MANAGEMENT

Risk assessment is part of the annual planning of the municipality and 2017/2018 financial year was no exception. It ensures that risk management process identify and prioritise business risks across the institution for management on continuous basis as part of compliance with best practice governance principles. The process also tries to integrate risk management into day to day operations of the municipality in an attempt to plough is as the practice and culture in the municipality. To inculcate the culture of risk management includes ensuring adequacy of control over the municipal strategy and execute strategies in such a way that attainment of strategic objectives becomes a success.

Although, the municipality has consistently performed risk assessment to provide the framework for effective risk management in the institution, It must also be stated that the Risk Unit is fully functional.

Top 10 Strategic Risks – Primary 2017/2018

IDP REF.	KEY PERFORMANCE INDICATOR	RISK DESCRIPTION	INHERENT RATING	RESIDUAL RATING	TREATMENT PLANS	YEAR END REVIEWED
SO14/3/17	Curbing expenditure of projected budget	Operational budget of the municipality might be overspent	25	20	<ol style="list-style-type: none"> 1. Monthly expenditure reports submitted to Directors to have valid reasons for over and under expenditure, 2. Strict adherence to the approved budget 3. Development of procurement plans for all procured services 4. Development and implementation of the financial recovery plan 5. Usage of the suppliers master file evenus module and training thereof for all suppliers 6. Price benchmarking exercise 7. Stakeholders given access to stock prices 	20
SO14/4/17	Curbing expenditure of projected budget	Projected operational budget on might not be used	25	20	<ol style="list-style-type: none"> 1. Monthly expenditure reports submitted to Directors to have reasons for under expenditure, 2. Investigation of UIF expenditure by Accounting Officer 	20
SO14/5/17	Collection of revenue.	Consumer may not pay for services rendered	25	20	<ol style="list-style-type: none"> 1. The Revenue Enhancement Committee to invite Political principals in order to have buy in 2. Enforce credit control policy and bylaws 3. Monitoring of service providers reading meters 4. Allocate law enforcement officers to accompany 	20

IDP REF.	KEY PERFORMANCE INDICATOR	RISK DESCRIPTION	INHERENT RATING	RESIDUAL RATING	TREATMENT PLANS	YEAR END REVIEWED
					meter readers	
SO13/6/17	Employment Equity Plan adopted by Council (1)	EE Plan might not be developed for adopting by Council	25	20	<ol style="list-style-type: none"> 1. Establishment of the EE Committee 2. Develop TOR for the EE Committee 3. Submit EE report quarterly to Senior Management Team and Audit Committee to track and trace areas of poor compliance and report to Council 4. Creation of EE Unit and appoint an officer 5. Establishment of calendar for EE reporting cycle 	5
SO14/1/17	Capital Budget actually spent on planned capital projects.	Budget might not be fully spent on planned capital projects	25	20	<ol style="list-style-type: none"> 1. Implementation plan 2. Procurement plan 3. Cash flow projections 4. Improve on capital project planning process 	5
SO9/9/17	Community satisfaction surveys conducted	Community might not participate in the survey	25	20	<ol style="list-style-type: none"> 1. Training of Ward Councillors and Ward committees 2. Training of staff in the Office of the Speaker, Communications and Customer Care 3. Prioritize allocation of budget to the activity 	20
SO6/17/17	Established Comprehensive Traffic Back Office Support system - 100%	a The traffic back office support system might be old and ineffective for revenue generation.	25	20	<ol style="list-style-type: none"> 1. Appointment of a Service Provider to conduct comprehensive Back Office Support Service 2. Utilising the E-Natis block system on defaulting offenders blocking their driver and or vehicle license 3. Vehicle Number plate Recognition system 	20
SO1/13/17	Households with access to refuse removal services (<i>access to basic level of solid waste removal</i>)	Provision of basic levels of solid waste removal might not be adequate	25	15	<ol style="list-style-type: none"> 1. Procurement of additional internal Waste management vehicles and bulk containers 2. Additional personnel appointed 	5

IDP REF.	KEY PERFORMANCE INDICATOR	RISK DESCRIPTION	INHERENT RATING	RESIDUAL RATING	TREATMENT PLANS	YEAR END REVIEWED
SO3/2/17	Reduction of water distribution losses	High water losses might not be detected timeously	25	15	1. Develop loss reduction plan 2. Maintenance of Zonal meters 3. Water conservation and demand management plan 4. Development of procurement plan	20
SO9/14/17	Development of Policy on Municipal ICT Governance Framework	The municipality might not have adequate policy on ICT Framework	25	15	1. Increase capacity (ICT equipment) 2. Build capacity amongst the existing workforce 3. Implementation of the phased in ICT plan	1
	Top 10 Average		250	185		136
	Total Strategic (Primary)		528 (100%)	334 (63%)	Movement of 8%	288 (55%)

2.7 FRAUD AND ANTI-CORRUPTION STRATEGY

Fraud prevention and anti-corruption strategy constitutes one of the most important measures to promote a high standard of good governance and professional ethics in the institution. The municipality has developed a draft fraud and corruption prevention plan aligned to the Local Government Anti-Corruption Strategy. The plan has already been considered by the Audit Committee for recommendation to Council. The Committee resolved that the senior management must be workshopped on the document and be resubmitted before it can be adopted. The document will also be subjected to the process of stakeholders' consultation process before adoption by Council.

Currently, legislative guidance and fraud prevention & anti-corruption strategy informs the anti-fraud and corruption awareness campaigns and activities coordinated by the Office of the Speaker through the Local Anti-Corruption Forum, which provides a collective approach to fight fraud and corruption. Senior Managers and Councillors disclose their personal assets and

business interest. Although full implementation of the fraud strategies is still a challenge, the municipality is working to improve areas of concern by creating the environment which is intolerant to unacceptable conduct, detecting and preventing fraud and corruption, taking appropriate action in the event of irregularities.

2.8 OVERVIEW SUPPLY CHAIN MANAGEMENT

As the municipality that pride itself with the approved manual on Supply Chain Management as well as Supply Chain Management policies.

The Supply Chain Management Policy makes provision of elements of supply chain management namely:-Demand management which deals planning for future requirements, acquisition management deals with ranges of procurement as well method from petty cash, quotations sourcing to competitive bidding, logistics management, Disposal management and performance management. Though we have policies and procedures, we still lack compliance in terms of tender awards some tenders are not awarded within 90 days this due to failure of committees to form quorum, Delayed and non-submission of procurement plans by different departments within the municipality which leads to unplanned procurement. Rotation of service providers is also a challenge; Supply Chain Management Division is trying its best rotate the suppliers but due to lack of rotation system we are unable to implement it to the fullest. Furthermore, we do have huge of suppliers in the database versus limited needs of the Municipality.

2.9 MUNICIPAL BY-LAW/POLICY DEVELOPMENT PROGRAMME (INCL. PLANS & STRATEGIES)

MUNICIPAL BY-LAWS / POLICIES / PLANS / STRATEGIES				
#	NAME	STATUS [√]		
		DRAFT	REVIEW	ADOPTION DATE
1	IDP Process Plan (2017 – 2021)	-	-	30 August 2016
2	Audit Committee Charter (2016/2017)	-	-	09 Sept. 2016
3	Water Services Development Plan (WSDP)	-	-	09 December 2016
4	Disability policy	-	-	09 December 2016
5	Integrated Waste Management Plan (IWMP)	-	-	09 December 2016
6	Language Policy	-	-	09 December 2016
7	Spatial Planning & Land Use Management By-Law	-	-	28 February 2017
8	Risk Management Framework, Strategy & Policy	-	-	28 February 2017
9	Fire & Disaster Management By-Law	-	-	28 February 2017

MUNICIPAL BY-LAWS / POLICIES / PLANS / STRATEGIES				
#	NAME	STATUS [√]		
		DRAFT	REVIEW	ADOPTION DATE
10	Credit Control & Debt Collection policy & By-Law	-	-	26 May 2017
11	Indigent Household Subsidy policy			26 May 2017
12	Bad Debts Write-Off policy			26 May 2017
13	Budget policy	-	-	26 May 2017
14	Tariff Setting Policy & By-Law	-	-	26 May 2017
15	Property Rates Policy & By-Law	-	-	26 May 2017
16	Deposit policy	-	-	26 May 2017
17	Standing Municipal Instructions on Legal Matters	-	-	26 May 2017
18	Procedures on Development & Adoption of Policies & By-Laws.	-	-	26 May 2017
19	Spatial Development Framework	-	-	26 May 2017
20	Overtime Management Policy	-	-	26 May 2017
21	Marketing & Communication policy	-	-	26 May 2017
22	Integrated Development Plan (IDP 2017 – 2021)	-	-	26 May 2017
23	Open Space By-Law	-	-	26 May 2017
24	Public Parks By-Law	-	-	26 May 2017
25	Outdoor Advertising By-Law	-	√	N/A
26	Street Trading By-Law	-	√	N/A
27	Business Licensing By-Law	-	√	N/A
28	Integrated Environmental Management Plan	√	-	N/A
29	PMS Framework & Procedure Manual (2017/2018)	-	-	26 May 2017

2.10 MUNICIPAL WEBSITE

MUNICIPAL WEBSITE: CONTENT AND CURRENT MATERIAL + INFORMATION		
DOCUMENTS PUBLISHED ON THE MUNICIPALITY'S WEBSITE	YES/NO	PUBLISHING DATE
Current annual and adjustments budgets and all budget-related documents	Yes	July 2017
All current budget-related policies	Yes	August 2017
The previous annual report (2015/2016) financial year	Yes	
The annual report (Year 0) published/to be published	Yes	September 2017
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act and resulting scorecards	Yes	June 2017
All service delivery agreements	N/A	N/A
All long-term borrowing contracts	N/A	N/A
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4)	N/A	N/A
Contracts having future budgetary implications agreed in to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A	N/A
Public-private partnership agreements referred to in section 120 of the MFMA	None	None
<i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i>		

2.11 MUNICIPAL OVERSIGHT COMMITTEES

2.11.1 AUDIT COMMITTEE

MANDATORY ROLES OF THE AUDIT COMMITTEE

Section 166 of the MFMA (Act No. 56 of 2003) clearly states that each municipality must have an Audit Committee. The Audit Committee is an independent advisory body that advises council, political office bearers, accounting officer, and staff of the municipality on the following:

- Internal financial control and internal audits;
- Risk management;
- Accounting policies;
- The adequacy, reliability, and accuracy of financial reporting and information;
- Performance management;
- Effective governance;
- Compliance with the MFMA, the annual Division of Revenue Act (DoRA) and any other applicable legislation;
- Performance evaluation;
- Any other issues referred to by the municipality;
- Review annual financial statements so as to provide authoritative and credible view of the financial position, on overall compliance with MFMA, DORA and other applicable legislations.
- Respond to Council on any matter raised by the Auditor-General (AGSA); and
- Carry out such investigations into financial affairs of the municipality as may be prescribed from time to time.

TERMS OF REFERENCE

The Audit Committee has adopted its written terms of reference included in the Audit Committee Charter approved by the Council.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE OF MEETINGS

The Audit Committee consists of three (3) external members who have been appointed by the Council in November 2011 as per Council resolution A.0091. During the financial year, three (3) ordinary meetings and three (3) special meetings were held to deal with urgent matters, thus 6 meetings were held during the 2017/18 financial year. The following illustrate the number of meeting attended by each member:

Name of member	Number of meetings attended
Mr. HB Mathibela (Chairperson)	6
Adv. FJ van der Westhuizen	6
Mrs. P Mangoma	6

EFFECTIVENESS OF INTERNAL CONTROLS

Internal control is a process for assuring the achievements of an organisation's objectives in operational effectiveness and efficiency, reliable financial reporting and compliance with laws and regulations.

The Audit Committee can assert that the system of internal control was partially effective during the year under review as compliance with prescribed policies and procedures were lacking in most instances. During the year under review, several instances of non-compliance were reported by both internal and external auditors that was as a result of a breakdown in functioning of internal controls.

We have urged management to develop an action plan to address the issues raised by the auditors to ensure an improved control environment. The Internal Audit reports should be discussed at the Strategic Management Meetings to ensure that the shortcomings highlighted in the reports are given due attention. The Auditor General Post Audit Action Plan (PAAP) is a Standing item in the Audit Committee Meetings and the Audit Committee has advised management to put it on its Strategic Management Meetings (SMT) and management must be committed to address the issues as per timelines. The Council should ensure that it holds management responsible to ensure that the shortcomings are urgently addressed by relevant departments.

EFFECTIVENESS OF THE INTERNAL AUDIT FUNCTION

The Madibeng Local Municipality (MLM) has a functioning Internal Audit Function reporting functionally to the Audit Committee and administratively to the Accounting Officer. The Chief Audit Executive has unrestricted access to the Chairperson of the Audit Committee to ensure independence of the Function.

The Audit Committee is of the opinion that Internal Audit Function is operating satisfactorily to meet its mandate and has considered the risk pertinent to the municipality in their audit plans. The following activity reports were approved by the Audit Committee during the year:

- *The Three- Year Rolling Strategic and Operational Plan*
- *Internal Audit Charter*
- *Audit Committee Charter*
- *Combined Assurance Framework and Implementation Plan.*

The Audit Committee is satisfied with the quality of reports received from Internal Audit.

EFFECTIVENESS OF RISK MANAGEMENT

The Accounting Officer is responsible for the establishment of an effective system of Risk Management within the municipality that is aligned to the principles of good corporate governance as supported by the MFMA Act No 56 of 2003, the National Treasury Risk Management Framework, King III and King IV.

The Municipality has appointed the Risk Management Committee (RMC) effective from the start of 2017/2018 financial year, the RMC is headed by an Independent, non-executive director, the RMC further comprise of all directors as standing invitees of the committee. In the year 2017/2018 the RMC has had 5 ordinary meetings, all of which were successful.

The municipality further established the Risk Department during the 2017/2018 with appointment of the ERM Manager, the Senior Risk Officer, the Risk Officer and one Intern. The department has since been functional and implemented the risk plan according to the approved schedule.

The following policy documents are in place:

- *Risk Management Framework, policy and strategy*
- *Risk Management Committee Charter*
- *Risk Management Committee Performance Plan*
- *Risk Management implementation plan*

MUNICIPAL RISK PROFILE

The purpose of reporting on the municipal risk profile is to reflect and indicate the extent to which the municipality is:

- Achieving the right balance between risk taking in pursuit of delivering services and mitigating those risks.
- Reducing its risk exposure, to ensure that the municipality is operating within its risk bearing capacity.

ERM conducted a review of risk management performance across the board and the following is a snapshot of the current municipal risk profile:

TOP 5 STRATEGIC RISKS – PRIMARY

IDP REF.	KEY PERFORMANCE INDICATOR	RISK DESCRIPTION	INHERENT RATING	RESIDUAL RATING	YEAR END RATING	TREATMENT PLANS
SO14/3/17	Curbing of over expenditure on projected operating budget	Operational budget of the municipality might be overspent	25	20	20	<ul style="list-style-type: none"> 8. Monthly expenditure reports submitted to Directors to have valid reasons for over and under expenditure, 9. Strict adherence to the approved budget 10. Development of procurement plans for all procured services 11. Development and implementation of the financial recovery plan 12. Usage of the suppliers master file evenus module and training thereof for all suppliers 13. Price benchmarking exercise 14. Stakeholders given access to stock prices
SO14/5/17	Collection of budgeted revenue.	Consumer may not pay for services rendered	25	20	20	<ul style="list-style-type: none"> 5. The Revenue Enhancement Committee to invite Political principals in order to have buy in 6. Enforce credit control policy and bylaws 7. Monitoring of service providers reading meters 8. Allocate law enforcement officers to accompany meter readers
SO9/9/17	Community satisfaction surveys conducted	Community might not participate in the survey	25	20	20	<ul style="list-style-type: none"> 4. Training of Ward Councillors and Ward committees 5. Training of staff in the Office of the Speaker, Communications and Customer Care 6. Prioritize allocation of budget to the activity
SO6/17/17	Established Comprehensive Back Office Support system - 100%	The traffic back office support system might be old and ineffective for revenue generation.	25	20	20	<ul style="list-style-type: none"> 4. Appointment of a Service Provider to conduct comprehensive Back Office Support Service 5. Utilising the E-Natis block system on defaulting offenders blocking their driver and or vehicle license 6. Vehicle Number plate Recognition system

SO3/2/17	Reduction of water distribution losses	High water losses might not be detected timeously	25	15	20	5. Develop loss reduction plan 6. Maintenance of Zonal meters 7. Water conservation and demand management plan 8. Development of procurement plan
	Top 5 Average		125	95	100	
	Total Strategic (Primary)		528 (100%)	334 (63%)	288 (55%)	

- At year end the strategic / top layer key performance indicators are still highly exposed to the risk of non-achievement.
- All risks which were not addressed in the 2017/18 will be carried over to the 2018/19 financial year.

EFFECTIVENESS OF PERFORMANCE MANAGEMENT SYSTEM

The municipality has reviewed a performance management system framework and policy approved by Council. However, the Audit Committee is concern about the state of the Performance Management in the Municipality. The administration should put more efforts to capacitate the PMS Unit with the required expertise to ensure that it assist management in setting up targets and key performance areas that are SMART and assist the municipality to achieve its objectives and avoid number of qualifications from the Office of the Auditor- General.

Furthermore, Performance Management System should be cascaded to all levels of staff to ensure that it is incorporated into day-day activities of the municipality and that all the staff members participate in the vision and priorities set in the IDP.

QUALITY OF MONTHLY FINANCIAL REPORTING

The Audit Committee was privy to some of monthly financial reports submitted by the Budget and Treasury Office (BTO) during the period under review.

The Audit Committee appreciates the appointment of the Chief Financial Officer (CFO) and other senior positions in Finance including the Deputy CFO to stabilise the anomalies in BTO. The Audit Committee is satisfied with the expertise and experience of the Finance Section despite that there is over-reliance on the consultants. More work need to be done to transfer skill so that the BTO can be independent of consultants and self –sustainable.

COMBINED ASSURANCE

The Audit Committee is responsible for monitoring the Combine Assurance model. This model assesses significant process of assurance over risks for monitoring by line management, Internal Audit, Risk Management, External Auditors and Council. Engagement regarding the extent to which the various assurance provides rely on each other's work will take place continually. During the year under review, A Combine Assurance Framework and Implementation Plan have been approved by Council. This will assist in avoiding the duplication and ensure efficiency of resources across various assurance providers.

REVIEW OF THE ANNUAL FINANCIAL STATEMENTS

The Audit Committee has in consultation with management:

- reviewed the engagement letter and external auditors' plans.
- reviewed and discussed with the Auditor-General and the Accounting Officer;
- the audited Annual Financial Statements to be included in the Annual Report;
- reviewed the Auditor-General's management letter and management's response thereto; and
- reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.


OVERALL OBSERVATION AND CONCLUSION

During the course of the financial year the municipality commissioned a forensic audit regarding fraudulent claims and payments following the Auditor General Report for 2016/2017 financial year. The Audit Committee extended term is coming to an end following the appointment of the new Committee and the Chairperson would like to thank all members for their commitment and consummate skill in contributing to the activities of the municipality with a view for better governance and improving the lives of the masses.

APPRECIATION

The Audit Committee further expresses its sincere appreciation to the Offices of the Executive Mayor, the Speaker, the Chief Whip, Municipal Manager, Management and all officials for their unwavering support and interest in the activities of the Committee during the year under review. The advice and support of other stakeholders such as the Internal Audit Function, Auditor General South Africa, Provincial Treasury and the Provincial Department: Local Government and Human Settlement is also acknowledged in pursuing the interest of effective Corporate Governance and clean audit outcomes within the municipality.

We extend our gratitude to the Internal Audit Function for their efforts during the year despite resources constraints and other frustrations they might have encountered. The Audit Committee remains confident of the matters raised in this report receiving due consideration and intervention by the new Council. We are committed to fully execute our oversight function and in strengthening Corporate Governance.


Mr HB Mathibela
Chairperson of Audit Committee
Madibeng Local Municipality

Date: 29/03/2018

2.11.2 MUNICIPAL PUBLIC ACCOUNTS (MPAC)

CHAIRPERSON'S REPORT

The Municipal Public Accounts Committee meets on monthly basis in terms of the approved Municipal calendar. Eleven (11) meetings in a financial year as per approved calendar. A total of 11 ordinary and 3 special meetings were convened in the 2017/2018 financial year. The attendance of MPAC meetings by members during the 2017/2018 financial year was as follows:

#	DATE	TYPE OF MPAC MEETING	ATTENDANCE OF MPAC MEMBERS				
			TOTAL (100%)	PRESENT	%	ABSENT	%
1	31 July 2017	Ordinary	13	9	69	4	31
2	17 August 2017	Special	13	9	69	4	31
3	25 August 2017	Ordinary	13	10	77	3	23
4	29 August 2017	Special	13	8	62	5	38
5	26 October 2017	Ordinary	13	12	92	1	8
6	23 November 2017	Ordinary	13	9	69	4	31
7	4 December 2017	Special Meeting	13	7	54	6	46
8	25 January 2018	Ordinary	13	10	77	3	23
9	08 February 2018	Ordinary	13	9	69	4	31
10	12 February 2018	Ordinary	13	8	62	5	38
11	28 March 2018	Ordinary	13	9	69	4	31
12	19 April 2018	Ordinary	13	9	69	4	31
13	24 May 2018	Ordinary(meeting not held)	-	-	-	-	-
14	21 June 2018	Ordinary	13	9	69	4	31

Non-attendance of the meetings by councillors who are members of the Municipal Public Accounts Committee is dealt with in terms of the Rules of Order By-Law and the Code of Conduct for Councillors, through the Council Rules Committee, which was established on 28 February 2017, terms of section 79 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998).

PROJECT SITE INSPECTION

Municipal Public Accounts Committee (MPAC) conducts projects' site visits as part of executing its oversight role. During the 2017/2018 financial year (from February until March 2018), the following projects were visited, inspected and the outcomes are as follows:

PROJECT	VALUE	DURATION	START	END	DATE AND FINDINGS
WARD 1 WATER SUPPLY MASEBOLANE VILLAGE	R8m	04 months	03/03/ 15	03/07/15	<u>INSPECTED ON 19 JUL 2017</u> <ul style="list-style-type: none"> Electrical pump installed (Single phase Bore Hole Starter Brisan Controller) and outlet steel pipes. Tanker installed (Capacity need to be Checked/ investigated)
HEBRON,KGABALA TSANE,ROCKVILLE, ERASMUS & ITSOSENG WATER NETWOR	R53 m	08 months	Nov 17	June 18	<u>INSPECTED ON 07 FEB 2018</u> <ul style="list-style-type: none"> Project operations on target No challenges faced on date of inspection
KLIPGAT SANITATION PROJECT	R23 m	06 months	January 18	June 18	<u>INSPECTED ON 07 FEB 2018</u> <ul style="list-style-type: none"> Project at site establishment level No consultant at site for further information
KLIPGAT EXTENTIONS WATER SUPPLY	R14 m	06 months	January 18	June 18	<u>VISITED ON 07 FEB 2018</u> <ul style="list-style-type: none"> Project stopped due to cession agreement between the supplier of material, contractor and the municipality
KLIPGAT SANITATION	R37.5m	10 months	12/01/15	12/12/15	<u>INSPECTED ON 10 MAR 2017</u> <ul style="list-style-type: none"> Project has halted because of labour issues. Their equipment on site was not safely secured.
MADIDI MULTI PURPOSE CENTRE	R4 M	06 months	January 18	June 18	<u>INSPECTED ON 10 MAR 2017</u> <ul style="list-style-type: none"> Project visited during 2015/2016 financial year Another contractor terminated Project still incomplete Proposed appointment of a new contractor to finish the project

COMMENTS ON THE SITE INSPECTIONS

- Appointments of contractor who do not have financial muscles for the project
- Poor workmanship on some of the projects
- No proper monitoring of contractors by PMU

RECCOMENDATIONS

- Proper and continuous monitoring of projects
- Appointments of financially viable and competent contractors
- Consequence management applied for non-compliance

THE OVERSIGHT PROCESS ON THE ANNUAL REPORT FOR 2016/2017 FINANCIAL YEAR

A 2016/2017 draft annual report was tabled before Council on the 29th August 2017 and to the Auditor General and MEC responsible for Local Government. Subsequent to the process of auditing the annual financial statements and the draft annual report, the annual report was tabled with all the components in line with section 121 of the MFMA on 31 January 2018, Council referred the 2016/2017 annual report to the Municipal Public Accounts Committee for public participation process to solicit comments and inputs from all the relevant community stakeholders. The oversight process commenced from 19 February 2018 until 03 March 2018.

A total number of 795 community stakeholders, who attended the public participation meetings to discuss the 2016/2017 annual report, in other clusters, meetings were not held because of poor attendance or the community demanded that meetings be reschedule because they did not have enough time to peruse the report. The meetings were grouped into 11 clusters and preceded as follows:

DATES OF MEETING	CLUSTER (WARDS) NUMBERS	# OF STAKEHOLDERS ATTEND
19 February 2018	Ward 1	158
20 February 2018	Wards 2 & 34	129
21 February 2018	Wards 4, 5, & 6	57
22 February 2018	Wards 9, 11, 12 & 38	232
23 February 2018	Wards 10, 15, 16, 35 & 41	0
24 February 2018	Wards 26, 27 & 32	0
26 February 2018	Wards 3, 8, 24, 36 & 37	0
28 February 2018	Wards 17, 18 & 19	154
01 March 2018	Wards 13, 14, 20, 21, 22, 23 & 39	0
02 March 2018	Wards 29, 30 & 33	65
08 March 2017	Wards 7, 25, 28, 31 & 40	0
	TOTAL	795

After the process of public participation was completed, the Municipal Public Accounts Committee prepared the oversight report on the 2016/2017 annual report, which was tabled and adopted by the Council on 29 March 2018 with reservations in terms of section 129 of the Local Government: [Municipal Finance Management Act, 2003 (Act 53 of 2003)] and subsequently submitted to the Auditor General and all relevant stakeholders.

INTERGOVERNMENTAL RELATIONS AND FORUMS

During the 2017/2018 financial year, the office of the Municipal Public Accounts Committee, members and support personnel participated in the intergovernmental relations forums at both the District and Provincial levels as follows:

#	DATE	INVITEE	PURPOSE	PLACE
1	20/July/2017	Madibeng Local Municipality	Mscoa & AFS readiness Municipal engagement.	Bojanala Council Chamber.
2	01/Sep/2017	Northwest Provincial Legislature.	Provincial Public Account Committee.	Mafikeng Legislature Conference room.
3	13/Sep/2017	Finance enterprise and economic development	In-depth analysis o of Monthly Budget Statement	Department of finance ,Garona Building
4	19/Sep/2017	Finance enterprise and economic development	Joint Finance & Local Economic Development MUNIMEC)	Tshing Ventersdorp.
5	28/Sep/2018	Moses Kotane Local Municipality.	Municipal Public Account Committee Awareness Campaign	Sesobe Village MKLM
6	29/Sep/2017	Northwest Provincial Legislature	NAMPAK Consultative Workshop.	Boksburg Birchwood Hotel.
7	24/Oct/2017	Bojanala Platinum District	MPAC Chairperson's forum	Rustenburg Civic Centre.
8	14 and 15/Nov/2017	Dlg&HS	SECTION 32 Visit	Madibeng Local Municipality
9	21 and 22/Nov/2018	SALGA	Integrated Councillor Induction	Bojanala Platinum District
10	24/Nov/2017	Northwest Provincial Legislature.	Provincial Speakers Forum	Rustenburg Civic Centre
11	27/Nov/2017	Association of Public Account Committee (APAC)	NAMPAK Launch &20 th Anniversary Celebration	Midrand Gallagher estate.

#	DATE	INVITEE	PURPOSE	PLACE
12	29 and 30/Nov/2017	Finance enterprise economic development	Mscoa training for MPAC Councillors	Rustenburg Civic Centre.
13	15/Feb/2018	SALGA	Upper-limit implementation Session	JB Marks Local Municipality.
14	14 and 15 March 2018	SALGA	NW Integrated Councillor Induction	Rustenburg Civic Centre.
15	25/Apr/2018	Northwest Provincial Legislature	PC Local Government and Human Settlement	Legislature Mafikeng
16	08/May/2018	Northwest Provincial Legislature	Budget Speech	Legislature Chamber.
17	25/May/2018	Dlg&hs	District Local Government Summit	Maritane Game Lodge.
18	29 and 30/May/2018	Dlg&hs	MPAC Support Staff Forum.	SALGA offices (board room) Klerksdorp.
19	05/Jun/2018	Feed	Municipal Financial Misconduct.	Klerksdorp SALGA offices.
20	14/Jun/2018	Northwest Provincial Legislature	PC on Local Government and Human Settlement	Rustenburg Civic Centre.
21	22/June/2018	Northwest Provincial Legislature	Sitting of Northwest Provincial Legislature.	Northwest Provincial Legislature Chamber.



CLLR E.D DIALE
CHAIRPERSON: MPAC

CHAPTER 3-SERVICE DELIVERY PERFORMANCE (SERVICE DELIVERY PERFORMANCE REPORT PART 1)

3.1 INTRODUCTION TO SERVICE DELIVERY PERFORMANCE

Local Municipality of Madibeng is characterized by huge backlogs in service delivery. Backlogs exist in all types of government services and encompass the services delivered by all levels of government. However, there are significant achievements that came to fruition during the 2017/18 financial period. On local government level there are large numbers of households that do not have direct access to electricity, clean water, sanitation and infrastructure like municipal roads. This is still the case notwithstanding the progress government has made since 1994. To compound these problems, the Municipality also faces the problem of the non-payment of services. The backlog in service delivery and the non-payment of services place inordinate pressure on the financial health of the Municipality. This has resulted in limited resources available to address or to respond to existing backlogs. Usage of available resources has limited our capacity to mobilize all of society in pursuit of our developmental objectives. It has hampered our efforts to prioritize resource allocations and to drive the implementation of government's objectives and priorities formulated by the municipality in its integrated development planning process.

3.2 COMPONENT (A) : WATER PROVISION

3.2.1 INTRODUCTION TO WATER PROVISION

Madibeng Local Municipality is both the Water Service Authority (WSA) and Water Service Provider (WSP) in terms of Chapter III: Section 20 of the Water Services Act, 1997 (108 of 1997) in terms of which the Municipality has the legal responsibility to provide water services to all its customers within its area jurisdiction. This duty is subject to an equitable allocation and payment of services by consumers, and availability of the water resource (water)

Madibeng WSA/LM delivers 100ML comprising of its own Brits Water Treatment Works, which supplies 60ML, Schoemansville provides 10ML, Rand Water 6ML and 24ML of potable water in its reticulation systems each day to supply mines, industry, commercial institutions and 160 724 households. Madibeng is also committed to ensuring its community receives sustainable and quality water by prioritizing upgrading and extension of its water Infrastructure.

In terms of the Municipality's Integrated Development Plan (IDP), the strategic objectives are outlined as follows:

- To provide and promote access to free basic services in accordance with the available resource and set targets.
- To upgrade and maintain existing municipal service in accordance to set standards and norms.

In ensuring that the Municipality is aligned to its strategic objective, it has made water services priority number one and capital projects, which seek to address the Municipality's water backlog, including the following:

- The upgrading of the Brits Water Treatment Plants.
- Upgrading of water reticulation system at Hebron, Kgabalatsane, Klipgat and Itsoseng; and;
- Drilling and equipping of water boreholes.

Water quality supplied to consumers is paramount because it has a detrimental effect on human health and the Municipality can confirm that water supplied to its communities complies with SANS 241. The Municipality is also participating in the incentive-based regulation, viz.

Blue Drop and has a current score rating of 58%, which is an indicator toward improvement of water quality that is supplied to our communities

WATER USE PER SECTOR

HOUSEHOLDS				
DESCRIPTION	2014/2015	2015/2016	2016/2017	2017/2018
	ACTUAL No.	ACTUAL No.	ACTUAL No.	ACTUAL No.
WATER: (above minimum level)				
Piped water inside dwelling	35622	35622	39116	39116
Piped water inside yard (but not in dwelling)	73520	73520	79520	80718
Using public tap (stand pipes)	6121	6121	9921	9921
Other water supply (within 200m)	16557	16557	16557	16557
<i>Minimum Service Level and Above sub-total</i>	131820	131820	128 557	129 765
<i>Minimum Service Level & Above Percentage</i>	74.1%	74.1%	80.0%	80.9%
WATER: (below minimum level)				
Other water supply (more than 200m from dwelling)	11043	11043	30167	30167
No water supply	23942	23942	2015	817
<i>Below Minimum Service Level sub-total</i>	46028	46028	32182	30984
<i>Below Minimum Service Level Percentage</i>	25.9%	25.9%	20.0%	19.1%
TOTAL NUMBER OF HOUSEHOLDS (to include informal settlements)	177 848	177 848	160 724	160 749

COMMENT ON WATER USE BY SECTOR:

The municipality has to determine on who the main consumers of water amongst all including agriculture, mining, residential, manufacturing, business and commercial. This has to be done in ensuring that more water goes to the residence all the time.

TOTAL USE OF WATER BY SECTOR (CUBIC METERS)					
	AGRICULTRE	FORESTRY	INDUSTRIAL	DOEMSTIC	UNACCONTABLE WATER LOSSES
2017/2018	195 m ³ /d	N/A	5320 m ³ /d	37688 m ³ /d	58%
2016/2017	6700m ³ /d	3900 m ³ /d	2900 m ³ /d	27900 m ³ /d	55%
2015/2016	6910 m ³ /d	3910 m ³ /d	31300 m ³ /d	29000 m ³ /d	65%

The water usage for domestic purposes is highly increasing due to the formalization of townships in the industries for sustenance and possible growth. The increase can also be attributed to higher unaccounted water loss. However, measures are being instituted to conduct audit to determine the extent of loss in different areas and to install metering devices to zonal and districts to ascertain where the major challenge occurs.

WATER SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	2015/2016		2016/2017		2016/2017		2017/18	
		TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
		PREVIOUS YEAR		PREVIOUS YEAR	CURRENT YEAR		CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Household without minimum water supply	Additional households provided with minimum water supply during the year (no. of households (HHs) without supply at year end)	16504	16504	16504	16504	16504	16504	16504	16504
Improve reliability of water supply	Reduce # of interruptions in supply of 1 hour or more compared to the baseline of 2015/2016 (interruptions of 1 hour or more during the year)	No measurement to attend to interruption within 48hrs							
Improve water conservation	Reduce unaccountable water levels compared to the baseline of 2015/2016 (kilolitres (KLs) unaccounted for during the year)	2%	2%	2%	2%	2%	5%	5%	5%
Improve the Blue drop status	Improve the score at by 5% every assessment	n/a	n/a	58%	58%	58%	n/a	n/a	n/a
Improve water conservation	Reduce unaccountable water levels compared to the baseline of 2015/2016 (kilolitres (KLs) unaccounted for during the year)	2%	2%	2%	2%	2%	5%	5%	5%
Improve the Blue drop status	Improve the score at by 5% every assessment	n/a	n/a	58%	58%	58%	n/a	n/a	n/a

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The Municipality backlogs have to be finalized timeously and committees sitting on time to ensure projects on service delivery are speedily implemented. Water reticulation system must be completed without any delay and by proper consultants.

The Municipality will always strive to improve on their performance in order to ensure that the service they provide to the community is of high quality. However, the resources allocated in a fiscal year are not sufficient to address the backlog of the services especially the current challenge with bulk water supply. The water services backlogs are high and require high capital injection to reverse the legacy. Project approvals are also subject to limitations as set out in Division of Revenue Act (DoRA), hence the implementation is executed in phases to address backlogs. For year five (5) targets will be met on allocated budgets and the remainder be financed in the coming years. Delayed funding approvals, conduction of constraints studies, land availability and acquisition, obtaining of services from other service providers (Eskom) lead to failure to meet some performance targets. Priority for the largest capital projects is to improve potable water quantity and quality, provide new water connections to formalized areas, and improve adequacy and availability of bulk water supply. The variance is brought by non-expenditure due to improve adequacy and availability of bulk water supply and due to prolonged procurement process, access to privately owned land and land availability.

3.3 COMPONENT B: WASTE WATER (SANITATION)

3.3.1 INTRODUCTION TO SANITATION PROVISION

The strategy has to be developed in ensuring that all residents access water as the basic needs and constitutional rights for everyone. A bulk supply master plan and design have to be reviewed as a matter of urgency in ensuring the provision of water across. Completion of the transfer pump station remains the major and most priority of the Municipality in ensuring that we adhere to compliance. This also ensure that hazardous issue including health of the community is taken into consideration on all the time.

Madibeng Local Municipality has 4 Wastewater Treatment Plants of about 25 mega-litres per day of treatment capacity. These plants are fed from 33 sewer treatment pump stations. Top service delivery priorities are to bring back operating efficiencies of the treatment works and proper functionality of transfer pump stations. Extending basic services of Ventilated improved latrines (*Madidi, Klipgat & Jericho*) to communities and provide for full level of services where bulk services

are available. Through relevant community structures needs are identified and taken through the process of IDP for implementation given requisite resources.

SANITATION SERVICE DELIVERY LEVELS (*Households)				
DESCRIPTION	2014/2015	2015/2016	2016/2017	2017/2018
	Outcome no.	Outcome no.	Outcome no.	Actual no.
<u>SANITATION/SEWERAGE:</u> (above minimum level)				
Flush toilet (connected to sewerage)	43663	43663	43663	43663
Flush toilet (with septic tank)	7875	7875	7875	7875
Cheminal toilet	1576	1576	1576	1576
Pit toilet (ventilated)	13671	13671	13671	13671
Other toilet provisions (above min. service level)	3274	3274	3274	3274
Minimum service level and above sub-total	70059	70059	70059	70059
Minimum service level and above percentage	44%	44%	44%	44%
<u>SANITATION /SEWERAGE:</u> (below minimum level)				
Bucket toilet	3049	3049	3049	3049
Other toilet provisions (below min.	57050	57050	57050	57050
No toilet provisions	30400	30400	30400	30400
Below minimum service level sub-	90499	90499	90499	90499
Below minimum service level	56%	56%	56%	56%
TOTAL HOUSEHOLDS	160558	160558	160558	160558
*Total number of households including informal settlements				

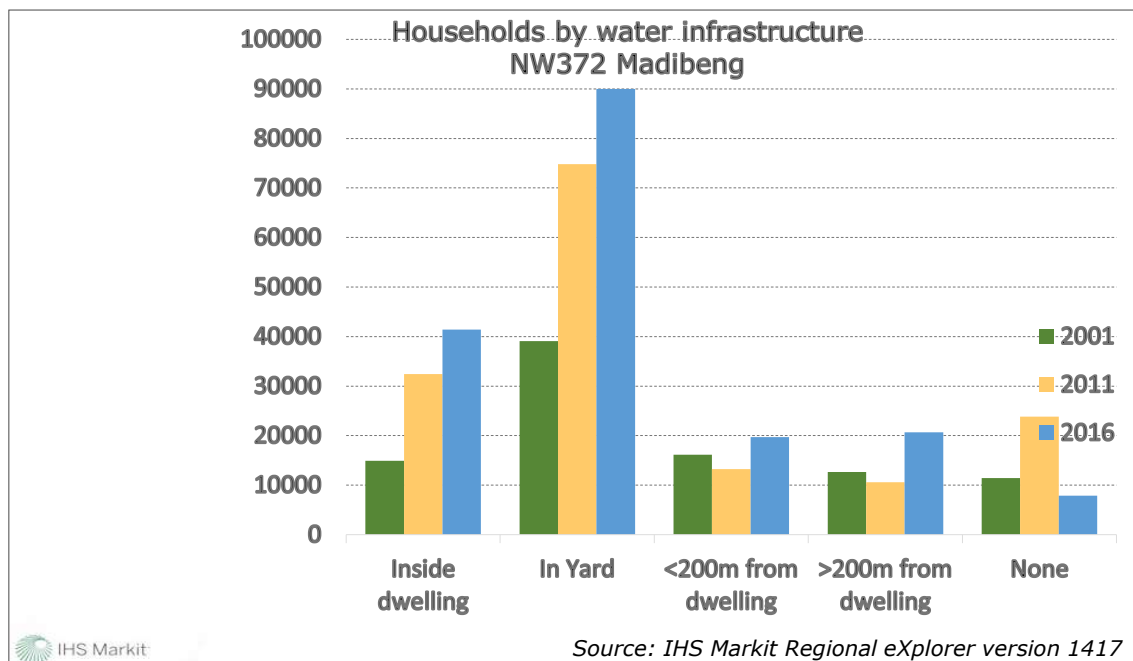
NUMBER OF HOUSEHOLDS BY TYPE OF TOILET		
SANITATION		
COMPARATIVE YEARS	2011	2016
FLUSH	52 510	64 645
VENTILATION IMPROVED PIT (VIP)	19 625	21 699

HOUSEHOLDS			
DESCRIPTION	2015/16	2016/17	2017/18
	ACTUAL NO.	ACTUAL NO.	ACTUAL NO.
<u>Water: (above min level)</u> Piped water inside dwelling Piped water inside yard (but not in dwelling)			
Using public tap (stand pipes) Other water supply (within 200m) <i>Minimum Service Level and Above sub-total</i>	2 395	4 674	4 674
<i>Minimum Service Level and Above Percentage</i>			
<u>Water: (below min level)</u> Using public tap (more than 200m from dwelling) Other water supply (more than 200m from dwelling) No water supply <i>Below Minimum Service Level sub-total</i>	1 187	9 944	9 944
<i>Below Minimum Service Level Percentage</i>			
Total number of households*	3 582	14 618	14 618
* - To include informal settlements		T3.1.3	

HOUSEHOLDS-SANITATION SERVICE DELIVERY BELOW MINIMUM SERVICE LEVEL									
DESCRIPTION	2014/2015	2015/2016	2016/2017	2017/2018					
	ACTUAL NO.	ACTUAL NO.	ACTUAL NO.	ORIGINAL BUDGET NO.	ADJUSTED BUDGET NO.	ACTUAL NO.			
FORMAL SETTLEMENTS									
Total households	23 949	23 949	93 487	93 487	93 487	93 487			
Households below minimum service level	2 395	2 395	4 674	4 674	4 674	4 674			
Proportion of households below minimum service level	10%	10%	5%	5%	5%	5%			
INFORMAL SETTLEMENTS									
Total households	5 638	5 638	49 720	49 720	49 720	49 720			
Households below minimum service level	1 187	1 187	9 944	9 944	9 944	9 944			
Proportion of households below minimum service level	80%	80%	20%	20%	20%	20%			
WASTE WATER (SANITATION) SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	2014/2015		2015/2016		2016/2017		2017/2018	
		TARGET	ACTUAL	TARGET		ACTUAL	TARGET		
		previous year		previous year	current year		current year	current year	following year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
Basic Service Delivery and Infrastructure Development	Improve Green Drop status	44	44	N/A	N/A	N/A	N/A	N/A	N/A
	# of effluent samples tested by an accredited laboratory	4	8	12	16	16	40	40	40
	Sanitation breakdowns attended to within 48 hrs against queries received	100%	100%	100%	100%	100%	100%	100%	100%
	Km of bulk sewer line & sewer connection	0	14 km	8.5 km	8.5km	8.5km	703 connection	703 connection	0

WASTE WATER (SANITATION) SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	2014/2015		2015/2016			2016/2017		2017/2018
		TARGET	ACTUAL	TARGET		ACTUAL	TARGET		
		previous year		previous year	current year		current year	current year	following year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
	constructed at Klipgat								

Sanitation services ensures that the dignity of our community is prioritised and preserved. The Municipality has been mainly focusing on increasing bulk sanitation, that is construction of the bulk line and pumpstation in Klipgat, Refurbishment of Brits, Reitfontein, Letlhabile and Mothotlung Wastewater Treatment Works to ensure that additional capacity is availed to meet the current and future developments. Madibeng is predominantly a rural municipality, which means most areas are currently on dry sanitation rather than conventional water born system. The sanitation backlog is still very high as a result of competing challenges with water. The Municipality will continue to commit itself to work very hard to find alternative funding models to reduce the high backlog in sanitation services.



3.4 COMPONENT C: ELECTRICITY (*ENERGY*)

3.4.1 INTRODUCTION TO ELECTRICITY

The Municipality is an authorized energy distributor (NER/D/NW372) within the demarcated region as per the license issued by NERSA supplying electricity to Brits, Letlhabile, Hartebeespoort and Ifafi.

Total registered consumers is approximately 32,875 categorized as: 30 000 domestic prepaid, 1 200 domestic credit meters, 1 200 commercial, 110 Manufacturing and Industrial and 365 others. There are four bulk intake points with total installed capacity of 185 MVA within a geographical area of 3,814 square kilometers.

Furthermore, the Electricity division is responsible for the planning and maintenance of electricity network infrastructure and compliance to NERSA requirements as stipulated in the License conditions.

Three subdivisions deal with the daily operational activities of the electricity business. The three subdivisions are: North (Letlhabile), Central (Brits) and South (Hartebeespoort).

The municipal strategy is to ensure that all its inhabitants have access to safe and reliable electrical supply within its area of jurisdiction. There are also two other electricity suppliers in Madibeng Local Municipality, namely: Eskom and Tshwane Metropolitan Municipality.

Backlogs are high in Eskom area of supply due to budgetary limitations and the unfolding process of formalization of rural areas. A three year rolling plan has been submitted to Eskom for planning and implementation of electrification and an increase in the allocation has been noticed to deal with the electricity services backlogs. The Municipality also manages the annual fund allocation in terms of the Integrated National Electricity Programme (INEP) from the Department of Energy in respect of the backlog in its own area of supply.

ELECTRICITY SERVICE POLICY OBJECTIVES TAKEN FROM IDP									
SERVICE OBJECTIVES/ SERVICE INDICATORS	OUTLINE SERVICE TARGETS	2014/2015		2015/2016		2016/2017		2017/2018	
		Target	Actual	Target		Actual		Target	
		Previous Year		Previous Year	Current Year		Current Year	Current Year	Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
SERVICE OBJECTIVE									
Provision of minimum supply of electricity	Additional households (HHs) provided with minimum supply during the year (# of HHs below minimum supply level)	2108	1700	3800	1250	1908	3200	4810	3200
DESCRIPTION			2013/14	2014/15	2015/16	2016/17	2017/18		
			ACTUAL NO.	ACTUAL NO	ACTUAL NO	ACTUAL NO	ACTUAL NO		
ENERGY: (above minimum level)									
Electricity (at least minimum service level)			102 200	110 928	124 751	129 171	134 371		
Electricity – prepaid (min service level) Minimum Service Level and Above sub-total			84 755	94 200	96 418	100 618	105 418		
Minimum Service Level & Above Percentage			83 %	85 %	77 %	78%	81%		

DESCRIPTION	2014/15	2015/16	2016/17	2017/18
	ACTUAL NO.	ACTUAL NO.	ACTUAL NO.	ACTUAL NO.
FORMAL SETTLEMENTS				
Total households	20 000	21 000	22 000	23 000
Households below minimum service level	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%
INFORMAL SETTLEMENTS				
Total households	99 300	102 800	107 171	111 971
Households is below minimum service level	12 500	13 000	14 500	16 500
Proportion of households is below minimum service level	13%	13%	14%	15%

PERFORMANCE ON ELECTRICITY SERVICES

Upgrading of the main distribution sub-stations to ensure sustained electricity supply is to be prioritized and provision for new electrical connections are to increase access to the electricity grid, street and public lighting.

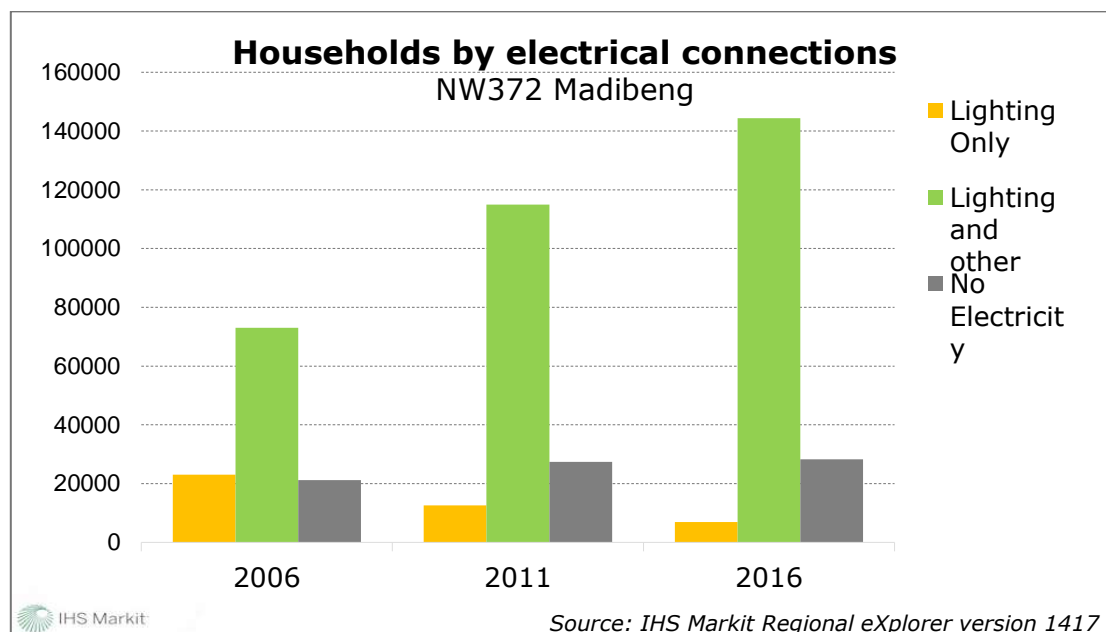
Insufficient or inadequate funding, high capital injection needs and privately owned land or properties are some of the reasons for non-achievement of some of the targets.

The challenge can only be addressed through a phased-in approach provided resources are available. The Municipality has a supply agreement and funding contract for indigent support with Eskom and variation to approved budget will be determined as the project progresses.

The demand for electricity services far surpasses the supply and this negatively affects the development in the area concerned. The electricity infrastructure networks are aged and outdated technology is still in use, while in some parts of the network hence regular power outages.

This raises a dire need for the development and implementation of an Electricity Integrated Master Plan to holistically address all the electricity infrastructural needs in the area of Madibeng.

Energy demand side management strategies need to be developed so that it can inform proper utilization of available resources and inform future planning. There is still a need for migration to smart metering and implementation of energy efficiency initiatives.



NUMBER OF HOUSEHOLDS BY ELECTRICITY USAGE		
ELECTRICITY CONNECTIONS		
COMPARATIVE PERIODS	2011	2016
Electricity for Lighting Only	12 608	6 944
Electricity Lighting and Other Purposes	114 933	144 394
Not Using Electricity	27 368	28 250
TOTAL	154 910	179 587

DESCRIPTION	2014/15	2015/16	2016/2017			2017/2018
	ACTUAL NO.	ACTUAL NO.	ORIGINAL BUDGET NO.	ADJUSTED BUDGET NO.	ACTUAL NO.	
FORMAL SETTLEMENTS						
Total households	20 000	21 000	22 000	22 000	22 000	22000
Households below minimum service level	0	0	0	0	0	
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
INFORMAL SETTLEMENTS						
Total households	99 300	102 800	107 171	107 171	107 171	107 171
Households is below minimum service level	12 500	13 000	14 500	14 500	14 500	14 500
Proportion of households is below minimum service level	13%	13%	14%	14%	14%	14%

3.5 COMPONENT D: ROADS AND STORMWATER

The primary function of the division is to provide access and mobility within the area of jurisdiction of the Municipality with the intention of contributing to the infrastructure necessary for local economic development and improvement of quality of life of the people of Madibeng. Transport is the back bone of the local economic growth, especially if properly planned with clear and quality corridors that provide for smart linkages to internal and external markets. Quality infrastructure further enhances the delivery of other services in the area as mobility is enhanced.

Integrated Transport Plans (ITP) illustrates in detail the infrastructure and systems available and required to achieve a functional public transport system in the Municipalities and other spheres of government. These plans are required to ensure effective planning, operations and maintenance.

The Municipality should develop an Integrated Transport Plan to streamline project planning and the attraction of funding for the required infrastructure. In order to achieve this objective, a new Directorate: (Roads and Transport), is proposed and it intends to align transport with roads and storm water planning and implementation.

Gravel Road Infrastructure		
Fin Year	Total Gravel Roads	Gravel Roads Graded / Maintained
2014/2015	1460 km	12.5 km
2015/2016	Upgraded new roads	50 km
2016/2017	Upgraded new roads	55 km
2017/2018	Upgraded new roads	50 km

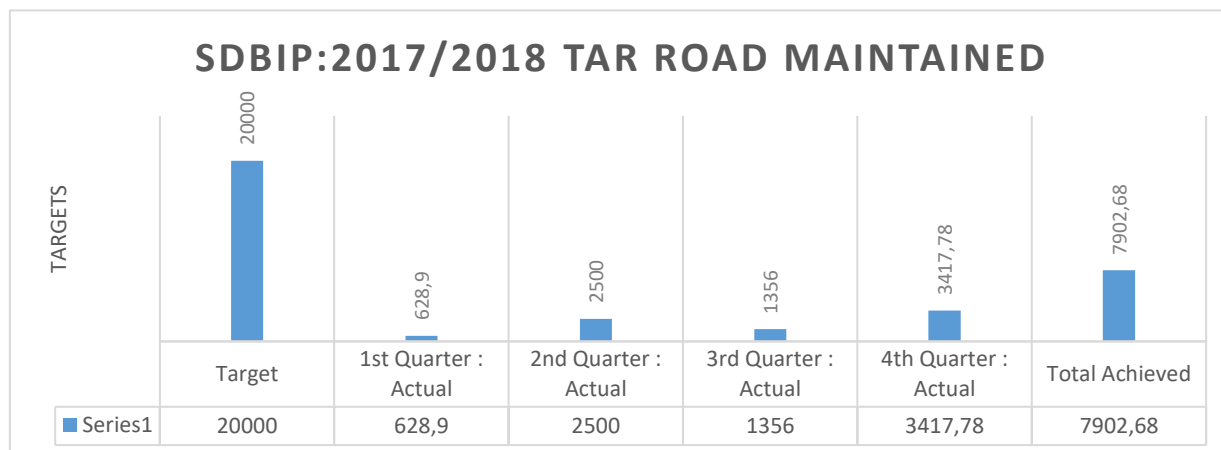
TARRED ROAD INFRASTRUCTURE			
	Total Tarred Roads	Existing Tar Roads Re-Tarred	Tar Roads Maintained
2015/2016			27 250m ²
2016/2017			54 500m ²
2017/2018			7902.68m ²

Cost Of Construction/Maintenance		
	Gravel Maintained	Tar- Maintained
2015/2016	R7 000 000.00	R 2 500 000.00
2016/2017	R6 000 000.00	R 5 000 000.00
2017/2018	R 3,000,000	R 4,500,000

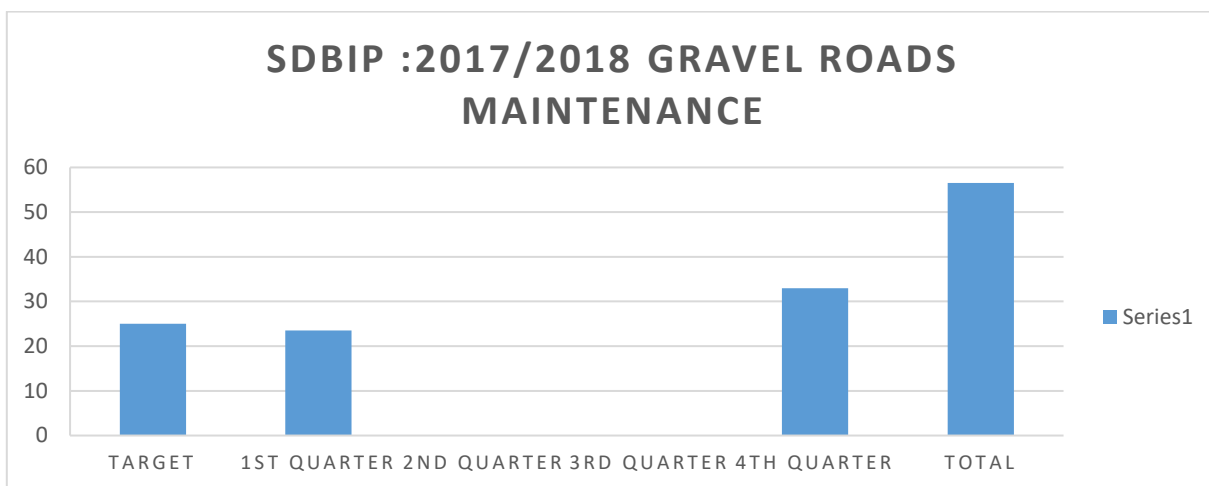
ROADS AND STORMWATER SDBIP:

TARRED ROADS MAINTAINED 2017/2018

Target	1 st Quarter : Actual		2 nd Quarter : Actual	3 rd Quarter : Actual	4 th Quarter : Actual	Total Achieved	Budget :
20 000m ²	628.9m ²		2500m ²	1356m ²	3417.78m ²	7902.68m ²	R 5 000 000



Target	1 st Quarter : Actual	2 nd Quarter : Actual	3 rd Quarter : Actual	4 th Quarter : Actual	Total Achieved	Annual Budget
25km	23.5km	0	0	33	56.5km	2.5million



3.6 COMPONENT E: HUMAN SETTLEMENT & PLANNING

INTRODUCTION TO HOUSING

3.6.1 HOUSING AND LAND ADMINISTRATION

The National Housing. 1997 (Act 107 of 1997), which provides for the facilitation of a sustainable housing development process, lays down the general principles for housing development, including the following prescriptions:

- Prioritisation of the housing needs of the poor and the disadvantaged.
- Provision of a variety of possible housing choices and tenure options.
- Economically, socially and financially affordable and sustainable housing based on integrated development planning, safe and healthy living conditions.
- Consider and address the impact on the environment.
- Racial, social, economic and physical integration in urban and rural areas.
- Effective functioning of the housing market and levelling the playing fields.

The strategies that have been put in place to promote the integrated human settlements are the following.

- Acquisition of well-located state or tribal land, parastatal and privately owned land for housing development.
- Infrastructure provision (water, sanitation, electricity, roads and storm water).
- Progressive eradication of informal settlements.
- Enhance municipal capacity and capability regarding housing planning and delivery.
- Partnering with stakeholders (communities, employers, financiers and contractors).

The Municipality intends to move away from the current pattern of housing delivery towards an integrated, inclusive and sustainable settlement creation, through the principles of Breaking New Ground in all the new settlements as well as upgrading and renewal of existing settlements. Provision of formal tenure arrangements still needs to be an integrated human settlements exercise that forms an integral part of urban areas.

No housing developments initiatives must be identified if they are not inclusive and socio-economically integrated. This approach needs a joint strategy by the municipality and employers such as in the mining or agricultural sector to identify appropriate locations for housing developments.

In order to ensure provision of housing, the Municipality has moved with speed to acquire additional land for human settlement because the current rate of informal settlements and evictions of farm dwellers is high in Madibeng. Part of the Municipality's mandate is to provide security of tenure in rural areas. To date, the following property through partnership with the mine, Heric Ferrochrome has been acquired:

Type Of Land	Property Description	Extent	Intended Use
Privately owned land	Remaining Extent of Portion 133 (A portion of portion 16) of the farm Bokfontein 448 JQ	32,0066H	Integrated human settlement

Madibeng Local Municipality is also in the process of finalizing the acquisition of the following properties (farms) through funding made available by the Department of Local Government and Human Settlements NW funding for 2018/19 FY:

Village	FARM NAME	EXTENT	PROGRESS TO DATE
Oukasie	Remaining extent of Portion 171 of the farm Hartbeespoort C 419 JQ	11.3890Ha	Feasibility and valuation done. Prioritized for acquisition
	Remaining extent of Portion 505 of the farm Roodekopjes of Zwartkopjes 427 JQ	11.5944 Ha	Feasibility and valuations done but not recommended for acquisition.
	Remaining extent of Portion 504 of the farm Roodekopjes of Zwartkopjes 427 JQ	15.5162Ha	Feasibility and valuation done. Prioritized for acquisition
	Portion 1237 of the farm Hartbeespoort C 419 JQ	19.9335 Ha	Feasibility and valuation done. Prioritized for acquisition
Majakaneng	Portion 25 of the farm Wolhuterskop 452 JQ	56,1916 Ha	Feasibility and valuation done. Prioritized for acquisition
	Portion 28 of the farm Groenkloof 464 JQ	25,8724 Ha	Feasibility and valuation done. Prioritized for acquisition
	Portion 37 of the farm Groenkloof 464 JQ	11,3119Ha	Feasibility and valuation done. Prioritized for acquisition

Housing Development Agency (HDA) will engage owners with budget made available by DLG&HS NW. The remaining farm portions will be prioritised in the next financial year.

We have further finalized and signed deed of sales for the following farm portions in process of dealing with informal settlements:

TYPE OF LAND	PROPERTY DESCRIPTION	EXTENT	INTENDED USE	COMMENTS
Privately owned land	Portion 74, of the farm Bokfontein 448 JQ	9.8819 H	Integrated human settlement	Deed of sale signed and submitted to DLG&HS NW for finalizing and payments to the owner
Privately owned land	Portion 64 (Remaining Extent) of the farm Elandsfontein 440 JQ	61.3756 H	Integrated human settlement	Deed of sale signed between the municipality and Barplats Mines LTD as donation to municipality. Transfer is in process

Title deeds:

2017/2018 OVERALL TITLE DEEDS REGISTERED AND ISSUED	
TITLE DEEDS ISSUED	235
TITLE DEEDS REGISTERED	23

PERFORMANCE OF HOUSING

In terms of the powers and functions as per Schedule 4, Part A of the Constitution of the Republic of South Africa, 1996, housing is a concurrent responsibility of the Provincial and National Government. The municipality merely assists to identify the needs and facilitates the provision. The Municipality can only be accorded the housing mandate after it has acquired a level three accreditation and currently Madibeng has applied for level 1 accreditation, which only allows receiving and processing of housing beneficiary applications. The process has however been delayed by provincial department responsible for housing. Currently, no budget is allocated to Madibeng Local Municipality for housing. Provision for housing is informed by the Housing Sector Plan, which is also an IDP Sector Plan. The following are the current housing priorities in Madibeng:

- **MOOINOOI:** Extension 13: A mining area with informal settlements. The mine, SAMANCOR, contributes towards the development. At the moment, approved funding for development of water reservoir. Municipality is in a process to acquire land for water reservoir, which will also cater for future extension of Extension 13. Further engagements with SAMANCOR and DLG&HS NW are ongoing with intention to sign tripartite agreement with deliverable and responsibilities of different parties' i.e Municipality, SAMANCOR and DLG&HS NW.
- **BOKFONTEIN:** Town planning processes have been finalized for Extensions 1 and 2. The objections for extensions 3, 4 and 5 have been finalized and engagement with province for funding of infrastructure is underway. However, we need together with DLH&HS NW address the water and sanitation sourced or provide alternatives given the challenge of bulk water.
- **SUNWAY HOUSING:** The 2nd phase of the development is delayed by the provision of bulk sewerage services. Funding for acquisition of land for the servitude has been acquired and HDA, through the DLG&HS NW has been given responsibility of finalizing the servitude with engagement of owners of the land. This process is almost done with 1 owner only still giving unreasonable conditions. Alternative route is explored by the appointed engineers.

- **LETHABONG HOUSING PROJECT:** The developer is on site but not much progress has been recorded.
- **LETLHABILE BLOCK I:** This project is also delayed due to payments to the developer by provincial department. Audit on the project also indicated other houses built on flood lines. Either relocate or municipality to development drainage channels to guide flow of water away from the houses

RURAL HOUSING:

AREA	ALLOCATION	PROGRESS
Mmakau	100	85 beneficiaries approved, 30 foundations, 20
Shakung	50	All 50 beneficiaries approved, 35 foundations, 0 wall plats and 0 completions.
Moiletswane	100	83 approvals, 40 foundations and 20 wall plate
Maboloka	100	Developer still be introduced to community
Vaalboschloot	100	Developer introduced and still busy with beneficiary administration
Jericho	100	Developer introduced and still busy with beneficiary administration
Mmakau	115	
Fafung	100	Land owners in dispute with development. Matter is receiving legal attention by DLG&HS NW
Majakaneng	300	235 beneficiaries approved. No physical construction progress due delay by the owners of land still not giving consent for project and approval of building plans
Segwaelane	500	489 approvals, finishing 390 houses with snag list, 10 foundations and 20 wall plates

- **RESTRUCTURING ZONES:**
Restructuring zones are identified as economic and transformatory tool for inclusive integrated human settlement with a view of accommodating social housing as well as rental housing. The following areas were identified:
 1. **Modderspruit housing development:**
A private development which will also accommodate other housing typologies.
 2. **Letlhabile K:**
A private development which will also accommodate other housing typologies.
 3. **Sunway housing:**

Municipal housing project already 1000 BNG's completed and second phase will be social housing.

- **FORMALIZATION OF RURAL AREAS:** Klipgat C and Makanyaneng has been approved as townships. Other areas are still at the planning stage but needs support in terms of project funding from the Department of Rural Development and Land Reform.
- Klipgat C as well as Makanyaneng needs confirmation of services for opening of the township register as well as registration of title deeds.

REVENUE RECEIVED	R998 253
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3.6.2 BUILDING CONTROL SERVICES

Building Control services are regulated by the National Building Regulations and Standard Act, 1997 (Act 103 of 1997), which is aimed at minimising the illegal building activities and maintain high level of building standards. The unit receives processes, approves building plans, and performs inspections during constructions and issue occupation certificate, consistent with applicable legislation. The approval of building plans applications contributes towards revenue base of the municipality, creation of job opportunities and promotion of security of tenure.

IMAGE OF CONTRAVENTION NOTICE ISSUED TO THE OWNER FOR ILLEGALLY BUILDING 1ST FLOOR SLAB WITHOUT BALUSTRADES (RAILING OR WALL ON A BALCONY OR STAIRCASE TO PREVENT PEOPLE FROM FALLING OVER THE EDGE OF STAIRS OR BALCONY) FOR SAFETY PURPOSE. OWNER HAS SINCE SUBMITTED THE PLANS AS REQUIRED



INSPECTIONS FOR NEW STRUCTURES OR EXTENSION NOT PERFORMED BECAUSE STRUCTURES BUILT WITHOUT SUBMITTING BUILDING PLANS AND NO APPROVED PLANS WERE MADE.



ACTIVITIES	ACTUAL PERFORMANCE
BUILDING PLANS SUBMITTED	424 building plans approved during the current financial year.
OCCUPATION CERTIFICATE ISSUED	182 occupation certificates were issued.
BUILDING INSPECTION PERFORMED	424 inspections were performed in the current financial year.
CONTRAVENTION NOTICES ISSUED	31 Contravention notices issued.
REVENUE RECEIVED	R1 019 589

3.6.3 URBAN RENEWAL AND RURAL DEVELOPMENT

The Municipality was identified for implementation of Upgrading Program by National Department of Human Settlements. The National Upgrading Support Programme (NUSP) is an initiative of the National Department of Human Settlements (NDHS), aimed at improving the practice of informal settlement upgrading in South Africa. The programme has four objectives:

- Promote incremental upgrading (where possible, *in-situ*) as a major complementary housing programme, in line with Part 3 of the National Housing Code.
- Support the National Delivery Agreement target to improve basic infrastructure, services and land tenure for 400 000 informal settlement households by 2014.
- Improve government's approach to upgrading, strengthening coordination with other sectors and partners.
- Strengthen the capacity of government and professional practitioners to implement community-based incremental upgrading.

Phase 2 of the outstanding informal settlements have concluded with the development of capacity building program and 15 development plans after detailed studies on the following Informal Settlements: Skierlik (Oskraal), Middletown (Oskraal), Hebron Midas, Hebron Beverly Hills, Ten Room, Bokfontein, Nkandla, Sarajevo, Modikwane, Regorogile, Khalamtwana, Phase 2 Oukasie, Mountain View Oukasie, Corrie Sanders/Siyahlala and Letlhabile Block H/Portion 8, 13, 23 of farm Nietgedacht. Engagements are on-going with the Provincial department to ensure that incrementally so that from the first phase they are prepared for inclusion on the Provincial Business Plans for future implementation.

STATUS OF LAND INVASION

The municipality is continuing to experience a pressure of illegal invasion of land around the jurisdiction of the municipal area. The following are serious challenges:

- The long running court battles on the municipal owned properties which are illegally occupied
- The occupation of private properties where the municipality needs to provide for alternative measures even in impossible circumstances.
- In addition to the Bakwena Ba Mogopa long outstanding court battle with the informal settlers of Kagisanong View the following matters of invasion have started:
 - Portion 18 & 19 of farm Elandsfontein 440JQ,
 - Portion 91 & 109 of the farm Elandsfontein 440JQ,
 - Portion 1410 of the farm Haartebeesfontein B410, and
 - Erf 1 Lethabong.

The other worrisome trend of farm evictions that is also experienced, were the municipality is obliged to provide alternative accommodation.

3.6.4 SPATIAL PLANNING AND LAND USE MANAGEMENT

The Division processes development application currently using five (5) outdated Town Planning Scheme with the oldest dating back to the 1950s'. Various legislations are used such as Town Planning and Township Ordinance of 1986. The Division is now implementing the new legislation being the Spatial Planning and Land Use Management Act, 2013 (SPLUMA) since the Madibeng Local Municipality by-law has been promulgated. These legislations aim to:

- Provide for a uniform, effective and comprehensive system of spatial planning and land use management for the Republic of South Africa.
- Ensure that the system of Spatial Planning and Land Use Management promotes social and economic inclusion.
- Provide for development principles, norms, standards and sustainable and efficient use of land.
- Provide for cooperative government and intergovernmental relations amongst all the three (3) spheres of government.

- Redress the imbalances of the past and ensure that there is equity in the application of Spatial Development Planning and Land Use Management Systems.
- Several activities were undertaken to ensure implementation thereof such as obtaining Council resolution on the implementation of SPLUMA, training officials, proclamation of the By-Law and appointment of Land Development Officer.

The following are other outstanding steps that still need to be done while awaiting the Council to establish the Appeals' Authority since there is a need to develop new delegations and Council adoption of the Land Use Management Scheme.

ACTIVITIES	NO. OF APPLICATIONS APPROVED
Rezoning	17
Townships	02
Building Line Relaxation	28
Consent Use	15
Second Dwelling	1
Subdivision	6
Consolidation	2

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

- Spatial Development Framework and the Spatial Planning and Land use management By-Law are already approved.
- The Madibeng Land Use Scheme has been referred to the Portfolio Committee, which is struggling to convene.
- Division has provided spatial planning and land use management that promotes social and economic inclusions.
- It also strived to redress imbalances of the past and ensures that there is equity in the application of spatial planning and land use management.
- The Spatial Planning and Land Use Management Division received, processed and approved a number of development applications that were consistent with the Spatial Development Framework.
- These development applications have contributed toward increasing revenue of the municipality, creating of job opportunities and promotion of security of tenure.

In 2017/2018 financial year, Building Control Regulations services generated R1 019 589 in revenue, Spatial Planning & Land Use services R474 029 and Housing & Land Administration R998 253. Collectively divisions contributed R2 280 890 of the total annual municipal revenue.

3.7 COMPONENT F: LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

3.7.1 INTRODUCTION TO ECONOMIC DEVELOPMENT

Local Economic Development is a process where the Public, Business and Government Sectors work collectively, with an objective to create better conditions for economic growth and job creation for the municipality. The economy of Madibeng is characterised by various and distinctive attributes including but not limited to mining, arts, culture, industries, agriculture. The Agricultural sector is dominated by plant production due to good fertile soils but has suffered attacks by army worms, which affected the overall yield.

The process of land reform and restitution programs resulted in most commercial farms being transferred to their rightful owners with less capacity and experience in farming, resulting in an overall drop in agricultural production.

The chicken industry (broilers) is experiencing market price problems due to the flooding into the country of chicken imports at low prices. The municipality through intensive and deliberate interventions, is in process to investigate establishment of chicken abattoir for expansion in production and beneficiation.

The Tourism industry is a very important economic pillar that contributes immensely to the local economy and as such transformation of the sector remains one critical component which the department is seized with. Such initiative will formalise the sector in order to extend the value chain for emerging black tourists, and allow established tourism business to extend capacity to emerging.

Madibeng has a huge variety of tourist attractions areas which include leisure, adventure, culture and business. In fact, Madibeng used to be one of the leading tourism hubs/destinations in the North West Province, with Hartbeespoortdam regarded as the most visited area after Western Cape. The Directorate of Economic Development markets tourism in both local and national exhibitions to showcase tourism offerings that would yield and attract more tourists to visit our area of Madibeng Local Municipality whilst extending benefits to emerging tourism industry.

An initiative to build capacity to Small, Medium and Macro Enterprise businesses (SMMEs) in service excellence is constantly done to assist them to improve the quality of services, management and administration for and by these establishments.

The Mining industry also experienced an economic slump with some closing down and others closing few shafts which resulted in job losses and poor economic activities in affected mining communities. An alternative economic activity always becomes a necessity so that the local and township economy does not take an abrupt knock.

The Mining Forum is fully functional and effective to monitor the submission, alignment with IDP and implementation of Social Labour Plans commitments. The coordination of mining sector through mining forum serves as an opportunity for the municipality to partner with mining houses for effective implementation of MPRDA and Charter.

The Economic Development has succeeded to find support for the SLP's to encompass the Brits Town Regeneration plan which is aimed at rebuilding the Brits town.

The Manufacturing sector has also experienced migrations to other areas due to insufficient local capacity (local willing labourers) and resources such as water and electricity of which without the municipality will struggle to attract new investors in the area.

The retention and expansion in the sector remains a collective effort wherein LED together with all departments are able to contribute through performance targets (SDBIP) towards growth and development for the sector.

Support and development of Small, Medium and Macro Enterprises (SMME's) and Cooperatives is a critical component at the centre of economic growth, unfortunately it has been administered in an ad hoc basis for some time due to lack of proper infrastructure and institutional systems. The upgrading of Street Trading database came up with approximately 600 hawkers who require informal trading space, which is limited. The STR comes handy since through implementation plan with clear direction on how informal trades will be formalised and have trading stalls erected in the inner town of Brits.

Management and monitoring of outdoor advertising still needs to be strengthened as one of the potential sources of municipal revenue. The current state of outdoor advertising continues to benefit those contracted to control the space at the disadvantage of the municipality.

An audit conducted has confirmed that some operations are done without proper SLA's. Transformation of the sector has started with earnest and with potential to bring spin off for the municipality.

Business Licensing is also a revenue source within the Directorate of Economic Development, Tourism and Agriculture with the ability to reduce illegal advertising and trading. In order ensure effective control and monitoring against erection of unwanted structures in town, the insertion of a direct clause from street trading by-laws prohibiting such erections should form part of the trading licence.

Several programmes launched under the Expanded Public Works Program (EPWP) contributed towards temporary job creation, capacity building and skills development. In the 2016/2017 financial year, the Expanded Public Works Programme (EPWP) produced a total of 75 beneficiaries whilst the Community Works Program (CWP), which is also widely spread across in the nine (9) wards of Madibeng Local Municipality, produced 1000 beneficiaries.

These temporary jobs add to the temporary jobs created through the municipal Municipal Infrastructure Grant (MIG) projects and Cash for Waste Management Programmes. Through proper coordination the program has the potential to create more temporary job opportunities.

Efforts are afoot to expand benefits through enlistment of more youth beneficiaries in the system, and the unit will be finalised who will then ensure EPWP policy implementation.

In general like in other municipalities affected by low economic growth, similarly the municipality has not seen growth as anticipated and still experiences job losses, high levels of unemployment, poverty and a drop in food production.

ECONOMIC ACTIVITY BY SECTOR			
SECTOR	2015/2016	2016/2017	2017/2018
Agriculture, forestry and fishing	1.5	2.3	2.7%
Mining and quarrying	2	8	32.9%
Manufacturing	63	13	5.5%
Wholesale and retail trade	52	52	12%
Finance, property, etc.	52	52	13,2%
Government, community and social services	25	20.9	21.1%
Infrastructure services & Electricity	41	41	10%
TOTAL	236.5	189.2	97.4
<i>Updated Information on economic employment by sector is available in the government website and STATS SA.</i>			

ECONOMIC EMPLOYMENT BY SECTOR			
SECTOR	2015/2016	2016/2017	2017/2018
Agriculture, forestry and fishing	30000	5.5%	6.8%
Mining and quarrying	372 000	2.8%	18.7%
Manufacturing	270 000	10.7%	7.2%
Wholesale and retail trade	210 000	-	15.3%
Finance, property, etc.	235 000	-	10.8%
Government, community & social services	320 000	20.8%	22.2%
Infrastructure services & Electricity	450 000		5.5%
TOTAL	1 887 000	39.8%	86.5%
<i>Updated Information on economic employment by sector is available in the government website and STATS SA.</i>			

LOCAL JOB CREATION OPPORTUNITIES

The majority of jobs within Madibeng are from retail, industries; farming, mining and government sectors. The Local Economic Development's main economic pillar is the tourism industry (mainly resorts, B+B's, guest houses, nature reserves, etc.), a sector with high potential to create jobs if well developed and monitored to benefit the previously disadvantaged. The tourism attraction in Madibeng experienced challenges and resulted in a slight drop in a number of tourists visiting the area.

The municipality has adopted EPWP policy and is in the process to implement the policy dictates in line with Public Works expectations.

JOB CREATION THROUGH OTHER SECTORS OF ECONOMY (EXCLUDING EPWP)					
Details	Tourism	Retail	Agriculture	Total Jobs Created	Method Of Validating Jobs Created/Lost
2012/2013	504	360	900	1764	Economic profiles have been circulated to all sectors for provision of information on jobs created.
2013/2014	603	466	888	1957	
2014/2015	533	173	392	1098	
2015/2016	433	217	1873	2523	
2016/2017	424	91	2227	2742	
2017/2018	215	211	1067	1493	
<i>Most of the jobs in the agriculture sector are occupied by foreign nationals after being declined by local unemployed communities registered at Department of Labour.</i>					

JOB CREATION THROUGH EPWP PROJECTS		
DETAILS	EPWP PROJECTS NO.	Jobs Created Through EPWP Projects No.
2012/2013	14	1796
2013/2014	12	1700
2014/2015	12	1700
2015/2016	12	1700
2016/2017	15	2000
2017/2018	15	2000

LOCAL ECONOMIC DEVELOPMENT POLICY OBJECTIVES TAKEN FROM IDP									
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	2015/2016		2016/2017			2017/2018		
				TARGET			TARGET	ACTUAL	
		previous free basic year	current year				current year	current year	following year
(i)	(ii)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Training of people in essential skills: x, y, z	Number of people trained (incl. retrained up skilled) People trained People trained People trained People trained People trained People trained		
Business management / Entrepreneurial, Financial Management, Small enterprise start up course and Tendering Course	The objective is to reach Small, Medium, and Micro Enterprises'. Emerging, operational and commercial ones. In most instances, the emerging and operational ones are reached.	50	20	38	20		20	20	20
Tourism Workshops (Service Excellence, Grading, Institution building)	To capacitate tourism businesses with the right skills to ensure tourism sustainability, growth and improve service standards.	30	24	24	30	25	40	30	40
Agricultural production workshop (plant production and diseases, Plant conservation Bill, planting space, poultry production and management, pig production, cattle breeding)	To capacitate emerging farmers and cooperatives in proper agricultural production practices. To enhance income generation and sustainable production and	60	75	60	75	77	60	65	70
Tourism training targets are not on number of people but number of workshops held, even though the actual reflected are people trained.									

COMMENTS ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Comment on Local Job Opportunities 2017 /18

The Local Economic Development sector is highly challenged in Madibeng Local Municipality. Old infrastructure, and limited services (water & electricity supply) lead to high economic losses.

Mining houses are closing down resulting in higher unemployment rates. The migration of industries to Rosslyn and to neighbouring countries like Botswana also cause an economic slump.

The tourism sector could be booming with the newly declared National Heritage site near Hartbeespoortdam, Magaliesburg, but there is a thorough need to upgrade infrastructure in the area, and to clean the dam for more tourism attraction.

Agriculture sector also took a dip, with more land reform programs. Transfer of land to the land claims beneficiaries requires a lot of financial injection to maintain good production standards.

Foreigners who are able to create temporary and contract jobs dominate the retail sector. On average a minimum of 200 permanent job opportunities are created on annual basis with very low wage levels across vital sectors of economy (Retail, agriculture, and tourism). The two sectors with ability for more jobs creation are manufacturing and mining, but with the above mentioned challenges, they not keeping up.

There is a high need to for investment promotion and attraction. The Small Town Regeneration project is a platform of local infrastructural renovation. Changing the face of town to attract more investment.

Management and monitoring of Outdoor advertising can also enhance revenue generation.

EPWP / CWP programs managed to create 1075 job opportunities.

BRITS SMALL TOWN RE-GENERATION PROJECT

Madibeng Local Municipality is one of three (3) municipalities, with Matlosana and Moretele, in the North West Province selected for Small Town Re-generation project. It is implemented jointly with the South African Local Government Association (SALGA) and Common Wealth Local Government Forum, it is one of the Local Economic Development Strategies having the potential to turnaround economic landscape. Brits town is the biggest of the seven (7) Urban/Peri-Urban areas in Madibeng with Mothotlung, Letlhabile, Hartbeespoort, Oukasie, Damonsville and Mooinooi) in Madibeng. The STR is currently at implementation phase wherein resources are being mobilised for project implementation plan.

It is, therefore, the project's starting point and the objectives are the following:

GOALS	OUTPUTS	PROGRESS
To Create An Enabling Business Environment	<ul style="list-style-type: none"> ○ Upgrade of Brits Water Purification Plant. ○ Brits electrical Mini-substation. ○ Roads construction, incl. internal roads. ○ Upgrade main entrance & storm water drainage. ○ Upgraded monitored signage. 	<ul style="list-style-type: none"> ○ Water purification plant project is still in progress. ○ The electrical substation at the Industrial sites has been upgraded. ○ Meetings have been held with the outdoor advertising companies to plan properly for signage. ○ Other projects in this row are still pending due to financial constraints.
To Transform Brits Into A Green, Clean & Healthy Town To Attract Investment	<ul style="list-style-type: none"> ○ Beautiful town entrances and parks developed. ○ Rubbish bins installed 10 metres apart in town. ○ Removal of shacks around the city/town. ○ Serviced industrial sites available for investors. 	<ul style="list-style-type: none"> ○ Municipality in the process to develop a by-law on removal of shacks. ○ Outdoor advertising companies have pledged to install rubbish bins. ○ The servicing of industrial sites is also at planning phase.
To Ensure Safety In Brits	<ul style="list-style-type: none"> ○ Functional Community Policing Forum. ○ CCTV cameras placed at town's hot spots. ○ Functional street lights. 	Community Policing Forum is formed jointly with South African Police Services and the Community of Brits.
Successes	South African Local Government Association has appointed a service provider to develop an Urban Design for the Brits Town (The pictures of the current Brits and how it should be after regeneration. All the processes will be submitted for Council approval and then clarify the roles of all relevant stakeholders.	

3.8 COMPONENT G: COMMUNITY AND SOCIAL SERVICES

Community Development Directorate renders various community and social services to the residents of Madibeng. It comprises of 3 divisions, namely (1) Solid Waste and Environmental Management, (2) Social Services, Libraries, Arts and Culture, Sports Development and (3) Parks, Nursery & Cemeteries.

3.8.1 SOLID WASTE MANAGEMENT (*Refuse Collection, Waste Disposal, Street Cleaning and Recycling*)

Madibeng renders weekly refuse collection services to over 75 021 households. Challenges experienced are shortage of resources such as waste collection vehicles and personnel, which lead to regular disruption and interruption of refuse collection services to certain areas.

SOLID WASTE MANAGEMENT SERVICE DELIVERY LEVELS				
DESCRIPTION	2014/2015	2015/2016	2016/2017	2017/18
	ACTUAL NO.	ACTUAL NO.	ACTUAL NO.	ACTUAL NO.
SOLID WASTE REMOVAL: (minimum level)				
Removed at least once a week	74 869	75 021	99 840	110 000
<i>Minimum service level and above sub-total</i>	74 869	75 021	99 840	110 000
<i>Minimum service level and above percentage</i>	46%	46%	61%	67%
SOLID WASTE REMOVAL: (below minimum level)				
Removed less frequently than once a week	0	0	0	0
Using communal refuse dump	0	0	0	0
Using own refuse dump	0	0	0	0
Other rubbish disposal	7400	7 400	7 400	6 300
No rubbish disposal	80636	80810	56 317	48 893
<i>Below minimum service level sub-total</i>	88036	88210	63 717	55 193
<i>Below minimum service level percentage</i>	54%	54%	39%	33%
TOTAL HOUSEHOLDS	162 905	163 231	163 557	165 193

HOUSEHOLDS – SOLID WASTE SERVICE DELIVERY LEVELS BELOW THE MINIMUM (*Households)						
DESCRIPTION	2014/2015	2015/2016	2016/2017	2017/2018		
	ACTUAL NO.	ACTUAL NO.	ACTUAL NO.	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL NO.
INFORMAL SETTLEMENTS						
Total households below minimum service level	34 769	35 095	37 590	R29m	R29m	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
INFORMAL SETTLEMENTS						
Total households below minimum service level	122 805 88 036	123 305 88 210	101 307 63 717	R29m	R29m	165 193 55 193
Proportion of households below minimum service level	71%	58%	51%	0%	0%	33%

SOLID WASTE MANAGEMENT SERVICE POLICY OBJECTIVES TAKEN FROM IDP							
Service Objectives	Outline Service Targets	2015/16		2016/17	2017/2018		
		TARGET		ACTUAL	TARGET		
		previous year	current year		current year	current year	following year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)
OBJ #1 To provide basic services (incl. street lighting) in accordance with approved budget and set targets	% of households with access to basic level of solid waste removal	45%	42%	48%	50%	52%	54%
OBJ #3 To upgrade (incl. capital infrastructure development) & maintain existing services in accordance with set targets, standards & norms	Fencing of new waste disposal site	-	-	-	-	-	-
	# of transfer stations constructed	3	2	3	1	1	1
OBJ #4 To enhance quality of life of communities through social development initiatives in line with set targets, norms & standards	Environmental Awareness on waste management for informal settlements	4	4	4	4	4	4
	Climate Change campaigns in various identified wards	4	4	4	4	4	4
	% Air Quality Monitoring Programme	60%	100%	100%	100%	100%	100%

RECYCLING

Recycling takes place at Hartbeesfontein Landfill site. A group of women who have been on site since 1993 are formalised and have a registered business reclaiming and selling recyclable material at the Hartbeesfontein Landfill site to different companies. Unfortunately, this is the end-pipe method of recycling where recyclable material is already mixed with other waste. Less than 1 % of waste received at the site is recovered this way.

In order to increase the percentage of waste recycled and diverted from landfilling the municipality has:

- Granted permission to Groups of community members to do separation and storing recyclable material at Brits Transfer Station and Damonsville Transfer Station.
- Department of Environmental Affairs to construct a Material Recovery Facilities (MRF) at Brits Transfer station.

The facility will be used to sort, bale and store recyclable material until it is transported to buyers. The MRF parts arrived in South Africa 22 June 2018 from Brazil. The construction/ assembly of the MRF is targeted for August 2018 should be operational by September 2018. The Municipality's long term vision is to move to a waste management system of "*separation at source*" where recyclable material is separated from the rest of the waste at the point of generation whether it is a business or a household.

MONTH	TONS RECYCLABLE MATERIAL RECOVERED
July 2017	33
August 2017	25
September 2017	27
October 2017	31
November 2017	26
December 2017	34
January 2018	29
February 2018	22
March 2018	19
April 2018	23
May 2018	31
June 2018	28
TOTAL TONS	328

Informal recycling also takes place where private companies and ordinary people collect recyclable material with trolleys and bags on the streets. In order to increase diverting of waste from Landfilling towards recycling, the municipality has successfully sourced funding from the Department of Environmental Affairs to construct a Material Recovery Facilities (MERF) at Brits Transfer station.

This facility will be used to sort, bale and store recyclable material until it is transported to buyers. The construction of the Material Recovery Facility targeted for September 2018 should be fully operational by November 2018. The Municipality's long term vision is to move to waste management system of "*separation at source*" where recyclable material is separated from the rest of the waste at the point of generation whether it is a business or a household.

The recycling structure that will be used for the MRF installation



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The process to review the Integrated Waste Management Plan of the municipality is completed and has been adopted by council.

3.8.2 ENVIRONMENTAL MANAGEMENT (POLLUTION: AIR AND LAND POLLUTION)

The Municipality is guided by the National Environmental Management Act, 1998 (Act 107 of 1998) (NEMA and other environmental management legislation to undertake various programs to prevent environmental degradation and pollution. The top three municipal priorities on the environmental pollution control are:

- Air Quality Monitoring
- Waste Management Awareness Campaign
- Environmental Management
- Compliance and Enforcement

AIR QUALITY MONITORING

The Municipality has Air Quality Monitoring Station in Damonsville, sponsored by the North West Department of Rural Environment and Agricultural Development (DREAD). The Station is monitoring gases such as Nitrogen Oxide, Sulphur dioxide, Ozone and PM₁₀ and PM_{2.5}. The challenge with the station is that it is only monitoring Meteorological data because of lack of maintenance and fragmented analysis. The other Air Quality Monitoring station is in Xanadu.

It is owned by the South African Weather Services (SAWS). The Monitoring station is operational and it is reporting its Data to SAAQIS. Air Quality monitoring reports are submitted to Council on quarterly basis.

The Municipality has also started with the establishment of Air Quality Strategy that provides the policy framework for air quality standards and objectives for key air pollutants, which will assist in improving the air quality, environment and the well-being of the communities within Madibeng.

WASTE MANAGEMENT AND AWARENESS CAMPAIGN

Waste Management workshops are held throughout Madibeng and train different stakeholders such as Schools, NGO's, Community Structures and educated them on various aspects of waste management. The Municipality was able to integrate the 10 by 10 Setsokotsane programme with the planned waste management programs.

The Waste Education and Awareness was conducted in four communities and also at various schools. The areas that were targeted was Oukasie, Zandfontein, Bokfontein and Kosmos (orange farm). At Oukasie on the 10 July 2017 it was a clean-up and awareness campaign and the focus was the taxi rank. On the 14 September 2017 the team conducted awareness campaign at Zandfontein. The next awareness campaign was conducted at Bokfontein on the 16 of February 2018, the activity was also done together with the clean-up campaign. The last area where the awareness took place was Kosmos on the 29 March 2018 and the community members were encouraged to start recycling projects.

During the 2017-2018 year, there was an Environmental School camp which was held at Borakalalo Nature reserve. The camp in a week long camp which was on 03-07 of July 2017. The school kids were given the awareness on waste management, water conservation and compost making

ENVIRONMENTAL MANAGEMENT

The Division of Waste and Environmental Management has a responsibility to ensure that the environment is protected from pollution and ecological degradation. The Division has a responsibility to the Madibeng Local Municipality (MLM) citizens to protect them from environmental harm. The Division of Waste and Environmental Management has compiled an Integrated Environmental Management Plan for the protection of pollution and ecological degradation. The basis for the development of an Integrated Environmental Management Plan is the fundamental rights of every South African citizen to have a healthy environment, as stated in the Bill of Rights in the Constitution of the Republic of South Africa, Act

108 of 1996, Chapter 2, Section 24 and the National Environmental Management Act 1998 (Act 107 of 1998) (NEMA).

The municipality is experiencing development pressure, especially along the south through to the eastern boundaries, which is threatening the sustainability of its natural resources. The MLM incorporates a diversity of land uses, including residential (rural and urban), agriculture, mining, natural open spaces and industrial and commercial areas. An Integrated Environmental Management Plan forms part of contributes to this planning process. The diversity of land uses and need for development in Madibeng intensifies the need for an Integrated Environmental Management Plan for the entire municipality area that can address the needs of the community without unnecessarily compromising the environmental integrity of the area.

The Integrated Environmental Management Plan outlines the vision, priority and commitments of the Madibeng Local Municipality (MLM), in respect of the management of the environment in the area of its jurisdiction. It is integrated in that it applies to all, and all that the municipality does, across all sectors, from planning to implementation. It provides a framework from which action plans can be developed and serves as a high level strategic guide in directing the municipality towards its vision for sustainable development. The challenges for environmentally sustainable development within urban areas have led to the need for strategic planning process to be implemented at local government level.

The Integrated Environmental Management Plan form the basis on which all Departments within the MLM can develop a medium-term environmental management strategy. The Integrated Environmental Management Plan is not the responsibility of a single department but rather serves to ensure that the environment is taken into consideration by all departments in the undertaking of their respective roles and responsibilities. It is not a stand-alone strategic planning document, but includes a number of initiatives to ensure incorporation of the environmental principle of sustainability.

ILLEGAL DUMPING MANAGEMENT

Illegal dumping management is done in conjunction with Environmental Education and Awareness campaigns. In order to manage Illegal dumping the municipality undertook numerous activities.

Oukase 10 July 2017 - 20 July 2017



Hebron 10 Oct 2017 - 20 Oct 2017



Brits 11 Dec 2017 - 20 Dec 2017



Mmakau 12 - 13 Dec 2017



Bokfontein 02 March 2018 - 12 March 2018



The municipality spend an amount of R550 000, 00 cleaning illegal dumping during the 2017-18 financial year.

COMPLIANCE AND ENFORCEMENT

The Constitution of the Republic of South Africa under section 24 (a) (b) states that you have the right to an environment that is not harmful to your health and wellbeing. The Waste and Environmental Management Division of the municipality has a mandate to protect these rights of its citizens. Compliance and enforcement is conducted by Environmental Specialists at Industries and Mines within the jurisdiction of the Local Municipality. Three (3) Municipal officials were designated by the MEC: Department of Rural, Environment & Agricultural Development as Grade 2 Environmental Management Inspectors (EMI) in order to do environmental compliance and enforcement where there are transgressions. However compliance notices issued are still signed off at the Provincial Government level by the Grade 1 Environmental Management Inspectors. The municipality is only issuing the warning letters and notices then the matter is handed over to the provincial department for enforcement.

Although there is still a substantial amount of compliance and particularly enforcement action taking place in relation to the proactive strategic, we have seen some positive results following enforcement action, particularly in the poultry sector. Many of the facilities within the poultry, service station and mining industries are still subject to enforcement action, and it is clear that in relation to many of these facilities (which have been impacting on the environment over many years), a number of the measures required to achieve full compliance will take both time and substantial resources. The division will continue to exert pressure on these facilities through enforcement action, where necessary, and build up accurate compliance records to inform future actions. However, the division will in future conduct follow-up inspections to these facilities in order to determine as to whether or not improvement has indeed taken place after these facilities were inspected.

BIO-DIVERSITY AND LANDSCAPE, INCLUDING OPEN SPACES

Through Sports maintenance programs, the landscape of sports field was maintained by grass cutting, watering the fields and fertilizing. The following sporting fields were maintained: Brits, Primindia, Oukasie, Letlhabile, Zone 16: Roma, Mothotlung, Damonsville, Klipgat and Jericho.

3.8.3 SOCIAL SERVICES, LIBRARIES, SPORTS DEVELOPMENT, ARTS & CULTURE

The Division: Social Services comprise of Libraries, Sports Development, Arts and Culture. Social Development has been moved to the Department Local Economic Development

Library services, Arts and Culture are a competent function of the Provincial Government (North West Provincial Government).

The division coordinate its programmes with various Provincial Departments e.g. the Department of Education, library for the Blinds and various NGOs this is done to avoid various spheres of government working in silos.

Each unit has its own challenges that are unique specifically to its area of operation.

SPORTS & RECREATION

Sports and Recreation Unit is responsible for sport and recreational development in conjunction with the Departments of Education, Sport Development, Arts & Culture, Traditional Affairs, Bojanala Platinum District Municipality and Madibeng Sport and Recreation Council (MASREC) Sector Departments, NGOs and Private Sector. Sport and recreation activities mostly comprise of the following:

- Municipal sport and recreational programs with Madibeng Sports and Recreation Council.
- Manage utilization of all municipal sport facilities and support to local sporting bodies.
- Working with the Project Management Unit to develop new sport and recreation facilities.
- Manage Sport and recreation facilities and attend to queries related to sport development.
- National Sports and Recreation for development of sports facilities

We have a sport and recreation policy which was revised and adopted by Council on 29 August 2017 in order to align it with the provincial and national legislative framework to assist the municipality to deliver on its mandate of providing sport and recreation activities that add value to the lives of the community of Madibeng. The Swimming Pool By-Law was also revised and adopted by Council on 29 November 2017. The By-Law is part of the legal framework to pursue users on how to utilize swimming pools to ensure that safety measures are adhered to.

The sport and recreation activities are rendered with the assistance of the local federations, other Governmental stakeholders and Madibeng Sport and Recreation Council (MASREC), which comprise of volunteers from Madibeng, serves as the mouthpiece between community sport councils and the Municipality. It promotes and organize sport development around Madibeng in terms of disseminating knowledge and conducting awareness events around sports development issues.

The following are a number of sport development and recreation programs that were run:

AEROBICS FOR UNIFORMED STAFF (NOVEMBER 2017)



GOLDEN OLDIE GAMES (NOVEMBER 2017)



JUNIOR DIPAPADI GAMES (FEBRUARY 2018)



SPORT AGAINST DRUG ABUSE (APRIL 2018)



DISABILITY GAMES (MAY 2018)



RUGBY CLINICS AND JUJSKEI (JUNE 2018)



INTRODUCING BOWLING (JUNE 2018)



DEPARTMENTS SOCCER LEAGUE (FEBRUARY – JUNE 2018)



There are challenges in the sports and recreation development such as general condition of sport facilities, which makes it difficult to run and sustain proper development programs, lack of proper facilities to train, which negatively affects development of rural communities, financial constraints and visuals of sports facilities due to insufficient fencing and security and over utilization of sports field due to insufficient control measures.

LIBRARIES

There are 11 libraries in the area of Madibeng Local Municipality namely: Brits, Damonsville, Hebron (*which is not yet opened officially but it is complete and furniture has been provided by the Department of Culture, Arts & Traditional Affairs*), Jericho, Kosmos, Letlhabile, Lethabong, Modderspruit, Mothotlung, Oukasie and Schoemansville. Modderspruit Library was donated by Moratiwa Properties as their social responsibility for the community of Modderspruit. It still awaits hand over to the

Municipality. The Municipality envisage to build two more libraries in Mmakau and Klipgat which are on the IDP. We have also a library in Mooinooi which belongs to the mine and the Department (Department of Arts & Culture) is busy with the engagements.

The following are programmes running at libraries.



Provincial Setswana reading competition winner all the way from Jericho Village



Heritage promotion at Lethabong.



Empowering community on running the book club



Community engage on the effective usage of Library services

Libraries are a priority to the Provincial Government, which second personnel to the Municipality through the funds sourced from National Conditional grants. The seconded staff is appointed on a three- year contract, which poses a challenge on staff turnover, as seconded staff sometimes looks for areas where they may be appointed permanently. The Department of Culture, Arts and Traditional Affairs provide training for all library personnel to keep library staff abreast with new developments in the library and information services.

The Department of Culture, Arts and Traditional Affairs also allocates Conditional Grants for library services, which must be utilised in accordance with the submitted business plan for each financial year. The allocation for 2017/18 financial year was R1000 000 for Conditional Grant to improve service delivery and support all municipal libraries to provide the following services:

DESCRIPTION OF SERVICE
Libraries conduct programmes such storytelling, toy play sessions, computer literacy, book clubs etc. to encourage community members to use the library, read and develop themselves so that they can lead better lives.
Encourage members of the community to register as members of the libraries and fully utilise them for leisure and to acquire knowledge.
Mounting displays to raise awareness of social issues affecting the communities such as HIV & AIDS which happens annually on the 1 December.
Information service on programmes related to the calendar of events such as South African Library Week, which is celebrated annually during the third week in March, World Book Day celebrated on 23 rd April, and Reedition in September etc.

DESCRIPTION OF SERVICE

CHALLENGES:

- | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none">○ Photocopies not always working.○ Libraries landscaping so untidy and unattractive due to lack of groundsman.○ Books provided for by CATA not always meet the demands of users.○ Structural and internal maintenance take long to be attended to.○ Shortage of library personnel is also an area of great concern.○ Maintenance of all municipal libraries in and outside the buildings.○ Lack of measures to claim back lost or unreturned library materials.○ No budget for newspapers, stationery and other learning materials.○ No budget for library programmes○ Lack of space in libraries that impact negatively on service delivery○ No budget for purchasing of books by the Municipality.○ Books provided by the Provincial Government are not sufficient. |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

SERVICE STATISTICS DURING THE 2017/2018 FINANCIAL YEAR		
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PROGRAMMES	MEMBERSHIP	DISPLAYS
424	1842	248

ARTS AND CULTURE

Arts and culture in Madibeng comprise of fine arts, visual arts, drama and music. Language is done in conjunction with libraries and schools as a program for libraries. The Municipality coordinates its program with civic organization, the Department of Arts, Culture and Traditional Affairs and the Bojanala Platinum District Municipality. Annual programmes are conducted to promote Arts & Culture and to conscientise the community about diversity.

Below are programmes conducted annually to promote Arts and Culture.

VISUAL ARTS COMPETITION- BRITS- 11 NOVEMBER 2017



PENCIL DRAWING WORKSHOP- SCHOEMANSVILLE- DECEMBER 2017



HERITAGE DAY CELEBRATION - MODDERSPRUIT 29 SEPTEMBER 2017



ART EXHIBITION –SHOPRITE PARKING BRITS-31 MARCH 2018



FILM LAUNCH - BATAUNG TRIBAL HALL- 10 MARCH 2018



The music school has been established in Schoemansville with the assistance and support of Bojanala Platinum District Municipality by providing music instruments for the school. The school is targeted to all age groups, but the Municipality would like to start with primary schools learners from the disadvantaged around the area and later expand to other areas based on the availability of resources.

3.8.4 PARKS, NURSERY & CEMETERIES

The Municipality provide graves, burial bookings and maintenance of cemeteries through grasscutting, litterpicking and closing of graves. Communities living in poverty are granted free graves whilst destitute families are buried by the Municipality, assisted by Bojanala Platinum District Municipality. However, the Municipality faces challenges with cemetery infrastructure being stolen such as fencing at Langberg and Damosville. Rainy seasons also brought tough times as the Municipality experienced overgrown grass at cemeteries and with limited resources at our disposal, Madibeng was unable to provide quicker and efficient services, but managed to follow the program to achieve better results.

In this financial year, the Municipality managed to extend Schoemansville cemetery by developing it,, to prepare for provision of burial blocks new fence was installed at Langberg. The concrete strip was installed in Langberg and Schoemansville.



New fence at Langberg cemetery



Grass cutting at Letlhabile cemetery



Concrete strip installed at Langberg and schoemansville

The maintenance program for cemeteries for the 2017/2018 financial year was as follows:

NAME OF CEMETERY	EQUIPMENT USED TO MAINTAIN	# OF DAYS/WEEKS
Langberg	4 brushcutter and 1 tractor	3 weeks
Schoemansville	4 brushcutter and 1 tractor	2 weeks
Letlhabile	4 brushcutter and 1 tractor	4 weeks
Damonsville	4 brushcutter and 1 tractor	3 weeks
Mothotlung	4 brushcutters one tractor and letsema project	3 weeks
Sonop	10 people for letsema project	10 days
mooderspruit	10 people for letsema project	10 days
Ou brits	Service provider	3 weeks

During the 2017/2018 financial year, the following parks (Maree and Karee Parks) were upgraded:

NAME OF PARK	EQUIPMENT INSTALLED/UPGRADED	# OF DAYS/WEEKS
Maree Park	<ul style="list-style-type: none"> - Play equipment - Bollards (Painted) - Installation of walkway (Paving) - Trees (planted) 	4 weeks.
Karee Park	- repainting of Play equipment.	1 weeks

For the 2017/2018 financial year, maintenance at all existing parks was done, Middle island was also maintained, and facilities were also attended. Together with the Sidewalks team we took part in the 10 x 10 Setsokotsane in Bokfontein, Zandfontein and Sunnyway. On the world environment day, we donated 40 Plants (*Tulbaghia violancea*) at Isaac Mokoena Primary School.

This financial year, Parks were regulated at the following parks (Tielman, Damara, Danie, Maree and Karee Parks) using installed sign boards that indicate the activities that are not allowed to occur. The water feature that runs along the wall of the main municipal offices was renovated. Irrigation systems at the middle island in Brits, Danie Park, Brits library and Main municipal offices were repaired and are fully operational. Municipal offices were repaired and are fully operational.

Nursery shade structure was repaired after it was damaged by storm. Grass cutting was done in Brits town, Elandsrand, Mothutlung, Primindia, Open Spaces were also attended to, and Tree felling was also done in Elandsrand, Damonsville and Brits town.

NAME OF AREA GRASS CUTTING & TREE FELLING	EQUIPMENT USED TO MAINTAIN	# OF DAYS/WEEKS
Brits Town	4 brushcutter, 1 Chainsaw, 2 Pole prunners and 2 tractor.	4 weeks
Elandsrand	4 brushcutter, 1 Chainsaw, 2 Pole prunners and 2 tractor.	4 weeks
Primindia	4 brushcutter, 1 Chainsaw, 2 Pole prunners and 1 tractor.	3 weeks
Mothutlung	4 brushcutter, 1 Chainsaw, 2 Pole prunners and 1 tractor.	3 weeks

NAME OF SERVICE PROVIDER	TYPE OF SERVICES OR GOODS PROCURED	AMOUNT
Moko Landscaping	- Grass Cutting at Open space. - Supply and delivery of : Wonderlawn 20 kg x 3. Knapsack 12L X 4. Weed killer 20L X 5. HTH 20L X 4.	R 28 600.00 R 27 200.00
TKMDROP Trading (PTY) LTD	- Purchase of Rap Petrol Pump 50mm, Rap Petrol Pump 80mm. Guide bar 30 cm 3/8 pmn Grinder angle gws 7-115 x2. - Purchase of Spare gearhead, Spare plug and Spare STL Carburattor.	R 28 060.00 R 29 410.00
Ndzara Trading.	- Grass cutting: Primindia Open Space.	R 29 128.00
Moribo wa Africa Trading	- Grass cutting: Open Space Cut & Paste.	R 29 900.00
Ithutheng Trading	- STL Chain 3/8 micro Mini. - Chain STL REEL 3/8 063 1.6MM	R 25 994.00
EnviroChain Saw	- Repair of chainsaw	R 1 800.00

3.9 COMPONENT H: PUBLIC SAFETY AND SECURITY DIRECTORATE: PUBLIC SAFETY, FLEET & FACILITIES MANAGEMENT

The Directorate: Public Safety, Fleet and Facilities Management provides the following services:

- Traffic;
- Security;
- Fire - Disaster Management;
- Licensing
- Fleet and Facilities Management.

3.9.1 FIRE AND DISASTER MANAGEMENT SERVICES

Madibeng Fire and Disaster Main Station is located in Brits. There is Satellite Fire Station in Letlhabile, which has been commissioned this financial year. The South African Nuclear Energy Corporation SOC Limited (Necsa) emergency services renders service on contract basis to the Municipality in the Hartbeespoort Area. The main functions of a fire service are to prevent fires and protect life and property should fire occur. The following standards provides measures to be taken to ensure efficient and well organised fire services and it includes a schedule against which the performance potential of each aspect and the entire fire service can be judged.

- Ensure timely and effective response and recovery in a coordinated manner.
- Ensure the greatest protection of life, property, environment and health.
- Ensure an integrated, coordinated response to incident and disasters.
- Multi-disciplinary coordination of all various stakeholders and role-players.
- Ensure effective communication with stakeholders/role-players during incident/disaster.

FIRE SERVICE DATA					
#	DETAILS	2015/2016	2016/2017		2017/2018
		Actual #.	Estimate #.	Actual #.	Estimate #.
1	Total fires attended in the FY	301	342	342	390
2	Total other incidents attended in FY	99	107	107	205
3	Average turn-out time: urban areas	3min/5min	3min/3min	3min/5min	3min/3min
4	Average turn-out time: rural areas	3min/30min	3min/30min	3min/30min	3min/30min
5	Fire fighters in post at FY end	55	105	88	105
6	Total fire appliances at FY end	04	04	04	05
7	Average # of appliances off the road during FY	02	02	02	02
<i>Average turnout times are determined by logging the times taken to reach an emergency incident from receipt of call and analysing the record. Average Fire appliances off the road. The average number of busses off the road is obtained by sampling the number off the road on different days at different times.</i>					

3.9.2 SECURITY SERVICES

Madibeng Local Municipality provide safety and security in terms of physical security, biometrics time and attendance, CCTV Cameras and the Alarm Systems. The in-house security services (officers) is deployed 24/7 at the Main Municipal Building, Brits Library, LBSC Centre and is also responsible for monitoring and investigating all the incidents encountered in all sites of the Municipality and submit reports on the functionality and effectiveness of the system. There are external physical service providers contracted to the Municipality to assist to protect people and property. All external services are grouped into four (4) Clusters (1 to 4).

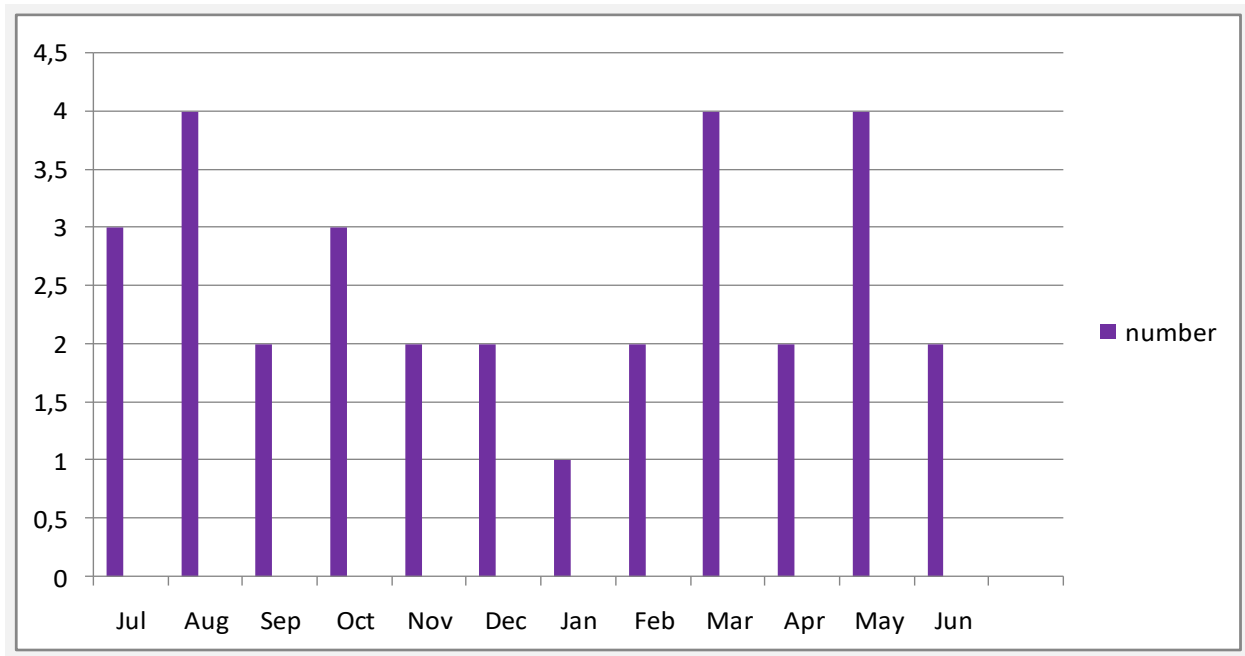
The Municipality has its own in-house CCTV Cameras, with the control room established at the Main Building, installed as the Supply Chain Management store & workshop, Main Municipal Building, White Building and DLTC. Biometric system is also installed at the Main Building. Monitoring and armed-response for alarm, panic button system are conducted by the external service providers at certain sites such as sub-stations at Brits, Elandsrand and Hartbeespoort.

VACANT AND FILLED POSITIONS FOR SECURITY SECTION					
Job Level	Job Designation	Number Of Employees	Number Of Vacancies	Filled Post	Vacancies As % Of The Total Post
4	Chief Security Officer	01	01	00	100%
6	Superintendent Security	01	00	01	0%
9	Shift Supervisors	05	01	04	20%
9	Investigating Officer	01	00	01	0%
15-12	Security Officers	30	19	11	63%

MUNICIPAL SITES ACCORDING TO CLUSTERS		
CLUSTER NAME	MONTHLY PAYMENTS	STATUS OF SERVICE LEVEL AGREEMENT
Cluster 1	R504 799.29	Month to Month.
Cluster 2	R1 536 888.86	Valid until 31 July 2017
Cluster 3	R1 518 232.21	From 01 June 2015 for 36 months
Cluster 4	R990 980.11	From 01 October 2015 for 36 months
Indoor CCTV Cameras	R171 629.28p/a (R60 000p/m)	Once-off + monthly system maintenance
Alarm Systems	R20 616.39	Month to month contract
Biometric System	R820 826.22	Valid until 30 September 2017

INCIDENTS STAT'S FROM JULY 2017 TO JUNE 2018												
#	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
INCIDENTS	06	01	02	02	03	00	04	01	03	02	01	03

GRAPH INDICATING STAT'S FOR INCIDENTS



PICTURES OF SOME OF THE INCIDENTS



SAMWU strike damage @
Budget office



SAMWU strike damage @
Budget office



Lehlabile burnt Fire station



Lehlabile burnt Fire station



SAMWU strike damage @
Budget office



Lehlabile burnt Fire station



SAMWU strike damage @
Budget office



SAMWU strike damage @
Budget office

CHALLENGES

- Low staffing levels/shortage of staff, especially in the security personnel in the Directorate.
- No perimeter fence around the main building and white building and need to erect the fence.
- Most of the doors and windows around the building are damaged and need to be repaired.
- Fire extinguishers are out-dated/not working or have expired and need to be serviced/replaced.
- Fire detection system and security intercom are not working and need to be serviced/replaced.
- Replace the security vehicle with the bigger one (four doors and canopy such as double cap).
- Security unit has only one vehicle used to rotate shifts, site inspections and to deliver mail
- The vehicle is also not suitable to transport staff and due to its engine capacity it is overused.
- No base radio + 2-way radios need to implement free line radios for effective communication
- Alarm system was installed more than five years back and need to be upgraded on all sites.

3.9.2 TRAFFIC MANAGEMENT

VACANT AND FILLED POSITIONS FOR TRAFFIC SECTION				
Job Designation	Number Of Employees	Number Of Vacancies	Filled Post	Vacancies As % Of The Total Post
Chief Traffic Officer	01	00	01	0%
Assistant Chief Traffic Officer	01	00	01	0%
Superintendent	06	00	06	0%
Administrator Traffic Back Office	01	00	01	0%
Assistant Superintendent	-	-	-	-
Traffic Inspectors	-	-	-	-
Law Enforcement Clerks	-	-	-	-

TRAFFIC LAW ENFORCEMENT:

- No of joint roadblocks - expand
- Operation Field – expand
- Citations issued for the year
- Citations withdrawn by SPP
- Add photos of road blocks
- Challenges encountered for the 2017/18 FY

The Traffic and Licensing Division Consist Of The Following Sections/Units:

1. Traffic Services;
2. Driver's License Testing Centre (DLTC));
3. Registration Authority (RA); and
4. Vehicle Testing Centre (VTS)

23. TRAFFIC SERVICES

The Section consist of the following Units:

- Traffic Law Enforcement;
- Road Safety; and
- Traffic Back Office Support Services

The Municipality send seven trainee traffic officers to a Road Traffic Management Corporation (RTMC) accredited Traffic Training College wherein they underwent training and graduated on the 15 December 2017. These officers received further in-house training and where deployed to various shift leaders. Currently there are two stations from which the traffic operates from the main station in Brits and a satellite office in Hartbeespoort.

The Section envisaged to revive the Letlhabile satellite stations for the forthcoming financial year 2018/19 and source it with enough staff to operate two shifts.

The staff compliment in the Traffic Section is illustrated in the table below:

Table of Vacant and filled positions for the year under review

Vacant And Filled Positions For Traffic Services				
Job Designation	Number of Post	Number of Vacancies	Filled Post	% Vacancies Rate
Chief Traffic Officer	01	00	01	0%
Assistant Chief Traffic Officer	01	00	01	0%
Superintendent	06	00	06	0%
Administrator Traffic Back Office	01	00	01	0%
Assistant Superintendent	6	02	4	33%
Traffic Inspectors	40	18	22	45%
Traffic Wardens	4	4	0	100%
Law Enforcement Clerks	10	3	7	30%
TOTAL	69	27	42	26%

TRAFFIC LAW ENFORCEMENT

The Unit do all visible traffic policing and assist at intersections where traffic lights are out and during peak hours at four way stop signs

The Unit work in tandem with other law enforcement agencies; South African Police Services (SAPS), Home Affairs; Public Prosecution Office, National Traffic Police and Provincial Traffic. The Unit was able to achieve the Key Performance Indicator in respect of Joint Roadblocks as illustrated in the table below:

TABLE OF OTHER JOINT OPERATIONS CONDUCTED BY TRAFFIC LAW ENFORCEMENT

Description	Type Of Roadblock	Number Of Roadblocks
Operation Fiela: All Law Enforcement Stakeholders: SAPS, Home Affairs , Social Services, Municipal, Provincial and National Traffic Police	Different crimes/offences target by SAPS in various areas and Traffic Related Offence Outstanding Warrants; Public Transport and Vehicle Fitness	6
Drunk Under the Influence Roadblock with SAPS; National Traffic Police and Provincial Traffic Roadblocks	Driver Fitness and other related traffic offences	4
Food Safety Programme spearheaded by Bojanala District Department of Health	Visiting various shops and business selling food	2
Total Number Of Joint Multidiscipline Roadblocks As Per IDP Ref No:So/6/15/17		12

ROAD SAFETY UNIT

The road Safety education unit currently consist of two staff members, which primarily serve the schools in the Municipal jurisdiction. The Unit together with the North West Provincial Road Safety Department was invited to deliver road safety messages to employees of NECSA and Syngenta for the 2017/18 Festive Season.

Table of IDP Objective for Road Safety Programmes:

IDP Objective	RRR-concrete	Indicator Title/KPI	IDP Ref	Annual Target	Target Performance
OBJ #6 To provide risk-free, safe, clean and healthy environment to the community in line with set targets, norms and standards	Setsokotsane Approach	PSFFM:09 Number of Road Safety Education Programmes Implemented	SO/6/14/17	12	12 x Road Safety programmes implemented by 30 June 2018

BACK OFFICE SUPPORT SERVICE

The Traffic Services do have a back office with a staff complement consisting of a staff complement seven (7) employees. The staff capture all traffic fines on the Traffic Contravention Management System, wherein a particular court roll can automatically be generated for fines not paid pertaining to that court date. The system further generates warrants of arrest fourteen (14) days after the court date and a Magistrate must authorise such warrants of arrest for execution.

TABLE OF TRANSACTION FOR THE BACK OFFICE SUPPORT:

Description	Total Cases	Monetary Value	Percentage As Per Monetary Value
Citations Paid	2 207	963 660.00	0.22%
Citations Withdrawn By State Public Prosecutor Or Court	860	501 150.00	0.17%
Citations To Be Signed By Magistrate For Arrest	2 416	1 646 750.00	0.14%
Warrants Of Arrest Approved By Magistrate	4 467	2 288 650	0.19%
TOTAL	9 950	5 400 210.00	0.18%

24. LICENSING SECTION

The Licensing Section consist of the following Units:

- 1 Drivers License Testing Centre (DLTC);
- Registration Authority; and
- Vehicle Testing Station (VTS)

The VTS was not operational for the financial year under review, due to the defective break roller and other maintenance issues

Below is a table illustrating the staff component of the Licensing Section for the year under review:

TABLE OF VACANT AND FILLED POSITIONS

Vacant and Filled Positions for Licensing Section				
Job Designation	Number Of Post	Number Of Vacancies	Filled Post	% Vacancies
Chief Licensing Officer	01	01	00	100%
Senior Licensing Officer - DLTC	01	00	01	0%
Senior Licensing Officer – RA	01	00	01	0%
Supervisors – DLTC	01	00	01	0%
Supervisors - RA	03	00	03	0%
Licensing Cashiers- DLTC	12	07	05	58 %
Licensing Cashiers- RA	12	02	10	17%
Grade A Examiners	12	02	10	17%
Grade L Examiners	10	05	05	50%
Filling Clerk DLTC	03	03	00	100%
Help desk Officer	03	02	01	67%
Senior Clerical Assistant	03	00	03	0%
Filling Clerk RA	04	04	00	100%
Micro Film Clerk	03	03	00	100%
TOTAL	69	29	40	42%

DRIVERS LICENSING TESTING CENTRE (DLTC)

Turn -around time for Learner Applications from application to writing test and the official waiting period between the application of Learner licenses and the actual testing of such is recorded as one week minimum and two weeks' maximum.

Turn -around time for Driver Applications from application to actual test and the official waiting period between the application of driving licenses and the actual testing of such is recorded as one weeks minimum and two weeks' maximum. Department of Transport installed 3 (three) Live Enrolment Unit (LEUB'S Scanners) which generate a transaction number for learner, driver's license booking and the renewal of driver's license and PrDP.

The LEU Scanners are very slow and creates backlogs in assisting the public the Municipality requested the Province to install three additional LEU Scanners, to assist all members of the public the Department extended the working hours to 18:00 to clear the waiting room. All transactions conducted at the DLTC and RA are system based and generated through the eNatis, should the Telkom lines be off and or power outages the Licensing Centre cannot assisted the public effectively. RTMC assisted the Licensing Centre I providing 3G modem that should the Telkom lines be down the centre will still be able to operational.

TABLE OF TRANSACTION FOR THE DLTC

Descriptions	Number Of Applications	Number Of Applicants Successful	Percentage Pass Rate
Driver Licenses	6 126	4 773	78%
Learner Licenses	8 588	6 285	73%
Professional Driving Permits (PrDP)	5 912	5 912	100%

TABLE OF REVENUE GENERATED BY THE DLTC

DESCRIPTIONS	REVENUE
Revenue generated for the Municipality	R 6 596 728-00
Processing of License Card by Prodiba as Gazette by the Minister of Transport	R 1 457 046 -00
Total Revenue	R 8 053 774-00

REGISTRATION AUTHORITY (RA)

The Municipality operates two (2) Registration Authorities which do have all the eNatis functions and are operational, in Brits and Hartbeespoort area and Madibeng Local Municipality do have the second largest vehicle population in the North West Province. The Municipality signed an Agency Agreement with the North West Provincial Department of Transport and Community Safety, wherein the revenue generated at the Registration Authority will be on an 80% – 20% spilt in favour of the Province

The number of illegal people and so-called runners who are conducting their business from the Municipality's premises create a serious security risk and its proven by the cases opened at the SAPS wherein members of the public are defrauded outside the building by people claiming to be Municipal employees.

The two Registration Authority (RA) processed the following in respect of transactions and revenue generating:

TABLE OF TRANSACTION CONDUCTED AT THE RA

DESCRIPTIONS OF TRANSACTIONS	NUMBER OF VEHICLES
Motor vehicles Registered on Natis	22 827
Annual Renewal of vehicle Licenses	105 637

TABLE OF INCOME GENERATED BY THE RA

DESCRIPTIONS	REVENUE
Income to North West Province (80%)	R 55 733 234,70
Income to Municipality (20%)	R 13 543 503,66
RTMC payment	R 4 384 726,00

ROAD SAFETY PROGRAMMES IN THE MUNICIPAL AREA





Joint Multi Discipline Roadblocks





Driver's License Testing Centre – Life Enrolment Unit



ROAD SAFETY EDUCATIONNAL PROGRAMMES

- Unit consist of staff members
- Schools visited
- New scholar patrol established
- Joint programmes at private sector; NECSA and Syngenta
- Add a few photos
- Challenges faced

LICENSING SECTION

VACANT AND FILLED POSITIONS FOR SECURITY SECTION				
Job Designation	Number Of Employees	Number Of Vacancies	Filled Post	Vacancies As % Of The Total Post
Chief Licensing Officer	01	01	00	100%
Senior Licensing Officer - DLTC	01	00	01	0%
Senior Licensing Officer – RA	01	00	01	0%
Supervisors – DLTC	01	00	01	0%
Supervisors - RA	03	03	00	100%
Licensing Cashiers- DLTC	-	-	-	-
Licensing Cashiers- RA	-	-	-	-
Grade A Examiners	-	-	-	-
Grade L Examiner	-	-	-	-
Filling Clerk	-	-	-	-

DRIVERS LICENSING TESTING CENTRE (DLTC)

Turn -around time for Learner Applications from application to writing test, while turn -around time for Driver Applications from application to actual test. Three new LEU Scanners installed challenges with system. Extension of working hours to assist public at the DLTC waiting room and none collection of public of driver's license card and consequences. Overall challenges at DLTC - ie: natis down; power outages; face values supplied by North West Provinces

REGISTRATION AUTHORITY (RA)

Number of new vehicle Registered issued, none of Duplicate Road worthy certificates issued and Vehicle population in Brits and the none renewal of vehicle licenses. Illegal business conducted by "Runners service Providers" on the grounds of Municipal property and runners at times introduce themselves falsely as Municipal staff and scam money from members of the public creating confusion

Our advice to members is that no staff member is allowed to conduct licensing transactions outside of the allocated cubicles and counters. Challenges face will almost be the same as under DLTC. Madibeng has control of the following public facilities and has responsibility to maintain them:

FACILITY	LIBRARIES	ARCHIVES	GALLERIES	COMMUNITY FACILITIES	SATELLITE OFFICES
NUMBER	9	13	1	25	9

PERFORMANCE OF THE PUBLIC SAFETY, FLEET AND FACILITIES MANAGEMENT –

The Road and Safety Unit's core function is to promote road safety management services through regular traffic controls, educational and awareness programmes, including ensuring that all schools have scholar patrols and training. CCTV cameras have been deployed to assist to reduce crime in the Brits Central Business District. This is part of the programme to enforce the law in the entire community of Madibeng.

The Directorate assists with the applications for drivers and learners' licenses, renewal of licenses, registration of vehicles and duplicate road worthy certificates to ensure that Madibeng produces safe drivers who drive roadworthy vehicles in the roads around Madibeng and elsewhere.

Satellite traffic offices have been established in Letlhabile and Hartbeespoort to ensure effective road safety and law enforcement in that area of Madibeng.

ANNUAL PERFORMANCE REPORT

SERVICE DELIVERY PERFORMANCE INDICATORS

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT										
1.	OBJ #1 To provide basic municipal services (including street lighting) in accordance with approved budget	Number of households (hh) (160,724) installed with water meters	ITS	SO/1/1/ 17	11250	3,214 hh installed with water meters in Kgabalatsane, Rockville, Klipgat & Itsoseng	Not Achieved 1 637 water meters installed. i.e: Klipgat =439 Kgabaletsane=1198 [50.93%]	Annexure A1: Signed report as of 30 june 2018	Delayed appointment of contractors	Appointment was finalized in November 2017 and the projects started in Mid-January 2018. All this projects will be completed by 31 August 2018
2.	OBJ #1 To provide basic municipal services (including street lighting) in accordance with approved budget	Number of households (hh) (25,061) connected to main sewer line	ITS	SO/1/5/ 17	13031	250 hh connected to main sewer line in Klipgat	Not Achieved 2600m of sewer reticulation is complete. H/H connection will start in July 2018 [0%]	Annexure A2: Signed report as of 30 June 2018	The appointment of the contractor was delayed	Appointment was finalized in November 2017 and the projects started in Mid-January 2018. This projects will be completed by 17 September 2018

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
3.	OBJ #1 To provide basic municipal services (including street lighting) in accordance with approved budget	Percentage of water quality in compliance with SANS 241 maintained	ITS	SO/17/17	100%	100% water quality maintained in compliance of SANS 241	Achieved 12 samples for the Brits WTW complied. 12 samples for the distribution network complied. 12 random sampling internally and all complied. 12 Samples for Rand water supply system complied Full SANS analysis report completed [100%]	Annexure A3: Water quality results and analysis report	N/A	N/A
4.	OBJ #2 To provide and promote access to free basic services in accordance with available resources and set targets	Number of 10,000 KVA transformer installed	ITS	SO/8/8/17	Procurement transformer	1 X 10,000 KVA transformer installed in Oukasie	Not Achieved Transformer delivered to sight, installation will be done in July 2018 and project will be completed during September 2018 [90%]	Annexure A4: Signed report as of 30 June 2018	Delayed procurement and ordering of Transformer.	Transformer installation will be done in July 2018 and project will be completed in September 2018

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
5.	OBJ #2 To provide and promote access to free basic services in accordance with available resources and set targets	Number of households(hh) with access to refuse removal services	CD	SO/1/8/17	72400	73,400 hh with access to refuse removal services AT Brits, Hartbeespoort, Oukasie, Damonsville, Sonop, Letlhabile, Lethabong, Mothotlung, Mmakau, Klipgat, Maboloka, Madidi, De Kroon, Schaumburg, Khalamntwana, Orange Farm, Elandsfontein, Modderspruit, Segwaelane, Bapong, Majakaneng & Wonderkop	Achieved 73,400 hh with access to refuse removal services AT Brits, Hartbeespoort, Oukasie, Damonsville, Sonop, Letlhabile, Lethabong, Mothotlung, Mmakau, Klipgat, Maboloka, Madidi, De Kroon, Schaumburg, Khalamntwana, Orange Farm, Elandsfontein, Modderspruit, Segwaelane, Bapong, Majakaneng & Wonderkop [100%]	Annexure A5: e-Venus households accounts, refuse removal schedule and signed report	n/a	n/a
6.	OBJ #2 To provide and promote access to free basic services in accordance with available resources and set targets	Percentage reduction of water distribution losses	ITS	SO/3/2/17	55	50% reduction of water distribution losses by replacing 6853 water meters around Madibeng	Not Achieved Only 1 476 Meters replaced [21.54%]	Annexure A6: IPW for 1 476 water meters replaced	Financial constraints in procuring the meters. No meter audit conducted which led into target not achieved.	Meter audit unit to be established and meter replacement program will resume in the 1 st quarter of the 2018/19 financial year.

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
7.	OBJ #2 To provide and promote access to free basic services in accordance with available resources and set targets	Number of new households (hh) (31,747) earning less than R3,500 per month with access to free basic services (water, electricity, sewer & refuse removal)	BTO	SO/2/1/17	31747	5,000 new hh earning less than R3,500 per month with access to free basic services (water, electricity, sewer & refuse removal)	Not Achieved [83.88%]	Annexure A7: Municipal Indigent Register	Majority of indigence consumers reside in the "No go areas" in the townships where there currently minimal credit control implementation and there is a major problem of illegal connection of services.	In 2018/19 financial year, the Municipality has changed the process of registering indigence, ward committee members are used to do the indigence registration. Credit control raids will be conducted in the first quarter of the 2018/19 financial year
8.	OBJ #3 To upgrade (including capital infrastructure development) existing municipal services in accordance with set targets, standards and norms	Number of Yellow Fleet upgraded (purchasing of TLB, Grader + Front Loader)	PSFFM	SO/4/18/17	15	3 X Yellow Fleet upgraded (purchasing of TLB, Grader + Front Loader)	Achieved 3 X Yellow Fleet upgraded (purchasing of TLB, Grader + Front Loader) [100%]	Annexure A8: Request of approval to NT, NT approval letter, quotations, purchase order, delivery note and certificate of purchase	N/A	N/A

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
9.	OBJ #5 To enhance quality of life of communities through social development initiatives in line with set targets, norms and standard	Number of projects identified for implementation as poverty alleviation programmes (gardening, sewing, paper-making & broiler)	CD	SO/5/2/17	3	4X pverty alleviation identified projects and programmes implemented	Not Achieved [0%]	Annexure A9: Memorandum of Agreement, signed quarterly report, attendance register, proof of payment and photos	Lack of Personnel and insufficient budget	The function has been moved to EDTA for better performance since they have other similar projects.
10	OBJ #5 To enhance quality of life of communities through social development initiatives in line with set targets, norms and standard	Number of cleaning projects implemented as Letsema	CD	SO/5/4/17	4	6 X cleaning projects implemented as Letsema in Oukasie, Letlhabile, Sunway, Damonsville, Bapong & Orange Farm	Achieved 6 X cleaning projects implemented as Letsema in Oukasie, Letlhabile, Sunway, Damonsville, Bapong & Orange Farm [100%]	Annexure A10: Photos, list of beneficiaries and a signed program	Not Applicable	Not Applicable
11	OBJ #5 To enhance quality of life of communities through social development initiatives in line with set targets, norms and standard	Number of Road Safety Education progress implemented	PSFFM	SO/5/4/17	12	12 X road safety education programmes implemented	Achieved 12 X road safety education programmes implemented [100%0]	Annexure A11: Signed schedule and photos	N/A	N/A

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
12	OBJ #6 To provide risk-free, safe, clean and healthy environment to the community in line with set targets, norms and standards	Number of established Comprehensive Traffic Back Office Support System	PSFFM	SO/6/17/17	New	1 X Comprehensive Traffic Back Office Support System established	Not Achieved [0%0]	Annexure A12: Signed Service Level Agreement	The Department submitted section 32 application (SCM) which was not approved	Submitted the specs to the bid specification committee for advertisement.

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
13	OBJ #6 To provide risk-free, safe, clean and healthy environment to the community in line with set targets, norms and standards	Formalization of rural areas (proclaimed townships)	PHS	SO/7/1/17	4	2 rural areas formalised (proclaimed townships) in Klipgat B & Majakaneng ext.1	Achieved These areas were proclaimed before 13/06/17 and 31/01/17 for Majakaneng [100%]	Annexure A13: Signed progress report from service providers	N/A	N/A

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
14	OBJ #6 To provide risk-free, safe, clean and healthy environment to the community in line with set targets, norms and standards	Number of township establishment	PHS	SO/7/8/17	2	2 x townships established in Bokfontein ext.4&5 b	Not Achieved [50%]	Annexure A14: Approval letter, township register and council resolution	Recently got authorizations from the National Department of Agriculture, Awaiting for hearing of objections.	As soon as the PC: 4 has taken the decision on the hearing of the objections then processing of the application can proceed and be finalized.
15	OBJ #7 To promote integrated human settlements and land use management in line with set targets, norms and standards	Number of days for assessment of building plans from date of submission to approval	PHS	SO/7/5/17	30	30 x days for assessment of building plans from date of submission to approval	Achieved 424 building plans were inspected and approved within 30 days during the current financial year. [100%]	Annexure A15: Approval spreadsheet, register and approval letters.	N/A	N/A
16	OBJ #7 To promote integrated human settlements and land use management in line with set targets, norms and standards	Number of days for attending building contraventions from date of submission	PHS	SO/7/6/17	90	90x x days for attending building contraventions from date of submission	Achieved 31 Contravention notices were issued and attended with 90 days for the current financial year. [100%]	Annexure A16: Contravention notice, spreadsheet, register and copy of contravention notices	N/A	N/A

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
17	OBJ #7 To promote integrated human settlements and land use management in line with set targets, norms and standards	Percent land use application processed (rezoning, consolidation, subdivision, relaxation of the building)	PHS	SO/7/17	95	95% land use application processed by 30 June 2018	Achieved 100% of Land use application were processed for the current financial year. [105.26%]	Annexure A17: Register, acknowledgement letters and PC4 resolution	N/A	N/A
LOCAL ECONOMIC DEVELOPMENT										
18	OBJ #8 To promote and support LED initiatives in line with set targets, norms and standards	Number of temporary jobs created through EPWP	EDTA	SO/8/1/17-1	570	75 EPWP temporary jobs created	Achieved [100%]	Annexure A18: List of EPWP beneficiaries with their ID numbers	Not Applicable	
19	OBJ #8 To promote and support LED initiatives in line with set targets, norms and standards	Number of temporary jobs created through CWP	EDTA	SO/8/1/17-2		1,000 CWP temporary jobs created	Achieved [100%]	Annexure A19: List of CWP beneficiaries with their ID Numbers	Not Applicable	
20	OBJ #8 To promote and support LED initiatives in line with set targets, norms and standards	Number of permanent jobs created through all sectors of the economy	EDTA	SO/8/2/17	1 000	200 permanent jobs created through all sectors of the economy	Achieved [100%]	Annexure A20: Report on jobs created summary + Economy profile filled by employers	Not Applicable	

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
21	OBJ #8 To promote and support LED initiatives in line with set targets, norms and standards	Number of Tourism events facilitated	EDTA	SO/8/9/17	2	2 tourism event facilitated	Achieved [100%]	Annexure A21: Invitation, program, photos and signed report	Not Applicable	
22	OBJ #8 To promote and support LED initiatives in line with set targets, norms and standards	Number of Agricultural development projects facilitated	EDTA	SO/8/12/17	3	3 agricultural development project facilitated	Achieved [100%]	Annexure A22: Photos and signed report	Not Applicable	
GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
23	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets, norms and standards	Number of final IDP approved by Council	IPL	SO/9/1/17	4	1x IDP approved by Council by 31 May 2018	Achieved 2018/19 IDP approved by Council [100%]	Annexure A23: Copy of the 2018/19 IDP and council resolution	Not Applicable	
24	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets, norms and standards	Number of Community Satisfaction Surveys conducted	MM	SO/9/9/17	1	1 x Community Satisfaction Survey conducted by 30 June 2018	Not Achieved [0%]	Annexure A24: Filled Questionnaires and signed report		

KPI #	IDP Objective	Key Performance Indicator (KPI)	Director ate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
25	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets, norms and standards	Mayoral Imbizo facilitated	MM	SO9/13/17	6	6 x mayoral imbizo facilitated by 30 June 2018	Not Achieved 1 x mayoral imbizo held [16.67%]	Annexure A25: Notice of meetings, programme, attendance register and minutes of meetings	It was decided that all matters that would have being addressed during the Mayoral Imbizo would be bestly dealt with during the community consultative meetings, which are taking place at Ward level	The Municipality will consolidate all the community engagement and consultation meetings and processes under one category
26	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets, norms and standards	Number of community consultative meetings convened	MM	SO9/7/17	41	41 x community consultative meetings convened per Ward	Achieved: 123 of community consultative meetings (IDP, MPAC + Budget) convened In the 41 Wards [(123/41)x 100=300%]	Annexure A26: Notice of meetings, programme, attendance register and minutes of meetings		

KPI #	IDP Objective	Key Performance Indicator (KPI)	Director ate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
27	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets, norms and standards	Number of AG findings addressed	ALL	SO/9/18/17	32	37 AG findings addressed	Not Achieved 40 [41.67%]	Annexure A27: Signed progress report by Audit Steering Committee	The Annual Target of 37 was incorrectly captured instead of 96, which emanated from the 2016/17 Financial Year Audit.	The remainder of the findings will be addressed as part of the submission of the 2017/18 Audit information
28	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets, norms and standards	Number of draft annual report 2016/17 submitted to Council and AG	IPL	SO/9/21/17	1	1 draft Annual Report 2016/17 submitted to Council & AG	Achieved draft Annual Report 2016/17 submitted to Council & AG [100%]	Annexure A28: Copy of draft Annual Report 2016/17, proof of submission from AG and Council Resolution		
29	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets, norms and standards	Number of reports submitted to Council on functionality and attendance of Council meetings	SPEAKER	OP/9/22/17	3	4 report submitted to Council on functionality and attendance of Council meetings	Achieved [100%]	Annexure A29: Copy of signed reports and council resolution		

KPI #	IDP Objective	Key Performance Indicator (KPI)	Director ate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
30	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets,	Number of reports submitted to Council on functionality and meetings of the ward committees	SPEAKER	OP/9/23/17	3	4 report submitted to Council on functionality and meetings of the ward committees	Achieved [100%]	Annexure A30: Copy of signed reports and council resolution		
31	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets	Number of SDBIP approved by Executive Mayor within 28 days after approval of budget & IDP	IPL	SO/10/6/17	5	1 x SDBIP 2018/19 approved by Executive Mayor within 28 days after approval of budget & IDP	Achieved SDBIP 2018/19 approved by Executive Mayor within 28 days after approval of budget & IDP [100%]	Annexure A31: Copy of signed SDBIP by Executive Mayor		
32	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets	Number of section 56 managers signing Performance Agreement 2017/18 (PP, PDP + FDF) with the Municipal Manager	ALL	SO/10/7/17	9	9 x section 56 managers signing Performance Agreement 2017/18 (PP, PDP + FDF) with the Municipal Manager	Achieved [100%]	Annexure A32: Copies of signed PA, PP, PDP, FDF by both section 56 managers and municipal manager		

KPI #	IDP Objective	Key Performance Indicator (KPI)	Director ate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
33	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets	Number of Performance Agreement 2017/18 (PP, PDP + FDF) signed by the Municipal Manager with the Executive Mayor	MM	SO/10/8/17	5	1 Performance Agreement 2017/18 (PP, PDP + FDF) signed by the Municipal Manager with the Executive Mayor	Achieved Performance Agreement 2017/18 (PP, PDP + FDF) signed by the Municipal Manager with the Executive Mayor [100%]	Annexure A33: copy of signed PA, PP, PDP, FDF by both municipal manager and executive mayo		

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
34	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets	Number of mid-year report on non-financials 2017/18 performance submitted to Council in terms of sec 54(1)(f) of MFMA	IPL	SO/10/9/17	5	1 x mid-year report on non-financials 2017/18 performance submitted to Council in terms of sec 54(1)(f) of MFMA	Achieved Mid-year report on non-financials 2017/18 performance submitted to Council [100%]	Annexure A34: Copy of mid-year report on non-financials 2017/18 performance and council resolution	Not Applicable	

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
35	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets	Number of performance management reviews conducted with each section 56 managers	MM	OP/10/25/17	2	4 Quarter PMS review conducted with each section 56 manage	Not Achieved [0%]	Annexure A35: Attendance registers and schedule & minutes of reviews	Various changes of Acting Personnel in the position of the Municipal Manager coupled with High rate of vacancies on section 56 managers	A permanent Municipal Manager appointed, almost all the Senior Management positions are filled, and support staff in the office of the Municipal Manager appointed to enhance the capability thereto

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
36	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets	Number of performance management reviews conducted with the Executive Mayor	MM	OP/10/26/17	0	4 Quarterly PMS review conducted with the Executive Mayor	Not Achieved [0%]	Annexure A36: Attendance registers and schedule & minutes of reviews	No permanent Municipal manager was appointed then, which lead to numerous people at even lower levels being appointed to act	A permanent Municipal Manager was appointed during February 2018, and the support particularly in the M&E unit also to ensure regular and timeous preparations for Assessment of the Municipal Manager's performance as stipulated in the MSA and its Regulation

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
37	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets	Number of final Annual Report 2016/17 approved by Council	MPAC	SO/10/11/17		1 x Annual Report 2016/17 approved by council	Achieved Annual Report 2016/17 approved [100%]	Annexure A37: Copy of approved Annual Report 2016/17 and council resolution	Not Applicable	
38	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets	Number of draft Annual Reports 2016/17 tabled in Council	IPL	Not Applicable		1 x draft Annual Reports 2016/17 tabled in Council	Achieved draft Annual Reports 2016/17 tabled in Council [100%]	Annexure A38: Copy of draft Annual Report 2016/17 and council resolution	Not Applicable	
39	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets	Number of mid-year report on non-financials 2017/18 performance submitted to Executive Mayor, National + Provincial Treasury in terms of sec 72 of MFMA	IPL	SO/10/12/17		1 x mid-year report on non-financials 2017/18 performance submitted to Executive Mayor, National + Provincial Treasury in terms of sec 72 of MFMA	Achieved mid-year report on non-financials 2017/18 performance submitted to Executive Mayor, National + Provincial Treasury in terms of sec 72 of MFMA	Annexure A39: Proof of submission or acknowledgement of receipt from Office of the Executive Mayor, National + Provincial Treasury	Not Applicable	

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
40	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets	Number of draft SDBIP 2018/19 submitted to the Executive Mayor within 14 days after the approval of the budget and the IDP	IPL	SO/10/13/17	2017/18 Approved SDBIP	1 x draft SDBIP 2018/19 submitted to the Executive Mayor within 14 days after the approval of the budget and the IDP	Achieved draft SDBIP 2018/19 submitted to the Executive Mayor within 14 days after the approval of the budget and the IDP	Annexure A40: Copy of draft SDBIP 2018/19 submitted to the Executive Mayor and proof of submission	Not Applicable	
41	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets	Number of Annual Financial Statements (AFS) 2016/17 submitted to the Auditor General by 31 August 2017	BTO	Not Applicable	2016/17 Approved Annual Financial Statements	1 x Annual Financial Statements (AFS) 2016/17 submitted to the Auditor General by 31 August 2017	Achieved Annual Financial Statements (AFS) 2016/17 submitted to the Auditor General by 31 August 2017	Annexure A41: Copy of AFS 2016/17 and proof of submission	Not Applicable	
42	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets	Number of adjustment budget submitted to council for approval	BTO	Not Applicable	1	1 x adjustment budget 2017/18 submitted to council for approval by end February 2018	Achieved adjustment budget 2017/18 submitted to council for approval [100%]	Annexure A42: Copy of approved adjustment budget 2017/18 and council resolution	Not Applicable	
43	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets	Number of draft budget submitted to council for tabling	BTO	Not Applicable	1	1 draft budget 2018/19 submitted to council for tabling 31 March 2018	Achieved draft budget 2018/19 submitted to council for tabling [100%]	Annexure A43: Copy of draft budget 2018/19 and council resolution	Not Applicable	

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
44.	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets	Number of draft IDP submitted to Council for tabling	IPL	OP/9/27/17	Approved 2017/18 IDP	1 x draft IDP 2018/19 submitted to council for tabling by 31 March 2018	Achieved draft IDP 2018/19 submitted to council for tabling [100%]	Annexure A44: Copy of draft IDP 2018/19 and council resolution	Not Applicable	
45.	OBJ #9 To promote good governance and culture of accountability through public & stakeholder participation in line with set targets	Final budget submitted to council for approval	BTO	OP/9/28/17	Approved 2017/18 Budget1	1 x budget 2018/19 approved by council by 31 May 2018	Achieved budget 2018/19 approved by council [100%]	Annexure A45: Copy of approved budget 2018/19 and council resolution	Not Applicable	
46.	OBJ #9 To promote good governance and culture of accountability through public & stakeholder participation in line with set targets	Number of mid-year budget adjustment report submitted to council	BTO	OP/9/29/17	1	1 x mid-year budget adjustment report 2017/18 submitted to council by 31 January 2018	Achieved mid-year budget adjustment report 2017/18 submitted to council [100%]	Annexure A46: Copy of mid-year budget adjustment report 2017/18 and council resolution	Not Applicable	
47.	OBJ #9 To promote good governance and culture of accountability through public & stakeholder participation in line with set targets	Number of financial quarterly reports submitted to council in line with sec 52 of MFMA	BTO	OP/9/30/17	4	4 x financial quarterly report submitted to council in line with sec 52 of MFMA by 30 June 2018	Not Achieved 3 AC Repots were submitted to Council [75%]	Annexure A47: Copy of financials report and council resolution	The ICT system challenges in the 4 th quarter of the 2017/18 financial year resulted in the delay of	A new ICT service provider has been appointed in the 1 st quarter

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
48	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets	Number of Madibeng Local Anti-Corruption Forum (LAC) established	SPEAKER	SO/10/22/17	1	1 x Madibeng Local Anti-Corruption Forum (LAC) established by 31 December 2017	Not Achieved Office of the speaker jointly with the risk unit conducted a workshop for Councillors in order for them to understand the purpose of the forum, before launching it.	Annexure A48: Signed MOU, ToR, attendance register and minutes of the inaugural meeting	Awaited the Province to assist with the Launch, but to no avail	Will be engaging the Province to expedite the process to ensure the Forum is launched by no later than the end of the 2 nd Quarter of 2018/19
49	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets	Number of the Audit Committee meetings facilitated	CAE	SO/10/17/17	6	4 x Audit Committee meeting facilitated by 30 June 2018	Achieved 6 Audit Committee meetings were held	Annexure A49: Attendance registers and minutes of the Audit Committee meetings	Not Applicable	
50	OBJ #9 To promote good governance and culture of accountability through public and stakeholder participation in line with set targets	Percentage of council resolutions implemented	ALL	OP/9/33/17	0	100% council resolutions implemented by 30 June 2018	Not Achieved [(84/152) ^100=55.26%]	Annexure A50: Database of council resolution	Lack of consistency on the part of the Departments	

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
51	OBJ #11 To enhance positive employer-employee relations through culture of discipline and prudent human resource management practices	Number of awareness campaign to combat violence against women and children held	MM	SO/11/2/17	2	1 x awareness campaign to combat violence against women and children held by 31 December 2017	Not Achieved [0%]	Annexure A51: Invitation, program, photos and signed report		
52	OBJ #12 To enhance skills of employees, councillors & ward committees through training initiatives and set targets encapsulated in the WSP	2017/2018 Workplace Skills Plan implementation report and 100% Municipal Budget actually spent on skills development	CSS	SO/12/1/17	2016/2017 Annual Training Report 0,05%	0.05% Municipal Budget (excl. employee costs) actually spent on implementing the WSP by 30 June 2018	Achieved 0.05% Municipal Budget (excl. employee costs) actually spent on implementing the WSP [100%]	Annexure A52: Expenditure report from BTO and the Annual Training Report	Not Applicable	
53	OBJ #12 To enhance skills of employees, councillors & ward committees through training initiatives and set targets encapsulated in the WSP	Number of Employment Equity Plan (EEP) adopted by Council	CSS	SO/13/6/17	1	1 x Employment Equity Plan adopted by Council by 31 December 2017	Achieved (1 Employment Equity Plan approved and adopted by Council as per Resolution A.0298)	Annexure A53: Copy of approved EEP and council resolution	Not Applicable	
54	OBJ #12 To enhance skills of employees, councillors & ward committees through training initiatives and set targets encapsulated in the WSP	Number of WSDP reviewed by Council	CSS	SO/13/18/17	0	1 x WSDP reviewed by Council by 30 June 2018	Achieved [100%]	Annexure A54: Copy of approved WSDP and council resolution	Not Applicable	

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
55	OBJ #13 To enhance administrative systems in line with applicable instruments (e.g. legislations, policies, procedures, etc.)	Number of Human Resource Management & Development Strategy approved by Council by 31 March 2018	CSS	SO/00/00/17	0	1 x Human Resource Management & Development Strategy approved by Council by 31 March 2018	Not Achieved Draft HR Plan equivalent as Human Resource Management Strategy developed and awaiting Council Adoption	Annexure A55: Copy of the Human Resource Management & Development Strategy and council resolution	Draft HR Plan equivalent as Human Resource Management Strategy developed and awaiting Council Adoption	Draft HR Plan to be submitted for Council Adoption in 2018/2019 financial year
56	OBJ #13 To enhance administrative systems in line with applicable instruments (e.g. legislations, policies, procedures, etc.)	Number of Waste Management By-Law reviewed by Council	CD	SO/13/24/17	0	1 x Waste Management By-Law reviewed by Council 30 June 2018	Not Achieved [0%]	Annexure A56: Copy of approved Waste Management By-Law and council resolution	Lack of dedicated personnel to review the by law	All official to partake in the review of by - law. Meetings to be held bi-weekly to discuss various chapters and
57	OBJ #13 To enhance administrative systems in line with applicable instruments (e.g. legislations, policies, procedures, etc.)	Number of Madibeng Land Use Management Systems (LUMS) developed	PHS	SO/7/10/17	Previously approved Madibeng Land Use Management Systems	1 x Madibeng Land Use Management Systems developed by 30 June 2018	Not Achieved Draft Madibeng Land Use Management Systems developed	Annexure A57: Copy of approved Madibeng Land Use Management Systems and council resolution	Land use scheme has been advertised for public comments.	KPI will be reported during 2018/19 3rd quarter.

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
58	OBJ #13 To enhance administrative systems in line with applicable instruments (e.g. legislations, policies, procedures, etc.)	Number of Madibeng Spatial Development Frameworks (SDF) reviewed by Council	PHS	SO/7/17/17	Previously approved Madibeng Spatial Development Frameworks (SDF)	1 x Madibeng Spatial Development Frameworks (SDF) reviewed by Council by 30 June 2018	Achieved Madibeng Spatial Development Frameworks (SDF) reviewed	Annexure A58: Copy of approved Madibeng Spatial Development Frameworks (SDF) and council resolution	Not Applicable	
59	OBJ #13 To enhance administrative systems in line with applicable instruments (e.g. legislations, policies, procedures, etc.)	Number of Precinct Plans adopted by Council	PHS	SO/7/15/17	Draft Precinct Plan	1 x Precinct Plans adopted by Council by 30 June 2018	Not Achieved [0%]	Annexure A59: Copy of approved Precinct Plans and council resolution	The SDF is not yet gazette.	Precinct plans to be aligned to the SDF
60	OBJ #13 To enhance administrative systems in line with applicable instruments (e.g. legislations, policies, procedures, etc.)	Number of Human Settlement Plan (National Support Plan) adopted by Council	PHS	SO/7/18/17	1	1 x Human Settlement Plan adopted by Council by 31 December 2017	Achieved Human Settlement Plan adopted by Council [100%]	Annexure A60: Copy of approved Human Settlement Plan and council resolution	Not Applicable	
61	OBJ #13 To enhance administrative systems in line with applicable instruments (e.g. legislations, policies, procedures, etc.)	Number of LED plans approved by Council	EDTA	SO/8/14/17	0	1 x LED plans approved by Council by 30 June 2018	Achieved Copy of approved LED plans [100%]	Annexure A61: Copy of approved LED plans and council resolution		

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
62	OBJ #13 To enhance administrative systems in line with applicable instruments (e.g. legislations, policies, procedures, etc.)	Number of Policy on Municipal ICT Governance Framework adopted by Council	CSS	SO/9/14/17	0	1 x Policy on Municipal ICT Governance Framework adopted by Council by 31 December 2017	Achieved (Policy on Municipal ICT Governance Framework adopted by Council as per Council Resolution – A. 0234)	Annexure A62: Copy of Municipal ICT Governance Framework Policy and council resolution	Not Applicable	
63	OBJ #13 To enhance administrative systems in line with applicable instruments (e.g. legislations, policies, procedures, etc.)	Number of Human Resource policies reviewed by Council	CSS	SO/11/9/17	0	3 Review of Human Resource policies by Council (Exit, Leave & OHS) by 30 March 2018	Achieved (3 Human Resource Policies reviewed by council as per council resolution: Exit Interview - A, Leave Management - & OHS – A.0283)	Annexure A63: Copy of approved Exit Interview, Leave & OHS Policies and council resolution	Not Applicable	
64	OBJ #13 To enhance administrative systems in line with applicable instruments (e.g. legislations, policies, procedures, etc.)	Number of Human Resource Policies developed by Council	CSS	SO/11/9/17	0	2 x Human Resource policies (Skills Development and Time & Attendance) adopted by Council by 30 March 2018	Achieved (2 Human Resource policies adopted by council as per resolution : Skills Development – A 0334, Time & Attendance – A0334)	Annexure A64: Copy of approved Skills Development and Time & Management policies and council resolutions	Not Applicable	

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
65	OBJ #13 To enhance administrative systems in line with applicable instruments (e.g. legislations, policies, procedures, etc.)	Number of Audit Committee Charter revised and approved by Council	CAE	SO/13/24/17	1	1 x Audit Committee Charter revised and approved by Council by 31 March 2018	Not Achieved 2018/2019 Charter served at the Audit Committee in meeting dated 06/06/2018, AC.0669	Annexure A65: Audit Committee Charter and council resolution	Due to postponement of the Audit Committee	The charter to be submitted in the next Council meeting
66	OBJ #13 To enhance administrative systems in line with applicable instruments (e.g. legislations, policies, procedures, etc.)	Number of Combined Assurance Framework developed and approved by Council	CAE	SO/12/13/17	0	1 x Combined Assurance Framework developed and approved by Council by 30 June 2018	Achieved The Combine Assurance Framework and Implementation Plan was approved by Council on 29 May 2018.	Annexure A66: Combined Assurance Framework and council resolution		

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
67	OBJ #13 To enhance administrative systems in line with applicable instruments (e.g. legislations, policies, procedures, etc.)	Number of Rules of Order By-Laws revised and adopted by Council	SPEAKER	SO/12/14/17	0	1 x Rules of Order By-Laws revised and adopted by Council by 31 December 2017	Not Achieved [0%]	Annexure A67: Copy of Rules of Order By-Law and council resolution	In terms of section 13(a) of local government: Municipal systems Act, 2000(act No32 of 2000, as amended, Madibeng local municipality has adopted a by-law relating to Rules of Order at a meeting of its Council held on 30 August 2005, in 2016 council resolved on using the same rules of order till such time the province finalizes the new rules of	The new revised Rules of Order By-Law will be tabled before Council during the 3 rd Quarter of 2018/19 FY and duly gazette in collaboration with the Province.
68	OBJ #13 To enhance administrative systems in line with applicable instruments (e.g. legislations, policies, procedures, etc.)	Number of Municipal Delegations reviewed in line with constitutional requirements	SPEAKER		Previously approved Municipal Delegations	1 Municipal Delegations reviewed in line with constitutional requirements by 31 December 2017	Not Achieved [0%]	Annexure A68: Copy of Municipal Delegations and council resolution	There was no Administrative leadership in place	The revised Municipal Delegations will be tabled during the 2 nd Quarter of 2018/19 for approval

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
69	OBJ #13 To enhance administrative systems in line with applicable instruments (e.g. legislations, policies, procedures, etc.)	Percent Capital Budget actually spent on planned capital projects	BTO		100%	100% capital budget spent on planned capital projects by 30 June 2018	Achieved 100% capital budget spent in the 2017/18 financial year.	Annexure A69: Expenditure Report (Section 71 Report)		
70	OBJ #14 To enhance and maintain sound and sustainable financial management in line with set targets, norms and standards	Percent expenditure on MIG projects	BTO	SO/14/2/17	100%	100% expenditure on MIG projects by 30 June 2018	Achieved 100% MIG was spent in 2017/18 financial year (100%)	Annexure A70: Expenditure Report		
71	OBJ #14 To enhance and maintain sound and sustainable financial management in line with set targets, norms and	Percent curbing of under expenditure on projected operating budget	BTO	SO/14/4/17	0%	5% curbing of under expenditure on projected operating budget by 30 June 2018	Not Achieved 87% of the operating budget was spent (13% under spending) [38.46%]	Annexure A71: Expenditure Report		
72	OBJ #14 To enhance and maintain sound and sustainable financial management in line with set targets, norms and	Percentage unexpected losses due the impairment of Property, Property, Plant and Equipment or Intangible Assets	BTO	SO/14/18/17	100%	20% unexpected losses due the impairment of Property, Property, Plant and Equipment or Intangible Assets by 31 December 2017	Not Achieved 0% of assets were impaired during the year. [0%]	Annexure A72: Audited Annual Financial Statements		

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
73	OBJ #14 To enhance and maintain sound and sustainable financial management in line with set targets, norms and	Percentage increase debtors collection rate	BTO	SO/14/8/17	73%	75% increase debtors collection rate	Achieved The annual average collection rate is 76% [104%]	Annexure A73: Revenue Reports		
74	OBJ #14 To enhance and maintain sound and sustainable financial management in line with set targets, norms and	Average number of days taken for payment creditors	BTO	SO/14/19/17	365%	30 X XAverage number of days taken for payment creditors by 30 June 2018	Not Achieved The Municipality takes 317 days to pay suppliers.	Annexure A74: Section 71 Report	The municipality currently have - challenges	Implementation of revenue enhancement strategies and credit control policy. The municipality has established a unit called Revenue Enhancement which will solely focus on improvement
75	OBJ #14 To enhance and maintain sound and sustainable financial management in line with set targets, norms and	Percentage total Repairs & Maintenance Expenditure against the total Property, Plant & Equipment and Investment Property	BTO	SO/14/22/17	2%	2% total Repairs & Maintenance Expenditure against the total Property, Plant & Equipment and Investment Property by 31 December 2017	Achieved 2.29% Has been spent on repairs and maintenance. [114.5%]	Annexure A75: Audited Annual Financial Statements	Not Applicable	Not Applicable

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
76	OBJ #14 To enhance and maintain sound and sustainable financial management in line with set targets, norms and	Percentage of Bad Debts Written-off on Consumer Debtors to Bad Debts provided	BTO	SO/14/21/17	35%	20% of Bad Debts Written-off on Consumer Debtors to Bad Debts provided by 31 March 2018	Achieved 16% of the debtors provided have been written off. [125%]	Annexure A76: Audited Annual Financial Statements	Not Applicable	Not Applicable
77	OBJ #14 To enhance and maintain sound and sustainable financial management in line with set targets, norms and	Percentage of the actual operating expenditure against the total operating expenditure budget	BTO	SO/14/21/17	67%	100% of the actual operating expenditure against the total operating expenditure budget by 30 June 2018	Not Achieved 87% of the operating budget has been spent. [87%]	Annexure A77: Section 71 Report	Cash flow challenges and implementation of cost containment measures resulted in lower spending.	Intensification of implementation of credit control policy and introduction of debtors payment incentives will improve cash flow.
78	OBJ #14 To enhance and maintain sound and sustainable financial management in line with set targets, norms and	Percentage of Irregular, Fruitless and Wasteful and Unauthorised on the total operating expenditure	BTO	SO/14/23/17	43%	0% of Irregular, Fruitless and Wasteful and Unauthorized on the total operating expenditure by 30 June 2018	Not Achieved 6% which amounts to R137 million has been incurred as irregular expenditure	Annexure A78: Section 71 Report / Audited AFS	Improper application of the Supply Chain Management Policy	Cost containment committee has been introduced to vet all orders.

KPI #	IDP Objective	Key Performance Indicator (KPI)	Directorate	IDP Ref:	Baseline	2017/18 Annual Performance Target	2017/18 Actual Performance Achievements	Portfolio of Evidence (POE)	Reasons for Performance Variance	Corrective Measures
79	OBJ #14 To enhance and maintain sound and sustainable financial management in line with set targets, norms and	Percentage of remuneration on the total operating expenditure	BTO	SO/14 /24/17	17%	25% of remuneration on the total operating expenditure by 30 June 2018	Achieved 20% of the total expenditure was spent on remunerations. [125%]	Annexure A79: Section 71 Report	Not Applicable	Not Applicable
80	OBJ #14 To enhance and maintain sound and sustainable financial management in line with set targets, norms and	Percentage of liquidity management: current ratio	BTO	SO/14 /25/17	69%	1% of liquidity management: current ratio per quarter	Not Achieved 1.03% (Current Assets / Current Liabilities) [97.09%]	Annexure A780: Section 71 Report	Cash Flow Constraints	Implementation of revenue enhancement strategies and credit control policy. The municipality has established a unit called Revenue Enhancement which will solely focus on improvement of revenue collection

4.1.5.4. Assessment of the Performance of External Service Providers for the 2017/18 Financial Year

#	NAME OF PROJECT	NAME OF SERVICE PROVIDER		PROJECT DESCRIPTION	PROJECT DURATION		PROJECT AMOUNT	BALANCE	PERFORMANCE REPORTING		
		CONSULTANT	CONTRACTOR		START	END			EXPENDITURE	% TECHNICAL / PHYSICAL	SOCIAL (# JOBS CREATED)
1	Hebron and Itsoseng Water Network Phase 4A	Risimati Consultant Engineers	Lebaka Construction	Construction of 28 536m length of reticulation network and 700-yard connection, stand pipes and water meters	30/08/2017	25/07/2018	R 22. 4m	1 132 001.70 (5 % retention)	91 %	98 %	30
2	Hebron and Itsoseng Water Network Phase 4B	Risimati Consultant Engineers	Amawaka/Dinare JV	Construction of 20 711m length of reticulation network with 1550m bulk water pipelines and 498-yard connection, stand pipes and water meters	30/08/2017	31/05/2018	R 21. 8m	1 103 556.53 (5 % retention)	98.95 %	100 %	30
3	Klipgat Sanitation Phase 4	Tlou Integrated Tech	20 Elevation/Lebaka JV	Construction of 2.6 km sewer reticulation network and installation of 981 waterborne system toilet units at Klipgat A.	15/01/ 2018	13/07/2018 (Project is on-going)	R 19 635 379.00	R 5 080 558,33	R 14 554 820,71	80.53	26
4	Klipgat Water Phase 3	Tlou Integrated Tech	Edlin Civils and Logistics	Construction of 14.2 km water reticulation network and installation of 439 water meters and yard stand pipes at Klipgat B.	15/01/2018	15/05/2018 (Project is on-going)	R 12 362 972,00	R5 080 937,23	R 7 282 034,77	64.36	57
5	Hebron-Madidi	LSO Consulting Engineers	Amawaka/Boikanyo	Construction of an 18km of 350 Upvc Bulk pipeline	26/01/2018	25/01/2019	R47 263 471,27	R19 950 148,09	R20 566 481,50	50%	28
6	Upgrading of internal road cluster 1: Segwaelane	Mpotseng Infrastructure	Boikhutso Ba One Civils	Construction of 2.7km paved road and associated storm water	22/11/2016	31/08/2017	R16. 7m	R0	R17.5	97%	15

#	NAME OF PROJECT	NAME OF SERVICE PROVIDER		PROJECT DESCRIPTION	PROJECT DURATION		PROJECT AMOUNT	BALANCE	PERFORMANCE REPORTING		
		CONSULTANT	CONTRACTOR		START	END			EXPENDITURE	% TECHNICAL / PHYSICAL	SOCIAL (# JOBS CREATED)
7	Upgrading of internal road cluster 2: Mothutlung	MGM - Bluhay	Amawakawa Project	Upgrading of internal road cluster 2	06/12/2017	29/06/2018	R12,966,032.71	R1,448,097.87	R11,536,744.84	98%	56
8	Upgrading of internal road cluster 4	Hlanganani Consulting Engineers	Asatico/RTN Civils	Upgrading of internal road cluster 4	12/12/2017	04/09/2018	R14 676 642,33	R6 324 016,83	R8 352 625,80	60%	31
9	Upgrading of internal road cluster 5: Block G and I	Makone Consulting Engineers	Bagaphala Project	Upgrading of internal road cluster 5: Block G and I	09/01/2018	30/09/2018	32,757,144.75	19,610,142.20	13,147,002.22	78%	128
10	Upgrading of Madinyane paved road and stormwater_Cluster 6	Nevhutalu Consulting Engineers	20 Elevation construction and Landscaping	Upgrading of Madinyane paved road and stormwater Cluster 6	06/12/2017	29/06/2018	R 14.5m	R4m	R 10.5m	90%	38
11	Upgrading of internal Road Projects: Cluster 7:Maboloka Stormwater	MTP Infrastructure	Khosi-Vuyo Logistics	Maboloka Stormwater	09/01/2018	31/07/2018	R10 539 364,67	0.00	R11 010 644,35	99%	50
12	Brits Main Bus and Taxi Rank	Mngulwa Consulting Engineers	Treru Civils and Construction	Upgrading of Brits Main Bus and Taxi Rank	16/01/2018	16/08/2018	R20 700 000.00	R55 000	19 411 116.8	90%	41
13	Madidi Multipurpose Centre	Tiki Architects	Terminated	Construction of a Multipurpose Centre in Madidi	13 January 2016	30 June 2016	R8 338 648.94	R2 686 211.21	Tender advertised and is currently sitting at evaluations .Progress at 78%		
14	Hiring of machinery as and when is required	n/a	Sidlangoqoko Farming & Construction cc	Hiring of machinery as and when it is required Plant hire for Re-gravelling for Oukasie	20/09/2017	10/10/2017	R375 441.90	n/a	R375 441.90	100%	10
15	Hiring of machinery as and when is required	n/a	Sidlangoqoko Farming & Construction cc	Hiring of machinery as and when it is required Plant hire for to upgrade Oberon Road	05/03/2018	23/05/2018	R200 473.75	n/a	R200 473.75	100%	10

CHAPTER 4: ORGANISATION DEVELOPMENT PERFORMANCE

4.1 COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

OFFICE OF THE MUNICIPAL MANAGER

4.1.1 MEDIA RELATIONS

Marketing and Communications Division continued to play an integral part in successfully keeping communities abreast with developments within the municipality through regular engagements with the local and national media as well as through the new media best known as the social media. The electronic media houses, which worked closely with the unit included the South African Broadcasting Corporation (SABC), Power FM, Jacaranda FM, Madibeng FM, OFM and Letlhabile FM while the print media included the Daily Sun, Sowetan, Brits Pos, Platinum Weekly, Madibeng Times and the Kormorant. Three Social networks namely Facebook, Instagram and Twitter were activated and played a significant role in enhancing communications in the social media space. The unit continued to communicate government programmes through own mouthpiece in the form of internally produced newsletter (Madibeng News), which is published bi-monthly. More updates about government work were communicated through the municipal website as uploaded all official documents in terms of the Municipal Finance Management Act.

4.1.2 INTERNAL COMMUNICATIONS

The unit applied different forms in communicating with the internal staff, including the intranet and through the newly mounted notice boards and aluminium clips frames to maintain a professional look in the building consistent with our Marketing and Communication Policy.

4.1.3 BRANDING OF THE MUNICIPAL BUILDING

The Branding of the Municipal Building as per the Service Delivery Budget Implementation Plan (SDBIP) of 2016/2017 commenced in the 3rd quarter of the financial year, with a more visible name of the municipality in the front foyer in Van Velden Street.

4.1.4 SUPPORT TO OFFICES/DEPARTMENTS AND EXTERNAL STAKEHOLDERS

Throughout 2017/2018 financial year, the unit fully supported the activities and programmes of all the three political offices, namely the Speaker, Executive Mayor and Single Whip, the Municipal Public Accounts Committee (MPAC) as well as internal Directorates. All events and programmes were fully branded with the municipal ensembles to depict a clear picture of government being in charge of the said event or programme. All communication services required from the unit being media liaison or photography were delivered with diligence.

The unit took a lead in the preparatory and planning of Mayoral events and also played an integral part in the successful events organised by the Provincial and National Departments, which included Water and Sanitation event in Jericho, visit by Minister of Agriculture and Fisheries in Jericho and the Setsokotsane campaigns led by the Premier of the North West Province, Honourable SOR Mahumapelo.

4.1.5 DIRECTORATE: IDP/PMS/LEGAL SERVICES

The Directorate consists of three (3) Divisions, namely: Integrated Development Planning (IDP), Performance Management System (PMS) and Legal Services.

The Office provides a back office support service to the Municipality in terms of strategic planning (including strategic management and legal support services).

4.1.5.1. LEGAL SERVICES

INTRODUCTION TO LEGAL SERVICES

Legal Services is one of the strategic units that provides an internal legal advisory and support services to Council and its Committees or its Structures, Political Office Bearers, Municipal Manager and Directorates. The unit provides the service through legal opinions and advices, contract management and facilitation of litigation in favour and against the Municipality.

It also manages the performance of firms of attorneys on the database that are solicited to initiate or defend cases on behalf of Council. The Legal Services has a total staff compliment of 6 personnel consisting of a Legal Manager, 2 Senior Legal Advisors, 2 Legal Advisors, Legal Secretary. There are 2 positions that are still vacant (*1 senior legal advisor & 1 legal advisor*).

OVERALL PERFORMANCE OF LEGAL SERVICES

During 2017/2018 financial year, the Municipality had a total of 47 cases; 37 litigation and 10 labour cases/disputes. Only 16 out of 47 matters were received or initiated in the 2017/2018 financial year and 31 were carried over from 2016/2017 financial year.

At the end of the financial year, a total of 14 civil and labour matters had been resolved and finalised. This is a significant decrease in legal costs because this money could be used elsewhere for service delivery. Legal cases in the Municipality are mainly caused by non-compliance with the legislative framework and policies as well as gross negligence by municipal officials and lack of maintenance of municipal road infrastructure.

4.1.6 DIRECTORATE: CORPORATE SUPPORT SERVICES

Directorate: Corporate Support Services also renders a back office support services to the Municipality's service delivery function through four (4) divisions: Human Resource Management, Organisational Design and Development, Information & Communication Technology and Municipal Administration and Council Secretariat Services.

HUMAN RESOURCE MANAGEMENT

The division provides organisational support to the Municipality in the form of recruitment and retention of personnel, induction, employee benefit, conditions of service, induction, training of personnel, occupational health and safety, employee wellness, labour relations and general personell provisioning & maintenance.

It endeavours to provide effective human resources services in an efficient manner to enhance positive employer employee climate, culture of discipline and prudent human resources management practices.

The aim is to attract and retain human capital through positive employment relations practices within the framework of healthy and safe condusive working environment.

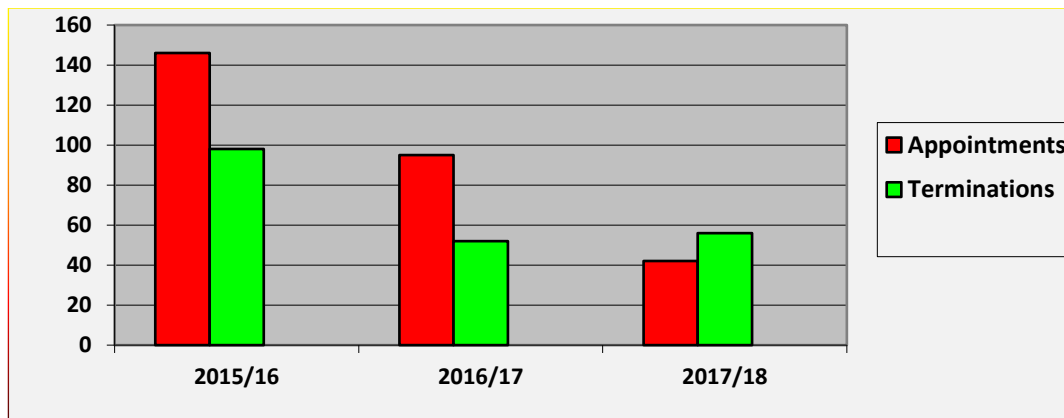
4.2. COMPONENT B: ORGANISATIONAL DESIGN AND DEVELOPMENT

The Council adopted a new organisational structure in May 2018 and, although it was not active for the entire reporting period, it was nevertheless utilised for this purpose. It thus might have an impact on comparisons with previous years

VACANCY RATE 2017/2018			
DESIGNATIONS	TOTAL APPROVED POSTS NO.	VARIANCES (<i>total time that vacancies exist using fulltime equivalents</i>) no.	VARIANCES (<i>as a proportion of total posts in each category</i>) %
Municipal Manager	1	0	0%
Chief Financial Officer	1	0	0%
Other Section 56 Managers	8	1	13%
Managers	41	13	32%
Professionally Qualified And Experienced Specialists And Mid-Management	304	192	63%
Skilled Technical And Academically Qualified Workers-Junior Management-Supervisors- Foremen- And Superintendents	405	224	55%
Semi-Skilled And Discretionary	483	253	52%
Unskilled And Defined Decision Making	732	304	41%
TOTAL	1975	987	49%

TOTAL EMPLOYEES STAFF COMPLIMENT + VACANCIES					
DESCRIPTION	2016/2017	2017/2018			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Municipal Manager	8	54	9	45	83%
Chief Audit Executive	7	12	10	2	16%
Directorate: Idp/Pms/Legal Services	15	35	10	25	71%
Corporate Support Services	33	76	37	39	51%
Budget & Treasury Office	92	160	95	65	41%
Infrastructure & Technical Services	231	665	246	419	63%
Human Settlement & Planning	35	71	35	36	51%
Economic Development, Tourism & Agriculture	19	45	19	26	58%
Public Safety, Fleet & Facilities Management	289	408	239	169	41%
Community Services	272	449	277	172	38%
TOTALS	1001	1975	87	988	50%

TURN-OVER RATE			
Details	Total Appointments As Of Beginning Of Financial Year	Terminations During The Financial Year	Turn-Over Rate
2015/2016	146	98	5.4%
2016/2017	95	52	2.9%
2017/2018	42	56	3.1%



COMMENTS ON VACANCIES AND TURNOVER

The staff turn-overate of 2.9% in the current financial year is normal and falls within the acceptable norms and standards. However, the vacancy rate is fairly too high at 56%, but this is not related to the turnover rate.

4.3 COMPONENT C: WORKFORCE CAPACITY DEVELOPMENT

The development of the skills base remains one of the biggest challenges for Madibeng Local Municipality. This is not only due to insufficient funding, but also to the inability to mobilise the internal structures responsible for planning, implementation and reporting.

Successes during the 2017/2018 financial year include the submission of the Workplace Skills Plan (WSP) on time and within the parameters of the required template, spending the entire budget on interventions as per the Work Skills Plan and re-establishment of the Skills Development Committee to advise, monitor and consider reports on training interventions. It is, therefore, trusted that future submissions will have a higher level of consulted and agreed content than what was previously the case.

4.3.1 SKILLS DEVELOPMENT, RELATED EXPENDITURE & ON THE FINANCIAL COMPETENCY REGULATIONS:

Imminent changes in the Sector Education and Training Authority (SETA) landscape have led to a slow progress of activities in the majority of those institutions.

Coupled with the fact that the Local Government Sector Education and Training Authority (LGSETA) had been under administration at various times during the past two (2) years, it failed to render the support, assistance and communication necessary to give full effect to the skills development plans and initiatives of the municipality.

Some of the mandatory grants payable to the municipality have still not been received. Budgeted amounts for skills development are very much insufficient, bordering on insignificance. Where the national norm (guideline) is 1% of the operational budget, in this financial year, the actual budget was 0,05%, making the amount more than 20 times lower than what the guideline indicate. This led to the budget having been overspent already in the first quarter and the inability to fully implement the Workplace Skills Plan. Means will have to be found to increase the amount in years to come.

The following training courses were approved.

TRAINING PROGRAMME	TRAINEES	DATES	TRAINING PROVIDER	AMOUNT
Advanced Certificate in Municipal Governance	Ms.RS Ramavhale	January 2018 – December 2018	University of Johannesburg	R 24 000.00
Diploma in Metropolitan and Traffic Policing	Ms. IM Chauke	To be confirmed as learners start after the Municipality has	Lyceum	R 8 625.00
Public Relations N4 – N6	Ms. B Ndili	To be confirmed	Rock of Springs	R 20 800 .00
Short Programme in Labour Relations	Mr. J Mokwena	20 – 23 November 2017	Pretoria University	R 11 080.00
Civil Engineering N3	DK Mbele	Programme was approved but SCMU did not process as they	Rock of Springs	R 5 050.00
Technical Engineering N3	Mr. NC Mngenela		Rock of Springs	R 9 900.00
Programme in Freight Management	Ms. RS Ramavhale	To be confirmed	UNISA	R 3 000.00

TRAINING PROGRAMME	TRAINEES	DATES	TRAINING PROVIDER	AMOUNT
Programme in Local Government Management	Ms. DE Baleni	To be confirmed as learners start after the Municipality has	UNISA	R 9 100.00
Prevention and Detection of Procurement and Contract Fraud	Mr. TRLMolebaloa – Internal Audit	28 August 2017 – 01 September 2017	University of Pretoria	R 10 500.00
Examiner for Driving Licenses(EDL)	Ms. S Gowrie – Public Safety, Fleet and Facility Management Mr. TR Mashao - Public Safety, Fleet and Facility Management Mr. TEE Belle - Public Safety, Fleet and Facility Management Ms. NS Molefe - Public Safety, Fleet and Facility Management Mr. JJ van Rheede - Public Safety, Fleet and Facility Management	To be confirmed	City of Tshwane	109 385.00
Foundation of ACL concept and practices	Ms M Mogale – MM – Internal Audit	02 – 06 October 2017	CQS	R 19 083.60
Operator Certificate for use of Prolaser	Mr. Tee Belle – Traffic Mr. JJ Van Rheede – Traffic Ms. NS. Molefe – Traffic Mr. PG Pieterse – Traffic A Chepape – Traffic L Kgabi – Traffic MS More – Traffic MT Sekgololo – Traffic MMV Mongaula – Traffic VN Lion – Traffic Ms. LP Motsepe - Traffic	To be confirmed	Truvelo SA Pty Ltd	R 15 500.00
Fire arm Competency Certificate Training	Neo Molefe – Traffic PG Pieterse – Traffic L Kgabi – Traffic MS More – Traffic FT Mpgapi – Traffic MMV Mongaula – Traffic VN Lion - Traffic	To be confirmed	De Beer Sport and Arms	R 12 600.00
Performance Management Training	Mr. TE Manelle	20 – 22 February 2018	SALGA NW	R 00 000.00
Disciplinary Procedures	Mr. J. Mokwena	20 – 22 February 2018	SALGA NW	R 00 000.00
Diploma in Metropolitan and traffic Policing	Mr. SI Matlala – PSFFM - Traffic	Distance Learning	Lyceum College	R 19 410.00

TRAINING PROGRAMME	TRAINEES	DATES	TRAINING PROVIDER	AMOUNT
Higher Certificate in Municipal L5	Mr. NH Mashego – PSFFM - Traffic	January – December 2018	University of Johannesburg	R 23 100.00

TRAINING PROGRAMME	TRAINEES	DATES	TRAINING PROVIDER	AMOUNT
	FF D Mogone - Public Safety, Fleet and Facility Management			
	FF S Tselane - Public Safety, Fleet and Facility Management			
	FF J More - Public Safety, Fleet and Facility Management			
	L/FF C Mabe - Public Safety, Fleet and Facility Management			
	FF C Mafata - Public Safety, Fleet and Facility Management			
	FF K Martins - Public Safety, Fleet and Facility Management			
	S/FF B Pretorius - Public Safety, Fleet and Facility Management			
Total Number Trained	59		TOTAL EXPENDITURE	R 301.133

Internal assessments of officials to determine the level of compliance with the Municipality. Municipal Finance Management Act (MFMA) minimum competency regulations indicated a fairly good picture. All senior managers comply, as well as divisional managers and relevant supply chain management personnel. The majority of finance middle management also comply and only a few do not and have been in the service of the municipality for more than twenty years and are rendering exemplary service to the extent that they are all coaching and mentoring junior personnel. The internal assessment will be followed up with an external assessment exercise in the next financial year.

INJURIES, SICKNESS AND SUSPENSIONS

COMMENT ON INJURY AND SICK LEAVE:

NUMBER OF COST OF INJURIES ON DUTY				
TYPE OF INJURY	INJURY LEAVE TAKEN DAYS	EMPLOYEES USING INJURY LEAVE NO.	PROPORTION EMPLOYEES USING SICK LEAVE %	TOTAL ESTIMATED COST R'000
Required basic medical attention only	-	20	-	R0
Temporary total	208	12	-	
Permanent disablement	-	-	-	-
Fatal	-	-	-	-
TOTAL	208	32	-	R0

WORKFORCE EXPENDITURE				
OUTCOME OF JOB EVALUATION OR GRADING PROCESS		BENEFICIARIES	GENDER	TOTAL
Number of employees whose salaries where increased due to upgrading of their positions		-	-	-
Number of employees whose salary levels exceed the grading determined by job evaluations		-	-	-
<p>There are still historical challenges to the personnel expenditure due to events related to the transitional period. They often result in uneven conditions of service amongst certain categories of employees. Most of these challenges have been addressed through processes of organisational restructuring since the amalgamation phase. However, there are still existing issues of disparities and are attended to as and when they arise, with negative impact on the personnel expenditure.</p> <p>The process of job evaluation is currently still in progress and not finalised as yet. As at the end of the 2015/2016 financial year, there is no employee whose salaries has increased due to the upgrading of their positions or has exceeded their determined job grade.</p>				
NUMBER OF DAYS & COST OF SICK LEAVE (EXCL. INJURY OF DUTY)				
DESIGNATION	TOTAL SICK LEAVE DAYS	PROPORTION OF SICK LEAVE WITHOUT MEDICAL CERTIFICATION %	EMPLOYEES USING SICK LEAVE NO.	TOTAL EMPLOYEES IN POST NO.
MM & SECTION 56	3	0	1	-
LEVELS 0-3	141	7	-	-
LEVELS 4 - 6	578	89	-	-
LEVELS 7 - 9	742	179	-	-
LEVELS 10 - 12	790	118	-	-
LEVELS 13 - 15	1031	56	-	-

4.3.2. INFORMATION & COMMUNICATION TECHNOLOGY (ICT) SERVICES

The division ensures continued uninterrupted availability of Information and Communication Technology systems to the Municipality because non availability of these services shut down productivity and may result with loss in revenue collection or cause delays in submission of relevant information. The interruption of these support service can be overcome by ensuring that the required Information and Communication Technology resources are always available.

Development of data retention and security strategy is also very critical as non-availability of backup services can have a negative impact in terms of non-performance due to loss of valuable information, risking delays in rendering other municipal services. Data is one of the most important assets that need protection from loss or destruction through utilisation of good and advanced technology.

The provision of Information and Communication Technology service need to be supported by the relevant policy framework. Non-compliance with the applicable policies can also delay progress in delivery of services. Inappropriate use of security technology can cause Security Bridge, which may result in losing sensitive information.

This risk can be mitigated by the development of awareness programs for all the users.

SERVICE STATISTICS FOR INFORMATION & COMMUNICATION TECHNOLOGY (ICT) SERVICES		
ICT SERVICE	SERVICE DESCRIPTION	% SERVICE LEVELS
HELPDESK	All calls are logged, distributed, closed and escalated.	100%
NETWORK & SUPPORT	User account and password management, network (<i>remote, email, printing, etc.</i>), internet access, hardware and software acquisition, installation & re-installation, repairs. Performing backups, installation for anti-virus software and updates.	100%
FINANCIAL	Give users access in the system, perform updates and backups.	100%
GEOGRAPHICAL	Give system users access update and maintenance of GIS databases, the analyses and evaluation of systems and technical specifications.	75%

PERFORMANCE REPORT ON CALLS AND QUERIES ATTENDED TOO			
CATEGORY	# LOGGED/ATTENDED	# RESOLVED/FINALIZED/ CLOSED	# OUTSTANDING
Password/Login	427	427	0
LAN/Network Service	231	231	0
Internet Service	63	63	0
Hardware Service	717	717	0
Emails	306	306	0
Software Service	147	147	0
Printer Service	119	119	0
Documents	92	92	0
TOTAL	2102	2102	0

Information and Communications Technology had a project of upgrading and refreshing the entire infrastructure in order to be on par with the latest technology trends. The project last project was:

PROJECT 1: SAN UPGRADE:

- The San upgrade relates to data storage and backup and recovery infrastructure.
- The SAN was upgraded to accommodate current municipal data and to provide for any future needs.
- The project was completed successfully and was signed off on 12 January 2018

4.3.3. MUNICIPAL ADMINISTRATION AND SECRETARIAT SERVICES

The Secretariat aims to ensure an effective administrative support service to meet the Municipality's office administrative objectives. Its main job functions are the administration of committees' meetings, namely: Council, Council Committees, Mayoral Committee, Senior Management Team, Local Labour Forum and other Municipality's technical committees.

The division is responsible for compilation of agendas, taking of minutes, photocopying and distributing documentation to Councillors and members of the Committees concerned. All the meetings are programmed into the approved municipal calendar and the major challenge is non-compliance with stipulated time frame, which results with disruption or disorganisation of adequate preparation of committee meetings.

(I). RECORDS AND ACHIEVIES

The records unit strives to ensure proper development, creation, maintenance, use, storage and disposal of municipal records. This is an integral part of efficient, transparent and accountable governance. Its objective is to ensure that the Municipality recognises its responsibility to the public by implementing and maintaining sound records management practices. Accurate control, record and administering of incoming and out-going correspondence on Municipal files and data system is also of utmost importance.

(II). CUSTOMER CARE CENTRE

Whenever consumers/customers have contact with the Municipality, they should consistently experience the acceptable standards of service excellence. All customers, whether they are residents or visitors, report complaints and queries regarding municipal services at the Customer Care Centre at the main entrance into the municipal buildings. The detail of all such complaints or queries is captured on the electronic Customer Care system, and reference numbers are issued which will be automatically generated when the comment has been recorded.

Statistics regarding complaints that were received at the Customer Care Centre are submitted to the relevant Portfolio Committee on quarterly basis, which detail, *inter alia*, the following information:

DESCRIPTION	NO
Total Number Of Queries Captured	325
Total Number Of Queries Finalized	286
Total Number Of Outstanding Queries	39
Total Number Of Telephonic Enquiries	4 046
Total Number Of Counter Enquiries	5 309

For the period of 2017/2018 financial year, 2 critical surveys were administered as indicated below (Services rendered by the municipality and Services rendered by the customer care centre Satisfaction levels):

SERVICES RENDERED BY THE MUNICIPALITY		SERVICES RENDERED BY CUSTOMER CARE CENTRE	
<u>SURVEY QUESTION</u> On a scale of 1 to 4 (with 1 the lowest value(poor) and 4 (excellent), please rate the level of service that you have received from the municipality)		<u>SURVEY QUESTION</u> On a scale of 1 to 4 (with 1 the lowest value(poor) and 4 (excellent), please rate the level of service that you have received from the Customer Care Centre)	
PARTICIPANTS RESPONSE	# RESPONSES	PARTICIPANTS	#
1	3	1	-
2	273	2	2
3	59	3	4
4	22	4	351
TOTAL	357	TOTAL	357

CHAPTER 5. FINANCIAL PERFORMANCE

NW372 Madibeng - Reconciliation of Table A1 Budget Summary

Description	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.to. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
R thousands												
Financial Performance												
Property rates	303 530	(0)	303 530	258 006		(45 524)	85,0%	85,0%				296 046
Service charges	692 910	(14 966)	677 944	660 158		(17 786)	97,4%	95,3%				662 562
Investment revenue	5 500	(1 628)	3 872	7 078		3 206	182,8%	128,7%				4 301
Transfers recognised - operational	571 733	1 071	572 804	780 488		207 684	136,3%	136,5%				767 763
Other own revenue	114 512	19 453	133 965	148 056		14 091	110,5%	129,3%				186 732
Total Revenue (excluding capital transfers and contributions)	1 688 185	3 930	1 692 115	1 853 786		161 672	109,6%	109,8%				1 917 404
Employee costs	380 852	44 550	425 402	425 241	161	(161)	100,0%	111,7%	-	-	-	392 302
Remuneration of councillors	27 000	4 000	31 000	30 531	469	(469)	98,5%	113,1%	-	-	-	25 456
Debt impairment	270 000	(69 000)	201 000	132 380	68 620	(68 620)	65,9%	49,0%	-	-	-	290 516
Depreciation & asset impairment	604 762	(35 481)	569 281	470 954	98 327	(98 327)	82,7%	77,9%	-	-	-	458 568
Finance charges	100 000	60 600	160 600	160 510	90	(90)	99,9%	160,5%	-	-	-	131 937
Materials and bulk purchases	633 740	(24 740)	609 000	593 078	15 922	(15 922)	97,4%	93,6%	-	-	-	452 876
Transfers and grants	10 000	(5 000)	5 000	2 343	2 657	(2 657)	46,9%	23,4%	-	-	-	20 819
Other expenditure	266 801	190 268	457 069	349 862	107 207	(107 207)	76,5%	131,1%	-	-	-	496 522
Total Expenditure	2 293 154	165 198	2 458 352	2 164 899	293 453	(293 453)	88,1%	94,4%	-	-	-	2 268 996
Surplus/(Deficit)	(604 969)	(161 268)	(766 238)	(311 113)		455 125	40,6%	51,4%				(351 591)
Transfers recognised - capital	301 005	(71 889)	229 116	-		(229 116)	-	-				-
Contributions recognised - capital & contributed assets	-	-	-	-		-	-	-				-
Surplus/(Deficit) after capital transfers & contributions	(303 964)	(233 157)	(537 122)	(311 113)		226 009	57,9%	102,4%				(351 591)
Share of surplus/ (deficit) of associate	-	-	-	-		-	-	-				-
Surplus/(Deficit) for the year	(303 964)	(233 157)	(537 122)	(311 113)		226 009	57,9%	102,4%				(351 591)
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	301 005	(90 455)	210 550	214 275		3 725	101,8%	71,2%				232 101
Public contributions & donations	-	-	-	-		-	-	-				-
Borrowing	-	-	-	-		-	-	-				-
Internally generated funds	-	18 566	18 566	544		(18 022)	2,9%	#DIV/0!				20 513
Total sources of capital funds	301 005	(71 889)	229 116	214 819		(14 297)	93,8%	71,4%				252 614
Cash flows												
Net cash from (used) operating	350 358	34 848	385 206	92 635		(292 571)	24,0%	26,4%				106 917
Net cash from (used) investing	(301 005)	41 889	(259 116)	(215 083)		44 033	83,0%	71,5%				(252 563)
Net cash from (used) financing	-	-	-	122 774		122 774	#DIV/0!	#DIV/0!				109 856
Cash/cash equivalents at the year end	82 718	-	159 456	33 692		(125 764)	21,1%	40,7%				33 366

NW372 Madibeng - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	955 720	(20 534)	935 186	918 850		(16 336)	98,3%	96,1%				901 543
Executive and council			-			-	-	-				
Budget and treasury office	955 720	(20 534)	935 186	918 850		(16 336)	98,3%	96,1%				901 543
Corporate services			-			-	-	-				
Community and public safety	24 253	24 374	48 627	55 190		6 563	113,5%	227,6%				40 899
Community and social services	8 093	-	8 093			(8 093)	-	-				40 273
Sport and recreation	13 160	17 390	30 550	55 190		24 640	180,7%	419,4%				
Public safety	2 000	6 814	8 814			(8 814)	-	-				626
Housing	1 000	170	1 170			(1 170)	-	-				
Health			-			-	-	-				
Economic and environmental services	142 476	89	142 565	184 996		42 431	129,8%	129,8%				104 078
Planning and development	142 476	89	142 565	1 461		(141 104)	1,0%	1,0%				2 822
Road transport			-	183 535		183 535	#DIV/0!	#DIV/0!				101 256
Environmental protection			-			-	-	-				
Trading services	866 741	(71 889)	794 852	677 852		(117 000)	85,3%	78,2%				870 796
Electricity	506 586		506 586	406 586		(100 000)	80,3%	80,3%				449 331
Water	273 850	(71 889)	201 961	202 961		1 000	100,5%	74,1%				327 160
Waste water management	48 005		48 005	40 005		(8 000)	83,3%	83,3%				52 005
Waste management	38 300		38 300	28 300		(10 000)	73,9%	73,9%				42 300
Other			-	16 898		16 898	#DIV/0!	#DIV/0!				90
Total Revenue - Standard	1 989 190	(67 959)	1 921 230	1 853 786		(67 444)	96,5%	93,2%				1 917 404
Expenditure - Standard												
Governance and administration	1 213 946	119 919	1 333 865	1 204 267	(129 598)	(129 598)	90,3%	99,2%	-	-	-	1 257 362
Executive and council	81 025	-	81 025	14 451	(66 573)	(66 573)	17,8%	17,8%			-	116 701
Budget and treasury office	1 124 680	118 811	1 243 491	1 117 337	(126 154)	(126 154)	89,9%	99,3%			-	1 037 044
Corporate services	8 241	1 108	9 349	72 478	63 129	63 129	775,2%	879,4%			-	103 617
Community and public safety	201 608	22 423	224 031	261 606	37 574	37 574	116,8%	129,8%	-	-	-	270 950
Community and social services	47 004	24 135	71 139	105 901	34 763	34 763	148,9%	225,3%			-	125 120
Sport and recreation	29 314	-	29 314	13 248	(16 067)	(16 067)	45,2%	45,2%			-	
Public safety	98 624	2 017	100 641	142 457	41 816	41 816	141,5%	144,4%			-	145 830
Housing	21 606	(3 729)	17 877		(17 877)	(17 877)	-	-			-	
Health	5 060	-	5 060		(5 060)	(5 060)	-	-			-	
Economic and environmental services	44 677	-	44 677	38 543	(6 135)	(6 135)	86,3%	86,3%	-	-	-	24 457
Planning and development	6 166		6 166	7 766	1 600	1 600	125,9%	125,9%			-	24 457
Road transport	37 777		37 777	30 777	(7 000)	(7 000)	81,5%	81,5%			-	
Environmental protection	734		734		(734)	(734)	-	-			-	
Trading services	818 676	22 275	840 951	645 656	(195 295)	(195 295)	76,8%	78,9%	-	-	-	714 475
Electricity	496 539	22 275	518 814	380 814	(138 000)	(138 000)	73,4%	76,7%			-	396 539
Water	221 020		221 020	176 725	(44 295)	(44 295)	80,0%	80,0%			-	216 818
Waste water management	31 282		31 282	30 282	(1 000)	(1 000)	96,8%	96,8%			-	31 282
Waste management	69 835		69 835	57 835	(12 000)	(12 000)	82,8%	82,8%			-	69 835
Other	14 246	581	14 828	14 828	-	-	100,0%	104,1%			-	1 752
Total Expenditure - Standard	2 293 154	165 198	2 458 352	2 164 899	(293 453)	(293 453)	88,1%	94,4%	-	-	-	2 268 996
Surplus/(Deficit) for the year	(303 964)	(233 157)	(537 122)	(311 113)	226 009	226 009	57,9%	102,4%	-	-	-	(351 591)

NW372 Madibeng - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.to. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - Executive Council	-	-	-			-	-	-				
Vote 2 - Municipal Manager	-	-	-			-	-	-				
Vote 3 - Chief Operating Officer	-	-	-			-	-	-				
Vote 4 - Corporate Support Services	-	-	-			-	-	-				
Vote 5 - Budget And Treasury Office	966 893	(20 534)	946 360	918 850		(27 510)	97,1%	95,0%				901 543
Vote 6 - Infrastructure And Technical Services	950 444	(71 889)	878 555	861 387		(17 169)	98,0%	90,6%				972 051
Vote 7 - Community Services	60 271	17 390	77 661	55 190		(22 471)	71,1%	91,6%				40 273
Vote 8 - Human Settlement	2 514	170	2 684	1 461		(1 223)	54,4%	58,1%				2 822
Vote 9 - Economic Dev, tourism & Agriculture	2 692	89	2 781	2 666		(115)	95,8%	99,0%				90
Vote 10 - Public Safety, Fleet and Facilities Management	6 375	6 814	13 189	14 232		1 043	107,9%	223,3%				626
Vote 11 - Internal Audit			-			-	-	-				
Vote 12 - Risk Management			-			-	-	-				
Example 13 - Vote13			-			-	-	-				
Example 14 - Vote14			-			-	-	-				
Example 15 - Vote15			-			-	-	-				
Total Revenue by Vote	1 989 190	(67 959)	1 921 230	1 853 786		(67 444)	96,5%	93,2%				1 917 404
Expenditure by Vote to be appropriated												
Vote 1 - Executive Council	35 511	3 589	39 100	4 071	35 028	(35 028)	10,4%	11,5%			-	39 018
Vote 2 - Municipal Manager	7 155	(3 609)	3 546	2 482	1 064	(1 064)	70,0%	34,7%			-	43 684
Vote 3 - Chief Operating Officer	38 359	1 838	40 197	7 898	32 299	(32 299)	19,6%	20,6%			-	33 999
Vote 4 - Corporate Support Services	85 909	(8 527)	77 382	72 478	4 904	(4 904)	93,7%	84,4%			-	103 617
Vote 5 - Budget And Treasury Office	1 038 771	94 266	1 133 037	1 117 337	15 700	(15 700)	98,6%	107,6%			-	1 037 044
Vote 6 - Infrastructure And Technical Services	786 618	22 275	808 893	657 470	151 423	(151 423)	81,3%	83,6%			-	714 475
Vote 7 - Community Services	121 757	24 135	145 891	105 901	39 990	(39 990)	72,6%	87,0%			-	125 120
Vote 8 - Human Settlement	27 772	(3 729)	24 043	23 791	252	(252)	99,0%	85,7%			-	24 457
Vote 9 - Economic Dev, tourism & Agriculture	14 246	581	14 828	13 248	1 580	(1 580)	89,3%	93,0%			-	1 752
Vote 10 - Public Safety, Fleet and Facilities Management	128 815	32 201	161 016	152 457	8 559	(8 559)	94,7%	118,4%			-	145 830
Vote 11 - Internal Audit	8 241	1 108	9 349	7 766	1 584	(1 584)	83,1%	94,2%			-	
Vote 12 - Risk Management	-	1 070	1 070		1 070	(1 070)	-	-			-	
Example 13 - Vote13			-			-	-	-			-	
Example 14 - Vote14			-			-	-	-			-	
Example 15 - Vote15			-			-	-	-			-	
Total Expenditure by Vote	2 293 154	165 198	2 458 352	2 164 899	293 453	(293 453)	88,1%	94,4%	-	-	-	2 268 996
Surplus/(Deficit) for the year	(303 964)	(233 157)	(537 122)	(311 113)		226 009	57,9%	102,4%				

NW372 Madibeng - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2017/18								2016/17			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	303 530	(0)	303 530	258 006		(45 524)	85,0%	85,0%				296 046
Property rates - penalties & collection charges	-	-	-	-		-	-	-				-
Service charges - electricity revenue	472 396	(20 657)	451 739	451 194		(545)	99,9%	95,5%				264 533
Service charges - water revenue	150 378	(2 547)	147 831	116 164		(31 667)	78,6%	77,2%				257 336
Service charges - sanitation revenue	37 583	992	38 575	43 236		4 663	112,1%	115,0%				53 922
Service charges - refuse revenue	32 553	7 246	39 799	49 562		9 763	124,5%	152,2%				86 772
Service charges - other	-	-	-	-		-	-	-				-
Rental of facilities and equipment	1 270	-	1 270	1 408		138	110,8%	110,8%				1 243
Interest earned - external investments	5 500	(1 628)	3 872	7 078		3 206	182,8%	128,7%				4 301
Interest earned - outstanding debtors	85 000	(2 641)	82 359	83 818		1 459	101,8%	98,6%				95 354
Dividends received	-	-	-	-		-	-	-				-
Fines	2 000	(1 000)	1 000	4 998		3 998	499,8%	249,9%				2 992
Licences and permits	4 000	-	4 000	6 121		2 121	153,0%	153,0%				6 229
Agency services	9 000	-	9 000	12 253		3 253	136,1%	136,1%				11 456
Transfers recognised - operational	571 733	1 071	572 804	780 488		207 684	136,3%	136,5%				767 763
Other revenue	13 242	23 094	36 336	39 459		3 122	106,6%	298,0%				69 456
Gains on disposal of PPE	-	-	-	-		-	-	-				-
Total Revenue (excluding capital transfers and contributions)	1 688 185	3 930	1 692 115	1 853 786		161 672	109,6%	109,8%				1 917 404
Expenditure By Type												
Employee related costs	380 852	44 550	425 402	425 241	161	(161)	100,0%	111,7%			-	392 302
Remuneration of councillors	27 000	4 000	31 000	30 531	469	(469)	98,5%	113,1%			-	25 456
Debt impairment	270 000	(69 000)	201 000	132 380	68 620	(68 620)	65,9%	49,0%			-	290 516
Depreciation & asset impairment	604 762	(35 481)	569 281	470 954	98 327	(98 327)	82,7%	77,9%			-	458 568
Finance charges	100 000	60 600	160 600	160 510	90	(90)	99,9%	160,5%			-	131 937
Bulk purchases	549 800	(30 800)	519 000	505 968	13 032	(13 032)	97,5%	92,0%			-	452 876
Other materials	83 940	6 060	90 000	87 110	2 890	(2 890)	96,8%	103,8%			-	-
Contracted services	145 400	45 000	190 400	189 535	865	(865)	99,5%	130,4%			-	259 308
Transfers and grants	10 000	(5 000)	5 000	2 343	2 657	(2 657)	46,9%	23,4%			-	20 819
Other expenditure	121 401	145 268	266 669	160 327	106 342	(106 342)	60,1%	132,1%			-	237 214
Loss on disposal of PPE	-	-	-	-	-	-	-	-			-	-
Total Expenditure	2 293 154	165 198	2 458 352	2 164 899	293 453	(293 453)	88,1%	94,4%	-	-	-	2 268 996
Surplus/(Deficit)	(604 969)	(161 268)	(766 238)	(311 113)		455 125	40,6%	51,4%				(351 591)
Transfers recognised - capital	301 005	(71 889)	229 116	-		(229 116)	-	-				-
Contributions recognised - capital	-	-	-	-		-	-	-				-
Contributed assets	-	-	-	-		-	-	-				-
Surplus/(Deficit) after capital transfers & contributions	(303 964)	(233 157)	(537 122)	(311 113)		226 009	57,9%	102,4%				(351 591)
Taxation	-	-	-	-		-	-	-				-
Surplus/(Deficit) after taxation	(303 964)	(233 157)	(537 122)	(311 113)		226 009	57,9%	102,4%				(351 591)
Attributable to minorities	-	-	-	-		-	-	-				-
Surplus/(Deficit) attributable to municipality	(303 964)	(233 157)	(537 122)	(311 113)		226 009	57,9%	102,4%				(351 591)
Share of surplus/ (deficit) of associate	-	-	-	-		-	-	-				-
Surplus/(Deficit) for the year	(303 964)	(233 157)	(537 122)	(311 113)		226 009	57,9%	102,4%				(351 591)

NW372 Madibeng - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2017/18								2016/17			
	Original Budget	Total Budget Adjustments (lto MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Single-year expenditure												
Vote 1 - Executive Council	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Chief Operating Officer	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Support Services	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Budget And Treasury Office	-	725	725	544	-	(181)	75%	#DIV/0!	-	-	-	1 065
Vote 6 - Infrastructure And Technical Services	294 505	(89 200)	205 305	119 210	-	(86 095)	58%	40%	-	-	-	148 652
Vote 7 - Community Services	-	7 704	7 704	844	-	(6 860)	11%	#DIV/0!	-	-	-	2 730
Vote 8 - Human Settlement	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Economic Dev, tourism & Agriculture	6 500	7 985	14 485	93 321	-	78 836	644%	1436%	-	-	-	100 168
Vote 10 - Public Safety, Fleet and Facilities Management	-	900	900	900	-	-	100%	#DIV/0!	-	-	-	-
Vote 11 - Internal Audit	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Risk Management	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure	301 005	(71 886)	229 119	214 819	-	(14 300)	94%	71%	-	-	-	252 614
Total Capital Expenditure - Vote	301 005	(71 886)	229 119	214 819	-	(14 300)	94%	71%	-	-	-	252 614
Capital Expenditure - Standard												
Governance and administration	-	725	725	544	-	(181)	75%	#DIV/0!	-	-	-	1 065
Executive and council	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office	-	725	725	544	-	(181)	75%	#DIV/0!	-	-	-	1 065
Corporate services	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety	-	7 588	7 588	844	-	(6 743)	11%	#DIV/0!	-	-	-	2 730
Community and social services	-	-	-	-	-	-	-	-	-	-	-	296
Sport and recreation	-	6 685	6 685	844	-	(5 843)	13%	#DIV/0!	-	-	-	2 010
Public safety	-	900	900	-	-	(900)	-	-	-	-	-	425
Housing	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	124 505	(36 300)	88 205	93 321	-	5 116	106%	75%	-	-	-	100 168
Planning and development	-	-	-	-	-	-	-	-	-	-	-	-
Road transport	124 505	(36 300)	88 205	93 321	-	5 116	106%	75%	-	-	-	100 168
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	170 000	(51 884)	118 116	115 639	-	(2 477)	98%	68%	-	-	-	116 682
Electricity	16 000	-	16 000	12 446	-	(3 554)	78%	78%	-	-	-	10 766
Water	124 000	(46 462)	77 538	91 913	-	14 375	119%	74%	-	-	-	75 640
Waste water management	30 000	(6 438)	23 562	10 250	-	(13 312)	44%	34%	-	-	-	29 522
Waste management	-	1 016	1 016	1 029	-	13	101%	#DIV/0!	-	-	-	753
Other	6 500	7 985	14 485	4 471	-	(10 014)	31%	69%	-	-	-	31 970
Total Capital Expenditure - Standard	301 005	(71 886)	229 119	214 819	-	(14 300)	94%	71%	-	-	-	252 614
Funded by:												
National Government	301 005	(90 455)	210 550	214 275	-	3 725	102%	71%	-	-	-	232 101
Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	301 005	(90 455)	210 550	214 275	-	3 725	102%	71%	-	-	-	232 101
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	18 566	18 566	544	-	(18 022)	3%	#DIV/0!	-	-	-	20 513
Total Capital Funding	301 005	(71 889)	229 116	214 819	-	(14 297)	94%	71%	-	-	-	252 614

NW 372 Madibeng - Reconciliation of Table A7 Budgeted Cash Flows

Description R thousand	2017/18							2016/17
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	785 512	89 000	874 512	941 294	66 782	107,6%	119,8%	555 985
Government - operating	571 733	1 071	572 804	569 142	(3 662)	99,4%	99,5%	504 673
Government - capital	301 005	-	301 005	211 346	(89 659)	70,2%	70,2%	263 090
Interest	10 500	9 500	20 000	90 896	70 896	454,5%	865,7%	99 655
Dividends			-		-	-	-	
Payments								
Suppliers and employees	(1 308 392)	(69 723)	(1 378 115)	(1 592 069)	(213 954)	115,5%	121,7%	(1 200 077)
Finance charges	-	-	-	(127 974)	(127 974)	#DIV/0!	#DIV/0!	(116 410)
Transfers and Grants	(10 000)	5 000	(5 000)		5 000	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	350 358	34 848	385 206	92 635	(292 571)	24,0%	26,4%	106 917
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE			-		-	-	-	
Decrease (increase) in non-current debtors			-		-	-	-	
Decrease (increase) other non-current receivables			-		-	-	-	
Decrease (increase) in non-current investments		(30 000)	(30 000)		30 000	-	-	
Payments								
Capital assets	(301 005)	71 889	(229 116)	(215 083)	14 033	93,9%	71,5%	(252 563)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(301 005)	41 889	(259 116)	(215 083)	44 033	83,0%	71,5%	(252 563)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans			-		-	-	-	
Borrowing long term/refinancing			-		-	-	-	
Increase (decrease) in consumer deposits			-		-	-	-	
Payments								
Repayment of borrowing			-	122 774	122 774	#DIV/0!	#DIV/0!	109 856
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	122 774	122 774	#DIV/0!	#DIV/0!	109 856
NET INCREASE/ (DECREASE) IN CASH HELD	49 353	76 737	126 090	326				(35 790)
Cash/cash equivalents at the year begin:	33 366		33 366	33 366				69 155
Cash/cash equivalents at the year end:	82 718		159 456	33 692	(125 764)	21,1%	40,7%	33 366

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET



2017/18/19 MUNICIPAL INFRASTRUCTURE GRANT (MIG) FUNDED PROJECTS

PROGRESS REPORT AS AT 30 JUNE 2018

Project Name	Scope Definition	Consulting Engineer	Appointment Date	Completion Date	Revised Completion Date	Duration (Months)	Physical Progress	Actual Budget	Expenditure to date (2017/18) June 2018 YTD Spending	Funding Source
		Contractor								
Klipgat Extensions Water Supply	Construction of 14.2 km water reticulation network and installation of 439 water meters and yard stand pipes at Klipgat B.	Tlou integrated Technology	11-Mar-11			5	89%	R13 575 920,59	R9 002 111,85	MIG
		Edlin Civils and Logistics	11-Dec-17	15-May-18	31-Aug-18					
Hebron,Kgabal atsane,Rockvil l,Erasmus & Itsoseng Water Network	Construction of 49 247m length of reticulation network 1550m bulk water pipelines and 1198-yard connection, stand pipes and water meters	Risimati Consulting Engineers	06-Oct-08			12		R0,00	R50 409 648,34	MIG
		Lebaka Construction	30-Aug-17	25-Jul-18			100%			
		Amwaka Dinare JV	30-Aug-17	31-May-18			100%			
Hebron to Madidi Bulk Water Pipeline	Construction of an 18km of 350 Upvc Bulk pipelines	LSO Consulting Engineers	25-Sep-15			13	67%	R47 263 471,27	R19 950 148,09	MIG
		Amawaka Boikanyo JV	11-Dec-17	25-Jan-19						

Klipgat Sanitation Project	Construction of 2.6 km sewer reticulation network and installation of 981 waterborne system toilet units at Klipgat A.	Tlou intergrated Technology	03-Dec-12			7	89%	R23 652 454,80	R16 002 837,82	MIG
		20Elevation/Le baka Construction JV	11-Dec-17	13-Jul-18	17-Sep-18					
Upgrading of Internal Roads of Cluster 1	Construction of 2.7km paved road and associated storm water	Mpotseng Infrastructure	08-Mar-13			10	100%	R17 138 058,08	R10 005 939,85	MIG
		Boikhutso Ba One Civil Construction cc	31-Oct-16	31-Aug-17						
Upgrading of Internal Roads of Cluster 2	Construction of 2.0km paved road and associated storm water	Bluh Ray Project Management cc	08-Mar-13		31-Jul-18	6	100%	R14 283 356,98	R12 397 390,11	MIG
		Amawaka Projects	04-Dec-17	29-Jun-18						
Upgrading of Internal Roads of Cluster 3	Construction of 1.80km paved road and associated storm water	Vuka Africa Consulting Engineers and project Mnagers	08-Mar-13			6	completed	R8 687 946,56	R8 687 946,58	MIG
		Bagaphala Projects Trading cc	24-Oct-16	09-Sep-17						
Upgrading of Internal Roads of Cluster 4	Construction of 1.80km paved road and associated storm water	Hlanganani Engineers and Project Managers	03-Oct-13			8	89%	R14 676 642,33	R8 352 625,48	MIG
		Asatico Civils JV RTN Civils	04-Dec-17	04-Sep-18						
Upgrading of Internal Roads of Cluster 5	Construction of 4.0km paved road and	Mokone Consulting Engineers	03-Oct-13			9	86%	R36 358 797,97	R16 186 135,52	MIG

	associated storm water	Bagaphala Projects Trading cc	11-Dec-17	30-Sep-18						
Upgrading of Internal Roads of Cluster 6	Construction of 1.9km paved road and associated storm water	Nevhuthalu Consulting Engineers	08-Mar-13			6	95%	R16 875 177,15	R15 322 648,30	MIG
		20 Elevation Construction and Landscaping	04-Dec-17	29-Jun-18	31-Jul-18					
Upgrading of Internal Roads of Cluster 7	Construction of 3.1km of Stormwater, 6 pedestrian bridges	MTP Infrastructure Resource cc	08-Mar-13			7	100%	R10 539 364,67	R11 010 644,35	MIG
		Khosi Vuyo Logistics cc	04-Dec-17	31-Jul-18						
Upgrading of Internal Roads of Cluster 8	Construction of 2.0km paved road and associated storm water	Onboard Consulting Engineers	08-Mar-13			8	completed	R2 752 526,95	R2 752 526,95	MIG
		Khosi Vuyo Logistics cc	16-Oct-16	30-Nov-17						
Madidi Multi-Purpose Centre	Construction of a Multipurpose Centre in Madidi	Tiki Architects				6	75%	R4 687 582,31	R1 187 582,31	MIG
		Contractor Terminated		10-Jun-16						
Upgrading of the Main Bus and Taxi Rank	Upgrading of Brits Main Bus and Taxi Rank	Mngulwa Consulting Engineers	25-Sep-15				95%	R4 687 582,31	R8 322 546,46	MIG
		Treru Civil Construction and Projects cc JV	23-Jun-16	26-May-18						
Upgrading of Entire Oukasi Storm Water	Upgrading of entire Oukasi Stormwater	Manes Consulting	08-Mar-13			6		R3 527 218,09	R3 527 218,09	MIG
		Just Right	16-Oct-16	30-Nov-17						

PMU Operations and Management									R1 637 049,90	
									R194 755 000,00	
Oukasie Substation	Construction of Oukasie Electricity Bulk Infrastructure(Su bstation)	Mngulwa Consulting Engineers	04-Sep-15			9	71%	R14 000 000,00	R13 999 723,12	INEP
		Kapo-Bokoni Trading and Projects	01-Oct-17	31-Jul-18						

APPENDICES

APPENDIX A: COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

 <p>CLR JM MOTHIBE EXECUTIVE MAYOR CHAIRPERSON: MC PR / FULL-TIME ATTENDANCE: 100%</p>	 <p>CLR KS NTSHABELE SPEAKER/CHAIR COUNCIL + RULES COMMITTEE PR / FULL-TIME ATTENDANCE:</p>	 <p>CLR ED DIALE CHAIRPERSON: MPAC WARD 11 / FULL- TIME ATTENDANCE: 13</p>	 <p>CLR P B MAKGABO SINGLE WHIP PR/FULL-TIME ATTENDANCE:</p>	 <p>CLR DS MAIMANE PR / FULL-TIME MAYORAL COMMITTEE CHAIR: PC.03 (EDTA) ATTENDANCE: 5</p>
 <p>CLR ETM MODISE PR / FULL-TIME MAYORAL COMMITTEE CHAIR: PC.02 (CSS) ATTENDANCE: 8</p>	 <p>CLR MP TLHOPANE PR / FULL-TIME MAYORAL COMMITTEE CHAIR: PC.05 (CD) ATTENDANCE: 5</p>	 <p>CLR J SEFUDI PR/FULL-TIME MAYORAL COMMITTEE CHAIR: PC.04-(PHS) ATTENDANCE: 4</p>	 <p>CLR J RATLOI PR / FULL-TIME MAYORAL COMMITTEE CHAIR: PC.07 (ITS) ATTENDANCE: 85%</p>	 <p>CLR SDN NTHANGENI PR / FULL-TIME MAYORAL COMMITTEE CHAIR: PC.01 (FINANCE) ATTENDANCE: 4</p>
 <p>CLR SM MAUNATLALA PR / FULL-TIME MAYORAL COMMITTEE PC.08 (IDP/PMS/LEGAL) ATTENDANCE: 2</p>	 <p>CLR NM MAQAKAMBA WARD 35/FULL-TIME MAYORAL COMMITTEE CHAIR: PC.10 (IGR + SPECIAL PROJECTS) ATTENDANCE:</p>	 <p>CLR MM MACHETE PR / FULL-TIME MAYORAL COMMITTEE CHAIR: PC.6 (PSFFM) ATTENDANCE: 2</p>	 <p>CLR PA PHETLHEPR / FULL- TIME MAYORAL COMMITTEE CHAIR: PC.09(ROADS + TRANSPORT) ATTENDANCE: 4</p>	 <p>CLR A D RATLOU WARD 29 / PART- TIME delegations</p>

APPENDIX A: COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

 <p>CLR MZ BANDA PR / PART-TIME PC. 06 (PSFFM) ATTENDANCE : 2</p>	 <p>CLR EJ BARLOW PR / PART-TIME PC.07 (ITS) ATTENDANCE: 88%</p>	 <p>CLR AI MOLOTSI WARD 32 / PART-TIME PC.07 (ITS) ATTENDANCE:</p>	 <p>CLR TS BOGALE WARD 19 / PART-TIME PC. 09 (ROADS) ATTENDANCE: 3</p>	 <p>CLR RJN REYTENBACH PR / PART-TIME PC.01 (FINANCE) ATTENDANCE: 4</p>
 <p>CLR AWS MALATSE WARD 03 / PART-TIME MEMBER: MPAC ATTENDANCE: 12</p>	 <p>CLR BA MAUBANE WARD 18 / PART-TIME MEMBER OF MPAC ATTENDANCE: 8</p>	 <p>CLR EDF LOURENS PR / PART-TIME MEMBER OF MPAC ATTENDANCE: 5</p>	 <p>CLR BP GOUS WARD 23 / PART-TIME PC.2 (CSS), DELEGATIONS RULES COMMITTEE ATTENDANCE: 1</p>	 <p>CLR AS RA KOMANE PR / PART-TIME PC.04 (PLANNING) ATTENDANCE: 3</p>
 <p>CLR C SEABI WARD 20 / PART-TIME PC.04 (PHS) ATTENDANCE: 4</p>	 <p>CLR E VAN DER SCHYFF WARD 39 / PART-TIME MEMBER OF MPAC ATTENDANCE: 13</p>	 <p>CLR ML MAKGALE WARD 14 / PART-TIME PC.8 (IDP/PMS/LEGAL) ATTENDANCE: 4</p>	 <p>CLR BR MOTSWAI WARD 02 / PART-TIME PC.7 (ITS) ATTENDANCE: 92%</p>	 <p>CLR DM MOLEKOA Ward 13 / PART-TIME PC.10 (ROADS) ATTENDANCE: 2</p>



CLR KS TLAPU
WARD 28 / PART-TIME
PC.10 (IGR + SP
ATTENDANCE:



CLR AM MODISAKENG
PR / PART-TIME
PC.8
(IDP/PMS/LEGAL)
ATTENDANCE: 3



CLR KM SHALANG
WARD 15 / PART-TIME
MEMBERS OF
MPAC
ATTENDANCE: 12



CLR EE TANKE
WARD 12 / PART-TIME
PC.8
(IDP/PMS/LEGAL)
ATTENDANCE: 2



CLR LG MHLAMBI
WARD 37 / PART-TIME
PC.6 (PSFFM)
ATTENDANCE: 4

CLR



CLR JM MODIPANE
WARD 41 / PART-TIME
PC.5 (CD)
ATTENDANCE: 6



CLR FM MASEMOLA
WARD 36 / PART-TIME
PC.5 (CD)
ATTENDANCE: 4



CLR EL PHAGO
WARD 38 / PART-TIME
PC.5 (CD)
ATTENDANCE: 4



CLR EM NKOE
WARD 01 / PART-TIME
PC.5 (CD)
ATTENDANCE: 5



CLR MD MOSOLODI
WARD 7 / PART-TIME
MEMBER OF MPAC
ATTENDANCE: 9



CLR JT MOABI
WARD 24 / PART-TIME
PC.8 (IDP/PMS/LEGAL)
ATTENDANCE: 3



CLR M DU PLESSIS
WARD 33 / PART-TIME
PC.10 (CD)
ATTENDANCE: 3



CLR TM MODIHA
PR / PART-TIME
PC.8
(IDP/PMS/LEGAL)
ATTENDANCE: 3



CLR MA MOKGOKO
WARD 17 / PART-TIME
PC.8
(IDP/PMS/LEGAL)
ATTENDANCE: 3



CLR MG SADIKGE
WARD 5 / PART-TIME
PC.7 (ITS)
ATTENDANCE: 100%



CLR JH GROBBELAAR
PR / PART-TIME
PC.02 (CORPORATE)
PC.04 (PLANNING)
ATTENDANCE: 5



CLR MS MOLOI
PR / PART-TIME
MEMBER OF MPAC
ATTENDANCE: 13



CLR MM RAMILA
WARD 06 / PART-TIME
PC.01 (BTO)
ATTENDANCE: 2












CLR MM RAMAHOFU
WARD 10 / PART-TIME
PC.10 (IGR + SPECIAL
PROJECTS)
ATTENDANCE: 4



CLR T MOKWENA
WARD 25 / PART-TIME
PC.02 (CORPORATE)
ATTENDANCE: 1

 <p>CLR CS SEKHOTO PR / PART-TIME PC.8 (IDP/PMS/LEGAL) ATTENDANCE: 0</p>	 <p>CLR OD MARAPYANE WARD 16 / PART-TIME PC.6 (PSFFM) ATTENDANCE: 3</p>	 <p>CLR MW MOTLHASEDI WARD / PART-TIME PC.04 (PLANNING) ATTENDANCE: 4</p>	 <p>CLR CM MAMPURU PR / PART-TIME PC.10 (IGR + SPECIAL PROJECTS) ATTENDANCE: 3</p>	 <p>CLR NB MUHLANGA WARD 09 / PART-TIME PC.01 (FINANCE) ATTENDANCE: 5</p>
 <p>CLR II MALEDU PR / PART-TIME PC.01 (FINANCE) ATTENDANCE: 3</p>	 <p>CLR GF SITHOLE PR / PART-TIME PC.5 (CD) ATTENDANCE: 4</p>	 <p>CLR ED MONTSHO PR / PART-TIME PC.3 (EDTA) ATTENDANCE: 2</p>	 <p>CLR RE DIKGANG WARD 27 / PART-TIME PC.04 (PLANNING) ATTENDANCE: 5</p>	 <p>CLR OP MOSIELELE WARD 40 / PART-TIME PC.01 (FINANCE) ATTENDANCE: 3</p>
 <p>CLR HT PHALWANE WARD 34/ PART-TIME PC.2 (CSS) ATTENDANCE: 4</p>	 <p>CLR J PIETERSE WARD 22 / PART-TIME PC.6 & 7 (PSFFM & ITS) ATTENDANCE: 0</p>	 <p>CLR RP PADI WARD 36 / PART-TIME PC. ATTENDANCE: 5</p>	 <p>CLR EGJ ROSSOUW Ward 30 / PART-TIME / MPAC ATTENDANCE: 4</p>	 <p>CLR P PRETORIUS WARD 26 / PART-TIME PC.6 (PSFFM) ATTENDANCE: 0</p>
 <p>CLR S MAILA PR / PART-TIME PC.5 (CD) ATTENDANCE: 66%</p>	 <p>CLR J MOSITO PR / PART-TIME PC. ATTENDANCE: 4</p>	 <p>CLR WJ ULLER PR / PART-TIME PC.10 (IGR + SPECIAL PROJECTS) ATTENDANCE: 85%</p>	 <p>CLR P THUBISI WARD 31 / PART-TIME PC.3 (EDTA) ATTENDANCE: 2</p>	 <p>CLR WS RAMABOA PR / PART-TIME PC.5 (CD) ATTENDANCE: 2</p>

 <p>CLR JC VAN RHYN PR / PART-TIME PC.09 (ROADS + TRANSPORT) ATTENDANCE: 4</p>	 <p>CLR MM SEKGOTHE PR / PART-TIME PC. ATTENDANCE: 2</p>	 <p>CLR KS KOMAPE PR / PART-TIME MEMBER OF MPAC ATTENDANCE: 2</p>	 <p>CLR NS MABUNDA PR / PART-TIME PC.02 (CORPORATE) ATTENDANCE: 4</p>	 <p>CLR MD MORAPEDI PR / PART-TIME PC.04 (PLANNING) ATTENDANCE: 2</p>
 <p>CLR P TSHEOLA PR / PART-TIME MEMBER OF MPAC ATTENDANCE: 9</p>	 <p>CLR PK MAWAYI PR / PART-TIME PC.07 (ITS) ATTENDANCE: 1</p>	 <p>CLR RR MOHULATSI PR / PART-TIME PC.3 (EDTA) ATTENDANCE: 2</p>	 <p>CLR TJ MOHLABANE PR / PART-TIME PC.02 (CORPORATE) ATTENDANCE: 6</p>	

APPENDIX B: COUNCIL COMMITTEES AND THEIR PURPOSES		
COMMITTEES AND THEIR PURPOSES / FUNCTIONS		
#	NAME OF COMMITTEES	PURPOSE OF COMMITTEE
1	AUDIT COMMITTEE	TECHNICAL ADVISORY COMMITTEE OF COUNCIL
2	PORTFOLIO COMMITTEES	ADVISORY COMMITTEES TO THE EXECUTIVE MAYOR
3	RULES COMMITTEE	ADMINISTER RULES OF ORDER/CODE OF CONDUCT: COUNCILLORS
4	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	OVERSIGHT COMMITTEE OF COUNCIL ON PUBLIC ACCOUNTS
5	DELEGATIONS COMMITTEE	REVIEW OF EXISTING COUNCIL DELEGATIONS
6	MAYORAL COMMITTEE	COMMITTEE TO ASSIST THE EXECUTIVE MAYOR

APPENDIX C: THIRD LEVEL MANAGEMENT / TIER ADMINISTRATIVE STRUCTURE		
DIRECTORATE	NAME	DESIGNATION / DIVISION
OFFICE OF THE MUNICIPAL MANAGER	MR BK MMUTLE	ACTING MANAGER: OFFICE OF MUNICIPAL MANAGER
	MR VT TSHABALALA	MANAGER: MARKETING & COMMUNICATION
	MS E T MOLEFE	MANAGER: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE
	MS I S CHAUKE	MANAGER: OFFICE OF THE EXECUTIVE MAYOR
	MS D MBEZI	MANAGER: OFFICE OF THE SPEAKER
	MR J CHAWE	MANAGER: OFFICE OF THE SINGLE WHIP
CHIEF AUDIT EXECUTIVE	MR TRL MOLEBALOA	MANAGER: INTERNAL AUDIT
CHIEF RISK OFFICER	MS Y MOTHIBI	MANAGER: RISK MANAGEMENT
IDP/PMS/LEGAL SERVICES	MR AM TSOTETSI	MANAGER: INTEGRATED DEVELOPMENT PLAN
	MR MS LEKGANYANE	MANAGER: PERFORMANCE MANAGEMENT SYSTEM
	MR NE MMBENGWA	MANAGER: LEGAL SERVICES
BUDGET & TREASURY OFFICE	MR H MOTHIANA	MANAGER: REVENUE MANAGEMENT
	MR V MONAGENG	ACTING MANAGER: EXPENDITURE
	MR L STEENKAMP	MANAGER: FINANCIAL MANAGEMENT
	MR. J MOTAUNG	MANAGER: BUDGETING
	MR J MADIBA	MANAGER: SUPPLY CHAIN MANAGEMENT
CORPORATE SUPPORT SERVICES	MR JWC HEINEMANN	MANAGER: MUNICIPAL ADMINISTRATION
	MR A T SAMBO	MANAGER: HUMAN RESOURCE MANAGEMENT
	MR JC KRUGER	MANAGER: ORGANISATION DESIGN & DEVELOPMENT
	MR X MAGWALA	MANAGER: INFORMATION & COMMUNICATION TECHNOLOGY
INFRASTRUCTURE & TECHNICAL SERVICES	MR JL MYNHARDT	MANAGER: ELECTRICITY
	MR N MDLULI	ACTING MANAGER: WATER & SANITATION
	MR JM MAHACHE	MANAGER: ROADS & STORMWATER
	MR Z MAAKE	ACTING MANAGER: PROJECT MANAGEMENT UNIT
ECONOMIC DEVELOPMENT, TOURISM & AGRICULTURE	MS JM MOTSWATSWE	ACTING MANAGER: ENTERPRISE DEVELOPMENT
	MS LP TSOGANG	MANAGER: TOURISM
HUMAN SETTLEMENTS & PLANNING	MR SM MKHABELA	MANAGER: HOUSING & LAND ADMINISTRATION
	MR DN PULE	MANAGER: BUILDING CONTROL & REGULATIONS
	ME NP RAPHALA	MANAGER: TOWN PLANNING
	MR JN MOTSOSI	MANAGER: URBAN RENEWAL & RURAL DEVELOPMENT
PUBLIC SAFETY, FLEET & FACILITIES MANAGEMENT	MR AB RATHEBE	ACTING MANAGER: FIRE & DISASTER MANAGEMENT
	MR AW JANUARIE	MANAGER: TRAFFIC & SECURITY SERVICES
	MR FB KOMANE	ACTING MANAGER: FLEET & FACILITIES MANAGEMENT
COMMUNITY DEVELOPMENT	MR C BONOKWANE	ACTING MANAGER: PARKS & CEMETERY
	MS OG MASITE	MANAGER: SOCIAL SERVICES, SPORTS, ARTS & CULTURE
	MR C VAN ROOYEN	ACTING MANAGER: WASTE & ENVIRONMENTAL MANAGEMENT

APPENDIX D: MUNICIPAL POWERS AND FUNCTIONS		
Allocated Powers And Functions	Functions Allocated To The Municipality But Currently Not Being Performed	Functions Belonging To The Other Departments But Performed By The Municipality On Agency Basis
Billboards and Advertisements	Air Pollution	Library Services
Building Regulations	Amusement Facilities	Housing
Cemeteries	Control of Public Nuisance	Agriculture
Sports Facilities	Funeral Parlours and Crematoria	
Electricity	Liquor Licensing	
Street Trading & Regulations	Facilities for Accommodation, Care and Burial of Animals	
Fire Fighting & Street Lighting	Fencing and Fences	
Traffic, Packing &	Licensing of Dogs	
Local Tourism & Markets	Local Amenities	
Refuse Removal & Solid Waste	Municipal Abattoir	
Parks, Recreation & Public Places	Noise Pollution	
Municipal Planning & Public Works	Pounds	
Municipal Roads & Storm Water	Child Care Facilities	
Water & Sanitation	Beaches and Amusement Facilities	

APPENDIX E: WARD COMMITTEES REPORTING + MEETINGS							
# OF WARD	NAME OF WARD COUNCILLOR	# COMMITTEE MEMBERS	# MONTHLY REPORTS	WARD MEETINGS			
				MONTHLY WARD COMMITTEE		QUARTERLY WARD COMMUNITY	
				#	%	#	%
1	Cllr E M Nkoe	10	8	8	67%	2	50%
2	Cllr B R Motswai	10	8	8	67%	2	50%
3	Cllr AWS Malatse	10	8	8	67%	2	50%
4	Cllr P A Phetlhe	10	7	8	67%	2	50%
5	Cllr M G Sadikge	10	7	8	67%	2	50%
6	Cllr M M Ramila	10	8	8	67%	2	50%
7	Cllr M D Mosolodi	10	8	8	67%	2	50%
8	Cllr R D Padi	10	8	8	67%	2	50%
9	Cllr H B Mahlangu	10	8	8	67%	2	50%
10	Cllr M M Ramahofu	10	8	8	67%	2	50%
11	Cllr E D Diale	10	6	7	58%	2	50%
12	Cllr E E Tanke	10	8	8	67%	2	50%
13	Cllr D M Molekoa	10	8	8	67%	2	50%
14	Cllr M L Makgale	10	8	8	67%	2	50%
15	Cllr K M Shalang	10	8	8	67%	2	50%
16	Cllr O D Marapyane	10	8	8	67%	2	50%
17	Cllr M A Mokgoko	10	8	8	67%	2	50%
18	Cllr B A Maubane	10	8	8	67%	2	50%
19	Cllr T S Bogale	10	8	8	67%	2	50%
20	Cllr C Seabi	10	8	8	67%	2	50%
21	Cllr M W Motlhasedi	10	8	8	67%	2	50%
22	Cllr J Pieterse	10	8	8	67%	2	50%
23	Cllr B P Gouws	10	8	8	67%	2	50%
24	Cllr J T Moabi	10	8	8	67%	2	50%
25	Cllr T Mokwena	10	8	8	67%	2	50%
26	Cllr P Pretorius	10	8	8	67%	2	50%
27	Cllr R E Dikgang	10	8	8	67%	2	50%
28	Cllr K S Tlapu	10	8	8	67%	2	50%
29	Cllr A D Ratlou	10	8	8	67%	2	50%
30	Cllr EGJ Rossouw	10	8	8	67%	2	50%
31	Cllr P Thubisi	10	8	8	67%	2	50%
32	Cllr A I Molotsi	10	7	7	58%	2	50%
33	Cllr Du Plessis	10	7	7	58%	2	50%
34	Cllr H T Phalwane	10	8	8	67%	2	50%
35	Cllr NM Maqakamba	10	8	8	67%	2	50%
36	Cllr F S Masemola	10	8	8	67%	2	50%
37	Cllr L G Mhlambi	10	8	8	67%	2	50%
38	Cllr E L Phago	10	8	8	67%	2	50%
39	Cllr E Van Der Schyff	10	8	8	67%	2	50%
40	Cllr O P Mosielele	10	0	7	58%	2	50%
41	Cllr J M Modipane	10	8	8	67%	2	50%

APPENDIX E: WARD COMMITTEES REPORTING + MEETINGS							
# OF WARD	NAME OF WARD COUNCILLOR	# COMMITTEE MEMBERS	# MONTHLY REPORTS	WARD MEETINGS			
				MONTHLY WARD COMMITTEE		QUARTERLY WARD COMMUNITY	
				#	%	#	%
41 Wards of Madi-beng	41 ward councillors representing the 41 wards of Madibeng	410 members of ward committees at 10 per committee	Average of 8 reports per month per committee	Average of 8 meetings per ward committee	Average of 66% per committee per month	Average of 2 meetings per ward per quarter	Average of 50% meetings per ward per quarter

APPENDIX G(1): RECOMMENDATIONS OF THE AUDIT COMMITTEE			
#	DATE OF MEETING	RECOMMENDATION/RESOLUTION (NO. + TITLE)	RECOMMENDATION IMPLEMENTED (YES / IF = NO, GIVE EXPLANATION)
1	24 July 2017	Internal Audit Budget	Yes
2	24 July 2017	Internal Audit proposed organizational structure	No, The funding of the organizational structure is work in progress
3	24 July 2017	Report on the 2018/20 Internal Audit Strategic Plan and 2017/18 Operational Plan	Yes
4	24 July 2017	Progress report on the implementation of the internal audit findings on performance management system for the 1 st and 2 nd quarters of the 2016/2017 financial year	No, The Municipality has a challenge with the implementation of PMS findings due to capacity constraints
5	24 July 2017	Progress report on risk management	Yes
6	28 September 2017	Auditor General Engagement Letter and Audit Strategy 2016/2017	Yes
7	22 November 2017	Revenue Enhancement Strategy Work Plan Progress Report for the first quarter ending 30 September 2017	Yes
8	22 November 2017	the Budget and Treasury Office must report regularly to Council on the state of municipal assets.	No
9	22 November 2017	Late submission of quarterly reports to the Internal Audit unit for auditing purposes	Work in progress
10	22 November 2017	The Municipal Manager must submit a report to the Audit Committee at its next sitting on the measures taken to address issues raised in the 4th Quarter PMS report.	No
11	23 January 2018	The Audit Committee noted the sec 71 report and that the Service Level Agreement between the municipality and Boffin and Fundi be circulated to members of the Audit Committee.	Yes
12	23 January 2018	The Audit Committee took cognizance of the SCM report	Yes
13	23 January 2018	Report on civil and legal matters	No, the matter was deferred to the next meeting due to lack of submission by management
14	23 January 2018	Report on filling of critical vacancies	No, the matter was deferred to the next meeting due to lack of submission by management
15	23 January 2018	Report on indigence households	No, the report was withdrawn by management
16	23 January 2018	Progress Report on financial Statements	No, the report was withdrawn by management
17	23 January 2018	Report on the implementation of austerity measures	Yes
18	23 January 2018	PIC Loan	No, the report will serve under civil cases matters in the litigation report
19	06 April 2018	The attendance of meetings and participation by management and that BTO and Technical Services be noted as non-cooperative	No, the reports from the said departments are not forthcoming.

		departments with regards to submission of the reports.	
20	06 April 2018	The efforts put in by the ERM Manager and her team in coordinating the activities of the Risk Management Committee.	N/A
21	06 April 2018	Risk Management and Internal Audit must be separated so that the two Units are not conflicted in performance of their duties.	Yes
22	06 April 2018	Internal Audit continues to experience challenges with documents and management co-operation to complete the audits on time; and	No, The Internal Audit still continue to experience resistance from some managers who are not responding to the reports and recommendations on time.
23	06 April 2018	The 2017/2018 Operational Plan is behind schedule but will be finalized by no later than 30 June 2018.	Yes
24	06 April 2018	Internal Audit should verify Indigence Register.	Yes
25	06 April 2018	The Audit Committee Resolutions should be part of Audit Committee agenda.	Yes
26	06 April 2018	A comprehensive report on deviations be submitted during the next Audit Committee meeting.	Yes
27	24 April 2018	That the Accounting Officer should hold the Annual Financial Statements Steering Committee meetings	Yes
28	24 April 2018	That the Chief Financial Officer should hold separate Annual Financial Statements Steering Committee meetings at least bi-weekly with finance staff.	Yes
29	24 April 2018	The progress report on measures implemented in addressing the AG findings be presented in all Senior Management Team meetings.	Yes
30	24 April 2018	The Information and Communication Technology Action Plan also be presented at the next Audit Committee meeting as part of Post Audit Action	Yes
31	24 April 2018	The contract has expired and the tender has been advertised, and the closing date of the tender is 31 March 2018	Yes
32	24 April 2018	The ICT governance framework has been approved by Council.	N/A
33	24 April 2018	The civil and labour matters register need to be fully completed with all the necessary information.	Yes
34	24 April 2018	Progress Report on Municipality's dispute with Brits Industrial Association (BIA)	No, The BIA is work in progress matter
35	06 June 2018	Revised Internal Audit Operational Plan 2017/2018 financial year be approved based on Internal Audit capacity.	Yes
36	06 June 2018	Internal Audit continues to experience challenges with documents and management comments to complete some audits on time;	

37	06 June 2018	That cognisance be taken that Internal Audit experience delays in the Supply Chain Management process, especially with regards to the Mscoa audit; and	No, The tender was advertised but not finalized.
38	06 June 2018	That cognisance be taken of the delay in finalizing the cash and cash equivalent regarding re-performance of bank reconciliations in BTO and that it could have been adverse opinion by the Auditor General on Internal Audit that it did not audit high risk areas if matters relating to cash and cash equivalent is not addressed to the latter by Management.	N/A
39	06 June 2018	That the Internal Audit unit together with the Supply Chain Management unit must resolve all those issues that remain unresolved	Yes
40	06 June 2018	the Audit Committee write to the Municipal Manager regard their concern for the fleet contract that has been in the public media.	No, the term of the previous Audit Committee expired before the finalization of this matter.
41	06 June 2018	Reviewed Internal Audit and Audit Committee Charter 2018/2019	Yes
43	06 June 2018	The forensic report relating to fraudulent transactions in Budget & Treasury Office be submitted to the Audit Committee in the due course	No, the report is in the possession of the former Municipal Manager
TOTAL: state total number of resolutions taken by the audit Committee in the 2017/2018 financial year + how many have been implemented and how many pending			
A total of 43 resolutions have been taken of which 22 have been implemented and 21 pending.			

APPENDIX G(2):MUNICIPAL PUBLIC ACCOUNTS COMMITTEE RECOMMENDATION/RESOLUTIONS				
DATE OF MEETING	RESOLUTION NO	DESCRIPTION	RESOLUTION	STATUS
31 July 2017	MPAC.0021	Report on Municipal Public Accounts Committee	That all outstanding reports under pending resolution (AnnexureA1 of the agenda) be submitted to MPAC within 14 working days.	Pending
	MPAC.0022	Report of Civil and Labour Matters for 2015-16 Financial Year to Date	That a written response on the status quo in respect of civil and labour matters be submitted to MPAC within 14 working days.	Finalised
	MPAC.0023	Progress Report-Action Plan to address Audit-General's Findings-2015/2016	The verbal responses in respect of the action plan received from the administration	Finalised
	MPAC.0024	Submission of a project plan to address the unauthorised irregular, fruitless and wasteful expenditure.	Project plan be adopted	Finalised
17 August 2017	MPAC.0025	Report of the 2015-2016 unauthorised irregular fruitless and wasteful expenditure	That this be referred back and be resubmitted during the ordinary meeting to be held on the 24 August 2017 with documents (annexures) that are legible	Pending
25 August 2017	MPAC.0026	Report of the 2014-15 financial year wasteful expenditure	That a report on the establishment of satellite offices and implementation of flat rate throughout Madibeng be submitted to MPAC for consideration	pending
			That special meeting be convene on Monday 28 August to discuss a report on unauthorised, irregular, fruitless and wasteful expenditure.	pending
	MPAC.0027	Attendance of the Municipal Public accounts committee	That section 132 of the rules of order By –Law be implemented	pending
	MPAC.0028	Expenditure on staff benefits(section660f MFMA for the month August 2015	That consultation processes on the introduction of a shift system be finalised before end of September 2017	Finalised
	MPAC.0029	Expenditure on staff benefits(section66)Of MFMA) for the month February 2015	The report on expenditure on staff benefits as at February 2015	Finalised

APPENDIX G(2):MUNICIPAL PUBLIC ACCOUNTS COMMITTEE RECOMMENDATION/RESOLUTIONS				
DATE OF MEETING	RESOLUTION NO	DESCRIPTION	RESOLUTION	STATUS
	MPAC.0030	Expenditure on staff benefits(section66 Of MFMA) for the month July 2015	That overtime policy be adhere to	Finalised
25 August 2017	MPAC.0031	Resubmission of report on the purchase of vehicle for the executive Mayor	That it be recommended to council that the new mayoral vehicle be purchased in accordance with National Treasury guideline taken into account the affordability of the Municipality	Finalised
29 August 2017	MPAC.0032	Fruitless and wasteful expenditure for the 2012-13,2013,14and 2015-16	That council approves to write – off the fruitless and wasteful expenditure for the 2012-13,2013,14and 2015-16 for interest on overdue accounts amounting to R13 937 366.00	Pending
26 October 2017	MPAC.0033	Purchase on vehicle for the Executive Mayor	That the Department of Public Safety and Facilities Management be mandated to reassess the need for the Municipality to buy a new car	Finalised
	MPAC.0034	Unauthorised expenditure for the 2013/14,2014/15 and 2015/16 financial year	That MPAC recommends to council to write off the unauthorised expenditure on none cash items for the 2013/14,2014/15 and 2015/16 financial years amount to R1531 816078 as per section 312(2)(ii) of the MFMA	Finalised
	MPAC.0035	Preparation for public participation programme on oversight annual report for the financial year 2016/2017	That the Directors implements MPAC resolutions adopted by Council.	Finalised
04 December 2017	MPAC.0038	Revenue Management first quarter report for end September	That cognisance must be taken of the Revenue Management report	Finalised
			That the clause 26.1 of the credit control and debt Management policy be implemented	Finalised
			The revenue Management division and supporting division from the Infrastructure and Technical Services improve their communication to assist in	Finalised

APPENDIX G(2):MUNICIPAL PUBLIC ACCOUNTS COMMITTEE RECOMMENDATION/RESOLUTIONS				
DATE OF MEETING	RESOLUTION NO	DESCRIPTION	RESOLUTION	STATUS
			enhance revenue collection in relation to metered services	Finalised
			That the budget and treasury offices expenditure the opening of satellite offices	
04 December 2017	MPAC.0038	Revenue Management first quarter report for end September	That the municipal implements section 103 of the municipal system act of 2000 that states that A municipal may with the consent of a person liable to the Municipal for the payment of rates or other services enter into agreement with that person's employer to deduct from their salary or wages of that person.	Finalised
			That credit control measures be implemented in all areas of the municipality	Finalised
	MPAC.0039	Unauthorised irregular fruitless and wasteful unforeseen and unavoidable expenditure for October 2016-December 2016	That a report on meter reading in Letlhabile be submitted to MPAC including inviting the service provider(Ole Meter reading services) to the meeting	Pending
	MPAC.0040	Municipal Public Accounts Committee 2 nd oversight report for the 2017/2018 financial year (July-September 2017)	That the 2 nd oversite report of the MPAC for the period beginning July 2017 and ending September 2017 be accepted and submitted for consideration to Council	Finalised
08 February 2018	MPAC.0041	Report on unauthorised expenditure for 2013/14,2014/15 and 2015/16 financial years	That the matter referred to the Municipal Manager for further Investigation of the R125 372 541 for general expenses and repairs and maintenance which led to unauthorised expenditure for 2013/14,2014/15 and 2015/16 financial years	Pending
	MPAC.0045	Preparation for public participation programme on oversite on annual report for the financial year2016/2017	That after all rectifications have been affected and the signature appended by the accounting officer, a special meeting be convene on Monday 12 February 2018 to re-consider the report.	Pending

APPENDIX G(2):MUNICIPAL PUBLIC ACCOUNTS COMMITTEE RECOMMENDATION/RESOLUTIONS				
DATE OF MEETING	RESOLUTION NO	DESCRIPTION	RESOLUTION	STATUS
	MPAC.0046	The attendance of the Municipal public accounts committee meeting by senior Managers	That the accounting officer take appropriate action to reprimand Directors who absented themselves from meetings without seeking leave of absence	
	MPAC.0047	Report on preparation for public participation program on oversight on annual report for the financial year 2016/2017	That the Municipal Manager attend the meetings or delegate representatives(directors) from each directorate to accompany the members of MPAC during the oversight on public participation	Finalised
			That members of public accounts committee (MPAC) recommends and adopt the program for oversight on annual report for 2016/2017 financial year	Finalised
12 February 2018	MPAC.0048	Adoption of the oversight report on the Annual report for financial year 2016/2017	After the Municipal Public accounts committee having fully reviewed the annual report for the financial year 2016/2017 refers the oversight report to Council for consideration and adoption in terms of section 129 of the Municipal Finance Management Act.	pending
			That Council enforce the resolution of MPAC namely MPAC .0046	Pending
			That council hold accountable the accounting officer for non-attendance of meetings by Director as per section 129(2a) of MFMA	
28 March 2018	MPAC.0049	Revision of the terms of reference and annual work programme of the Municipal Public Accounts Committee (MPAC) for 2018-19 financial year	That MPAC adopt the terms of reference and the Annual work plan as required	Finalised
			That a workshop dealing with the terms of reference be conducted for members of MPAC.	Pending

APPENDIX J: DISCLOSURES OF FINANCIAL INTERESTS (01 JULY 2017 – 30 JUNE 2018)		
POSITION	NAME	DESCRIPTION OF FINANCIAL INTERESTS
EXECUTIVE MAYOR	Mothibe JM	Municipal Councillors Pension Fund, Membership of Close Corporation Josiqueens Projects (Pty) Ltd.
MEMBER OF MAYORAL COMMITTEE	Nthangeni SDN	None
	Modise ETM	None
	Maimane DS	None
	Sefudi J	None
	Tlhopane MP	None
	Machete MM	None
	Ratloi J	None
	Maunatlala SM	Pension Fund
	Phetlhe PA	None
	Maqakamba NM	None
COUNCILLORS	Banda MZ	None
	Barlow EJ	Pension Sentinal & Other Financial Interest in a Business Undertaking Ad-Hoc Consulting Work
	Bogale TS	Interest in property & Directorships Dilemo Agricultural Co-operative
	Breytenbach RNJ	Financial interest in a business undertaking son owns Flora Butcher, Membership of CC 25% Camelotte Wedding Venues cc, Interest in property 25% Camelotte, Municipal Councillors Pension Fund.
	Diale ED	Financial interest in a business undertaking Job Shimangane Hospital Board Member, Interest in property Jane Goitseman (wife) is leasing farms in Kameeldrift JQ 211, Pension Fund. Membership of Close Corporation (wife is a Director of Thikgoe cc).
	Dikgang RE	None
	Du Plessis M	Pension Sanlam Retirement Annuity, Interest in property unit 8, Izinoka SS, Meerhof, Other financial interest in a business undertaking sole proprietor at Maritza du Plessis attorneys
	Gous BP	Interest in property home owner 26 Duncan Street, Councillors Pension Fund.
	Grobbelaar JH	Interest in property Olien 53 Mooinooi, Directorships Soetdoring Geleentheids Fonds (NPC).
	Komape KS	None
	Lourens EDF	None
	Mabokachaba ML	None
	Mabunda NS	Other financial interest in a business undertaking training contract at the Auditor General for the duration of 3 years ending 31/01/2019
	Machete MM	None
	Maila S	Subsidies, grants and sponsorships child support grant
	Maimane DS	None
	Makgabo PB	None
	Makgale ML	None
	Malatse AWS	Membership of close corporation Sentsho Kwa Pele Trading cc.
	Maledu II	Member of Councillor Pension Fund, Shares and Securities in a security company. Membership of close corporation, Directorships & shares and securities in a company Bapo Quality Security Service.
	Mampuru CM	None

APPENDIX J: DISCLOSURES OF FINANCIAL INTERESTS (01 JULY 2017 – 30 JUNE 2018)

POSITION	NAME	DESCRIPTION OF FINANCIAL INTERESTS
	Maqakamba NM	None
	Marapyane OD	Director: Mahlatse Katlego Construction (Pty) Ltd, Member of Oupa and Ernest Business Enterprise cc
	Masemola FM	Interest in a Trust Ciaragenix NPC Fitlbelelang Entrepreneurs Association, Shares and securities in a company Mkyoniiswa Holdings (Pty) Ltd.
	Maubane BA	None
	Maunatlala SM	Pension Fund
	Mawayi PK	Membership of Close Corporation Bombisa Construction.
	Mhlambi LG	Director x 2 Samufiza's / Samukelisiwe.
	Moabi JT	None
	Modiha TM	Shareholder & Director of Letneo Enterprise.
	Modipane JM	Membership of Dipheto go close corporation.
	Modisakeng AM	Shares & securities in a company Phuthuma Nathi and Welkom Yizani, Directorships Lesedi Design & Construction (Pty) Ltd.
	Modise ETM	None
	Mohlabane TJ	None
	Mohulatsi RR	None
	Mokgoko MA	None
	Mokone RA	Shares and securities in a company / partnership Samapapa.
	Mokwena T	None
	Molekoa DM	None
	Moloi MS	Government Employee Pension Fund
	Molotsi AI	None
	Montsho ED	Child Support Grant
	Morapedi MD	None
	Mosielele OP	None
	Mosito J	Child Support Grants`
	Mosolodi MD	None
	Mothibe JM	Municipal Councillors Pension Fund, Membership of close corporation Josiqueens projects (Pty) Ltd & Director: Jostie's Tavern
	Motlhasedi MW	None
	Motswai BR	Shares and securities in a company Dipheto go development prim co-operations, Shares and securities in a company Bakwena Barolong Pty, Directorships Dipheto go Development Primary Co-operative, Shares and securities in a company Rashabu Enterprises (Pty) Ltd, Membership of close corporation Dipheto go Development Primary Co-operative
	Muhlanga NB	Membership of close corporation Demlire 12 Lahleni Spares & Projects, Directorships, shares & securities in Basadi Mmogo Co-operative Gifts Friends & Other financial interest in a business undertaking betty's tavern.
	Muller WJ	Directorship, shares and securities in company in Blue Sky Accounting (Pty) Ltd, Other financial interest in a business undertaking Venter de Jager Auditors - full time job & Pension Liberty Life.
	Nkoe EM	None
	Nthangeni SDN	None
	Ntshabele KS	None

APPENDIX J: DISCLOSURES OF FINANCIAL INTERESTS (01 JULY 2017 – 30 JUNE 2018)

POSITION	NAME	DESCRIPTION OF FINANCIAL INTERESTS
	Padi RP	Membership of close corporation Black Management Forum (BMF) shares and securities in a company Phuthumanathi shares
	Phago EL	None
	Phalwane HT	None
	Phetlhe PA	None
	Pieterse J	Other financial interest in a business undertaking breeding with birds as a hobby, pension Madibeng.
	Pretorius p	None
	Rakomane as	None
	Ramaboa WS	None
	Ramahofu MM	None
	Ramila MM	None
	Ratloi J	None
	Ratlou AD	Directorship, shares and securities in a company Mosebe Training and Technologies Consulting.
	Rossouw EGJ	Membership of close corporation Execu Legal Costs - owner
	Sadikge MG	Interest in property Batho Pele Tavern and General Dealer & Directorships Gee M Holdings (Pty) Ltd. other financial interest in a business undertaking Batho Pele tavern membership of close corporation gee m holdings
	Seabi C	Directorships, shares and securities in La-Chrio and Joster Enterprise.
	Sefudi J	None
	Sekgothe MM	Subsidies, grants and sponsorships disability grant
	Sekhoto CS	None
	Shalang KM	None
	Sithole GF	None
	Tanke EE	None
	Thubisi P	Subsidies, grants and sponsorships SASSA & pension grant type OA
	Tlapu KS	Pension Fund, Directorships & Membership of close corporation
	Tlhopane MP	None
	Tsheola P	None
	Van der Schyff E	Directorship, shares and securities in a company Terrigar (Pty) Ltd & interest in property stand 380.
	Van Rhyn JC	None
Municipal Manager	Mr. M Maluleka	
Chief Financial Officer	Mr. K Maphosa	Safuma (pty) LTD 33%, Residential Property (Pretoria)
Corporate Support Services	Mrs. M Magole	Residential Properties , Pretoria North and Akasia
Community Development	Mrs. M Mmope	Residential Properties in Kosmos
Infrastructure & Technical Services	Mr. FR Ntekele	Residential Properties in Belabela and Middleburg

APPENDIX J: DISCLOSURES OF FINANCIAL INTERESTS (01 JULY 2017 – 30 JUNE 2018)		
POSITION	NAME	DESCRIPTION OF FINANCIAL INTERESTS
Acting Dir: Human Settlement and Planning	Mr. N Pule	None
Director : Local Economic Development	Mr. STN Mnisi	None
Director: Public Safety Fleet & Facilities	Ms. P Dilinga	Residential Properties in Brits
Chief Audit Executive	Mr. M Mmapheto	Residential Properties in Montana & Pretoria East

Annexure “A”



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the auditor-general to the North West provincial legislature and the council on the Madibeng Local Municipality

Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Madibeng Local Municipality set out on pages xx to xx, which comprise of the statement of financial position as at 30 June 2018, the statement of financial performance, the statement of changes in net assets, the cash flow statement and the 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. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Receivables from exchange and non-exchange transactions

3. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange and non-exchange transactions due to unreconciled differences between the financial statements and the accounting records. I was unable to confirm these receivables from exchange and non-exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment to receivables from exchange transactions of R219 140 094 (2017: R337 256 938) as disclosed in note 7 and receivables from non-exchange transactions of R432 742 768 (2017: R171 873 092) as disclosed in note 8 to the financial statements was necessary.

Cash and cash equivalents

4. I was unable to obtain sufficient appropriate audit evidence for cash and cash equivalents due to unreconciled differences between the financial statements and the accounting records. I was unable to confirm these cash and cash equivalents by alternative means. Consequently, I was unable to determine whether any adjustment to bank balances of R28 149 723 (2017: R32 263 215) included in cash and cash equivalents of R33 691 839 (2017: R33 365 573) as disclosed in note 9 to the financial statements, was necessary.

Investment property

5. The municipality did not disclose in the financial statements, the methods and significant assumptions applied in determining the fair value of investment property as required by GRAP 16, *Investment property*.

Payables from exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence for payables from exchange transactions due to differences between the financial statements and accounting records. In addition, the municipality did not have adequate systems in place to record all payables. I was unable to confirm these payables by alternative means. Consequently, I was unable to determine whether any adjustment to payables from exchange transactions of R534 051 142 (2017: R583 879 090) as disclosed in note 11 to the financial statements or the related expenditure and accumulated surplus, was necessary.

Operating lease liability

7. The municipality did not correctly account for the operating lease liability as required by GRAP 13, *Leases* due to the incorrect calculation of the operating lease expense on a straight-line basis over the lease term and due to differences between the accounting records and the financial statements. Consequently, the operating lease liability disclosed on the statement of financial position and the lease rentals on operating lease expense as disclosed in note 37 to the financial statements were understated by R24 332 847. Additionally, the minimum future lease payments as disclosed in note 37 to the financial statements was overstated by the same amount.

Service charges

8. The municipality incorrectly recognised revenue for service charges as required by GRAP 9, *Revenue from exchange transactions*, due to the incorrect recording of a correction to revenue of the previous financial year, in the current financial year. This resulted in revenue from service charges and the accumulated surplus in the current year being understated and receivables from exchange transactions and revenue from service charges for 2017 being overstated by R63 970 929. Furthermore I was unable to obtain sufficient appropriate audit evidence for service charges billed due to the non-submission of supporting documents. I was unable to confirm these service charges by alternative means. Consequently, I was unable to determine whether any further adjustment relating to service charges of R660 157 651 (2017: R682 166 627) as disclosed in note 20 to the financial statements, was necessary.

Interest received

9. I was unable to obtain sufficient, appropriate audit evidence for interest charged on trade and other receivables due to the non-submission of documents. I was unable to confirm these interest charged on trade and other receivables by alternative means. Consequently, I was unable to determine whether any adjustment relating to interest charged on trade and other receivables of R83 818 399 included in interest received of R90 896 445 as disclosed in note 22 to the financial statements, was necessary.

Property rates

10. The municipality did not appropriately account for property rates as required by GRAP 23, *Revenue from non-exchange transactions*, due to tariffs charged being different from tariffs approved by the council. Consequently, property rates disclosed in note 26 to the financial statements and receivables from non-exchange transactions disclosed in note 8 to the financial statements were overstated by R35 327 467.

Property rates

11. I was unable to obtain sufficient, appropriate audit evidence for bulk purchases due to the status of the accounting records and the non-submission of information in support of bulk purchases. I was unable to confirm these expenses by alternative means. Furthermore, the municipality did not appropriately account for bulk purchases as required by GRAP 1, *Presentation of financial statements*, as expenditure were not recorded on the accrual basis.

The municipality's system did not allow for the performance of alternative procedures to determine the extent of this misstatement. Consequently, I was unable to determine whether any adjustment relating to bulk purchases of R505 967 738 disclosed in note 29 to the financial statements, was necessary.

Other operational expenses

12. During 2017, the municipality made payments of R14 293 740 and unauthorised debit orders and credit card payments of R842 770 to fictitious suppliers, due to a lack of adequate systems that detect and prevent fraudulent activities on the bank accounts and expenditure payments. As the municipality has not yet corrected these payments, the other operational expenses for 2017 were still overstated by R15 136 510. Additionally, there was a resultant impact on the deficit for the previous year and the accumulated surplus as disclosed in the financial statements.
13. The municipality did not appropriately account for expenditure as required by GRAP 1, *Presentation of financial statements*, due to incorrect classification of expenditure and recording of expenditure in the incorrect period. Consequently, repairs and maintenance included in other operational expenses disclosed in note 35 to the financial statements was overstated by R44 202 361, bulk purchases disclosed in note 29 to the financial statements was understated by R23 884 964 and payables from exchange transactions disclosed in note 11 to the financial statements was understated by R20 317 401. Furthermore, I was unable to obtain sufficient appropriate audit evidence for other operational expenses due to non-submission of information requested. I was unable to confirm these other operational expenses by alternative means. Consequently, I was unable to determine whether any further adjustment relating to other operational expenses of R245 504 394 (2017: R231 320 144) as disclosed in note 35 to the financial statements, was necessary.

Debt impairment

14. I was unable to obtain sufficient appropriate audit evidence for the debt impairment due to unreconciled differences between the financial statements and the accounting records. I was unable to confirm the debt impairment by alternative means. Consequently, I was unable to determine whether any adjustment to debt impairment expense of R128 997 789 as disclosed in note 31 to the financial statements, was necessary.

Cash flow statement

15. The calculation of the net cash flows from operating activities, net cash flows from investing activities and net cash flows from financing activities for both the current and prior periods, did not appropriately account for cash and non-cash items as required by GRAP 2, *Cash flow statements*. The municipality's system did not allow for the performance of alternative procedures to determine the full extent of these misstatements. Consequently, I was unable to obtain sufficient appropriate audit evidence to confirm the net cash flows from operating activities, net cash flows from investing activities and net cash flows from financing activities disclosed in the cash flow statement and the notes thereto.

Statement of comparison of budget and actual amounts

16. The municipality did not appropriately present budgeted and actual amounts as required by GRAP 24, *Presentation of budget information* in the financial statements. The amounts disclosed as final budget and actual amounts for the period did not agree to the adjustment budget and the accounting records respectively. Consequently, there was a resultant impact on the variances disclosed. The statement of comparison of budget and actual amounts furthermore do not disclose the explanations for some material variances between the actual and budgeted amounts in the statement of financial performance.

Commitments

17. During 2017, I was unable to obtain sufficient appropriate audit evidence for commitments due to differences between the financial statements and the accounting records. I was unable to determine whether any adjustment to commitments of R311 487 130 was necessary. My audit opinion on the financial statements for the period ended 30 June 2017 was modified accordingly. I was still unable to confirm these commitments by alternative means. Consequently, my opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.
18. The municipality did not appropriately disclose commitments as required by GRAP 17, *Property, plant and equipment*, due to differences between the financial statements and the accounting records. Consequently, commitments as disclosed in note 41 to the financial statements was overstated by R145 429 524.

Contingencies

19. I was unable to obtain sufficient appropriate audit evidence for contingencies due to unreconciled differences between the financial statements and the accounting records. I was unable to confirm these contingencies by alternative means. Consequently, I was unable to determine whether any adjustment to contingencies of R73 469 912 as disclosed in note 43 to the financial statements was necessary.

Prior period errors

20. I was unable to obtain sufficient appropriate audit evidence for the prior period errors as disclosed in note 44 to the financial statements, due to the status of the accounting records. I was unable to confirm these adjustments by alternative means. In addition, the municipality did not correctly disclose all adjustments made to correct prior period errors nor the nature of the prior period errors in accordance with GRAP 3, *Accounting policies, estimates and errors*. Consequently, I was unable to determine whether any further adjustments to prior period errors disclosed in note 44 were necessary.

Unauthorised expenditure

21. Section 125 of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) requires the disclosure of unauthorised expenditure incurred. I was unable to obtain sufficient appropriate audit evidence for the overspending in 2017 as the municipality did not calculate the overspending of individual votes within the budget. I was also unable to obtain sufficient appropriate audit evidence for the adjustments to the opening balance of unauthorised expenditure due to non-submission of information requested. I was unable to confirm the unauthorised expenditure by alternative means. Consequently, I was unable to determine whether any adjustment relating to unauthorised expenditure of R1 593 652 097 (2017: R1 593 652 097) as disclosed in note 48 to the financial statements, was necessary.

Irregular expenditure

22. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments of R56 257 572 (2017: R76 107 571) in contravention of the supply chain management requirements, which were not included in irregular expenditure disclosed. As the municipality did not quantify the full extent of the irregular expenditure, it was impracticable to determine the resultant understatement of irregular expenditure of R1 385 607 077 (2017: R1 324 693 856) as disclosed in note 50 to the financial statements.

Fruitless and wasteful expenditure

23. Section 125 of the MFMA requires the disclosure of fruitless and wasteful expenditure incurred. The municipality disclosed unauthorised payments of R10 189 419 as fruitless and wasteful expenditure although it does not meet that definition. Consequently, fruitless and

wasteful expenditure was overstated by R10 189 419. Furthermore, the municipality made payments of R9 397 612 that were regarded as fruitless and wasteful expenditure, but was not included in the fruitless and wasteful expenditure disclosed. As the municipality did not quantify the full extent of fruitless and wasteful expenditure, it was impracticable to do so. Consequently, I was unable to determine whether any further adjustment to fruitless and wasteful expenditure of R31 021 229 disclosed in note 49 to the financial statements, was necessary.

Distribution losses

24. Section 125(2)(d)(i) of the MFMA requires the disclosure of material losses. I was unable to obtain sufficient appropriate audit evidence to recalculate the distribution losses relating to electricity and water due to a lack of adequate accounting records and inadequate billing processes. Consequently, I was unable to determine whether any adjustment to the distribution losses as disclosed in note 52 to the financial statements, was necessary.

Aggregation/accumulation of immaterial uncorrected misstatements

25. The financial statements were materially misstated due to the cumulative effect of a number of individually immaterial uncorrected misstatements. The following items included in current assets of R768 629 394 were misstated:

- VAT receivable of R62 239 182 was overstated by R6 485 833

In addition, I was unable to obtain sufficient appropriate audit evidence and to confirm the following items by alternative means:

- Consumable stores of R9 016 861 included in inventories of R9 514 533
- Prepayments of R7 259 732

Consequently, I was unable to determine whether any further adjustments to the disclosure of these items in the financial statements, were necessary.

Emphasis of matter

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

Material losses

27. As disclosed in note 9 to the financial statements, material losses of R31 504 247 were incurred as a result of an impairment of a short term deposit in VBS Mutual bank.

Other matters

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

Unaudited disclosure notes

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

Unaudited supplementary schedules

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

Responsibilities of the accounting officer for the financial statements

31. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (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.
32. 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 there is no realistic alternative but to do so.

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

33. My responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (ISAs) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.
34. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit of the [consolidated and separate financial statements]. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

Report on the audit of the annual performance report

Introduction and scope

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

Development priorities	Pages in the annual performance report
KPA 2: Basic service delivery and infrastructure development	x – x

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

KPA 2: Basic service delivery and infrastructure development

Objective: To provide basic municipal services (incl. street lighting) in accordance with approved budget & set targets

40. Reported strategic objectives were not consistent when compared with the planned strategic objectives. The planned objective in the service delivery and budget implementation plan (SDBIP) was "To provide basic municipal services (incl. street lighting) in accordance with approved budget & set targets", but the reported objective per the annual performance report referred to "to provide basic municipal services (incl. street lighting) in accordance with approved budget."

Indicator: Number of 10 000 KVA transformer installed

41. The planned target for the indicator was to install one 10 000 KVA transformer in Oukasie by 30 June 2018, but the reported achievement referred to "Transformer delivered to site, installation will be done in July 2018 and project will be completed during September 2018 [90%]". Due to the inconsistent reporting, I was unable to obtain sufficient appropriate audit evidence for the reported achievement. Furthermore, I was unable to obtain sufficient appropriate audit evidence for the measures taken to improve performance. This was due to limitations placed on the scope of my work. I was unable to confirm the measures taken to improve performance by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement and the measures taken to improve performance reported in the annual performance report.

Indicator: Number of township established

42. The planned target for the indicator was 2 townships established in Bokfontein ext. 4 & 5 by 30 June 2018, but the reported achievement referred to "50% achievement based on the progress of the project". Due to the inconsistent reporting, I was unable to obtain sufficient appropriate audit evidence for the reported achievement. This was due to limitations placed on the scope of my work. I was unable to obtain sufficient appropriate audit evidence for the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement reported in the annual performance report.

Indicator: Percentage of water quality in compliance with SANS 241 maintained

43. The planned target for the indicator was 100% water quality maintained in compliance of SANS 214 by 30 June 2018, but the reported achievement referred to "12 samples for Brits WTW complied, 12 samples for the distribution network complied, 12 random sampling internally and all complied, 12 samples for Rand water supply system complied Full SANS analysis report completed [100%]". Furthermore, I was unable to obtain sufficient appropriate audit evidence for the reported achievement due to the indicator and the target not being well

defined and specific respectively and for the measures taken to improve performance due to limitations placed on the scope of my work. I was unable to confirm the reported achievement and the measures taken to improve performance by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement and the measures taken to improve performance reported in the annual performance report.

Indicator: Number of yellow fleet upgraded (Purchasing of TLB Grader + Front loader)

44. The planned target for the indicator was 3 Yellow Fleet upgraded (purchasing of TLB, Grader + Front loader) by 30 June 2018, but the reported achievement referred to "3 X Yellow fleet upgraded (purchasing of TLB, Grader + Front loader) (100%)". Furthermore, I was unable to obtain sufficient appropriate audit evidence for the reported achievement due to the indicator and the target not being well defined and specific respectively and for the measures taken to improve performance due to limitations placed on the scope of my work. Consequently, I was unable to determine whether any adjustments were required to the achievement and the measures taken to improve performance reported in the annual report.

Various indicators Reported achievement did not agree with evidence provided

45. The reported achievement in the annual performance report did not agree to the supporting evidence for the following indicators: The supporting evidence provided indicated that the achievement of these indicators were as follows:

Indicator	Reported achievement	Audited value
Number of cleaning projects implemented as Letsema	6 cleaning projects implemented as Letsema in Oukasie, Letlhabile, Sunway, Damonsville, Bapong, & Orange farm by 30 June 2018	4
Formalisation of rural areas (proclaimed townships)	2 rural areas formalized (proclaimed townships) in Klipgat B & Makanyaneng ext.1 by 30 June 2018	0

Indicator: Number of households with access to refuse removal services

46. I was unable to obtain sufficient appropriate audit evidence for the reported achievement, as well as the measures taken to improve performance. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement and the measures taken to improve performance by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement and the measures taken to improve performance reported in the annual report.

Indicator: Number of households (25 861) connected to main sewer line

47. Sufficient appropriate audit evidence could not be provided in some instances while in other cases, the supporting evidence provided did not agree to the reported achievement in the annual performance report. Based on the supporting evidence provided, the achievement was different from those reported in the annual performance report, I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievement for this indicator.

Indicator: Percentage reduction of water distribution losses

48. The planned target for the indicator was 50% reduction of water distribution losses by replacing 6 853 water meters around Madibeng by 30 June 2018, but the reported

achievement referred to "Only 1 476 meters replaced, [21,54% of metres replaced]". Due to the inconsistent reporting, I was unable to obtain sufficient appropriate audit evidence for the reported achievement as well as measures taken to improve performance. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement and the measures taken to improve performance by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement and the measures taken to improve performance reported in the annual report.

Indicator: Number of households (160 724) installed with water meters

49. Sufficient appropriate audit evidence could not be provided in some instances while in other cases, the supporting evidence provided did not agree to the reported achievement in the annual performance report. The supporting evidence provided related to the work done in the previous financial years. Furthermore, I was unable to confirm the measures taken to improve performance. I was unable to confirm the reported achievements and the measures taken to improve performance by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievements and the measures taken to improve performance for this indicator.

Indicator: Number of new households (31 747) earning less than R3 500 per month with access to free basic services (water, electricity, sewer & refuse removal)

50. The planned target for the indicator was 5 000 new households earning less than R3 500 per month with access to free basic services (water, electricity, sewer & refuse removal) by 30 June 2018, but the reported achievement referred to "83.88% achievement". Furthermore, I was unable to obtain sufficient appropriate audit evidence for the reported achievement due to this inconsistency in reporting and for the measures taken to improve performance due to limitations placed on the scope of my work. I was unable to confirm the measures taken to improve performance by alternative means. Consequently, I was unable to determine whether any adjustments were required to the measures taken to improve performance reported in the annual report.

Other matter

51. I draw attention to the matter below.

Achievement of planned targets

52. Refer to the annual performance report on pages xx to xx 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 paragraphs xx to xx of this report.

Report on audit of compliance with legislation

Introduction and scope

53. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
54. The material findings on compliance with specific matters in key legislation are as follows:
55. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of

non-current assets, current assets, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records subsequently provided, but the uncorrected material misstatements and supporting records that could not be provided, resulted in the financial statements receiving a disclaimer audit opinion.

Expenditure management

56. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
57. I could not obtain sufficient appropriate audit evidence that payments from the municipality's bank account were approved by the accounting officer, the chief financial officer or a properly authorised official, as required by section 11(1) of the MFMA.
58. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval and authorisation of funds, as required by section 65(2)(a) of the MFMA.
59. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred and accounted for creditors, as required by section 65(2)(b) of the MFMA.
60. Effective 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 regulations.
61. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest payable on long outstanding accounts.

Revenue management

62. An adequate management, accounting and information system which accounts for revenue, debtors and receipts of 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. I was unable to obtain sufficient appropriate audit evidence that revenue due to the municipality was calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.
65. I was unable to obtain sufficient appropriate audit evidence that accounts for service charges were prepared on the applicable basis, as required by section 64(2)(c) of the MFMA.
66. I was unable to obtain sufficient appropriate audit evidence that interest had been charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Asset management

67. All investments were not made in accordance with the requirements of the municipality's investment policy, as the interest rates offered by the other institutions were disclosed to the VBS mutual bank in contravention of the policy, as required by regulation 3(3) of the Municipal Investment Regulations.
68. Funds were invested with a mutual bank not registered in terms of the Banks Act, 1990 (Act No. 94 of 1990), in contravention of regulation 6 of the Municipal Investment Regulations.

Financial management

69. Some of the losses resulting from irregular and fruitless and wasteful expenditure were not recovered from the liable person, as required by section 32(2)(a) and (b) of the MFMA.
70. Some of the fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
71. Allegations of financial misconduct against senior managers were not always investigated, as required by regulation 5(3) of the Disciplinary Regulations for Senior Managers and section 171(4) of MFMA.
72. Allegations of financial misconduct laid against officials of the municipality were not all investigated, as required by section 171(4)(a) of the MFMA.
73. Allegations of financial misconduct laid against officials of the municipality were not all investigated by the disciplinary board, relevant treasury or an independent investigator or team of investigators appointed by council, as required by regulation 5(4) of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

Strategic planning and performance management

74. The integrated development plan (IDP) did not reflect the key performance indicators and targets for roads and storm water as required by section 26(i) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) and regulation 2(1)(e) of the Municipal Planning and Performance Management Regulations.
75. The SDBIP for the year under review included the service delivery targets and performance indicators for each quarter, but was not aligned with the budget as required by section 1 of the MFMA.
76. Key performance indicators (KPIs) were not set for each of the development priorities and objectives, as required by section 41(1)(a) of the MSA and regulation 9(1)(a) of the Municipal Planning and Performance Management Regulations.
77. Performance targets were not set for each of the KPIs for the financial year, as required by section 41(1)(b) of the MSA and regulation 12(1) of the Municipal Planning and Performance Management Regulations.
78. A performance management system was not adopted by council, as required by regulation 8 of the Municipal Planning and Performance Management Regulations.
79. The performance management system and related controls were not maintained as required by regulation 7(1) of the Municipal Planning and Performance Management Regulations.

Grant management

80. Performance in respect of programmes funded by the Municipal Infrastructure Grant was not evaluated, as required by section 12(5) of the DoRA.

Human resource management

81. I was unable to obtain sufficient appropriate audit evidence that the employment contract of the municipal manager is for a fixed period of five years, as required by section 57(6)(a) of the MSA and regulation 2(3)(a) of the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers.
82. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA.

83. 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 by SCM regulation 17(a) and (c). Similar non-compliance was also reported in the prior year.
84. Some of the quotations were accepted from prospective providers who were not on the list of accredited prospective providers and did not meet the listing requirements prescribed by the SCM policy, in contravention of SCM regulations 16(b) and 17(b). Similar non-compliance was also reported in the prior year.
85. Some of the quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.
86. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Similar non-compliance was also reported in the prior year.
87. 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). Similar non-compliance was also reported in the prior year.
88. The preference point system was not applied to some of the procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act. Similar non-compliance was also reported in the prior year.
89. Some of the contracts and quotations were awarded to bidders based on preference points that were not allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations. Similar non-compliance was also reported in the prior year.
90. Some of the contracts and quotations were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
91. Some of the contracts were awarded to bidders based on functionality criteria that were not stipulated in the original invitation for bidding, in contravention of Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
92. Some of the bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by regulation 8(2) of the Preferential Procurement Regulations.
93. Contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM regulation 5.
94. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e) and the code of conduct for staff members issued in terms of the MSA.
95. Other SCM role players whose close family members, partners or associates had a private or business interest in contracts awarded by the municipality participated in the process relating to that contract, in contravention of SCM regulation 46(2)(f).

Other information

96. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected development priorities presented in the annual performance report that have been specifically reported on in the auditor's report.
97. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
98. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
99. As a result of the disclaimer of opinion expressed on the financial statements, I do not conclude on material misstatements of the other information relating to the financial statements. If, based on the work I have performed relating to the audit of performance information and compliance with legislation, I conclude that there is a material misstatement of this other information, I am required to report that fact.
100. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, 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

101. I considered internal controls 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 thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
- Leadership did not enforce an ethical business culture and exercise adequate oversight responsibility regarding complete and accurate financial reporting, performance reporting, compliance and related internal controls monitoring, as well as implementation of the approved policies and procedures of council. An IT governance framework that supports and enables the business, delivers value and improves performance was also not implemented as recommended.
 - Management did not implement effective monitoring controls over proper record keeping, reconciliation of transactions and accurate processing of transactions that support reported financial information and performance on predetermined objectives. Furthermore, action plans to address prior year audit findings were not adequately implemented and monitored, as numerous instances of repeat audit findings were reported. There are no proper systems and controls in place to prevent and detect non-compliance with legislations.
 - Although the audit committee and internal audit fulfilled some of its functions, its recommendations to address the internal control deficiencies and non-compliances were

not implemented by management, resulting in the internal control environment remaining ineffective.

Other reports

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

Investigations

103. An investigation by the Directorate for Priority Crime Investigation into fraud allegations was initiated in prior years. This investigation was not finalised at the reporting date.
104. An independent firm appointed by the municipality, investigated suspected fraud, theft, unauthorised and irregular expenditure. This investigation was not finalised at the reporting date.
105. An independent firm appointed by the municipality, investigated alleged fraud or theft of municipal revenue and other irregularities. This investigation was not finalised at the reporting date.

Auditor-General

Rustenburg

31 January 2019



AUDITOR-GENERAL
SOUTH AFRICA

Nothing is to be published without the Auditor-General's approval



MADIBENG LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

General information

Legal form of entity	Local Municipality, governed by the MFMA (No 56 of 2003)
Nature of business and principal activities	Providing municipal services
Speaker	Cllr. KS Mshabele
Executive Mayor	Cllr. JM Mofheko
Chief Whip	Cllr. PB Mafagabo
Chairperson MFAC	Cllr. E Diale
Mayoral Committee	Cllr. MM Macosete Cllr. JS Maimane Cllr. NM Maqakemba Cllr. SM Maunula's Cllr. ETM Modise Cllr. SDN Ntsengeni Cllr. PA Phetlha Cllr. J Rakor Cllr. J Seled Cllr. M Thopane

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

General Information

Councillors

Cllr. MZ Banda
Cllr. EJ Edward
Cllr. TS Pohale
Cllr. RMI Breyerbach
Cllr. RE Dikgang
Cllr. M Du Plessis
Cllr. BP Gous
Cllr. IL Grabher
Cllr. KS Kanipe
Cllr. EDF Lourens
Cllr. ML Mabokachaba
Cllr. NS Mabunda
Cllr. S Mafa
Cllr. ML Maitgale
Cllr. AWS Malatsi
Cllr. H Malodu
Cllr. CM Marpuru
Cllr. OD Marapyane
Cllr. FM Masemela
Cllr. BA Masubane
Cllr. FK Mawayi
Cllr. LG Mhlambi
Cllr. JT Moabi
Cllr. TM Muzina
Cllr. JM Modipane
Cllr. AM Mod'sekeng
Cllr. TJ Molebana
Cllr. RA Motlatsi
Cllr. MA Molekoko
Cllr. RA Mokohe
Cllr. T Molewa
Cllr. DW Molekoe
Cllr. MS Mofei
Cllr. AJ Mofosi
Cllr. ED Montsho
Cllr. MD Moracadi
Cllr. OP Mosale
Cllr. J Mosito
Cllr. MD Mosofodi
Cllr. MW Motswai
Cllr. BR Motswai
Cllr. NB Muhlana
Cllr. WJ Muller
Cllr. EM Nkoe
Cllr. RP Padi
Cllr. EL Phago
Cllr. HT Phalwano
Cllr. J Pieterse
Cllr. P Pretorius
Cllr. AS Rakomane
Cllr. WS Ramaboa
Cllr. MM Ramahofu
Cllr. MM Ramila
Cllr. AD Ratou
Cllr. GJ Rensouw
Cllr. MG Sadlaga
Cllr. C Seabi
Cllr. MM Selogathe
Cllr. CS Sekhoto
Cllr. KM Sha'ang
Cllr. GF Sihole
Cllr. EE Tanke
Cllr. P Thubisi
Cllr. KS Tlapu

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

General Information

	Cllr. P. Tsheola Cllr. E. Van der Schyff Cllr. J.C. Van Ruyk
Accounting Officer	Mr. M.M. Maitleke
Chief Financial Officer (CFO)	Mr. K. Masosa
Registered office	53 Van Velden Street Brix 0250
Business address	53 Van Velden Street Brix 0250
Postal address	PO Box 106 Brix 0250
Bankers	First National Bank
Auditors	Auditor General South Africa

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

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The reports and statements set out below comprise the annual financial statements presented to the municipal council:

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GRAP	Generally Recognised Accounting Practice
MSOGA	Municipal Standard Chart Of Accounts
IAS	International Accounting Standards
CIGFARO	Chartered Institute of Government Finance Audit and Risk Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFM/A	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
PIC	Public Investment Corporation
PAAP	Post Audit Action plan
SMT	Strategic Management team

MADIBEND LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the section 126(1) of the Municipal Finance Management Act (Act 55 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

I am responsible for the preparation of these annual financial statements, which are set out on pages 8 to 87, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

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

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

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

The municipality is substantially dependent on the government for continued funding of operations. The 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 operations.

The accounting officer certifies that the salaries, allowances and benefits of councillors, loans made to councillors, if any, and payments made to councillors for loss of office, if any, as disclosed in note 39 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on pages 8 to 87, which have been prepared on the going concern basis, were approved by the Accounting Officer on 25 September 2018.



Mr. M. M. Matutoko
Municipal Manager

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Audit Committee Report

In terms of the section 166 of Municipal Finance Management Act (Act no.56 of 2003) an Audit Committee is established to serve as an independent governance structure whose function is to provide an oversight role on the system of internal control, financial reporting processes, risk management, governance and the organisation's process for monitoring compliance with laws and regulations and the code of conducts. Furthermore, the Audit Committee assists the Accounting Officer in the effective execution of his responsibilities with the ultimate aim of the achievement of the organisation's objectives and goals. The Audit Committee has adopted its written terms of reference approved by the Council.

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

Audit committee members and attendance

The Audit Committee consists of three (3) external members who have been appointed by the Council in November 2011 as per Council resolution A.0054. During the financial year, three (3) ordinary meetings and three (3) special meetings were held to deal with urgent matters, thus 6 meetings were held during the 2017/18 financial year. The following illustrates the number of meeting attended by each member:

Name of member	Number of meetings attended
HB Mathibela (Acting Chairperson)	6 out of 6
FJ van der Westhuizen	6 out of 6
P Margona	6 out of 6

Effectiveness of internal control

Internal control is a process for assuring the achievements of an organisation's objectives in operational effectiveness and efficiency, reliable financial reporting and compliance with laws and regulations.

The Audit Committee can assert that the system of internal control was partially effective during the year under review as compliance with prescribed policies and procedures were lacking in most instances. During the year under review, several instances of non-compliance were reported by both internal and external auditors that was as a result of a breakdown in functioning of internal controls.

We have urged management to develop an action plan to address the issues raised by the auditors to ensure an improved control environment. The Internal Audit reports should be discussed at the Strategic Management Meetings to ensure that the shortcomings highlighted in the reports are given due attention. The Auditor General Post Audit Action Plan (PAAP) is a Standing Item in the Audit Committee Meetings and the Audit Committee has advised management to put it on its Strategic Management Meetings (SMT) and management must be committed to address the issues as per timelines. The Council should ensure that it holds management responsible to ensure that the shortcomings are urgently addressed by relevant departments.

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Audit Committee Report

Effectiveness of Internal Audit

The Madibeng Local Municipality (MLM) has a functioning Internal Audit Function reporting functionally to the Audit Committee and administratively to the Accounting Officer. The Chief Audit Executive has unrestricted access to the Chairperson of the Audit Committee to ensure independence of the Function.

The Audit Committee is of the opinion that Internal Audit Function is operating satisfactorily to meet its mandate and has considered the risk pertinent to the municipality in their audit plans. The following activity reports were approved by the Audit Committee during the year:

- The Three- Year Rolling Strategic and Operational Plan
- Internal Audit Charter
- Audit Committee Charter

The Unit has appointed one (1) Senior Internal Auditor and Internal Auditor to complement the capacity of the Internal Audit Function to meet its mandate as found in the Internal Audit Charter.

The slow progress by management in responding to Internal Audit Recommendations is still a grave concern to the Audit Committee which might adversely undermine the effectiveness of the Internal Audit Function's ability to assist the organisation to realise its strategic objectives and improve the control environment.

Effectiveness of risk management

The Accounting Officer is responsible for the establishment of an effective system of Risk Management within the municipality that is aligned to the principles of good corporate governance as supported by the MFMA Act No 66 of 2003 and King IV. For the year under review, the municipality was able to review its strategic risks register on the meeting held for 31 May 2017 to 02 June 2017.

The following policies have been recommended to Council with regard to Risk Management:

- Risk Management Policy
- Risk Management Committee Charter
- Draft Anti-Fraud and Corruption Prevention Plan
- Whistleblowing Policy

The Audit Committee has noted that the municipality has established the Risk Management Committee headed by External Chairperson on which the last meeting set on 30 June 2017. Furthermore, the municipality was in the process of filling the vacancies in Risk Management Unit and has since been advertised and it is anticipated that the process will be completed in the next financial year to capacitate the Unit and bring necessary expertise into Risk Management discipline.

Effectiveness of performance management system

The municipality has reviewed a performance management system framework and policy approved by Council. However, the performance management is partially undertaken by the administration in that performance reviews have not been conducted for senior managers (sector 56 managers) to determine whether they are meeting the performance standards and put necessary intervention to address the performance gaps.

Furthermore, Performance Management System has not been cascaded to all levels of staff to ensure that it is incorporated into day-day activities of the municipality and that all the staff members participate in the vision and priorities set in the IDP.

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Audit Committee Report

Quality of monthly/quarterly financial reporting

The Audit Committee was privy to the monthly financial reports submitted by the Budget and Treasury Office during the period under review. To this end, the Audit Committee is of the opinion that the quality of the reports was acceptable and in line with the requirements of the applicable legislation.

The vacancy of the Chief Financial Officer is a concern for the Audit Committee in view of ailing finances of the municipality and weak financial controls and should be treated with a sense of urgency to bring stability that will ensure that the BTO operates to its optimal to ensure efficient and effective financial management.

The Audit Committee could not ascertain the municipality's readiness for M&COA implementation by 1 July 2017 due to lack of progress report on this matter from the administration.

Annual financial statements

The Audit Committee has:

- Reviewed and discussed with the Auditor-General and the Accounting Officer;
- The audited Annual Financial Statements to be included in the Annual Report;
- Reviewed the Auditor-General's management letter and management's response thereto; and
- Reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

Overall Observation and Conclusion

The municipality is a defendant in number of cases and in a particular the P&C Loan which represent the biggest chunk of contingent liabilities. This matter jeopardises the ability of the municipality to continue on foreseeable future including the cash flow constraints experienced for the year under review.

The Audit Committee appreciates that the municipality has established Revenue Enhancement Strategy Committee consisting of multiple role-players chaired by the Accounting Officer on a monthly basis. This Committee will go a long way if supported by the Political Principals including all councillors to ensure that it comes to fruition.

Appreciation

The Audit Committee expresses its sincere appreciation to the Offices of the Executive Mayor, the Speaker, the Chief Whip, Municipal Manager, Management and all officials for their unwavering support and interest in the activities of the Committee during the year under review. The advice and support of other stakeholders such as the Internal Audit function, Auditor General South Africa, Provincial Treasury and the Provincial Department: Local Government and Human Settlements is also acknowledged in pursuing the interest of effective Corporate Governance and clean audit outcomes within the municipality.

We extend our gratitude to the Internal Audit unit for their efforts during the year despite resources constraints and other frustrations they might have encountered. The Audit Committee remains confident of the matters raised in this report receiving due consideration and intervention by the new Council. We are committed to fully execute our oversight function and in strengthening Corporate Governance.

MAKIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Officer's Report

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

1. Review of activities

Main business and operations

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements.

2. Going concern

We draw attention to the fact that at 30 June 2018, the municipality had an accumulated surplus (deficit) of R 4 462 577 900 and that the municipality's total assets exceed its liabilities by R 4 462 577 900.

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

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the year ended, 30 June 2018.

4. Accounting Officer's interest in contracts

The accounting officer has no interests in contracts awarded.

5. Accounting policies

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. Corporate governance

The Council

- retains full control over the municipality, its plans and strategy and
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the municipality.

6.1 Fruitless and wasteful expenditure

The current year fruitless and wasteful expenditure amounting to R21 473 527 relates to interest charge on late payment of invoices from Eskom (R4 913 389), Telkom (45 937), Magalies Water (R1 724 203), Rand Water (R97 702), Auditor General South Africa (R592) and other suppliers (R70 207) as well as unauthorised payments amounting to R10 621 497.

The remuneration of the accounting officer and section 56 managers are determined by the upper limits for senior managers.

6.3 Audit committee

Mr. HB Mathibela was the acting chairperson of the audit committee for the financial year under review.

In terms of Section 180 of the Municipal Finance Management Act, the municipality, must appoint members of the audit committee. National Treasury policy requires that municipalities should appoint further members of the municipality's audit committee who are not councillors of the municipality onto the audit committee.

6.4 Internal audit

The municipality has an independent internal audit function. This is in compliance with the Municipal Finance Management Act, 2003.

The chief internal auditor is Mr. M. Mmaphego.

MAOBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Officer's Report

7. Bankers

The municipality banks primarily with FNB.

8. Auditors

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

9. Public Private Partnership

During the financial period under review, Madiabeng Local Municipality did not enter into any Public Private Partnerships.

MAAGBOENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
Assets			
Current Assets			
Inventories	6	9 614 633	12 869 194
Receivables from exchange transactions	7	219 140 094	337 258 036
Receivables from non-exchange transactions	8	432 742 768	171 873 092
VAT receivable		62 238 182	-
Prepayments		7 269 732	3 741 588
Cash and cash equivalents	9	33 691 839	33 368 673
Other financial assets	10	4 041 246	3 748 498
		738 629 394	582 864 870
Non-Current Assets			
Investment property	3	1 68 005 000	317 245 030
Property, plant and equipment	4	5 515 671 633	5 779 180 989
Mortgage assets	5	10 100	10 100
Other financial assets	10	13 027 724	12 775 120
		5 689 717 457	6 108 210 629
Non-Current Assets		5 689 717 457	6 108 210 629
Current Assets		738 629 394	582 654 870
Total Assets		6 428 346 851	6 671 065 498
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	534 051 142	583 079 090
Payables from non-exchange transactions	12	47 665 339	47 554 745
VAT payable	13	-	55 107 756
Consumer deposits	14	15 946 827	13 945 186
Unspent conditional grants and receipts	15	937 137	325 637
Finance lease obligation	16	-	4 470 343
		598 650 445	705 283 757
Non-Current Liabilities			
Finance lease obligation	18	-	1 246 512
Public Investment Corporation	17	1 115 455 994	998 985 145
Operating lease liability		80 107 221	-
Employee benefit obligation	18	182 039 322	185 583 322
Provisions	19	29 485 989	17 885 845
		1 407 118 506	1 192 660 324
Non-Current Liabilities		1 407 118 506	1 192 660 324
Current Liabilities		598 650 445	705 283 757
Total Liabilities		2 005 768 951	1 897 374 581
Assets		6 428 346 851	6 671 065 498
Liabilities		(2 005 768 951)	(1 897 374 581)
Net Assets		4 462 577 900	4 773 690 917
Accumulated surplus		4 432 577 900	4 773 690 917

* See Note 44

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
Revenue			
Revenue from exchange transactions	20	680 157 351	692 136 527
Service charges	21	12 252 589	11 456 354
Commission received	22	50 896 445	99 654 767
Interest received	23	8 121 048	3 229 320
Licences and permits	24	2 448 283	9 778 220
Other operational revenue	25	-	40 075 280
Fair value adjustments		1 407 646	1 242 007
Rent of facilities and equipment		288 380	-
Donations		29 722 050	-
Actuarial gain on post employment benefits			-
Total revenue from exchange transactions		910 294 002	950 602 675
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	259 006 000	296 245 902
Transfer revenue			
Transfers and subsidies	27	780 468 000	757 703 417
Fines, Penalties and Forfeits	51	4 598 093	2 692 204
Total revenue from non-exchange transactions		1 043 492 093	1 056 641 523
		810 294 002	850 602 675
		1 043 492 093	1 056 641 523
Total revenue	28	1 953 786 095	1 917 404 258
Expenditure			
Bulk purchases	29	(505 967 738)	(452 879 346)
Contracted services	30	(180 534 793)	(259 308 323)
Debt Impairment	31	128 997 789	(157 979 102)
Depreciation	32	(470 954 200)	(459 567 739)
Employee related costs	33	(425 240 768)	(392 301 836)
Finance costs	34	(150 510 295)	(131 937 137)
Other operational expenses	35	(245 504 394)	(231 320 149)
Impairment loss	36	(3 381 792)	(384 298)
Lease rentals on operating lease	37	(110 368 314)	(5 693 351)
Loss on disposal of assets	38	-	(129 135 441)
Actuarial loss on post employment benefits		-	(3 016 953)
Remuneration of councillors	39	(30 531 415)	(26 466 611)
Transfers and subsidies		(2 343 182)	(20 816 232)
Fair value adjustments	24	(109 240 000)	-
Total expenditure		(2 164 899 107)	(2 258 995 593)
Total revenue		1 953 786 095	1 917 404 258
Total expenditure		(2 164 899 107)	(2 258 995 593)
Operating surplus/deficit		-	-
Deficit before taxation		(311 113 012)	(351 591 335)
Taxation		-	-
Deficit for the year		(311 113 012)	(351 591 335)

* See Note 44

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2016	5 125 282 252	5 125 282 252
Changes in net assets		
Deficit for the year	(351 591 335)	(351 591 335)
Total changes	(351 591 335)	(351 591 335)
Opening balance as previously reported	4 862 463 520	4 862 463 520
Adjustments		
Prior year adjustments	(88 772 608)	(88 772 608)
Restated* Balance at 01 July 2017 as restated ^a	4 773 690 912	4 773 690 912
Changes in net assets		
Deficit for the year	(311 113 012)	(311 113 012)
Total changes	(311 113 012)	(311 113 012)
Balance at 30 June 2018	4 462 577 900	4 462 577 900

* See Note 44

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		504 409 800	523 889 097
Grants		781 148 500	787 729 000
Interest income		50 396 445	99 554 767
Other receipts		35 224 868	32 131 582
		<u>1 371 179 613</u>	<u>1 443 303 446</u>
Payments			
Employee costs		(457 244 508)	(412 680 659)
Suppliers		(1 138 481 397)	(766 768 735)
Finance costs		(127 574 171)	(176 409 806)
Other payments		(2 343 182)	(20 619 232)
		<u>(1 726 343 258)</u>	<u>(1 376 478 432)</u>
Total receipts		1 371 179 613	1 443 303 446
Total payments		(1 726 343 258)	(1 376 478 432)
Net cash flows from operating activities	40	644 836 355	666 825 014
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(214 830 227)	(242 159 800)
PPE - sales	4	-	6 107 541
Proceeds from sale of financial assets	3	(282 896)	-
Investment property - additions		-	263 780
Investment property - sales		-	(16 592 000)
Financial assets - purchases		-	(132 322)
Net cash flows from investing activities		<u>(497 809 023)</u>	<u>(283 763 801)</u>
Cash flows from financing activities			
(Repayment) / Advance of other liability		128 490 846	113 632 288
(Repayment) / Advance of finance lease		(5 716 855)	(3 826 023)
Net cash flows from financing activities		<u>122 773 991</u>	<u>109 806 265</u>
Net increase/(decrease) in cash and cash equivalents		326 266	(35 789 602)
Cash and cash equivalents at the beginning of the year		33 365 573	69 155 155
Cash and cash equivalents at the end of the year	9	<u>33 691 839</u>	<u>33 365 573</u>

* See Note 41

MAIDIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved Budget	Adjustments	Final Budget	Actual amounts	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	662 910 000	(9 295 000)	653 615 000	660 157 861	(23 457 349)	Appendix E(1)
Rental of facilities and equipment	1 270 000	-	1 270 000	1 407 646	137 646	Appendix E(1)
Interest received (trading)	35 000 000	2 641 000	37 641 000	83 818 399	(3 822 307)	Appendix E(1)
Licences and permits	4 000 000	-	4 000 000	3 121 048	2 121 048	Appendix E(1)
Commission received	153 000	-	153 000	12 252 689	12 099 689	Appendix E(1)
Donation received	-	-	-	288 380	288 380	
Operational income	22 366 000	(9 701 000)	12 665 000	9 408 263	(2 936 737)	Appendix E(1)
Interest received - investment	5 500 000	1 628 000	7 128 000	7 078 046	(40 954)	Appendix E(1)
Total revenue from exchange transactions	910 922 000	(74 727 000)	796 195 000	700 572 062	(15 322 998)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	303 530 000	-	303 530 000	258 003 000	(45 524 000)	Appendix E(1)
Transfer revenue						
Transfers & subsidies	872 738 000	(10 798 000)	861 940 000	760 488 000	(21 452 000)	Appendix E(1)
Fines, Penalties and Forfeits	2 000 000	(1 000 000)	1 000 000	4 998 093	3 998 093	Appendix E(1)
Total revenue from non-exchange transactions	1 178 268 000	(71 796 000)	1 106 470 000	1 043 492 093	(62 977 907)	
Total revenue from exchange transactions	910 922 000	(74 727 000)	796 195 000	700 572 062	(15 622 998)	
Total revenue from non-exchange transactions	1 178 268 000	(71 796 000)	1 106 470 000	1 043 492 093	(62 977 907)	
Expenditure						
Employee related costs	(360 852 000)	(44 650 000)	(425 402 000)	(425 260 768)	161 232	Appendix E(1)
Remuneration of councillors	(27 000 000)	(4 000 000)	(31 000 000)	(30 531 415)	468 585	Appendix E(1)
Depreciation	(604 762 000)	35 480 828	(569 281 172)	(474 336 992)	94 945 180	Appendix E(1)
Finance costs	(100 000 000)	(60 600 000)	(160 600 000)	(160 500 296)	99 705	Appendix E(1)
Lease rentals on operating lease	(3 500 000)	(107 300 000)	(110 800 000)	(110 688 314)	111 686	Appendix E(1)
Debt impairment	(270 000 000)	69 000 000	(201 000 000)	(28 997 789)	329 997 789	Appendix E(1)
Bulk purchases	(549 800 000)	30 500 000	(519 300 000)	(506 937 739)	13 332 262	Appendix E(1)
Contracted services	(145 400 000)	(45 000 000)	(190 400 000)	(139 634 793)	56 765 207	Appendix E(1)
Transfers and subsidies	(10 000 000)	5 000 000	(5 000 000)	(2 343 182)	2 656 818	Appendix E(1)
Operational expenses	(201 840 000)	(43 728 000)	(245 568 000)	(245 504 394)	63 606	Appendix E(1)
Total expenditure	(2 293 154 000)	(165 198 172)	(2 458 352 172)	(2 045 650 107)	442 633 065	
	1 969 190 000	(88 626 000)	1 902 564 000	1 824 564 095	(78 000 005)	
Operating (deficit)/surplus	(2 293 154 000)	(165 198 172)	(2 458 352 172)	(2 045 650 107)	442 633 065	
Actual gains/(loss) on post employment benefits	(303 864 000)	(281 723 172)	(585 587 172)	(191 595 012)	394 092 160	
Fair value adjustments	-	-	-	(1 48 240 000)	(1 48 240 000)	
	-	-	-	(119 518 000)	(119 518 000)	

MADEIENS LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts	Difference between final budget and actual	Reference
Figures in Rand						
	(303 634 000)	(251 723 172)	(555 357 172)	(191 595 012)	363 092 160	
	-	-	-	(119 518 000)	(119 518 000)	
Surplus/(deficit)	(303 634 000)	(251 723 172)	(555 357 172)	(311 113 012)	244 274 160	
Capital expenditure	(301 036 000)	71 869 000	(229 166 000)	-	229 166 000	
Surplus before taxation	(303 964 000)	(251 723 172)	(555 687 172)	(311 113 012)	244 574 160	
Taxation	(301 005 000)	71 869 000	(229 136 000)	-	229 136 000	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(2 989 000)	(323 592 172)	(326 581 172)	(311 113 012)	13 438 160	

MAJIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	10 000 000	14 484 000	24 484 000	8 614 832	(14 939 437)	Appendix E(1)
Other financial assets	5 000 000	-	5 000 000	4 041 246	(958 754)	Appendix E(1)
Receivables from non-exchange transactions	4 000 000	-	4 000 000	432 742 768	428 742 768	Appendix E(1)
VAT receivable	-	-	-	82 239 182	82 239 182	
Prepayments	-	-	-	7 259 732	7 259 732	Appendix E(1)
Receivables from exchange transactions	400 000 000	-	400 000 000	219 140 054	(180 859 906)	Appendix E(1)
Cash and cash equivalents	63 618 000	(35 834 000)	27 784 000	33 691 639	5 707 639	Appendix E(1)
	492 518 000	(21 150 000)	461 468 000	768 629 394	307 161 394	
Non-Current Assets						
Investment property	260 000 000	-	260 000 000	168 005 000	(91 995 000)	Appendix E(1)
Property, plant and equipment	5 801 005 000	-	5 801 005 000	5 618 874 633	(182 330 367)	Appendix E(1)
Heritage assets	10 000	-	10 000	10 100	100	Appendix E(1)
Other financial assets	13 000 000	-	13 000 000	13 027 724	27 724	Appendix E(1)
	6 074 015 000	-	6 074 015 000	5 899 717 457	(174 297 543)	
Non-Current Assets	482 618 000	(21 150 000)	461 468 000	768 629 394	307 161 394	
Current Assets	5 074 015 000	-	5 074 015 000	5 899 717 457	(374 297 543)	
Total Assets	6 658 633 000	(21 150 000)	6 638 483 000	6 468 346 851	(170 136 149)	
Liabilities						
Current Liabilities						
Borrowings	3 000 000	-	3 000 000	-	(3 000 000)	Appendix E(1)
Payables from exchange transactions	243 500 000	-	243 500 000	534 051 142	290 551 142	Appendix E(1)
Payables from non-exchange transactions	-	-	-	47 665 339	47 665 339	Appendix E(1)
Consumer deposits	13 000 000	-	13 000 000	18 948 827	2 948 827	Appendix E(1)
Unspent conditional grants and receipts	-	-	-	987 137	987 137	Appendix E(1)
	259 500 000	-	259 500 000	598 650 445	338 150 445	
Non-Current Liabilities						
Public Investment Corporation	900 000 000	-	900 000 000	1 115 455 994	215 455 994	Appendix E(1)
Operating lease liability	-	-	-	80 107 221	80 107 221	
Employee benefit obligation	-	-	-	182 039 322	182 039 322	Appendix E(1)
Provisions	117 000 000	-	117 000 000	29 485 969	(87 514 031)	Appendix E(1)
	1 017 000 000	-	1 017 000 000	1 407 118 506	390 118 506	
	259 500 000	-	259 500 000	598 650 445	338 150 445	
	1 017 000 000	-	1 017 000 000	1 407 118 506	390 118 506	
Total Liabilities	1 276 500 000	-	1 276 500 000	2 005 768 951	729 268 951	
Assets	6 658 633 000	(21 150 000)	6 638 483 000	6 468 346 851	(170 136 149)	
Liabilities	(1 276 500 000)	-	(1 276 500 000)	(2 005 768 951)	(729 268 951)	

MACIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets	5 280 133 000	(21 150 000)	5 258 983 000	4 462 577 900	(796 405 100)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Share capital / contributed capital	5 280 133 000	(21 150 000)	5 258 983 000		-(5 258 983 000)	
Reserves						
Accumulated surplus				4 462 577 898	4 462 577 898	
Total Net Assets	5 280 133 000	(21 150 000)	5 258 983 000	4 462 577 898	(796 405 102)	

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

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

These 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.

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 annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. The annual financial statements have been rounded to the nearest Rand.

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgement includes:

Receivables

The municipality assesses its 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 surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on a portfolio basis.

Allowance for slow moving, damaged and obsolete stock

An allowance for inventory to write inventory 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 note 35.

Fair value estimation

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

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

MAOTIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

Value in use of cash generating assets

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

Value in use of non-cash generating assets

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

Useful lives of property, plant and equipment and other assets

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

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 those 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. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 18.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows. In the event that different rates were used, clear indication of the rate and the reasons are given.

Allowance for impairment of financial assets

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment determination is based on assessment of individual accounts.

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.4 Investment property

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 includes property (land or a building, or part of a building, or either land or buildings) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods and services, or the sale of an asset in the ordinary course of operations or administrative purposes.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), 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.

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

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. The valuations are performed annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Changes in fair values are recorded in the statement of financial performance as part of the surplus and deficit.

Where the classification of an investment property is based on management's judgement, the following criteria have been applied to distinguish investment properties from owner-occupied property and from property held for sale in the ordinary course of business:

- All properties held to earn market-related rentals or for capital appreciation, or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as investment properties.
- land held for a currently undetermined future use,
- a building owned and leased out under one or more operating leases
- leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held.
- a building that is vacant but is held to be leased out under one or more operating leases.

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 the statement of financial performance.

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

Property interests held under operating leases are classified and accounted for as investment property.

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 4).

1.5 Property, plant and equipment

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

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

Property, plant and equipment is initially measured at cost. Subsequent to initial recognition property plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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, its deemed cost is the carrying amount of the asset(s) given up.

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

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

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

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

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 is 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
Land	Straight line	Indefinite
Buildings	Straight line	30 - 80 years
Plant and machinery	Straight line	5 - 17 years
Furniture and fixtures	Straight line	5 - 17 years
Motor vehicles	Straight line	5 - 15 years
Office equipment	Straight line	3 - 12 years
Computer equipment	Straight line	3 - 12 years
Bins and Containers	Straight line	7 - 15 years
Infrastructure		
Road surface layers	Straight line	7 - 50 years
Road structural layers	Straight line	7 - 50 years
Bridges	Straight line	60 - 80 years
Culverts	Straight line	15 years

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.5 Property, plant and equipment (continued)

Storm water	Straight line	50 - 80 years
Electricity	Straight line	30 - 50 years
Water assets	Straight line	40 - 80 years
Sewer pipes	Straight line	20 years
Community		
Buildings	Straight line	30 - 50 years
Sports fields	Straight line	7 - 15 years

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

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

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories upon the rentals 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.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 4).

1.6 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 the 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.

The related asset is measured using the cost model:

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

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.7 Heritage assets

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

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.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a 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 surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.8 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one municipality and a financial liability or a residual interest of another municipality.

MADIBEN'S LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.0 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
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	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
Public Investment Corporation	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Payable from exchange transactions	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost
Payables from non-exchange transaction	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures a financial asset and financial liability initially at its fair value (if subsequently measured at fair value).

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.3 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

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

Short term receivables and payables are not discounted where the initial credit period granted or received is consistent with the terms in the public sector, either through established practices or legislation.

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

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

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

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.8 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair value at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

The difference between the carrying amount and the sum of consideration received is recognised in surplus or deficit.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the municipality assesses the classification of each element separately.

Operating leases - lessor

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

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in the statement of financial performance.

MAHBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.9 Leases (continued)

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.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis over the lease term. Any contingent rents are recognised separately as an expense in the period which they are incurred.

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

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

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

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

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

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

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

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

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

1.11 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

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

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Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

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Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.12 Impairment of non-cash-generating assets

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

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

Identification

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

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

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

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Accounting Policies

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

Value in use

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

The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

Depreciated replacement cost approach

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

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

Reversal of an impairment loss

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

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

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

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occurs when there is clear evidence that such a redesignation is appropriate.

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Accounting Policies

1.43 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

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Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.13 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The municipality measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit-years of service method) allocates each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an municipality shall attribute benefit on a straight-line basis from:

Accounting Policies

5.13 Employee benefits (continued)

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is (OR is not) presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

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Accounting Policies

1.13 Employee benefits (continued)

Other long-term employee benefits

The municipality provides post-retirement health care benefits to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities.

Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

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

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

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

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

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes (as a minimum):

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

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Accounting Policies

1.14 Provisions and contingencies (continued)

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

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

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

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

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

Provisions are not recognised for future operating surplus (deficit).

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 43.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments consist of expenditure committed but not yet incurred. Commitments are categorised as follows:

- Commitments approved and contracted for
- Commitments approved but not yet contracted for

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.

1.16 Revenue from exchange transactions

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

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Accounting Policies

1.16 Revenue from exchange transactions (continued)

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

Measurement

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

Sale of goods

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

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

Consumption based revenue from exchange transactions is determined using the services meter reading. However meter reading were not performed, the average of the previous three months actual reading is used. Where there were no recent service readings the Red Book estimates are used to estimate the services consumed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Interest and dividends

Revenue arising from the use by others of municipality assets yielding interest is recognised when:

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

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

Dividends, or similar distributions, are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

1.17 Revenue from non-exchange transactions

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

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Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.47 Revenue from non-exchange transactions (continued)

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.

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.

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 funding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

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

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

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

Recognition

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

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

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

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.

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

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Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Property rates

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

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

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

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

Debt forgiveness and assumption of liabilities

The municipality recognises revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

Revenue from the issuing of fines is recognised when the definition of an asset is met and when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably
- measurement and best estimates used
- when fines are collected in the capacity of an agent

The municipality has two types of fines: spot fines and summonses. Revenue from traffic fines is recognised at a full amount on the issue of fines. Fines that are subject to settlement discount are measured using the Municipality's consideration on past history in assessing the likelihood of these discounts being taken up by debtors. Revenue is then measured at the fair value of the consideration received or receivable, net of estimated settlement discounts.

Concessional loans received

A concessional loan is a loan granted to or received by the municipality on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the municipality recognises revenue as and when it satisfies the conditions of the loan agreement.

NATIBENG LOCAL MUNICIPALITY

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Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, the fair value of the assets can be measured reliably and to the extent that there has been compliance with any restrictions associated with the grant.

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

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

1.18 Government grants

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

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

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Government grants are recognised as revenue when:

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

1.19 Other grants and donations

Other grants and donations are recognised as revenue when:

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

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

1.20 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.21 Grants in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. 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.

These transfers are recognised in the statement of financial performance as expenses in the period that the events giving rise to the transfer occurred.

1.22 Comparative figures

Reclassification of certain accounts were made in order to comply with the requirements of Municipal Standard Chart of Accounts (MISCOA). The reclassifications have no impact on the net asset value of the municipality.

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year note 4.

1.23 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes:

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

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

1.24 Fruitless and wasteful expenditure

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

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

1.25 Irregular expenditure

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 municipality'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.

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

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

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.26 Irregular expenditure (continued)

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

1.25 Use of estimates

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

1.27 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash. Disclosures are required in respect of unrecognised contractual commitments.

Commitments 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 municipality – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments;
- where the expenditure has been approved and the contract has been awarded at the reporting date; and
- where disclosure is required by a specific standard of GRAP.

Refer to note A1

1.28 Internal reserves

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

1.29 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.30 Housing subsidies

The municipality provides post-retirement housing subsidies for qualifying staff members. The payment of these subsidies is reflected as expenditure in the municipality.

1.31 Investments

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

MAIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.32 Conditional grants and receipts

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

1.33 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available

Reportable segments are the active segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.34 Research and development expenditure

Expenditure on research is recognised as an expense when it is incurred.

An asset arising from development is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset;
- the expenditure attributable to the asset during its development can be measured reliably.

1.35 Budget information

Municipality is 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 01 July 2017 to Saturday, 30 June 2018.

The 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.

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

Accounting Policies

1.36 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

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

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements.

1.37 Events after reporting date

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

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

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

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

1.38 Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements.

Events after the reporting date that are classified as non-adjusting events have been disclosed in the notes to the financial statements.

1.39 Value-added tax

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with Section 15(2) of the VAT 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.

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Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.39 Value-added tax (continued)

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

MADIBENG LOCAL MUNICIPALITY

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2. New standards and interpretations

2.1 Standards and Interpretations early adopted

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

GRAP 12 (as amended 2016): Inventories

Amendments to the Standard of GRAP on Inventories resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 12 on Inventories (IPSAS 12) as a result of the IPSASB's improvements to IPSASs 2015 issued in March 2015.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph 12).
- IPSASB amendments: To align terminology in GRAP 12 with that in IPSAS 12. The term "ammunition" in IPSAS 12 was replaced with the term "military inventories" and provides a description of what it comprises in accordance with Government Finance Statistics terminology.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in its 2018 annual financial statements.

The impact of the amendment is not material.

GRAP 16 (as amended 2016): Investment Property

Amendments to the Standard of GRAP on Investment Property resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IAS 40 on Investment Property (IAS 40) as a result of the IASB's amendments on Annual Improvements to IFRSs 2011 – 2013 Cycle issued in December 2013.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph 12); and to clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
- IASB amendments: To clarify the interrelationship between the Standards of GRAP on Transfer of Functions Between Entities Not Under Common Control and Investment Property when classifying investment property or owner-occupied property.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in the 2018 annual financial statements.

The impact of the amendment is not material.

GRAP 17 (as amended 2016): Property, Plant and Equipment

Amendments to the Standard of GRAP on Property, Plant and Equipment resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's improvements to IPSASs 2014 issued in January 2015 and improvements to IPSASs 2015 issued in March 2015.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph 12); and to clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.

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Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of property, plant, and equipment, is revalued; To clarify acceptable methods of depreciating assets; To align terminology in GRAP 17 with that in IPSAS 17. The term "specialist military equipment" in IPSAS 17 was replaced with the term "weapon systems" and provides a description of what it comprises in accordance with Government Finance Statistics terminology; and To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in the 2018 annual financial statements.

The impact of the amendment is not material.

GRAP 21 (as amended 2016): Impairment of non-cash-generating assets

Amendments to the Standard of GRAP on Impairment of Non-cash Generating Assets resulted from changes made to IPSAS 21 on Impairment of Non-Cash-Generating Assets (IPSAS 21) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in the 2018 annual financial statements.

The impact of the amendment is not material.

GRAP 26 (as amended 2016): Impairment of cash-generating assets

Amendments Changes to the Standard of GRAP on Impairment of Cash Generating Assets resulted from changes made to IPSAS 26 on Impairment of Cash-Generating Assets (IPSAS 26) as a result of the IPSASB's Impairment of Revalued Assets issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in the 2018 annual financial statements.

The impact of the amendment is not material.

GRAP 27 (as amended 2016): Agriculture

Amendments to the Standard of GRAP on Agriculture resulted from changes made to IPSAS 27 on Agriculture (IPSAS 27) as a result of the IPSASB's Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- IPSASB amendments: To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27. In addition to the changes made by the IPSASB, a consequential amendment has been made to GRAP 103 on Heritage Assets. The IPSASB currently does not have a pronouncement on this topic.

The effective date of the amendment is for years beginning on or after 01 April 2018.

The municipality has early adopted the amendment for the first time in the 2018 annual financial statements.

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Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The impact of the amendment is not material.

GRAP 31 (as amended 2016): Intangible Assets

Amendments to the Standard of GRAP on Intangible Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 31 on Intangible Assets (IPSAS 31) as a result of the IPSASB's Improvements to IPSASs 2014 issued in January 2015.

The most significant changes to the Standard are:

- General improvements: To add the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of intangible assets is revalued; and To clarify acceptable methods of depreciating assets

The effective date of the amendment is for years beginning on or after 01 April 2016.

The municipality has early adopted the amendment for the first time in the 2018 annual financial statements.

The impact of the amendment is not material.

GRAP 103 (as amended 2016): Heritage Assets

Amendments to the Standard of GRAP on Heritage Assets resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from editorial changes to the original text.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12); and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets

The effective date of the amendment is for years beginning on or after 01 April 2016.

The municipality has early adopted the amendment for the first time in the 2018 annual financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods:

GRAP 34: Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint venture and associates when an entity prepares separate financial statements.

It furthermore covers Definitions, Preparation of separate financial statements, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

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Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 35: Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers Definitions, Control, Accounting requirements, Investment entities, Fair value requirement, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 36: Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers Definitions, Significant influence, Equity method, Application of the equity method, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 37: Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers Definitions, Joint arrangements, Financial statements and parties to a joint arrangement, Separate financial statements, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 38: Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgements and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

Guideline: Accounting for Arrangements Undertaken in the National Housing Programme

The objective of this guideline: Entities in the public sector are frequently involved in the construction of houses as part of government's housing policy, implemented through the national housing programme, which is aimed at developing sustainable human settlements. The Housing Act, Act No. 107 of 1997 provides information about the housing programmes that fall within the scope of the national housing programme. Concerns were raised by preparers about the inconsistent accounting applied to housing arrangements undertaken by entities under the national housing programme. Different accounting may be appropriate where there are differences between the terms and conditions of arrangements concluded by entities. However, under housing arrangements that are undertaken in terms of the national housing programme, there are common features and issues that need to be considered. As a result, the Board agreed to develop high-level guidance for arrangements undertaken in terms of the national housing programme.

It covers: Background to arrangements undertaken in terms of the national housing programme, Transactions that affect the accounting of housing arrangements, Consider whether the municipality undertakes transactions with third parties on behalf of another party, Accounting by municipalities appointed as project manager, Disclosure requirements, Accounting by municipalities appointed as project developer, Accounting for the accreditation fee, commission, administration or transaction fee received, Land and infrastructure, Conclusion and Application of this Guideline to existing arrangements.

The effective date of the guideline is not yet set by the Minister of Finance.

The municipality expects to adopt the guideline for the first time when the Minister sets the effective date for the guideline.

It is unlikely that the guideline will have a material impact on the municipality's annual financial statements.

GRAP 110: Living and Non-living Resources

The objective of this Standard is to prescribe the:

- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources

It furthermore covers Definitions, Recognition, Measurement, Depreciation, Impairment, Compensation for Impairment, Transfers, Derecognition, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 110 (as amended 2016): Living and Non-living Resources

Amendments to the Standard of GRAP on Living and Non-living Resources resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on Property, Plant and Equipment (IPSAS 17) as a result of the IPSASB's improvements to IPSASs 2014 issued in January 2015 and improvements to IPSASs 2015 issued in March 2016.

Notes to the Annual Financial Statements

2. New standards and Interpretations (continued)

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23; and To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets
- IPSASB amendments: To clarify the revaluation methodology of the carrying amount and accumulated depreciation when a living resource is revalued; To clarify acceptable methods of depreciating assets; and To define a bearer plant and include bearer plants within the scope of GRAP 17 or GRAP 110, while the produce growing on bearer plants will remain within the scope of GRAP 27

The effective date of the amendment is for years beginning on or after 01 April 2020.

The municipality expects to adopt the amendment for the first time in the 2020 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 19 (as amended 2016): Segment Reporting

Amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

- General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the amendment is for years beginning on or after 01 April 2019.

The municipality expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence.

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 108: Statutory Receivables

The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 408: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definition, identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

ISRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the interpretation is not yet set by the Minister of Finance.

The municipality expects to adopt the interpretation for the first time when the Minister sets the effective date for the interpretation.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

ISRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land

This Interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

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2. New standards and interpretations (continued)

When an entity concludes that it controls the land after applying the principles in this Interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets. As this Interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined. An entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this Interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately. These assets are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in buildings and other structures. The recognition and derecognition of buildings and other structures are not addressed in this Interpretation of the Standards of GRAP.

The effective date of the Interpretation is for years beginning on or after 01 April 2019.

The municipality expects to adopt the Interpretation for the first time in the 2019 annual financial statements.

It is unlikely that the Interpretation will have a material impact on the municipality's annual financial statements.

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods but are not relevant to its operations:

3. Investment property

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	168 005 000	-	168 005 000	317 245 000	-	317 245 000

Reconciliation of investment property - 2018

	Opening balance	Fair value adjustments	Total
Investment property	317 245 000	(149 240 000)	168 005 000

Reconciliation of investment property - 2017

	Opening balance	Prior year corrections	Fair value adjustments	Total
Investment property	286 791 500	16 592 000	33 861 500	317 245 000

The investment property as fair valued by an independent valuator. The fair value of investment property was assessed at the end of the financial year and the significant changes in the fair value of the properties was adjusted.

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.

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Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
3. Investment property (continued)		
Income and Expenditure		
Rental income	1 407 646	1 212 806

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Notes to the Annual Financial Statements

Fixed Assets

4. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	870 450 559	-	870 450 559	870 450 559	-	870 450 559
Buildings	149 231 073	(31 669 545)	117 561 528	149 661 073	(25 668 160)	123 992 913
Infrastructure	7 336 738 121	(3 788 609 838)	3 548 128 283	7 322 713 563	(3 322 690 926)	4 000 022 637
Community	200 532 832	(33 266 328)	167 266 504	200 532 832	(25 682 536)	174 850 296
Work in progress	132 810 491	-	132 810 491	553 755 880	-	553 755 880
Other property, plant and equipment	116 512 583	(13 585 371)	102 927 212	81 145 381	(23 684 662)	57 460 719
Total	9 406 825 761	(3 888 151 125)	5 518 674 636	9 132 003 387	(3 413 025 988)	5 718 977 399

Reconciliation of property, plant and equipment - 2018

	Opening Balance	Additions	Transfers	Depreciation	Impairment loss	Total
Land	870 450 559	-	-	-	-	870 450 559
Buildings	117 561 528	-	-	(14 821 151)	(234)	102 739 143
Infrastructure	4 000 022 637	-	(4 027 618)	(446 437 452)	(3 331 556)	2 567 123 255
Community	167 266 504	-	-	(8 193 559)	-	159 072 945
Work in progress	553 755 880	100 002 232	(14 021 618)	-	-	639 736 494
Other property, plant and equipment	57 460 719	21 767 221	-	(14 133 828)	-	65 094 112
	5 718 977 399	214 810 453	-	(179 053 425)	(3 331 793)	5 518 674 636

Costs of day-to-day servicing, i.e. repairs and maintenance are expensed; only costs incurred to improve an asset can be capitalised.

Repairs & maintenance

104 205 139 122 538 563

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Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Transfers received	Prior year corrections	Assets written off	Depreciation	Impairment loss	Total
Land	333 521 273	-	-	2 497 200	(21 567 615)	-	-	870 450 858
Buildings	109 370 038	-	-	17 157 264	-	15 135 090	-	122 612 313
Infrastructure	252 487 138	-	49 444 817	123 183 489	145 127 335	143 753 359	(384 238) 4 902 010 636	-
Community	173 189 889	-	7 264 532	5 318	-	20 567 772	-	173 950 431
Work in progress	532 630 392	243 051 126	(30 798 244)	(223 746 905)	552 355 459	-	-	553 735 330
Other property, plant and equipment	57 972 764	3 183 154	-	2 510 541	-	110 781 350	-	65 160 799
	6 110 621 210	252 614 259	-	(5 187 521)	(129 748 447)	1488 837 790	(384 238) 4 902 010 636	

5. Heritage assets

	2018			2017		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	10 100	-	10 100	10 100	-	10 100

Reconciliation of heritage assets 2018

	Opening balance 10 100	Total 10 100
Art Collections, antiquities and exhibits		

NADIBENG LOCAL MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
5. Heritage assets (continued)		
Reconciliation of heritage assets 2017		
	Opening balance	Total
	10 100	10 100
Art Collections, antiquities and exhibits		
6. Inventories		
Consumable stores	9 018 861	12 377 512
Water	487 354	487 354
Unsold Properties Held for Resale	10 318	10 318
	9 514 533	12 889 184
7. Receivables from exchange transactions		
Gross balances		
Electricity	248 920 492	264 532 924
Water	354 069 608	257 335 578
Sewerage	92 845 117	53 921 000
Refuse	128 109 168	66 772 063
Other	75 041 633	492 401 252
	898 736 010	1 154 963 317
Less: Allowance for impairment		
Electricity	(174 980 372)	(166 955 238)
Water	(276 251 778)	(182 724 633)
Sewerage	(74 748 336)	(43 504 096)
Refuse	(102 440 741)	(69 385 885)
Other	(51 227 000)	(336 135 594)
	(679 645 924)	(817 706 379)
Net balance		
Electricity	73 940 120	78 577 686
Water	77 817 833	74 610 915
Sewerage	17 898 781	10 417 504
Refuse	25 668 727	17 386 175
Other	23 814 633	156 264 656
	219 140 094	337 256 936
Electricity		
Current (0 -30 days)	49 652 620	48 352 182
31 - 60 days	11 682 686	12 607 676
61 - 90 days	12 663 462	11 563 456
> 90 days	177 918 735	192 409 601
Provision for debt impairment	(174 980 372)	(166 955 238)
	73 940 120	78 577 686

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Figures in Rand

2018 2017

7. Receivables from exchange transactions (continued)

Water		
Current (0 -30 days)	55 625 839	51 480 801
31 - 60 days	15 658 832	14 787 480
61 - 90 days	15 488 325	13 845 582
91 - 120 days	287 288 392	177 210 727
Provision for debt impairment	(276 281 778)	(182 724 883)
	77 817 833	76 610 919
Sewerage		
Current (0 -30 days)	1 262 582	1 878 181
31 - 60 days	4 963 688	4 530 430
61 - 90 days	3 925 863	3 503 382
91 - 120 days	82 493 087	44 205 027
Provision for debt impairment	(74 746 336)	(43 504 096)
	17 898 781	10 417 504
Refuse		
Current (0 -30 days)	5 585 935	5 999 923
31 - 60 days	2 482 866	2 483 476
61 - 90 days	2 109 852	2 083 641
91 - 120 days	117 530 715	75 208 023
> 365 days	(103 440 441)	(69 385 088)
	25 666 727	17 388 173
Other (apenalty)		
Current (0 -30 days)	39 533 885	41 456 698
31 - 60 days	17 622 386	16 598 778
61 - 90 days	16 523 665	14 836 954
91 - 120 days	1 331 597	418 505 822
> 365 days	(51 227 000)	(333 136 594)
	23 814 633	158 284 658
Reconciliation of allowance for impairment	(248 230 780)	(718 398 549)
Contributions to allowance	168 584 856	(99 310 930)
Debt impairment written off against allowance	(679 648 924)	(817 706 479)

8. Receivables from non-exchange transactions

Fines	13 818 289	9 625 010
Rates	673 216 334	603 975 228
Duplicate payments to suppliers	1 647 063	1 647 063
Allowance for impairment	(255 936 926)	(343 374 208)
	432 742 766	171 873 092

Receivables income not received. This income was receipted on the Debtors account without being received on the bank statement of the municipality.

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Figures in Rand	2018	2017
8. Receivables from non-exchange transactions (continued)		
Ages		
Current (0 - 30 days)	90 560 353	86 307 913
31 - 60 days	14 995 302	12 065 104
61 - 90 days	13 365 200	14 432 350
> 90 days	546 305 474	391 119 891
Allowance for debt impairment	(255 938 928)	(343 374 208)
	417 277 406	180 301 019

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	(414 600 205)	(381 713 737)
Allowance for impairment	87 322 799	(32 886 468)
	(327 277 406)	(414 600 205)

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	75 193	70 982
Bank balances	28 148 723	32 263 215
Short-term deposits	5 403 820	1 031 368
	33 601 330	33 365 573

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Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

	2018			2017		
Figures in Rand						
3. Cash and cash equivalents (continued)						
The municipality had the following bank accounts						
Account number / description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
ABSA Bank Cheque Account- 64000373	-	1 196 306	3 676 260	13 823 173	13 549 848	(10 349 864)
ABSA Bank Cheque Account (Top Structure housing) - 4052333735	-	8 404	-	3 012	3 012	3 012
ABSA Bank Cheque Account (OD) - 4054697953	-	157 745	-	(1 550 081)	(1 118 219)	171 354
ABSA Bank Cheque Account (Licences) - 4052379233	-	100 671	-	24 158	181 903	1 941 487
FNB Mail - 62547261802	(2 113 631)	2 359 795	24 333 817	(37 592 946)	(5 370 367)	25 765 920
FNB water - 62457271123	-	-	-	11 040 146	10 445 036	(1 319 872)
FNB licensing 32547623103	46 342	48 036	-	46 387	45 081	3 181 702
Standard Bank Call Account- 38433322002	-	-	899 997	-	-	867 066
Traffic FNB 62547268872	-	-	-	-	-	42 911
Standard Bank Call Account- 38433322002	-	-	4 540	712	(37 847)	4 840
Invested Capital	1 018 724	953 386	951 325	1 018 724	953 386	951 325
Markets(1402189013502)	-	-	-	184 558	184 558	-
ABSA Bank Call Account	-	-	66 685	-	-	66 685
Standard Bank	-	-	-	-	-	-
FNB Call Account - MIG 62576508323	6 214	18 305	3 337 872	5 214	18 005	3 337 272
FNB Call Account - FMG 62550510153	1 275	5 990	139 082	1 275	5 990	139 082
FNB Call Account - DWAF 62550511424	-	9 507	17 345 337	-	9 507	17 345 337
FNB Call Account - MSIG 62550504263	-	2 571	2 503	-	2 671	2 503
FNB Call Account - NEF 62559313003	4 318 980	16 103	1 407 476	4 318 980	16 103	1 407 476
FNB Call Account - EPWP 62564478016	10 023	3 202	2 313 497	10 023	3 202	2 313 497
FNB Call Account - EQS 62564475210	16 248	5 128	90 928	16 248	5 128	90 928
FNB Call Investment 62564473941	-	352	3 006 763	-	352	3 006 763
FNB Call Account - MIG Retention 62564479566	18 020	17 021	20 528 041	18 060	17 021	20 528 041
Total	3 220 386	5 199 221	77 946 113	(9 563 347)	23 869 330	69 953 265

VBS Bank - During the financial year VBS Mutual bank experienced financial difficulties which led to breach of contracts when some of the matured investments and deposits could not be honoured. The reserve bank has placed VBS Mutual bank under curatorship in 2018. The Municipality had a short term deposit of R31 504 247.42. The Municipality accounts for short term deposits as financial assets verified at amortised cost. The curator and National Treasury have only guaranteed retail depositors up to R100 000 per depositor, corporate and Municipalities deposits are not guaranteed. The Municipality has impaired the total investment of R31 504 247.42 since there are no future cash flow expected from the VBS Mutual bank investment.

40. Other financial assets

Designated at fair value		
Listed shares	1 518 301	1 760 658

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Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
10. Other financial assets (continued)		
Unit trusts	9 826 827	9 332 177
Other investments	6 723 642	6 300 791
	17 068 970	16 523 624
	17 068 970	16 523 624
	-	-
	-	-
Non-current assets		
Fair value	13 027 724	12 775 129
Current assets		
Fair value	4 041 246	3 748 496
Non-current assets	13 027 724	12 775 129
Current assets	4 041 246	3 748 496
	17 068 970	16 523 624
11. Payables from exchange transactions		
Trade payables	274 956 027	311 163 265
Payments received in advance	102 967 972	219 096 129
Retentions	46 134 796	52 243 869
Unallocated deposits	90 133 258	-
Other payables	19 860 089	1 375 827
	534 051 142	583 879 090
12. Payables from non-exchange transactions		
Accrued costs	7 845 091	7 766 098
Accrued leave pay	27 981 409	27 103 089
Salaries third party payments	12 458 612	12 632 658
	47 865 339	47 554 745
13. VAT payable		
Tax refunds payables	-	55 107 756
14. Consumer deposits		
Consumer deposits	15 946 827	13 945 186
15. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Library Grant	937 137	326 637

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
15. Unspent conditional grants and receipts (continued)		
Movement during the year		
Balance at the beginning of the year	328 837	361 054
Additions during the year	214 046 000	264 631 000
Income recognition during the year	(213 335 500)	(264 715 417)
	987 137	328 637

The municipality has complied with all the conditions set by the transferring organ of State or the conditions set by the other institutions who made allocations to the municipality. The unspent portion of conditional allocations are disclosed as unspent conditional grants on the face value of the Statement of Financial Position of the municipality.

See note 27 for reconciliation of grants.

These amounts are invested in a ring-fenced investment until utilised.

16. Finance lease obligations

Minimum lease payments due	-	5 654 662
- within one year	-	1 350 435
- in second to fifth year inclusive	-	7 015 097
Less: future finance charges	-	(1 328 243)
Present value of minimum lease payments	-	5 716 864
Non-current liabilities	-	1 248 512
Current liabilities	-	4 470 343
	-	5 716 855

The municipality has leased computer equipment from Flame IT. The average lease term is 3 years and the average effective borrowing rate was 10% (2017: 10%).

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

17. Public Investment Corporation

At amortised cost	1 115 455 994	986 965 145
Public Investment Corporation (PIC)		
Non-current liabilities	1 115 455 994	986 965 145
Public Investment Corporation (PIC)		

Defaults and breaches

A loan to Public Investment Corporation with carrying amount of R 1 115 455 994- (2017: R986 965 145) was in default as a result of not meeting capital repayment requirements as it is under litigation.

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Figures in Rand	2018	2017
18. Employee benefit obligations		
Post employment medical aid plan		
The municipality offers employee and continuation member opportunity of belonging to one of the several medical aid schemes, most of which offer a range of options pertaining to levels of cover.		
Upon retirement, an employee continues membership of the medical scheme. Upon a member's death-in-service or death in-retirement, the surviving dependants may continue membership of the medical scheme.		
Post retirement medical aid plan		
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	165 835 927	142 453 000
Benefits paid	(3 941 000)	(2 732 462)
Net expense recognised in the statement of financial performance	(731 000)	20 115 389
	161 163 927	159 835 927
Net expense recognised in the statement of financial performance		
Current service cost	8 593 000	8 340 263
Interest cost	10 033 000	13 797 870
Actuarial (gains) losses	(28 357 000)	3 977 436
	(731 000)	20 115 389

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18. Employee benefit obligations (continued) Key assumptions used

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used.

Consequently, a discount rate of 10.90% per annum has been used. The corresponding medical inflation rate of 9.40%. These rates do not reflect any adjustment for taxation. These rates were deduced from the Johannesburg Stock Exchange (JSE) Zero Coupon bond yield after the market close on 30 June 2018.

The rate is calculated by using a weighted average of yields for the three components of the liability. Each component's fixed-interest and index-linked yield was taken from the JSE (Best Bid) Zero Coupon bond yield curve at the component's liability-weighted average duration, using an iterative process (because the yield depends on the liability, which in turn depends on the yield).

Health Care Cost Inflation Rate: This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.

A health care cost inflation rate of 9.29% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 7.79%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 0.50% which derives from $((1+9.84\%)/(1+9.29\%))-1$.

The expected inflation assumption of 7.40% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities and those of fixed interest bonds (9.84%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases.

NADIBENG LOCAL MUNICIPALITY

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Figures in Rand	2018	2017
18. Employee benefit obligations (continued)		
Long service Award		
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	20 146 760	19 324 537
Benefits paid	(1 365 000)	(2 087 413)
Net expense recognised in the statement of financial performance	2 123 000	2 849 636
	20 804 760	20 146 760

Net expense recognised in the statement of financial performance

Current service cost	1 511 000	2 081 000
Interest cost	1 513 000	1 728 636
Actuarial (gains) losses	(1 701 000)	(961 000)
	2 123 000	2 849 636

Key assumptions used

In estimating the unfunded liability for LSA of the Municipality a number of actuarial assumptions are required. The GRAP 25 Statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary.

It should be noted that the valuation method and assumptions do not affect the ultimate cost of the LSA— this is determined by actual experience and by the benefits provided. The method and assumptions influence how the past service liability and future service costs are recognised over time.

The key financial and demographic assumptions are summarised below:

Discount rates used	8.80 %	8.85 %
Expected rate of return on assets	5.50 %	6.24 %
Expected rate of return on reimbursement rights	5.50 %	7.24 %

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used.

Consequently, a discount rate of 8.80% per annum has been used. This is derived by using a liability-weighted average of the yields corresponding to the average term until payment of long service awards, for each employee. These rate do not reflect any adjustment for taxation. These rates were deduced from the Johannesburg Stock Exchange (JSE) Zero Coupon bond yield after the market close on 30 June 2018.

Salary Inflation Rate: This assumption is required to reflect the estimated growth in salaries of the eligible employees until retirement. It is important in that the LSA are based on an employee's salary at the date of the award.

The assumption is traditionally split into two components, namely General Salary Inflation and Promotional Salary Escalation. The latter is considered under demographic assumptions.

MAGIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

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18. Employee benefit obligations (continued)

General Salary Inflation: This assumption is more stable relative to the growth in Consumer Price Index (CPI) than in absolute terms. In most industries, experience has shown, that over the long-term, salary inflation is between 1.0% and 1.5% above CPI inflation.

The expected inflation assumption of 6.06% was obtained from the differential between market yields on index-linked bonds (1.41%) consistent with the estimated terms of the liabilities and those of nominal bonds (9.43%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). Therefore, expected inflation is determined as $((1+9.43\%-2.50\%)/(1+1.41\%))-1$.

Thus, a general salary inflation rate of 7.36% per annum over the expected term of the liability has been assumed, which is 1.00% higher than the estimate of CPI inflation over the same term. This assumption reflects a net discount rate of 0.88%.

It has been assumed that the next salary increase will take place on 1 July 2019.

19. Provisions

Reconciliation of provisions - 2018

	Opening Balance	Additions	Total
Provision for the restoration of landfill site	17 895 846	11 590 124	29 485 969

Reconciliation of provisions - 2017

	Opening Balance	Additions	Total
Provision for the restoration of landfill site	16 240 535	1 655 310	17 895 845

Key financial assumptions used for the valuation of the closure costs for the Hartbeesfontein landfill site are as follows:

CPI	4.48%	7.77%
Discount rate	7.23%	8.32%
Nett effective discount rate		2.75%
0.55%		

It is estimated that the landfill site has a remaining useful life of 4 years.

Environmental rehabilitation provision

The estimate is in respect of the landfill site currently in operation. The landfill site needs to be rehabilitated in 2022.

20. Service charges

Sale of electricity	451 194 169	453 060 089
Sale of water	106 488 894	148 468 809
Sewerage and sanitation charges	43 293 001	40 743 853
Refuse removal	49 561 597	36 568 077
	660 537 661	682 166 627

21. Commission received

Commission received	12 252 539	11 458 654
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MADIBENG LOCAL MUNICIPALITY

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Figures in Rand	2018	2017
21. Commission received (continued)		
The commission received is 20% agency fee from income receive from Traffic department .		
22. Interest received		
Interest revenue	7 073 046	4 300 846
Investments	83 813 396	95 353 921
Interest charged on trade and other receivables	90 886 445	99 654 787
	-	-
	90 886 445	99 654 787
23. Other operational revenue		
Advertising hoarding	70 297	47 876
Cemetery fees	1 063 889	954 172
Insurance commission	178 637	169 365
Notice fees	1 736 766	2 199 297
Other income	2 347	51 661
Stock Surpluses	-	164 391
Sub. services	102 932	34 345
Extinguishing fires	123 273	20 200
Clearance certificates	131 322	133 135
Assets donations	-	53 850
Building plans	1 019 588	905 221
Reconnection fees	3 412 513	3 433 048
Refuse removal departmental sales	58 082	270 831
Service connections	29 395	156 811
Servitude income	86	248 535
Lender document fees	1 272 540	438 100
Town planning	235 583	474 110
Valuation fees	9 673	13 483
	9 448 263	9 778 230
24. Fair value adjustments		
Investment property (Fair value model)	(149 240 000)	39 861 500
Other financial assets	-	213 780
* Other financial assets (Fair value)	-	-
	(149 240 000)	40 075 280
25. Rental of facilities and equipment		
Premises	-	39 167
Premises	-	23 800
Theatre hire	-	33 652
Venue hire	128 134	986 107
House rent	1 204 007	81 212
Other Halls rentals	-	-
	1 333 141	1 183 938
Facilities and equipment		
Rental of facilities	-	24 295
Hawkers stall's rent	74 505	44 574
	74 505	68 869

MADIBENG LOCAL MUNICIPALITY

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	2018	2017
26. Rental of facilities and equipment (continued)		
Premises	1 333 141	1 183 938
Garages and parking	-	-
Facilities and equipment	74 905	68 869
	1 407 946	1 242 807

26. Property rates

Rates received

Residential	186 378 279	174 228 883
Commercial	49 448 289	71 927 519
State	16 558 047	36 358 215
Small holdings and farms	26 619 189	13 553 385
	266 006 000	286 045 962

Valuations

Residential	21 892 392 224	21 892 392 224
Commercial	5 940 462 923	5 940 462 923
State	2 132 942 300	2 132 942 300
Municipal	1 492 166 150	1 492 166 150
Small holdings and farms	8 862 922 166	8 862 922 166
	40 320 875 763	40 320 875 763

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 01 July 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

All categories of properties as stated in the General and supplementary valuation roll have a unique tariff linked to in a ratio of 1:1 in relation to residential properties and regulated properties rated are applied in terms of Municipal Property Rates Regulations as published in the Government Notice Number R.363 of 27 March 2009 which 1:0.25. State-owned properties are exempted from rebates by virtue of ownership. Indigent consumers receives 100% rebate while pensioners receive a maximum of 50% rates rebate.

27. Government grants and subsidies

Operating grants		
Equitable share	537 442 000	533 046 000
Finance management grant	1 700 000	1 625 000
	569 142 000	534 673 000
Capital grants		
Expanded public works programme	2 561 000	1 545 000
Municipal infrastructure grant	164 755 000	248 907 000
Integrated national electrification	14 000 000	11 304 000
Library grants	-	1 334 417
	211 316 000	283 090 417
	780 458 000	787 763 417

Equitable Share

In terms of the Division of Revenue Act, the annual equitable share allocated to the municipality is an unconditional grant. A portion of this grant is used to subsidise the provision of basic services to indigent community members in line with national policy.

MADIBENG LOCAL MUNICIPALITY

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27. Government grants and subsidies (continued)

Department of Water Affairs and Forestry

To subsidise and build capacity in water schemes owned and/or operated by the Department of Water Affairs (DWA) or by other agencies on behalf of the department and transfer these schemes to local government.

Conditions still to be met - remain liabilities (see note 15).

Finance Management Grant

Current-year receipts	1 700 000	1 625 000
Conditions met - transferred to revenue	(1 700 000)	(1 625 000)

This grant is intended to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA). The conditions of the grant were met. No funds have been withheld.

Municipal Systems Improvement Grant

This grant is intended to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government Systems Act and related legislation and policies. The conditions of the grant were met. No funds have been withheld.

Expanded Public Works Programme

Current-year receipts	2 591 000	2 545 000
Conditions met - transferred to revenue	(2 591 000)	(1 545 000)

This grant is intended to incentivise municipalities to expand work creation efforts through the use of labour intensive self-help methods in different areas in compliance with the EPWP guidelines.

Conditions still to be met - remain liabilities (see note 15).

Library Grant

Balance unspent at beginning of year	326 637	326 637
Current-year receipts	1 000 000	1 334 417
Conditions met - transferred to revenue	(339 800)	(1 334 417)
	987 137	326 637

To transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a capitalised programme at provincial level in support of national and local government initiatives.

Conditions still to be met - remain liabilities (see note 15).

MADIBENG LOCAL MUNICIPALITY

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27. Government grants and subsidies (continued)

Municipal Infrastructure Grant

Current-year receipts	194 755 000	248 907 000
Conditions met - transferred to revenue	(194 755 000)	(248 907 000)

The grant is intended to provide capital finance for basic municipal infrastructure for poor households, micro enterprises and social institutions, to provide for new, rehabilitation and upgrading of municipal infrastructure.

Conditions still to be met - remain liabilities (see note 15).

Integrated National Electrification Programme

Current-year receipts	14 000 000	11 304 000
Conditions met - transferred to revenue	(14 000 000)	(11 304 000)

This grant is intended to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply. The conditions of the grant were met. No funds have been withheld.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

28. Revenue

Service charges	660 167 651	662 166 327
Rental of facilities and equipment	1 407 846	1 242 807
Licences and permits	6 121 048	6 229 320
Commissions received	12 252 589	11 455 654
Donations	285 360	-
Other income	9 448 263	9 778 220
Interest received - investment	90 666 446	99 664 767
Property rates	256 038 000	296 045 662
Government grants & subsidies	720 488 000	767 763 417
Fines, Penalties and Forfeits	4 366 093	2 892 204
	1 824 064 095	1 877 328 978

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

Service charges	660 167 651	662 166 327
Rental of facilities and equipment	1 407 846	1 242 807
Licences and permits	6 121 048	6 229 320
Commissions received	12 252 589	11 455 654
Other income 1	285 360	-
Other income	9 448 263	9 778 220
Interest received - investment	90 666 446	99 664 767
	780 572 002	810 527 395

MACHABENG LOCAL MUNICIPALITY

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Figures in Rand	2018	2017
28. Revenue (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue	258 036 000	256 345 962
Property rates		
Government grants and subsidies	780 488 000	787 733 417
Government grants and subsidies	4 988 093	2 992 204
Fines, Penalties and Forfeits		
	1 043 482 093	1 066 307 583
29. Bulk purchases		
Electricity	397 501 315	393 355 205
Water	108 468 423	99 620 141
	505 969 738	492 975 346
30. Contracted services		
Presented previously		
Information Technology Services	44 344 365	90 703 623
Heat Services	3 730 303	1 743 461
Operating leases	26 756 793	33 254 714
Specialist Services	61 847 039	73 535 282
Installation of pre-paid electricity meters	15 146 032	40 799 853
Valuation roll	5 616 376	11 607 556
Other Contractors	32 093 591	7 360 815
Total	189 524 798	259 308 324
31. Debt impairment		
Debt impairment	(128 997 789)	157 979 102
32. Depreciation		
Property, plant and equipment	470 964 200	468 557 789

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33. Employee related costs

Related parties remunerations

Acting allowances	4 457 938	7 277 130
Basic	236 976 627	203 014 476
13th cheques	17 525 384	16 667 832
Housing benefits and allowances	2 090 890	1 863 801
Industrial council	1 06 163	108 880
Leave pay provision charge	10 531 513	14 670 230
Medical aid - company contributions	22 347 081	27 782 836
Overtime payments	38 828 654	41 360 112
Provident and pension fund	58 828 386	53 163 092
Stand by allowances	2 532 682	2 286 370
Transitional allowances	-	9 486
Telephone/cellphone allowance	275 215	279 004
Travel allowances	25 528 771	22 161 151
UIF	1 841 432	1 607 360
	<u>428 340 768</u>	<u>392 301 688</u>

Remuneration of Municipal Manager

Annual remuneration	392 408	-
Acting allowance, Travelling allowance, Subsistence and other allowances	571 581	656 832
Contribution to UIF, SDL, Medical and Pension Fund	132 917	-
	<u>1 036 916</u>	<u>656 832</u>

The Acting municipal Manager Mr BE Mankaka served for the period 01 July -31 July 2017

The Acting municipal Manager Ms MG Magoale served for the period 01 September 2017- 31 January 2018.

Mr MM Mafuoka appointed as Municipal Manager from 02 February 2018 to date.

Remuneration of Chief Financial Officer

Annual remuneration	368 826	-
Acting allowance, Travelling allowance, Subsistence and other allowances	452 202	472 094
Contribution to UIF, SDL, Medical and Pension Fund	67 913	-
	<u>876 441</u>	<u>472 094</u>

The Acting Chief Financial Officer Mr SF Rikhotse served for the period 01-31 July 2017

The Acting Chief Financial Officer Mr MJ Motlateng served for the period December 2017, February, March and April 2018

MM Mafuoka Appointed as CFO as from 01 October 2017 to 31 January 2018

Remuneration of Chief Operating Officer

Annual remuneration	-	688 973
Acting allowance, Travelling allowance, Subsistence and other allowances	-	536 770
Contribution to UIF, SDL, Medical and Pension Fund	-	199 073
	-	<u>1 436 816</u>

The Chief Operating Officer Mr AK Motise

Remuneration of Director Community Services

Annual remuneration	166 000	-
Acting allowance, Travelling allowance, Subsistence and other allowances	668 634	649 780
Contribution to UIF, SDL, Medical and Pension Fund	51 000	-
	<u>733 534</u>	<u>649 780</u>

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35. Other operational expenses

Advertising	3 042 330	2 399 314
Auditors remuneration	3 389 043	3 588 239
Bank charges	1 026 340	2 302 333
Consulting and professional fees	4 488 116	1 936 967
Consumables	17 145 636	894 302
Debt collection	303 276	321 730
Course fees	-	14 694
Discount allowed	-	1 629 322
Refreshments	-	862 693
Corporate identity	151 203	320 362
Grant expenses	192 237	5 347 613
Insurance	8 960 082	8 088 858
Community development and training	228 272	211 070
Sport development	95 576	125 474
Geographical information system	442 863	1 231 131
IDP process	8 893	12 552
Marketing	124 020	54 538
Medical expenses	-	13 600
Motor vehicle expenses	563 167	1 047 422
Water and electricity	15 041 793	18 666 370
Postage and courier	5 232	-
Printing and stationery	3 567 784	2 423 516
Audit committee costs	121 262	242 861
Protective clothing	1 672 376	1 873 484
Repairs and maintenance	104 858 911	122 368 563
Subscriptions and membership fees	383 759	297 132
Telephone and fax	6 113 479	9 490 569
Training cost	4 030 775	2 650 346
Travel and accommodation	16 853 518	2 978 534
Refuse	1 938 662	490 848
SALGA	4 208 720	3 647 540
Formalisation of townships	-	25 000
Licence fees	2 599 401	1 433 195
Write offs	33 286 212	460 371
Training levy	76 050	3 353 319
Other expenses	1 116 747	94 992
Attending of meetings and congresses	254 661	504 480
Printing of statements	-	3 246 164
Provision alleviation programmes	-	5 191 067
Social programmes	333 248	4 647 331
Ward committees expenses	4 468 250	2 733 000
Mayoral out-reach programme	531 824	1 779 723
Chemical cost	5 873 129	7 835 246
Community participation	1 138 210	2 172 243
Compensation insurance	-	1 958 749
Mobile chemical toilets	646 889	3 426 513
	245 504 394	231 320 144

36. Impairment of assets

Impairments		
Property, plant and equipment	3 331 702	384 298

MADIBENG LOCAL MUNICIPALITY
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Notes to the Annual Financial Statements

37. Leases rentals on operating lease

Motor vehicles	108 839 995	-
Contractual amounts		
Equipment	2 049 319	5 712 510
Contractual amounts		
Plant and equipment	-	120 870
Contractual amounts	110 889 314	5 833 381
<hr/>		
Minimum lease payments due	173 428 836	5 833 381
- within one year	236 122 968	-
- in second to fifth year inclusive	464 551 804	5 833 381
Total		

The Municipality has leased vehicles from BRT through an operating lease for a period of three years (36 months). R13 599 522 monthly instalments are accrued and payable on a quarterly bases. The annual escalation rate is 9%. The straight lined R108 839 973 operating lease expenditure was recognised in the statement of financial performance.

38. Loss on disposal of assets

Gains or losses arising from write offs	129 135 441
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39. Remuneration of councillors

Related parties remunerations

Executive mayor	856 802	850 953
Speaker	691 607	612 302
Chief Whip	648 204	578 261
Mayoral committee members	7 072 787	6 410 051
Other Councillors	21 260 845	17 047 044
	30 531 418	25 453 611

MAOBENG LOCAL MUNICIPALITY

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40. Cash generated from operations

Surplus / (deficit)	(311 113 012)	(351 591 335)
Adjustments for:		
Depreciation and amortisation	470 954 200	458 567 739
Loss on PPE	-	129 516 739
Fair value adjustments	148 240 000	(40 075 280)
Finance costs - P&MA	20 940 000	13 797 670
Finance costs - Refutation provision	5 873 269	-
Impairment - PPE	3 261 732	-
Debtors impairment - receivables from non-exchange transactions	12 632 590	(87 435 281)
Finance costs - ISA	-	1 729 636
Movement in operating lease straight-lining liability	40 107 321	-
Movement in employee benefit liability	(24 860 000)	8 618 171
Increase in leave and bonus accrual	(334 415)	(334 415)
Debtors impairment - receivables from exchange transactions	-	(138 060 556)
Accumulated surplus	-	1 907 929
Movement in provisions	-	1 565 310
Changes in working capital:		
Inventories	3 350 631	2 016 036
Decrease / (increase) in receivables from exchange	118 116 644	(97 311 530)
Decrease / (increase) in receivables from non-exchange	(273 552 366)	26 481 976
Prepayment	(3 516 144)	430 578
VAT payable	(17 346 938)	45 400 241
Payables from non-exchange transactions	(49 827 947)	123 768 812
Unspent conditional grants and receipts	660 500	(34 417)
Consumer deposits	2 001 641	723 208
(Decrease) / Increase other financial assets	(262 751)	(289 851)
Payables from exchange transactions	445 029	7 444 521
	92 635 054	106 916 954

41. Commitments

Authorised capital expenditure

Commitments approved and contracted for		
* Property, plant and equipment	197 575 247	175 113 200
Commitments approved but not yet contracted for		
* Property, plant and equipment	87 682 753	136 373 930
Total capital commitments		
Commitments approved and contracted for	197 575 247	175 113 200
Commitments approved but not yet contracted for	87 682 753	136 373 930
	285 258 000	311 487 130

The Commitments balance of R224 372 033 for 2016/17 erroneously excluded some payments made and the balance was revised to R175 113 200, resulting in a decrease in disclosure of commitments of R49 258 833. The change did not affect the Statement Financial Performance and the Statement of Financial Position.

This committed expenditure relates to property and will be financed by available bank facilities, grants, retained surpluses, existing cash resources, funds internally generated, etc.

42. Auditors' remuneration

Fees	3 369 043	3 589 239
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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

43. Contingencies

Category A: Claim exceeding R500 000

Category B: Claims between R100 000 and R500 000.

Category C: other Legal matters less than R100 000.

Contingent assets

Contingent Liabilities

Category A Claims

1. White Leopard - Claim for security service rendered to the municipality	5 569 102	5 569 102
2. Chiefton Facility Management - Claim for payment of invoices issued for work allegedly done	965 425	965 425
3. Chiefton Facility Management - Claim for services rendered on the construction of Lethabale Cemetery civil work	-	926 309
4. Sebak Engineering (Pty) Ltd - Plaintiff is claiming a total amount of R7 870 689.53 plus interest calculated at the rate of 16.5% per annum which is alleged to be for services rendered and cancellation of contract respectively	7 870 689	7 870 689
5. Sechaba Traffic Solutions & other - Plaintiff is claiming an amount of R1 102 902.92 which is in respect of the mandate given to the plaintiff for collection of outstanding traffic fines to the value of R1.5 million.	1 102 902	1 102 902
6. Petrus Rademan - Plaintiff is suing municipality for the medical expenses, pain and suffering and further for the general damages which he suffered after being electrocuted. Plaintiff alleged that such electrocution as a result of the installation of prepaid electricity water installed by municipality's services provider.	4 000 000	4 000 000
7. Opporate Prop Development Co (Pty) Ltd - Loss suffered as a result of the setting aside of section 82 certificate by the municipality.	5 411 582	5 411 582
8. Shane Noel Adams - Claim for payment of R5 400 000.00 which is for personal injuries and damage to motor vehicle allegedly caused by pothole.	3 400 000	3 400 000
9. Mloope Trading (Pty) Ltd - Plaintiff claims an amount of R1 020 000.00 for repudiation of contract for collection and transportation of refuse from Madikil and disposing it off to Waste Transfer Station	1 020 000	1 020 000
10. Naledimiso Trading Services - Plaintiff claims an amount of R388 800 for repudiation of contract for collection and transportation of refuse from Klipgat and disposing it off to Waste Transfer Station.	388 800	388 800
11. Outdoor Sensation - Plaintiff claims an amount of R890 400 for repudiation of contract for collection and transportation of refuse from Maboloka and disposing it off to Waste Transfer Station	890 400	890 400
12. Daybreak Properties & Auctioners - Based on the contract entered between the Municipality and Daybreak properties in respect of landfill management, plant and vehicle supply, the SLA prices are VAT inclusive and the company Daybreak has been claiming VAT on top disregarding clause 9 of the SLA. We have instructed Sefrad Inc to assist the Municipality in recovering all excess monies paid to Daybreak.	1 021 137	-
13. William Mooketsi - Plaintiff claim damages to the Municipality as a result of plaintiff fell into an open/uncovered manhole situated in Mayoneng, Mamba Section near the Ratang Tavern, Madibeng, North west.	1 020 000	-
14. Unacle (PTY) LTD - We received combined Summons on 24 November 2017. The municipality entered into an agreement with the plaintiff for the administration and EPWP beneficiaries (120 beneficiaries). The agreement was terminated and the plaintiff elected to accept repudiation of the contract. Now the Plaintiff is claiming damages in the sum of R2 995 000.00 (R199 700.00 X 15 months) for patrimonial loss due to breach of contract. We then instructed Rambevhla Morubane Attorneys to defend the matter. They have entered a notice of intention to defend and still running with the matter.	2 995 000	-

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Notes to the Annual Financial Statements

43. Contingencies (continued)		
15. Lebrang Electrical Wholesalers (Pty) Ltd - The claimant's claims for specific performance in terms of a written service level agreement dated 15 April 2013, read with the letter of appointment dated 15 April 2013, in terms whereof the claimant was appointed by the municipality as a service provider for maintenance of the electrical infrastructure in madibeng. The amount which the claimant claim is R3 613 636 together with interest on the above amount at 10.25% from 24th march 2017 to date of payment, calculated and compounded annually	3 613 636	-
16. Resident Properties - Urgent Application to oppose a Rule Nisi obtained in default	30 000 000	-
17. Michael Chierford Joint Ventures - Instructions to launch Application against Default Judgment	2 553 240	-
	73 469 912	31 783 709
Category B claims		
1. Barlow and other - Refund for arrears rates and taxes paid under protest	195 921	195 921
2. S Sechabola-The plaintiff is suing the municipality for damages incurred as a result of injuries sustained when she fell into a sewerage drain which was allegedly left open and unattended on 3rd February 2012.	250 000	250 000
3. Telkom-Plaintiff claim for payment of damages to its copper cables allegedly caused by municipality workers	178 181	178 181
4. Donovan David Peter De Bruin - Loss suffered as a result of the Municipality's alleged breach of its statutory and/or legal duty to erect a stop sign and/or to maintain the road signs and in particular to ensure the visibility of warning signs amongst others.	250 000	250 000
5. SADC Directory Services (PTY) LTD -The Plaintiff issued summons against the Municipality for payment of R273 531.60 together with interests at a rate of 10.25% which is alleged to be for directory services in a form of a full page colour display advertisement in terms of partly verbal and partly written contract entered into for a period of twelve months commencing on 22 Feb 2016 and terminating on 21 Feb 2017. Subsequent to the issuing of summons, the Plaintiff filed a summary judgment application.	293 632	-
	1 167 634	674 102
Category C claims		
1. Nururrahmond Abobakar - For damage occurred as a result of negligence when electricity supply was restored	15 929	15 929
2. Alwyn Theron - The plaintiff is suing the municipality for damages that occurred to his vehicle by hitting a pothole whilst driving at old Rustenburg road.	30 136	30 136
3. Pieter Jooste - For damage occurred to Plaintiff vehicle when it collided with a pothole.	37 186	37 186
4. John Cryer - For damage occurred to Plaintiff vehicle when it collided with a pothole	11 160	11 160
5. Rookopies Oos Water Users Association - For levy owed to Plaintiff in respect of maintenance and running costs	86 755	86 755
6. Andries Hendrik Vermaak - Plaintiff is suing the municipality for damages which occurred as a result of the plaintiff's vehicle collided with a Large pothole that situated within the municipality's jurisdiction. No payment has been made	9 266	9 266
7. Telkom - Payment claim for payment of damages of its copper cables allegedly caused by the municipality.	35 085	35 085
8. Telkom (open serve) - Plaintiff claim for payment of its cables damaged by the Municipality in Mankau, Sonop and Mothotlung.	35 932	-
9. Bezuidenhout - Claim for damages allegedly caused by pothole	23 661	23 661
10. SAMWU o.b.o Dr Masike - Labour dispute under case number JS 903/16 lodged by the Applicant against the Municipality at the Labour court. Instructions received on 27-02-2017 when application for default judgement was served on the municipality.	69 495	-
	369 686	250 158

MADISENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

43. Contingencies (continued)

The following information is disclosed in Note 13, Public Investment Corporation-summons against the Municipality for the payment of the following amounts: * R129 738 078.88 together with interest on capital component of R 76 490 338.60 from 01st Feb 2010, *R56 234 877.53 together with interest on capital component of R 34 082 550.90, *R132 704 540.94 together with interest on capital component of R80 447 101.44. *Cost of suit including employment of two counsel

44. Prior period errors

Presented below are those items contained in the statement of financial position, statement of financial performance that have been affected by prior year adjustments:

The opening balance on PIC loans were misstated due to an error on PIC amortisation schedules. The PIC loan balance and interest on the loan was adjusted accordingly.

Material retentions were accounted for in the prior year due to suppliers not submitting invoices on a timely basis. Retentions, VAT and the infrastructure assets were adjusted accordingly.

Property plant and equipment were duplicated and projects that was already accounted for in the previous years, had been reverse accordingly.

During the year an error was discovered that there were transactions incorrectly recorded in the consumer account in stead of the main bank account (and vice versa).

There were prepaid electricity transactions omitted in the previous financial year.

There were duplicated transactions on the cash book that was subsequently reversed.

There were consumers who's service charges will determined using inappropriate bases for estimations. The basis for estimation was revised where there were no recent service readings the Read Book estimates are used to estimate the services consumed (provision for debt impairment has also been revised accordingly)

In the previous financial year there were transaction that were erroneously recorded in the employee related cost in stead of being accrued.

The following disclosure notes were also adjusted:

- Irregular expenditure
- Commitments
- Contingent liability
- Unauthorized expenditure
- Fruitless and wasteful expenditure &
- Distribution losses

The financial impact of prior period error correction is indicated below:

MADIBENS LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

44. Prior period errors (continued)

Statement of financial position

Statements of financial positions	Previously reported	Correction of error	Restated
1. Property plant and equipment	5 783 894 531	(7 714 135)	5 776 180 396
2. Payables from exchange transactions	(593 762 702)	9 882 813	(583 879 889)
3. Payable from non-exchange transactions	(34 861 691)	(12 872 834)	(47 734 525)
4. VAT payable	(52 381 812)	(2 728 144)	(55 110 956)
5. Public investment Corporation	(888 722 755)	(342 383)	(989 065 138)
6. Receivables from non-exchange transactions	230 348 953	(58 375 861)	171 973 092
7. Receivables from exchange transactions	376 830 512	(39 273 574)	337 556 938
8. Cash and cash equivalent	27 606 840	5 750 733	33 357 573
9. Investment property	300 653 000	16 882 000	317 535 000
Accumulated Surplus	5 083 186 878	(38 772 808)	4 064 414 287

45. Risk management

Financial risk management

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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.

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the municipality calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

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

Notes to the Annual Financial Statements

45. Risk management (continued)

Credit risk

Credit Risk related to consumer sectors is managed in accordance with the Council's credit control and debt collection policy. The Council's credit exposure is spread over a large number and wide variety of consumers, and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts.

Financial assets exposed to credit risk at year end were as follows:

	2018	2017
Financial instruments	4 041 246	3 748 495
Other financial assets	219 140 094	337 256 938
Receivables from exchange transactions	32 742 768	17 873 392
Receivables from non-exchange transaction	33 691 838	33 355 573
Cash and cash equivalents		

46. Going concern

We draw attention to the fact that at 30 June 2018, the municipality had an accumulated surplus (deficit) of R 311 113 612 and that the municipality's total assets exceed its liabilities by R 4 462 577 900.

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

47. Events after the reporting date

Management is not aware of any events that occurred after year end that may have an impact on the financial statements.

48. Unauthorised expenditure

Opening balance	1 593 652 097	1 007 979 034
Unauthorised expenditure - overspending		585 673 003
	<u>1 593 652 097</u>	<u>1 593 652 097</u>

Unauthorised expenditure where concurred by council during the financial year which relate to 2013/14, 2014/15 and 2015/16 for non-cash item, the break-down is listed below.

2013/14 Depreciation - R 358 325 673

2014/15 Depreciation - R654 208 168

2015/16 Depreciation - R 519 282 237

49. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure - Opening balance	9 547 702	1 426 871
Fruitless and wasteful expenditure - Interest on overdue accounts	10 852 030	8 120 831
Unauthorised payments	10 621 497	-
	<u>31 021 229</u>	<u>9 547 702</u>

The current year fruitless and wasteful expenditure amounting to R21 473 527 relates to interest charge on late payment of invoices from Eskom (R8 913 388), Telkom (46 937), Magalies Water (R1 724 203), Rand Water (R97 702), Auditor General South Africa (R392) and other suppliers (R70 207) as well as unauthorised payments amounting to R10 621 497.

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

80. Irregular expenditure

Opening balance	1 324 893 888	820 031 023
Add: Irregular Expenditure - current year	80 913 221	385 893 881
Add: Prior year amount recognised in the current year	-	133 838 524
Add: Limitation of SCM compliance	-	1 082 428
	<u>1 385 807 077</u>	<u>1 324 893 356</u>

Details of Irregular awaiting condonation

Current year	80 913 221
Prior years	1 324 893 853
	<u>1 385 807 077</u>

81. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	4 056 730	3 847 540
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Audit fees

Opening balance	-	523 797
Current year fee	3 366 043	4 091 733
Amount paid - current year	(3 366 043)	(4 615 530)
	<u>-</u>	<u>-</u>

PAYE and DIP

Opening balance	4 520 356	4 520 187
Current year fee	69 513 662	33 798 826
Amount paid - current year	(70 056 638)	(83 795 987)
	<u>4 935 360</u>	<u>4 520 366</u>

Pension and Medical Aid Deductions

Opening balance	4 514 762	4 514 916
Current year fee	124 528 258	102 256 585
Amount paid - current year	(124 528 258)	(102 256 719)
	<u>4 514 762</u>	<u>4 514 762</u>

VAT

VAT receivable	62 239 182	-
VAT payable	-	55 107 756
	<u>62 239 182</u>	<u>55 107 756</u>

MATIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

51. 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 2018:

30 June 2018	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
A Modisekeng	450	10 476	10 926
A Ratlou	-	12 638	12 638
AI Molotsi	284	1 653	1 937
AWS Mahatse	284	1 653	1 937
AM Modisekeng	1 653	53 721	55 359
AS Ramane	284	1 653	1 937
BA Maubane	284	1 653	1 937
BP Gots	6	359	367
CV Marpanu	277	1 289	1 566
CS Sekhelo	284	1 653	1 937
DS Maimane	2 780	28 435	31 215
ED Diale	1 341	18 952	20 293
EM Moe	284	1 653	1 937
FM Masomane	284	1 653	1 937
HT Phetane	8	364	372
E Van Der Schyff	9 512	-	9 512
II Molefu	286	1 736	2 022
J Mosito	284	1 653	1 937
J Ratlou	2 306	42 163	44 469
JM Modipane	284	1 653	1 937
JM Motabe	7 300	21 252	28 552
JT Moabi	284	1 653	1 937
KS Ntshabale	346	5 415	5 761
J Pieterse	3 207	1 474	4 681
JC van Ryn	0	359	357
KM Shalang	284	1 653	1 937
KS Hapu	284	1 653	1 937
LG Mhlambi	284	1 653	1 937
M Thopane	5 412	24 828	30 240
MA Motoko	284	1 653	1 937
MD Mosolodi	284	1 653	1 937
MG Sadikge	4 813	74 616	79 429
MI Makgale	284	1 653	1 937
M Thopane	478	5 138	5 616
MM Ramahofu	284	1 653	1 937
MD Khumalo	1 276	74 618	75 894
MM Sekgothe	347	5 464	5 811
MM Motlasech	356	-	356
MD Plessis	2 875	13 837	16 612
NB Muhlange	7 188	34 838	42 027
NM Mqakamba	284	1 653	1 937
OP Mosiale	345	5 464	5 809
P Pretorius	284	1 653	1 937
OD Marapyan	348	5 522	5 870
PK Mawayi	6 411	90 767	96 188
PA Phetla	284	1 653	1 937
PR Mchulatsi	287	1 653	1 937
PB Makgabo	287	1 653	1 937
RE Dikgang	277	1 289	1 566
RC Silhole	2 458	1 268	3 727
RR J & S J Braytenbach	5 487	12 875	18 362

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

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

RP Padi	284	1 653	1 937
S D Mhangeni	347	5 472	5 819
S M Maunatla's	325	4 188	4 493
T Molekane	284	1 353	1 937
TM Mofhe	284	1 653	1 937
TS Gogole	559	2 951	3 410
WS Ramaboa	284	1 653	1 937
WJ Mula	514	279	893
	73 858	307 447	633 303

Supply chain management regulations

In terms of section 33 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident		
Current year	34 006 903	11 944 736

62. Distribution losses

ELECTRICITY (Units)

Prior year calculation was restated due to lack of evidence, the calculation for distribution loss was re-performed with supporting documentation.

Year	Units purchased	Units sold	Units lost	Units lost %
2016/06/30	431 459 619.00	262 841 079.00	178 618 540.00	41.00 %
2017/06/30	414 155 388.00	268 373 688.00	145 781 700.00	35.00 %

WATER(Units)

Electricity distribution loss calculated value amounts to R 83 437 508.24 (2016: R258 896 864.85)

Year	Units purchased	Units Sold	Units lost	Units lost %
2016/06/30	28 352 024.00	9 646 206.00	18 703 818.00	66.00 %
2017/06/30	37 946 865.00	12 404 269.00	25 542 596.00	67.00 %

63. Licences and permits (exchange)

Road and Transport	5 121 043	6 229 320
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64. Fines, Penalties and Forfeits

Law Enforcement Fines	4 989 093	2 992 204
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Appendix E(1)
2013

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June 2010

	Forecast 1 2010 Act. Bal.	Forecast 1 2010 Adjusted budget	Variance	Explanation of Significant Variance greater than 10% versus Budget
	Rand	Rand	Rand	Var
Revenue				
Property rates	252 005 000	303 530 000	(45 524 000)	(16.0) This includes the property tax reported in the year ended 2009.
Service charges	650 157 471	683 616 000	(33 457 529)	(3.4)
Rents of facilities and equipment	1 407 046	1 270 000	137 046	(9.8) Higher number of facilities accessed over the course of the year.
Interest received (Trading)	83 518 399	87 467 000	(3 822 601)	(3.4)
Licences and permits	5 121 048	4 063 000	1 057 048	20.6 Higher number of licences issued over the course of the year.
Commissions received	12 252 552	153 113	12 099 439	(75.2) This includes the commission received over the course of the year.
Operating revenue	238 382	-	238 382	-
Fines	1 988 083	1 000 000	988 083	(20.2) Higher number of fines issued over the course of the year.
Transfer & subsidies	280 488 000	261 940 000	18 548 000	(2.7)
Operational revenue	8 448 283	12 235 000	(2 958 717)	(28.7) Credit control measures over the course of the year, and accordingly on, amongst other, Ransford on the other side.
Interest received - investment	7 078 246	7 120 000	(41 754)	(0.7)
	1 821 084 195	1 902 305 000	(78 900 805)	(4.1)
Expenses				
Personnel	(435 540 700)	(425 402 000)	101 232	(1.5)
Contributions of 3.1 of councillors	(30 537 418)	(31 000 000)	462 582	(1.5)
Depreciation	(474 228 992)	(559 261 172)	84 032 180	(13.7) Condition assessment of the property assets indicates lower depreciation charges.
Insurance costs	(100 510 286)	(93 623 110)	6 887 176	(0.1)
Debt impairment	(20 997 760)	(20 000 000)	997 760	(104.2) The interest on the payment of the interest of the loan from the debt impairment.
Lease rentals on operating losses	(1 10 688 344)	(110 620 000)	68 344	(0.1)
Bulk purchases	(505 967 438)	(519 350 000)	13 332 562	(2.6)
Contracted Services	(180 684 798)	(190 400 000)	9 715 202	(0.5)

Appendix 5(1)
June 2018

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June
2018

	Forecast 11 2018 Act. Bal.	Forecast 31 2018 Adjusted budget	Variances	Explanation of Significant Variances (greater than 10% versus Budget)
Transfers and Subsidies	(2 342 162)	(2 052 000)	2 888 818	(52.1) Time and cost grant applied to 2018 Less: 2018 subsidies on to loan expenditure
Operational expenses	(248 891 384)	(245 558 000)	3 333 384	-
Other revenue and costs	(2 218 359 157)	(2 458 323 179)	242 683 000	(18.0)
Gain or loss on disposal of assets and liabilities	-	-	-	-
Actual gain / (loss) on pos. employment benefits	20 722 000	-	20 722 000	-
Fair value adjustments	(145 240 000)	-	(145 240 000)	-
	(118 518 000)	-	(118 518 000)	-
Net surplus/ (deficit) for the year	(57 193 012)	(556 687 172)	544 574 160	(44.0)

Annexure “C”

[illegible]

	Cash flow statements	The financial statement submitted had issues with the cash, and which was subsequently performed and requested adjustment to correct the AFS.	3	On-going	BTO	CFO
ISS107	Cash flow statement not balancing On issuing the cash flow statement, the following was noted: Note 4D does not balance. The total as per the AFS note is R202 635 094, however, when creating the note, it only totals to R86 910 244. This leads to the cash flow statement not balancing as the net cash flows from operating activities, as per the statement totals R202 635 094. This leads to the cash flow statement not balancing.	This financial statement submitted had issues with the cash, and which was subsequently performed and requested adjustment to correct the AFS.				
ISS100	Commitments The contract amount as per the commitment register does not agree with what is recorded on the contract	We had an issue that AG was comparing what the Supplier tendered and not looking into the SLA amount.	3	30-Apr-19	BTO	CFO
ISS126	Commitments Overstatement of the commitment register Certain contracts are captured under commitment register but do not meet the definition of commitments The commitment balance in the annual financial statements may be overstated by R20 199 469	The register had old contract which lapsed or the contract ended. The chief financial officer should ensure that commitment registers are properly reviewed and agreed contracts and as well as savings as from the commitment register.	3	30-Apr-19	SCM	Ms Sidal
ISS277	Commitments The commitment balance as disclosed in the commitment register is incorrectly calculated	We had an issue that AG was comparing what the Supplier tendered and not looking into the SLA amount.	3	30-May-19	BTO	CFO
ISS283	Commitments Commitment: completion of the adjusted prior year commitment register During the audit of commitments it was noted that the following contracts were omitted from the prior year adjusted commitment register. This issue is recurring as it was reported in the prior year as the contracts mentioned below were also omitted in the prior year. Commitment: Unilateral of scope Vema Construction Mobilising p3 stem water drainage SCMCONSTR06Z0212 367 1145.83 4 945 330.00 Iwona Melrose Trading Storm Dam Rehabilitation P1 SCMIACONSTR06Z0213 654 523.63 5 433 483.01 Prior year commitments NO CONTRACTOR/SERVICE PROVIDER'S NAME DESCRIPTION OF SIDCONTRACT NO. As per Comited register 1 Vema Construction Mobilising p3 stem water drainage SCMCONSTR06Z0212 4 945 330.00 2 JTI Mulgabalwane Bus Route SCMCONSTR06Z0212 2 037 183.33	The other projects were identified on the SOUP, which was not disclosed on the AFS, because the issued which was performed that year was identifying all the amount which were paid. This was old project which the municipality only has copy and not the original copies of the tender files. Proper record keeping must be implemented in a timely manner to ensure that all relevant information is available to support financial and performance reporting. Information requested by the auditors should be supplied to the auditor general within the agreed time line as to ensure that they are able to complete their duties within the prescribed time.	3	30-Apr-19	BTO	CFO
ISS292	Commitments Commitment: completion of the adjusted prior year commitment register During the audit of commitments it was noted that the following contracts were omitted from the prior year adjusted commitment register. This issue is recurring as it was reported in the prior year as the contracts mentioned below were also omitted in the prior year. Commitment: Unilateral of scope Vema Construction Mobilising p3 stem water drainage SCMCONSTR06Z0212 367 1145.83 4 945 330.00 Iwona Melrose Trading Storm Dam Rehabilitation P1 SCMIACONSTR06Z0213 654 523.63 5 433 483.01 Prior year commitments NO CONTRACTOR/SERVICE PROVIDER'S NAME DESCRIPTION OF SIDCONTRACT NO. As per Comited register 1 Vema Construction Mobilising p3 stem water drainage SCMCONSTR06Z0212 4 945 330.00 2 JTI Mulgabalwane Bus Route SCMCONSTR06Z0212 2 037 183.33	The other projects were identified on the SOUP, which was not disclosed on the AFS, because the issued which was performed that year was identifying all the amount which were paid. This was old project which the municipality only has copy and not the original copies of the tender files. Proper record keeping must be implemented in a timely manner to ensure that all relevant information is available to support financial and performance reporting. Information requested by the auditors should be supplied to the auditor general within the agreed time line as to ensure that they are able to complete their duties within the prescribed time.	3	30-Jun-19	BTO	CFO
ISS155	Contingent liabilities The amount as per the legal correct confirmations does not agree to the amount as per the AFS; During the testing of current liabilities, I requested the confirmation letter from the municipality's legal counsel, to review the two of the cases (see below) listed in the latter with me and the auditor general. The independent liability note in the AFS; 1. Iwona Melrose Trading Storm Dam Rehabilitation P1 SCMIACONSTR06Z0213 654 2. JTI Mulgabalwane Bus Route SCMCONSTR06Z0212 2 037 183.33 Application for review of the arbitration award. Heads of argument filed therefor awaiting judgment. There is no amount 13/05/2014 2. Iwona obo Nyand & others Application for review of the arbitration award. Application for review has been made to the labour court. Heads of argument filed therefore awaiting judgment. There is no amount	The confirmation from same attorneys had cases which was not disclosed on the AFS and register	3	30-May-19	CSS	Ms Magole

ISS273	UPE&WE	Irregular expenditure: Completeness Certain contracts which were deemed irregular where not included in the register, which will result in understatement of the amount disclosed as irregular expenditure in the financial statements.	The correction was not properly documented but the register was submitted.	Management should ensure that all payments (relating to a supplier) are included in the irregular expenditure register if the contract/transaction has been declared irregular.	3		30-Apr-19	BTO	CFO	Management will have the original register before it was corrected and have the files that were corrected to be kept at records. After the register is prepared, the CFO will submit the register to the accounting officer for review.
ISS286	UPE&WE	Non compliance with MFMA section 32(2) When performing a walk through to confirm the process flow for new investments acquired during the current year by the municipality, it was noted that the municipality made an investment of R50 000 000.00 for 60 days with Vreda Building Society Mutual Bank (VBS). Inspected the VBS Bank statement and noted that the bank operated under license number 1051 and it was governed by the Mutual Benefits Act of 1993 and not the Bank Act No.94 of 1990.	The cash and investment policy was not implemented adequately by management.	The Accounting Officer should ensure that: - The register is updated with banks that are not governed by the Bank Act No.94 of 1990 by a walk through implementing controls that will detect the non-compliance at the initiation stage of the investment. - The Cash Management and Investment Policy is updated to indicate that the municipality is only permitted to make investments with banks governed by the Bank Act. - The register is updated with the Cash Management and Investment Policy. - The Cash Management and Investment Policy is updated to indicate that the municipality is only permitted to make investments with banks governed by the Bank Act. - The register is updated with the Cash Management and Investment Policy. - The Cash Management and Investment Policy is updated to indicate that the municipality is only permitted to make investments with banks governed by the Bank Act.	3		On-going	BTO	CFO	The CFO will ensure that the register is updated with banks that are not governed by the Bank Act No.94 of 1990 by a walk through implementing controls that will detect the non-compliance at the initiation stage of the investment. The CFO will ensure that the register is updated with the Cash Management and Investment Policy. The CFO will ensure that the register is updated with the Cash Management and Investment Policy.
ISS290	UPE&WE	Unauthorised full-time and wasteful expenditure: Limitation of scope During the audit of the Annual Financial Statements submitted for audit the following issues were identified: - No schedules were provided to support the amounts disclosed in the financial statements for the full-time expenditure. - Unauthorised expenditure note 4b (page 64) - Full-time and wasteful expenditure note 4b (page 64) - Only in relation to Unauthorised payments amounting to R10 021 457.25.	Information was submitted after 2 days	Information requested by the auditors should be supplied to the auditor general within the agreed time line as to ensure that they are able to complete their duties within the prescribed time.	3		30-Apr-19	BTO	CFO	The information will be filed and submitted to internal audit for review and to be signed off by CFO.
ISS163	Budget statement	Budgeted amount as per statement of comparison does not agree to the adjusted budget approved GRAP 21.12(c) requires the comparison of budget and actual amounts to present separately for each level of qualitative oversight by way of note disclosure, an explanation of material difference between budget for which the entity is held accountable and actual amounts, unless such oversight is not required or is not applicable. The disclosure of material difference between budget and actual amounts is required in the financial statements and cross referenced to those documents is made in the notes. The budgeted amount as per statement of comparison of actual and budgeted amount does not agree to the approved adjusted budget for the following items:	The annual financial statement was not adequately reviewed	The Chief Financial Officer should adequately review the annual financial statements against the supporting documents before submission for approval.	3		15-Jul-19	BTO	CFO	Management will ensure that Draft AFS is submitted to internal audit and risk unit for review.
ISS165	Budget statement	No reasons for the variances in the statement of comparison of actual amount and budgeted amounts Budgeted amounts of variances in the statement of comparison of actual amount and budgeted amount.	The annual financial statement was not adequately reviewed	The Chief Financial Officer should adequately review the annual financial statements against the supporting documents before submission for approval.	3		15-Jul-19	BTO	CFO	Management will ensure that Draft AFS is submitted to internal audit and risk unit for review.
ISS166	Budget statement	Items not budgeted for as per budget book The following items were not budgeted for as per budget approved however the statement of comparison of actual and budgeted amount indicates that the items were budgeted for: Description Budgeted amount as per statement of comparison Commission received R 150 000 Other financial assets R5 000 000.00 Receivables from non-exchange transactions R4 000 000.00 Receivables from exchange transactions R400 000 000	Incorrect mapping, which lead to items in the statement of budget and actuals be seen as if they were not budgeted for.	The Chief Financial Officer should adequately review the annual financial statements against the supporting documents before submission for approval.	2		15-Jul-19	BTO	CFO	Management will review the AFS with budget team to ensure that all the items were recorded correctly.
ISS36	Budget statement	Incomplete disclosure of prior period error During the audit it has come to the auditor's attention that the prior period error note was not disclosed in the financial statements and errors were not for disclosure items has not indicated the balances and adjustments made to the disclosure items listed.	The annual financial statement was not adequately reviewed	Management should take the necessary steps to ensure that where there are prior period balances which require adjustments, the related adjustments should reflect amendments which accurately explain the adjustments being made to the financial statement line items.	3		15-Jul-19	BTO	CFO	Management will ensure that Draft AFS is submitted to internal audit and risk unit for review.
ISS36	Internal control	Information not submitted The following information was requested with RFI1 of 2018 on 7 August 2018 but was not received: 1. Written SCM delegations together with authorising (signatures) 2. Applicable documents/ files to clear the prior year audit qualifications. The includes but are not limited to: a. Journals with supporting documentation (calculations, schedules, etc.) in relation to note 42.10 b. All bank reconciliations for the year ended 30 June 2017 (partially received). This leads to a limitation of scope on the opening balances and the effect on the closing balance will be evaluated.	Lack of adequate record keeping, information was not documented properly.	The outstanding information should be submitted. If the information is not available, a management representation letter should be submitted to indicate the reasons for the information not being available.	3		30-Jun-19	BTO	CFO	Management will prepare this information properly and will submit it to internal audit and risk unit for review by internal audit and CFO.

IS292	Inventory	Inventory measurement During the audit of inventory it was discovered that there has been no movement in water inventory as inventory was 1489 354 in the prior and remained the same in the current year audit. This is not in line with the Management Policy as the inventory indicated above was not valued at the reporting date. No movement of the water reserves indicates that there is no monitoring of the inventory records. The municipality did not implement their asset management policy on the valuation of inventory at year end. This results in a misstatement of the inventory balance in the financial statements.	The Journal for calculations of water was not processed and submitted to AG	It is recommended that management should reside at the valuation of inventory and ensure that the application of the accounting policy.	3		Management will ensure that the cash management policy is prepared prior year, are submitted to TS (Water and) to ensure that we record accurate information.	20180320 30062019 for the current year financial year	BTO	CFO	
IS297	Inventory	Inventory: Limitation of scope First-In, First-Out valuation method could not be tested as only a cede for a batch was available as per the stock list and not for the individual item. As a result of the method of testing the audit trail could not be followed. Further more we could not perform alternative procedures as there was a limitation of which were taking place. As a result we could not obtain reasonable assurance on the valuation of inventory.	Lack of adequate record keeping. Information was not documented properly.	Proper record keeping must be implemented in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting. Information must be kept at records after its retention period expires and the time line as to ensure that they are able to complete their duties within the prescribed time.	3		Management will prepare the information properly and will be kept at records after its retention period expires and reviewed by internal audit and CFO.	30-Jun-19	BTO	CFO	
IS352	Inventory	Stock count: Inventory items not deducted from the inventory balance as per the financial statement Through inspection of Note 3 - Investment Property - In the financial statements that were submitted for audit, it was noted that the inventory items that were not physically verifiable. The items that are included on the inventory list and were not physically verifiable. The auditors were informed that the items will be taken out of the inventory list. When management submitted the financial statement it was identified that the balance of the inventory balance was the same as the balance of the inventory list with the item of the inventory that was not physically verifiable.	Lack of communication between AG and management	Management should ensure that they regularly review and monitor the inventory items to ensure that all damaged and lost items are excluded from the inventory listing so that the balance of the inventory list does not include the balance of inventory items that are damaged or lost. The balance should be reviewed in a manner that would ensure that no damaged or stolen items are included on the inventory balance.	3		Management will clearly prepare the stock count sheet and explain them in terms of the inventory items to ensure that the items are addressed accordingly and reviewed by Internal audit, signed off by CFO and Internal audit for keeping them safe.	15-Jul-19	BTO	CFO	
IS352	Investment property	Investment Property - Incomplete disclosure Through inspection of Note 3 - Investment Property - In the financial statements that were submitted for audit, it was noted that the investment property were not disclosed as part of the note or elsewhere in the financial statements. There was also no statement that indicated whether the fair value of investment property was based on market values or other factors. The impact is that the auditors could have not been able to perform the valuation methods in order to ascertain the fair value for investment property. This in turn could lead to the fair value of investment property being misstated in the financial statements.	The annual financial statement was not adequately reviewed	Management should take the necessary steps to ensure that all necessary disclosures as required by GRAP 16 are applied. This includes disclosure detailing the type of valuation concluded as well as the assumptions used in the valuation of the investment property.	3		Management will ensure that the cash management policy is prepared prior year, are submitted to TS (Water and) to ensure that we record accurate information.	15-Jul-19	BTO	CFO	
IS521	Investment	Investment with VBS Mutual Bank not in compliance with Municipal Investment Regulation 6 The portfolio implemented by the municipality to ensure that investments are not made with banks that are not governed by the Bank Act No.34 of 1990 were not effective and as a result did not detect and prevent the non-compliance item occurring. As this investment was not made with a bank regulated in terms of the Bank Act No.34 of 1990 it results in Non-Compliance with Municipal Investment Regulation 6.	The cash and investment policy was not implemented adequately by management.	The Accounting Officer should ensure that: - The municipality does not make investments with banks that are not governed by the Bank Act No.34 of 1990 by designating and implementing a policy to ensure that the non-compliance at the time of the investment. - The Cash Management and Investment Policy is updated to indicate that the municipality is only permitted to make investments with banks governed by the Bank Act. - His review addresses with the Cash Management and Investment Policy and ensure that the municipality is in compliance with the Regulations 6 before the investments are made to ensure compliance and that he approves the investments as one of the delegated officials. - His review funds that are lost in instances where investments are not made in accordance with the Cash Management and Investment Policy and Municipal Regulation 6.	3		Management will ensure the policy and CFO will ensure that it is implemented.	On-going	BTO	CFO	
IS522	Investment	Non-Compliance with Cash Management and Investment Policy The following deviations were noted: 1. Policy not reviewed 2. Drafting issues 3. Drafting issues 4. Inter - Account transfer form not authorised by delegated officials. This results in: - Non-Compliance with Municipal Investment Regulation 3(3) - Non-Compliance with the Cash Management and Investment Policy.	The cash and investment policy was not implemented adequately by management.	The Accounting Officer should ensure that: - All policies are reviewed in an annual basis for relevance and any changes in accounting policies are appropriately tested and disclosed. - The Accounting Officer should ensure that investments are made in accordance with the municipality's Cash Management and Investment Policy. - A concluding deal document is completed for every investment that the municipality enters into and that the concluding deal document is authorised by the Accounting Officer. - The Accounting Officer should ensure that the municipality is not delegated to other bidding institutions which took part in the bidding process. - The Manager Financial Administration is at all times involved in the investment decisions of the municipality and as their sign as one of the signatories on the concluding deal document. - The Accounting Officer should ensure that the competitive bidding process stated in the policy complies with procedures for the invitation and selection of competitive bids or offers in accordance with Part 1 of Chapter 11 of the MPA.	3		Management has to review the cash management policy and ensure that it is implemented going forward it is followed.	on-going	BTO	CFO	
IS5105	Lease	Overstatement of the operating lease expenditure and operating lease liability The incorrect expense line item in the statement of financial performance and the operating lease liability line item in the statement of financial position.	Review of the workings was not reviewed properly.	The financial accountant should properly apply the requirements of GRAP 13 para 40 and 41 when straight lining the lease payments and ensure that the amounts used in the calculation corresponds to the lease agreement.	3		Management will to confirm and process settling journals.	30-Apr-19	BTO	CFO	

IS5113	Operating expenditure	Expenditure Limitation	The issue of copies affected this component.		3		30-May-19	BTO	CFO	Management need to go back to the original invoices when checking all the payment vouchers which are copies and try to have the original invoices and reproducing the payment vouchers to the Accounting Officer which will be signed off, addressing the reproducing of payment vouchers. 2. Going forward management need to ensure that all invoices received and after payment documents are taken to records for safe keeping				
IS5167	Operating expenditure	Repairs and maintenance misstatement 1. The following items were not accounted for accurately: 1.1 The transaction was only captured when it was paid and not the expenditure was incurred. 1.2 VAT was incorrectly accounted for; 2. Transactions were incorrectly classified as repairs and maintenance but relate to bulk 3.1 The following transactions payments was not made in 30 days: 3.2 The following transactions could not be confirmed whether they were paid in 30 days as no proof of payment was provided. 4. Transaction invoice provided is dated October 2019 for service period 2019/2020 to 2019/2021 and therefore doesn't relate to the current financial year and thus should not have been recorded in current financial year	1. Invoices are captured when they are paid, not when the invoice is received. 2. Monthly reconciliations were not prepared		3		30-Apr-19	BTO	CFO	Management will prepare reconciliations by going through GL and assessing the expenditure incurred to see if the transactions are properly accounted for VAT and maintenance and repairs properly accounted for VAT 2. In order to address the cut-off issue the invoices relating to repairs and maintenance are prepared to account it to the correct year				
IS5269	Operating expenditure	Expenditure transactions recorded in the incorrect period. During the audit of the transactions before and after year end the following was noted: 1. The following transactions were recorded in the 2017/18 financial year while they actually occurred and accrued to the Municipality after year end: 2. The following transactions were expenditure was incurred in the 2017/18 financial year but were accounted for in the later year end:	Invoices are captured when they are paid, not when the invoice is received.		3		30-May-19	BTO	CFO	Management has to use the creditors module.				
IS5270	Operating expenditure	Expenditure Journals During the audit of expenditure journals the following differences were identified: Journal No. Date of Approval Supporting Documentation Amount (R) Amount-DR (R) Difference Amount per GL and Amount per Supporting doc 12-45 2018/09/20 Water Inventory Calculation - 4 358 157.42 4 845 510.92 - 9 203 603.34 12-46 2018/09/20 Invoices - 4 096 394.70 7 232 405.63 - 12 238 800.32 12-23 2018/06/29 Prepaid Reconciliation 670 244.40 651 853.02 10 351.30	The supporting was not properly verified when the journal was captured on the system.		3		30-Apr-19	BTO	CFO	Management will go back 100% to the journals processed in 30 June 2017 and ensure that all the journals and support is ensure everything is correct. 2. Going forward management need to ensure that all journals built to record all the journal processed in the system with the controls of reviewing the journal by means of only the supporting documents and signed off by the relevant people				
IS5358	Operating expenditure	Payments not made in 30 days During the audit of expenditure journals it was confirmed that the municipality does not consistently pay creditors within 30 days as per the treasury regulations. The above mentioned deficiency will result in the non-compliance with the requirements of section 65 of the MFMA and could lead to possible fullness and wasteful expenditure through interest on late payments.	Invoices received for payment was not captured as in when they are received to track the ageing of the invoice.		3		On-going	BTO	CFO	Management will implement creditors module to track the invoices and ensure it also come up with proper controls of payment cycle.				
IS5363	Operating expenditure	Scope Limitation: Prior Period: Capitalized Services and Repairs and Maintenance During the audit of expenditure journals it was confirmed that the municipality does not consistently pay creditors within 30 days as per the treasury regulations. The above mentioned deficiency will result in the non-compliance with the requirements of section 65 of the MFMA and could lead to possible fullness and wasteful expenditure through interest on late payments.	Invoices are captured when they are paid, not when the invoice is received, which also result in missing of invoices.		3		30-Apr-19	BTO	CFO	Management has to use the creditors module.				

ISS77	Operating expenditure	<p>Bulk Purchase Overstatement</p> <p>During the audit of bulk purchase the following issues were identified:</p> <ol style="list-style-type: none"> Amount presented as expenditure is not in line with GRAP accrual basis as the Municipality records bulk purchase transactions based on payments made and not as they are incurred/accrued. Transactions VAT was incorrectly accounted for. Transactions are recorded as expenditure in the general ledger, whereas amounts which are incurred/accrued should be recorded as liability. Transaction's expenditure relates to a court order for failure of the Municipality to conduct a sewerage plant, therefore the expenditure was incorrectly posted to the Bulk Purchase account. 	<p>Invoices are captured when they are paid, not when the invoice is received, which results in one invoice paid twice because of part payment and old invoices paid in incorrect FY.</p>	<p>The Accounting Officer should ensure that bulk purchase expenditure is recorded accurately on the accrual basis, further ensure that transactions and amounts that are classified as bulk purchase are indeed bulk purchases and don't relate to other costs.</p>	3		<p>Management has to use the creditors module.</p>	30-Apr-19	BTO	CFO
ISS283	Payables	<p>Retention - Supporting documents on journals and attached</p> <p>During the audit of payables for prior year (2016/17) the following was identified:</p> <ol style="list-style-type: none"> Journals for the correction of prior year misstatement did not have supporting journals attached. 	<p>The supporting was payment vouchers which was not filed properly.</p>	<p>Management should ensure that there are sufficient staff members assisting with the requested information by the auditors and should submit the information timely. This will speed up the audit and it will result in low audit cost for the municipality.</p>	3		<p>Also general will go back 100% the prior year and processed in 30 June 2017 and 30 June 2018 to look into the journals and support to ensure everything is correct.</p> <p>2. Going forward management will implement a journal book to record all the journal processed in the system with the contents of reviewing the supporting documents and capturing journals that have supporting documents and signed off by the relevant people.</p>	30-Apr-19	BTO	CFO
ISS140	Payables	<p>Payables - Initiation of scope</p> <p>The information was requested with RFI 102 of 2018 on 14 November 2018 but was not received.</p> <ol style="list-style-type: none"> Utility/supporting schedule and calculation for the salaries third party payments. <p>The following information was requested with RFI 103 of 2018 on 21 November 2018 but was not received:</p> <ol style="list-style-type: none"> Period and reconciliation of creditors sub-ledger to the general ledger Reconciliation of accounts payable balances to the supplier statements as at year-end 	<p>The information was submitted but not clearly indicated to the auditor who was auditing the components</p>	<p>Management should ensure that there are sufficient staff members assisting with the requested information by the auditors and should submit the information timely. This will speed up the audit and it will result in low audit cost for the municipality.</p> <p>The outstanding information should be provided to the auditors or reasons indicated why it is not available</p>	3		<p>Management will correct the finding by preparing proper schedules and labelling the register and support properly.</p>	30-Apr-19	BTO	CFO
ISS173	Payables	<p>Expenditure year and transaction initiation</p> <p>The following information that was requested with request for information No. 119 has not been provided:</p> <p>INCREDIBLE CONNECTION 21 907 03 90056818 PMD ENGINEERING CONTRACTORS 405 591 00 90066710 LEBEYA TRADING AND PROJECTS 14 250 00 90057160 PMD ENGINEERING CONTRACTORS/PTY LTD 260 750 05 90056896</p>	<p>The copies were submitted.</p>	<p>Proper record keeping must be implemented in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting. Information requested by the auditors should be supplied to the auditor general within the agreed time line as to ensure that they are able to complete their duties within the prescribed time.</p>	3		<p>Management need to request the original invoices and reproduce the Payment voucher and proof of payment.</p> <p>2. Going forward management will record all the invoices received and after payments cleared to ensure that records for each keeping</p>	30-Apr-19	BTO	CFO
ISS180	Payables	<p>Payables - Limitation of scope (Completeness)</p> <p>Information was requested with RFI 132 of 2018 on 23 November 2018 but was not received.</p>	<p>The information was not submitted on time.</p>	<p>Management should ensure that there are sufficient staff members assisting with the requested information by the auditors and should submit the information timely. This will speed up the audit and it will result in low audit cost for the municipality.</p>	3		<p>Management will prepare schedule and supporting documents which address the RFI 132.</p> <p>2. Going forward all the payment paid will be entered and proper labelling will be visible.</p>	30-Apr-19	BTO	CFO
ISS190	Payables	<p>Payables - Misstatements identified - unallocated deposits</p> <p>During the audit of payable's the following issues were identified:</p> <ol style="list-style-type: none"> Amount as per the print out of the system does not agree to the listing amounts for the following transaction The AFS does not disclose the opening amount of the unallocated deposit as per the listing, resulting in the opening balance difference of R400 000 The following amount of unallocated deposit could not be traced to the bank statements 	<p>The schedule was submitted to however it was not clearly explained to AG.</p>	<p>The Municipal Manager and the Chief Financial Officer should prepare and review the annual financial statements to ensure that they are reliable, complete and accurate.</p>	3			30-Apr-19	BTO	CFO
ISS209	Payables	<p>Expenditure after year end transactions Limitation</p> <p>The following information that was requested with request for information No. 143 dated 06/12/2018 has not been provided</p>	<p>The information was not submitted on time.</p>	<p>Proper record keeping must be implemented in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting. Information requested by the auditors should be supplied to the auditor general within the agreed time line as to ensure that they are able to complete their duties within the prescribed time.</p>	3		<p>Management will prepare schedule and supporting documents which address the RFI 140.</p>	30-Apr-19	BTO	CFO
ISS225	Payables	<p>Payables from Exchange Transaction: Listing Of Other Payables - Limitation of Scope</p>	<p>The information was not submitted on time.</p>	<p>Information requested by the auditors should be supplied to the auditor general within the agreed time line as to ensure that they are able to complete their duties within the prescribed time.</p>	3		<p>Management will prepare schedule and supporting documents which address the listing.</p>	30-Apr-19	BTO	CFO

ISS142	Revenue	Completeness of revenue During the audit of revenue it was noted that the completeness and out of revenue recorded in the financial year under review could not be confirmed due to the following: 1. Customers are not billed for the twelve months of the financial year. As a result, revenue is understated. 2. Customers are not billed for the twelve months of the financial year. As a result, revenue is understated. 3. Customers are not billed for the twelve months of the financial year. As a result, revenue is understated.	There are no issues identified for this finding.	3	The CFO and the Revenue Manager should ensure the following: - Ensure that all revenue is recorded in the system. - Ensure that all revenue is recorded in the system. - Ensure that all revenue is recorded in the system.	Monthly reconciliation of revenue control account, ensuring that the revenue control account is reconciled to the revenue control account readings.	30-Apr-19	BTO	CFO	
ISS144	Revenue	Limitation of Revenue The current year distribution loss was recalculated and the following differences were identified: Issues 1-6 Water and electricity 1. It was identified that the distribution loss for the current year that was calculated using the invoices and the distribution loss report does not agree to the balance as per the current year. 2. The units calculated as per the Distribution Loss report for units sold does not agree to the units sold as per the financial statements. 3. The percentage that was calculated using the unit sold and purchased on the distribution loss report does not agree with the percentage as per the financial statements.	Lack of communication between AG and management	3	Planner level of finding must be implemented in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting. Information requested by the auditors should be supplied to the auditor general within the agreed time line as to ensure that they are able to complete their duties within the prescribed time.	Review internal control and record keeping, monthly reconciliations	30-Apr-19	BTO	CFO	
ISS146	Distribution loss	Distribution Loss not calculated correctly The current year distribution loss was recalculated and the following differences were identified: Issues 1-6 Water and electricity 1. It was identified that the distribution loss for the current year that was calculated using the invoices and the distribution loss report does not agree to the balance as per the current year. 2. The units calculated as per the Distribution Loss report for units sold does not agree to the units sold as per the financial statements. 3. The percentage that was calculated using the unit sold and purchased on the distribution loss report does not agree with the percentage as per the financial statements.	The amount disclosed on AFS was because the personnel put the total amount of the revenue including balance brought forward. However the information from revenue should be corrected in order for AG to rely in the working that management has proposed.	3	The Municipal Manager and the CFO should ensure the following: - The calculations are reviewed by the senior official before it is reported. - Variance identified are investigated and corrected before reporting. - The distribution loss should be investigated, and action plan should be in place to minimize the loss.	Management will re-perform the distribution loss calculation using the supporting documents, are properly filed and errors are corrected and reviewed by internal audit.	30-Apr-19	BTO	CFO	
ISS148	Revenue	Revenue: Property rate difference The revenue is overstated	Lack of communication between AG and management	3	The CFO and the Revenue Manager should ensure that the billing of customers is regular reviewed to ensure accurate and complete revenue billing.	1. Management will re-perform the reconciliation for the FY 2019-2020, which will be signed off.	30-Apr-19	BTO	CFO	
ISS168	Revenue	Revenue: Rateable Valuation Reconciliation - Differences identified During the audit of Rateable Valuation Reconciliation, the following misstatements were identified: 1. The category on Venus for the following properties does not agree with the category on the valuation roll. Therefore, resulting in incorrect rates used to charge rates on properties. 2. The following property is not categorized on Venus, even though the property is charged for the property. 3. There is no category on Venus and on the valuation roll for the following property: 4. A tariff of 0.01310 was charged for the following municipal properties, which is in contradiction of the approved schedule for rates and taxes (Resolution A.0164 of May 2017):	Management's responses Audit finding Management disagree with the audit finding(s) communicated for the following reasons: - The Municipal Manager, CFO and the Revenue Manager should ensure that the billing of customers is regular reviewed to ensure accurate and complete revenue billing. - The system (eVenus) is updated regularly to ensure that the correct rates are used to calculate the revenue. - The reconciliation between the valuation roll and the revenue is performed.	3	1. Management will perform data-cleaning by appointing a service provider. 2. Review of monthly revenue data by the CFO and the Revenue Manager by the 15th of each month by the AG. 3. Review of tariff for property rate. 4. In addressing prior year management will re-perform the reconciliation for property rate and ensure that the correct rates are used to calculate the revenue and support them with supplementary valuations.	1. Management will perform data-cleaning by appointing a service provider. 2. Review of monthly revenue data by the CFO and the Revenue Manager by the 15th of each month by the AG. 3. Review of tariff for property rate. 4. In addressing prior year management will re-perform the reconciliation for property rate and ensure that the correct rates are used to calculate the revenue and support them with supplementary valuations.	30-Jun-18	BTO	CFO	
ISS178	Revenue	Revenue: Reasonableness of Estimates During the audit of the estimate the following were noted: 1. The municipality is billing the customers based on the historical actual consumption for the billing period, the estimate is based on the historical actual consumption. 2. The municipality is applying the estimate for more than 12 months of the financial year for water and electricity which is not in line with GRAP requirements. 3. For electricity the municipality is using an estimate of the average consumption based on the prior actual consumption as per the historical data. The municipality is not using the actual consumption for the billing period. It was confirmed that for electricity, estimated actual consumption is used for the whole financial and these estimates were not compared to actual readings to provide assurance that they are reasonable for the financial year under review. Due to significant internal control deficiencies, we are unable to test the reasonableness of the estimates for revenue. 4. The water billing is based on the estimates, we could not verify the reasonableness of the estimate as the municipality did not have records that these accounts were read and estimates adjusted during the year. Due to significant internal control deficiencies, we are unable to perform alternative audit procedures to test the reasonableness of the revenue from water services. 5. We also noted the instances where there was no billing for the month.	4. The tariff was applied in our tariff schedule for municipal properties. The municipality has challenges of certain areas which it is difficult to access the township, to collect actual meter readings. The estimates are as a result of the meter not being read and not being estimated. No estimates will result in underestimation of revenue reported. The other issue was that the estimate was not supported by any policy for AG to rely in our methodology.	3	The Municipal Manager, the Chief Financial Officer and the Revenue Manager should ensure that the billing of customers is regular reviewed to ensure accurate and complete revenue billing. Reasonable estimates should be made based on the historical consumption as required.	Management will incorporate the estimate methodology into the policy to be tabled into council. Council should be informed of the challenge of the estimate of the estimate in the communities, because this is a re-curing issue.	On-going	BTO	CFO	
ISS181	Revenue	Revenue: Limitation of Scope (H/F 12)	Lack of communication between AG and management	3	The Municipal Manager, the Chief Financial Officer and the Revenue Manager should ensure that the billing of customers is regular reviewed to ensure accurate and complete revenue billing. Reasonable estimates should be made based on the historical consumption as required.	Management will prepare a policy to be tabled into council. Management will ensure that the policy is appropriately and to have appropriate internal control and adjustment to accumulated surplus.	30-Apr-19	BTO	CFO	
ISS221	Revenue	Prior year revenue reversed during the current year During the audit of Revenue it was identified that revenue reversed for the prior year was reversed during the current year which resulted in understatement of revenue for the current year.	Improvements of parameters in the financial system	3	Management should prepare accurate financial statements and the Chief Financial Officer should ensure that the revenue is recorded accurately by the prior year revenue reversed during the current year and prior year balances. The reviewer should make sure that the balances are not incorrectly recorded.	Management will prepare a policy to be tabled into council. Management will ensure that the policy is appropriately and to have appropriate internal control and adjustment to accumulated surplus.	30-Jun-19	BTO	CFO	

IS5233	Revenue	Revenue : Limitation of Scope	Lack of communication between AG and management		Management should ensure that there are sufficient staff members assisting with the requested information by the auditors and should submit the information timely. Timely submission of requested information will assist in audit efficiency. The outstanding information should be provided to the auditors or reasons indicated why it is not available.	3		30-Jun-19	BTO	CFO	Management will go back 100% to the journals processed in 30 June 2017 and 30 June 2018 to look into the journals and support to ensure everything is correct. 2. Going forward management will implement a journal book to improve internal control and journals prior year adjustment to accumulated surplus				
IS5267	Revenue	Revenue(Sewerage)-correct	improvements of parameters in the financial system		The CFO and the Revenue Manager should prepare and review the financial statements to ensure that they are reliable, complete and accurate. The prior adjustment should be adjusted to the comparative revenue statement to the current revenue, and should also affect revaluations balance. If the adjustment is from the prior year it should be adjusted to the accumulated surplus.	3		30-Jun-19	BTO	CFO	1. Management will build up POE that will be reviewed on a quarterly basis. 2. All errors will be reported monthly on their performance to their respective portfolio committees.				
IS560	AOPO	AOPO: Discrepancies identified with regard to information submitted for audit the audit of performance information, we noted that the listing for the number of households listed with water meters that was submitted for audit had discrepancies as the date per the listing relates to the previous year.	a). Non existence of monthly and quarterly performance assessments and reviews. b). Inadequate oversight performance assessment.	2	The Director of Monitoring and Evaluation and PMS Manager should prepare regular, accurate and complete listing and performance report that are supported and evidenced by reliable information			On-going	ITS	Director, ITS	1. Management will build up POE that will be reviewed on a quarterly basis. 2. All errors will be reported monthly on their performance to their respective portfolio committees.				
IS5108	AOPO	AOPO: Indicator not valid and accurate (Indigent beneficiaries) During the audit of performance information, we noted the following: Basic service delivery and infrastructure development: Number of new households earning less than R3 500 per month with access to free basic services a) The indigent indicator was not valid and accurate as it did not meet all the requirements to be registered as indigent beneficiaries; b) Compared the names of the beneficiaries in the listing to the names of the beneficiaries as per the application and noted that it differs, even though the account number is the same; c) The application forms below were received in the previous financial year and there is insufficient evidence to prove that the beneficiaries were registered in the current financial year. d) The application form below does not have the application date and there is insufficient evidence to prove that the beneficiaries were registered in the current financial year.	Non adherence to causal policy of approving indigent beneficiaries. Inadequate record keeping.	1	The Municipal Manager, Director of Monitoring and Evaluation and the Manager of PMS should implement processes to ensure that actual achievements reported on the quarterly reports and ultimately the annual performance report is valid and accurate			26 February 2019	BTO	CFO	1. Management will review the SODIP as the KPI to ensure that what is recorded as a target is also reported as such(actual). 2. Management will build up POE that will be reviewed on a quarterly basis. 3. All errors will be reported monthly on their performance to their respective portfolio committees.				
IS5112	AOPO	AOPO: Understatement of actual achievements (Connection to main sewer line) During the audit of performance information we noted that the reported actual achievement (relating to Basic service delivery and infrastructure development: Number of households connected to main sewer line) was understated given the following: a) Through inspection of the memorandum for extension dated 28 September 2018, we noted that only 60 sewer eff connections has to be initiated as per the report, implying that 190 sewer eff connections (250 of was planned) was to be sewer eff still need to be connected) had been completed as at 28 September 2018. b) Further more the listing for sewer line connections was submitted and the tabling were not; c) There had been 339 sewer line connection conducted; d) The listing does not duplicate the data of connecting; e) And the listing has not been reviewed.	a). Non existence of monthly and quarterly performance assessments and reviews. b). Inadequate oversight performance assessment.	2	The Municipal Manager, Director of Monitoring and Evaluation and the Manager of PMS should implement processes to ensure that actual achievements reported on the quarterly reports and ultimately the annual performance report is complete			26.02.19	ITS	Director, ITS	Management will review the SODIP as the KPI to ensure that what is recorded as a target is also reported as such(actual). 2. Management will build up POE that will be reviewed on a quarterly basis.				
IS5129	AOPO	AOPO: Actual achievement not complete (Land use application) During the audit of performance information, we noted the following: Basic service delivery and infrastructure development: Percent land use application processed (excluding commercial and industrial) in the 2017/18 was 100% compared to the 2017/18 listing of land use application processed.	The initial recording was in numbers but when reported it was in percentages.	2	The Municipal Manager, Director of Monitoring and Evaluation and the Manager of PMS should implement processes to ensure that actual achievements reported on the quarterly reports and ultimately the annual performance report is complete			20190228	PMS	Mr Pule	Management will review the SODIP as the KPI to ensure that what is recorded as a target is also reported as such(actual).				
IS5158	AOPO	AOPO: Presentation and disclosure Basic service delivery and infrastructure development a) Through inspection of the 2017/18 we noted that actual performance was not compared to prior year performance. b) The corrective measures put in place does not specifically addressing the performance variance and further noted that the corrective measure refers to events which had already occurred. c) Supporting evidence provided does not match the description of the corrective measures disclosed in the 2017/18 annual performance report for the performance indicator below. d) Through inspection of the 2017/18 we noted that the municipality did not achieve the planned target for the indicator and did not disclose the corrective measures for the performance variance in the 2017/18 AFR.	a). The Auditor disregarded the baseline which represent the audited prior year performance. b). The indicator together with the POE were stated in the approved SODIP versus the AFR. c). 1. The POE for the indicator was not properly reviewed it was only submitted as in when the AG requested the information. 2. There was no amendment of the 2017/18 SODIP to address the prior year audit finding twice the recurrence. d). The supporting for the indicator was not properly reviewed it was only submitted as in when the AG requested the information.	3	Management should ensure that there are sufficient staff members assisting with the requested information by the auditors and should submit the information timely. This will speed up the audit and it will result to low audit cost for the municipality.			20190228	PMS	Mr Rispokea	Management will review the SODIP as the KPI to ensure that what is recorded as a target is also reported as such(actual). 2. Management will build up POE that will be reviewed on a quarterly basis. 3. All errors will be reported monthly on their performance to their respective portfolio committees.				

IS530	AOPO	AOPO: It is not possible to provide a summary of actual achievement. During the audit of performance information, basic service delivery and infrastructure development (IPSA), we noted that the reported target as per service delivery and budget implementation plan is not consistent with the reported achievement as per annual performance report.	a) Non existence of monthly and quarterly performance assessments and reports. b) Inadequate oversight performance assessment.	The Municipal Manager, Director of Monitoring and Evaluation and the Manager of PMS should ensure that the annual performance report is consistent with the planned targets and supported by an adequate portfolio of evidence.	3		Management will review the SODIP or the IPJ to ensure that what is recorded as a target is also reported as such (actual). 2. Management will build up a quarterly basis. 3. All directors to report monthly on their performance to their respective portfolio committees.	2018/02/26 On-going	All	Director: ITS, PS/FFA, CS and PHS.	
IS542	AOPO	Predefined objective (Usefulness testing) During the audit of performance information, we noted the following: a) Planned indicator as per the annual performance plan and the planned target as per the annual performance report is not consistent. Refer to the table below for inconsistency identified. b) The planned targets below are not specific and measurable, as the nature and required performance cannot clearly be identified and required performance cannot be measured. c) The indicator below is not verifiable as the indicator speaks of the upgrade (purchase) of yellow fleet and the process and system speaks about the leasing of fleet vehicles.	a) Non existence of monthly and quarterly performance assessments and reports. b) Inadequate oversight performance assessment.	The Director of Monitoring and Evaluation and PMS Manager review the annual performance plan and report to ensure that the annual performance report is consistent with the planned targets and supported by an adequate portfolio of evidence.	3		Management will review the SODIP or the IPJ to ensure that what is recorded as a target is also reported as such (actual). 2. Management will build up a quarterly basis. 3. All directors to report monthly on their performance to their respective portfolio committees.	2018/02/26 On-going	All	All Directors	
IS542	AOPO	AOPO: Differences noted between the Lulling and Annual performance report During the audit of performance information, we noted the following: a) The actual achievement as per the billing does not agree to the actual achievement as per the annual performance report. Refer to the differences noted below. b) The use of measurement applied in the annual performance report for the planned target and the actual achievement is not consistent. This lead to the differences noted when comparing the actual achievement as per the billing and the annual performance report and the difficulty in verifying the actual achievements. Below is the inconsistency of the unit of measurement identified	a) They were an amendment of the 2017/18 SODIP to address the prior year audit finding hence the recurrence. b) Inadequate oversight performance assessment.	The Director of Monitoring and Evaluation and PMS Manager must ensure that the billing and the POEA, supporting the required performance agree to the annual report. The Director of Monitoring and Evaluation and PMS Manager must ensure that the unit of measurement is consistent for the planned targets and the reported actual achievement.	1		Management will amend the SODIP or the IPJ to ensure that what is recorded as a target is also reported as such (actual). 2. Management will build up a quarterly basis. 3. All directors to report monthly on their performance to their respective portfolio committees.	26.02.19	All	All Directors	
IS569	AOPO	AOPO: There is no substantiating evidence provided for corrective measures for UPA 5: Basic Service Delivery and Infrastructure Development as disclosed in the 2017/18 Annual performance report was not received as requested on RFS4 of 2018 on 25 October 2018. This is a limitation of scope on audit work to be performed and will result in a modified audit opinion.	a) Non existence of monthly and quarterly performance assessments and reports. b) Inadequate oversight performance assessment.	The Municipal Manager, Director of Monitoring and Evaluation and the Manager of PMS should ensure that there are sufficient staff members assisting with the requested information by the auditors and should submit the information timely. This will speed up the audit and it will result in low cost for the municipality. The outstanding information should be provided to the auditors or reasons indicated why it is not available.	3		Management will review the SODIP or the IPJ to ensure that what is recorded as a target is also reported as such (actual). 2. Management will build up a quarterly basis. 3. All directors to report monthly on their performance to their respective portfolio committees.	2018/02/26 On-going	All	All Directors	
IS573	AOPO	AOPO: There is no indicator in the SODIP for Priority 2 (Roads and Storm water). During the audit of performance information, we noted that there was no key performance indicator relating to Priority 2: Roads and storm water in the SODIP and this Priority forms part of the municipal wide needs as disclosed in the IDP. This is a non-compliance with the Municipal Systems Act and it will be reported in the management report.	The indicator on roads and storm water vehicles captured in department SODIP was erroneously omitted when finalising the top layer/organisational SODIP.	The municipal manager, CFO and the PMS manager should ensure that key performance indicators that forms part of the municipal wide needs in the IDP are also included in the SODIP and are reported to the annual performance report.	3		Management will ensure incorporation of all strategic (IPJ) in the top layer/organisational SODIP.	26.02.19	ITS	Director: ITS	
IS581	AOPO	AOPO: Reported actual achievement not valid and accurate (Rural area proclaimed). During the audit of performance, we noted that the actual achievement reported is not valid and accurate as the area below has not yet not being formalised (proclaimed). Basic service delivery and infrastructure development: Formalisation of rural areas (proclaimed township)	The initial recording was in numbers but when reported it was in percentages.	The Municipal Manager, Director of Monitoring and Evaluation and the Manager of PMS should implement processes to ensure that actual performance reported in the annual performance report is valid and accurate.	3		Management will have to review the SODIP or the IPJ to ensure that what is recorded as a target is also reported as such (actual).	28 February 2019	PMS	Director: Human Settlements	

| ISS# | AOPO | AOPO: Actual achievement not valid and accurate (SANS 241 Compliance)
Basic service delivery and infrastructure development: 100% water quality initiated in compliance of SANS 241

1. The water analysis was said to be performed by the Independent water laboratory, though we noted that it was performed by the Madibeng local municipality. And further noted that the IWM water analysis reports only include the analysis that was performed but not the results of the % compliance for SANS 241. The water analysis was said to be performed by the Independent water laboratory, though we noted that it was performed by the Madibeng local municipality. And further noted that the IWM water analysis reports only include the analysis that was performed but not the results of the % compliance for SANS 241.
2. There was no mention of the water analysis report, we noted that there were instances of non-compliance identified relating to Aesthetic, however the Madibeng municipality had reported 100% compliance with SANS 241
4. Through inspection of the water analysis report, we noted that there were instances of non-compliance identified relating to Aesthetic, however the Madibeng municipality had reported 100% compliance with SANS 241.
5. There was no water analysis report performed for Distribution Network % Compliance to SANS 241 for the areas below:
(a) Oudskale for January 2018
(b) Caliban view and Komoroo neck from July to December 2017
6. Through inspection of the 12 months flood water report for water analysis, we noted that the water analysis reports only include the analysis that was performed but not the results of the % compliance for SANS 241. | The reporting was not inconsistent with the SANS 241 reported.

 | The Municipal Manager, Director of Monitoring and Evaluation and the Manager of PMS should implement processes to ensure that actual achievements reported on the quarterly reports and ultimately the annual performance report is valid and accurate. | 2 | Management will have to review the SDBIP or the KPI to ensure that what is recorded as a target is also reported as such(actual). | 28 February 2019 | ITS | Director: ITS |
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| ISS87 | AOPO | AOPO: Performance information not completely recorded (SANS 241 % Compliance)
Basic service delivery and infrastructure development: Percentage of water quality in compliance with SANS 241 maintained.
a) That there were other water quality reports that were in compliance with the SANS 241 that were not considered and recorded, therefore the reported actual achievement was not completely recorded.
b) That there were other water quality reports that were not in compliance with the SANS 241 (SANS link s 15) for the month of January 2018 that were not considered and recorded, therefore the reported actual achievement was not completely recorded. Refer below to the areas were that was non-compliance with the Aesthetic (required SANS link s 15):
(i) Merfeth
(ii) Idali
(iii) Sumay | The reporting was not inconsistent with the SANS 241 reported.

 | The Municipal Manager, Director of Monitoring and Evaluation and the Manager of PMS should implement processes to ensure that actual achievements reported on the quarterly reports and ultimately the annual performance report are complete. | 2 | Management will have to review the SDBIP or the KPI to ensure that what is recorded as a target is also reported as such(actual). | 26.02.19 | ITS | Director: ITS |
| ISS91 | AOPO | AOPO: Actual achievement not valid and accurate (Road Safety)
During the audit of performance information we noted the following:
Basic service delivery and infrastructure development: Number of road safety Education programs implemented
a) Only photos were submitted as portfolio of evidence, therefore there was not sufficient audit evidence such as registers and reports for activities that took place at the implemented road safety program below:
Implementation road safety program below:
Limitation on Prepayments | 1) The auditor demanded additional information other than the one recorded in the SDBIP.
2, The additional information required should other been recommended as in implementation in reporting performance by the municipality.
The information was submitted late.

 | The Municipal Manager, Director of Monitoring and Evaluation and the Manager of PMS should implement processes to ensure that actual achievements reported on the quarterly reports and ultimately the annual performance report is valid and accurate. | 3 | Management will prepare a comprehensive monthly reports as means of verification for the annual performance report. | On-going | PMS | Director: Public Safety |
| ISS17 | Prepayment | |

 | Information requested by the auditors should be supplied to the auditors within the time line as to ensure that they are able to complete their duties within the prescribed time. | 3 | Management will ensure the information is kept in a file | 30-Apr-19 | BTQ | CFO |
| ISS104 | Procurement and Contract Management | The Appointment of a service provider in terms of MFMA Regulation 32 to supply and deliver fuel to various areas within Madibeng Local Municipality | Non compliance:
In terms of Regulation 32 of the Municipal Supply Chain Management Act, the Accounting Officer must procure goods and services under a contract secured by another organ of State, but only if:
- The contract has been secured by that other organ of State;
- A competitive bidding process was followed in the procurement of the goods and services to be delivered and supply to various sites in our different office areas. Therefore the first requirement that must be complied with is to ensure that the contract for provision of fuel to various sites was secured by the City of Tshwane. However, it was noted that the City of Tshwane Manager has confirmed that the contract was secured by the City of Tshwane. Therefore the first requirement that must be complied with is to ensure that the contract for provision of fuel to various sites was secured by the City of Tshwane. However, it was noted that the City of Tshwane Manager has confirmed that the contract was secured by the City of Tshwane. Therefore the first requirement that must be complied with is to ensure that the contract for provision of fuel to various sites was secured by the City of Tshwane. 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	Procurement and Contract Management	Limitation of Scope for Bids relating to SCM	Information was submitted after 3 days	Management should ensure that there are sufficient staff members assisting with the requested information by the auditors and should submit the information unconditionally. This will speed up the audit and it will result in low audit cost for the municipality. The outstanding information should be provided to the auditors or reasons indicated why it is not available.	3		On-going	BTO	CFO	
SS151 SS202	Procurement and Contract Management	1. Bid awarded to a supplier whose tax matters were not in order. 2. Under disqualification of bidders on responsiveness 3. Prior of municipal area and does not attach/submitted for all members of the JV 4. Evaluation criteria for functionality not clearly defined	Information was partially submitted to auditors.	Information requested by the auditors should be supplied to the auditor general within the agreed time frame to ensure that they are able to complete their duties within the prescribed time.	3		On-going	BTO	CFO	
SS 177	Procurement and Contract Management	The appointment of a service provider in terms of MFMA Regulations 37 to provide maintenance services for road vehicle for Madibeng Local Municipality.	No compliance: In terms of section 39 of the Municipal Supply Chain Management regulations, the Accounting Officer may procure goods and services under a contract secured by another organ of State, but only if: - The contract has been secured by that other organ of State by means of a competitive bidding process applicable to that organ of State; The following were noted: 1. The service level agreement between Berlebelle and Madibeng Municipality, it is stipulated, under Whole Agreement that, "this agreement constitutes the whole agreement between the parties unless supplemented by further agreement, which shall be in writing". The clause effectively prevents the Auditor General from obtaining the relevant documents from Berlebelle Pty Ltd while the Madibeng SLA is supposed to be entered under the Bida-Bida contract or S/LA. The procurement by Madibeng Municipality was in contravention of Municipal Regulations 32(1) 2. Lack of demonstrable discounts-The evidence to substantiate the due discount was not provided 3. CIPC searches were not conducted for all the service providers who are on municipal database and for all employees who are employed by the municipality.	1. Conduct CIPC searches for all its valid members on their database. 2. Contact all the ward committee members and request that they disclose any business interests that they have and assess whether any of them are with the municipality. 3. If the results of the search indicate that individuals did not declare their business interests, the individuals should consider disclosing competing businesses with the said entities on the basis that owners are not honest on the MBD4 forms as noted above. 4. Consider adjusting the financial statements such that the above disclosure is added to the financial statement.	3		On-going	BTO	CFO	
SS 195 SS 196 SS 198 SS 199	Procurement and Contract Management	Declaration of interest not provided for award made in close family member, person who is related to a person in service of the state.	N/A compliance and irregularities 1. The accounting officer did not record the reasons for deviations.	1. Management should ensure that all decisions from procurement are taken before council in the month following their approval. 2. Ensure that all procurement's undertaken in line with the requirements of SCM regulations and professional procurement regulations.	3		On-going	BTO	CFO	
SS 253 SS 259	Procurement and Contract Management	1. Deviations were not tabled before council as required by section 36 of the SCM regulations. 2. Procurement done without following SCM processes.	Management didn't follow SCM process and deviations were not attached.	Management should: - Disclose payments made under the above tender as part of irregular expenditure. - If the above installment is corrected, the evidence of correction should be provided to the auditors. - Disciplinary proceedings should be initiated against all parties involved in the awarding of the above tender.	3		On-going	BTO	CFO	
SS201 SS204 SS205 SS206 SS207 SS211 SS212 SS213 SS214 SS216 SS218 SS219	Procurement and Contract Management	Irregularities noted on tender Irregular expenditure has been understated with the payments made to date for the above tender	Management didn't follow SCM process and deviations were not attached.	Management should: - Disclose payments made under the above tender as part of irregular expenditure. - If the above installment is corrected, the evidence of correction should be provided to the auditors. - Disciplinary proceedings should be initiated against all parties involved in the awarding of the above tender.	3		On-going	BTO	CFO	
SS222	Procurement and Contract Management	Contract Management The service provider was appointed under section 32 regulation in the 2016/17 financial period for 3 years. The contract amount that was signed in was R2 600 000 for the first year ending 30 June 2017 for a scope that is aggressive. In the current year ending 30 June 2018, the amount paid was R9 330 326.01 which represents an increase of about 260%. This seems excessive and points to weaknesses in contract management. The contract for the above tender was awarded to a company that was much less than expected. However, given the fact that the consultant were appointed to address amongst other things AG findings, the fact that the municipality still had significant findings on the other same issues raised in the 2016/17 financial year. The services received are thus questionable. The expenditure (in the extent that it can be allocated) can be regarded as wasteful expenditure.	Management had issues with some of the contracts to be appointed in other units without informing scm.	Management going forward has a central team unit which will monitor the performance of service providers appointed	3		On-going	BTO	CFO	

ISS246	Procurement and Contract Management	As per inspection of the contract, signed on the 15 of September 2015, it was noted that the contract does not have an end date/termination date thus it is not in line with general conditions of the contract. The supplier in question was also appointed using MFMA SCM Regulation 32, the original contract used had duration of three years. The contract might be irregular as it is not in line with Regulation 32, i.e. the period of participation may go beyond the validity period of the original contract.	Management had issues with some of the contracts to be appointed in other units without informing SCM.	Management and the accounting officer should take steps rectify the contract by adding the termination date of the contract.	3		SCM unit will go through all the contracts which didn't go through the SCM process to check the compliance and if they contravened the SCM regulations then they will be disclosed as irregular expenditure. 2. And any contracts which contravened the SCM will be reported to MA.	On-going	BTO	CFO	
ISS246	Procurement and Contract Management	The contract is priced based on per unit/minute of services rendered. As per inspection of the invoice, noted that the unit price paid per the invoice cheque R95055072 is not as per the contract. The contract price stated was R205 per hour and the invoice is R105 per hour.	Management had issues with some of the contracts to be appointed in other units without informing SCM.	Management and the accounting officer should determine the total amount that has been overpaid since the inception of the contract and take steps to recover the money. Disciplinary steps should also be taken against the officials who approved the payment. The auditors, the workings with supporting documents should be submitted to the auditors along with the proposed adjustment.	3		SCM unit will go through all the contracts which didn't go through the SCM process to check the compliance and if they contravened the SCM regulations then they will be disclosed as irregular expenditure. 2. And any contracts which contravened the SCM will be reported to MA.	On-going	BTO	CFO	
ISS247	Procurement and Contract Management	1. Obtained and inspected the BID adjudication minutes dated 11 December 2015 for the appointment of the PIC stated on the contract did not agree to the appointment letter and bid adjudication minutes. The tender was approved for a fixed price of R205 142.05 (incl. vat) per month with no escalation specified. However, the contract reflected a unit price which may result in instances where the price exceeds the amount approved per the adjudication minutes. 2. As per inspection of the invoice, noted that the unit price paid is as per contract rates. But, as per inspection of the appointment letter and BID adjudication minutes, the amount that was approved was a fixed price of R205 142.05. Obtained and inspected one of the invoices for the month of 17 May 2018 totaling R304 754.30 (cheques) and noted that the amount paid exceeded the approved price of R205 142.05 by R144 612.25.	Management had issues with some of the contracts to be appointed in other units without informing SCM.	Management and the accounting officer should determine the total amount that has been overpaid since the inception of the contract and take steps to recover the money. Once determined, the workings with supporting documents should be submitted to the auditors along with the proposed adjustment. Disciplinary steps should also be taken against the officials who were involved in the transaction.	3		SCM unit will go through all the contracts which didn't go through the SCM process to check the compliance and if they contravened the SCM regulations then they will be disclosed as irregular expenditure. 2. And any contracts which contravened the SCM will be reported to MA.	On-going	BTO	CFO	
ISS247	Procurement and Contract Management	Obtained and inspected the BID adjudication minutes dated 17 August 2016 for the tender and confirmed that the price stated on the contract did not agree to the appointment letter and bid adjudication minutes. The tender was approved for a fixed price of R141 507.50 (incl. vat) with no escalation specified. However, the contract reflected a unit price which may result in instances where the price exceeds the amount approved per the adjudication. No payment has been made in the current year.	Management had issues with some of the contracts to be appointed in other units without informing SCM.	Management and the accounting officer should determine the total amount that has been overpaid since the inception of the contract and take steps to recover the money. Once determined, the workings with supporting documents should be submitted to the auditors along with the proposed adjustment. Disciplinary steps should also be taken against the officials who were involved in the transaction.	3		SCM unit will go through all the contracts which didn't go through the SCM process to check the compliance and if they contravened the SCM regulations then they will be disclosed as irregular expenditure. 2. And any contracts which contravened the SCM will be reported to MA.	On-going	BTO	CFO	
ISS 86	Borrowings & long-term loans	Non compliance with MFMA section 39(2) The confirmation letter has same to the auditor's attention that the financial statements have been audited. The amounts per the loan confirmation statements do not agree to the amount disclosed on the annual financial statements.	UTRECHT REPORT PART TWO	CFO should ensure that basic controls over annual financial statements are in place. The CFO should ensure that the annual financial statements are audited and that the audit report is included in the annual financial statements. The CFO should ensure that the annual financial statements are audited and that the audit report is included in the annual financial statements.	2	Medium	Request all the loan statements from PIC and re-perform the reconciliation to correct the financial year ended 30 June 2018 to ensure that the annual financial statements are correct.	30-Mar-19	BTO	CFO	
ISS223	Contingent liabilities	Contingent liability: Incorrect classification of the PIC loan During the audit of Contingent liabilities, it was noted that the PIC loan was incorrectly classified as contingent liabilities. Based on information and supporting documents (contracts, legal confirmations and bank statements) it was noted that the loan was a contingent liability due to the fact that the liability should not be disclosed as a contingent liability due to the fact that there is a contract with PIC that indicates that this money was loaned to the municipality and it is due. The confirmation letter also indicated that the municipality should pay the amount.	The report from Allorneys classified it as contingent, however the amount was disclosed as liability, which was corrected to AG non-current loans.	The CFO should put controls in place that will ensure that accounts are kept correctly and relevant are in place to ensure the correct are kept correctly.	2	Medium	Management will prepare a register and have all the confirmations from attorneys.	30-Apr-19	Legal Unit	Advocate Mhangwa	
ISS106	APO	APO: POEs stated as per annexure AG and A12 in annual performance report was not provided for such as it does not exist. During the audit of performance information, we noted the following: Basic service delivery and infrastructure development: Number of projects identified for implementation Comprehensive Traffic back office support system a) The referred annexure AG and A12 in the annual performance report which include the memorandum of agreement, signed quarterly reports, minutes of meetings, photos, proof of payment and signed service level agreement as the POEs for the respective IP is could not be provided for audit purposes.	a). Inadequate record keeping. b). Inadequate oversight performance assessment.	The Municipal Manager, Director of Monitoring and Evaluation and the Manager of PMS should implement processes to ensure that the quarterly reports and ultimately the annual performance report are supported by reliable information.	3	High	1. Management will review the SDRIP or the IP to ensure that what is recorded as a target is also reported as such (actual). 2. Management will build up a register of projects on a quarterly basis. 3. All directors to report monthly on their performance to their respective periods.	26 February 2019	AM	Director: ITS, P-SFFM, CS and PHS.	
ISS174	Cash and cash equivalent	Cash and cash equivalents: Bank accounts not disclosed Through the inspection of the bank confirmations received, it was noted that the following bank accounts were not disclosed in the financial statements, as required by the MFMA: - ABSA account 6053300239 - ABSA account 6053300239 - ABSA account 605813113	The Municipality needs a biller to close the bank however the bank meet the requirements, which led to omissions of ABSA bank not disclosed on our AFS.	Management should ensure that all of the municipality's bank account are disclosed in the points to the financial statements as required by MFMA 12(2)(4).	3	High	Management will request confirmations of all the banks that the municipality has for the period 30 June 2018 and accordingly have later that confirms all the banks we have opened in the current year and current year 2018/19.	30-Apr-19	BTO	CFO	

ISS55	Cash and cash equivalent	Petty cash register not updated	The register was not updated because they was no personnel given the fact to perform the recon after some of the expenditure individual were suspended	3	The MM should ensure strict controls are implemented over petty cash.	30-Jun-19	BTQ	CFO	Management will re perform the register for the financial year ended 30 June 2018 to check for any discrepancies and a personnel will be tasked to update the register. The register will be signed off by the AD, Expenditure and authorized by the CFO.
ISS56	Cash and cash equivalent	Bank recon not signed	The Reconitions were prepared but the signing off section was not done	3	The MM should ensure that controls are adhered to at all times and action should be taken against officials that do not adhere to this.	30-Jul-19	BTQ	CFO	Management will ensure that monthly reconciliations are reviewed and signed off.
ISS57	Employee Cost	Employee cost: Staff establishment not reviewed During the confirmation of the municipal systems it was noted that the municipality since it has a newly approved organisational structure it did not review and sign their staff establishment with the structure at the end of the 2017-18 financial period. This leads to non-compliance with relevant regulations that direct the municipal processes	The staff establishment submitted was draft	2	The Municipal Manager should have a checklist of all policies, procedures and structures in place and ensure it to ensure that all the necessary reviews are performed in and when they become due.	on going	CSS	Mr Magola	Management in future will ensure that all policies, procedures and structures in place and use it to ensure that all the necessary reviews are performed in and when they become due. Management agrees with the audit findings Following reasons: The organisational structure was approved in March 2018 (see annexure A) and the final organisational structure was approved in May 2018 (see Annexure A). Hence the establishment plan for the financial year 2017/18 couldn't be signed to the organisational structure with effect from 2018/19 financial year the establishment plan will be approved together with the HR policies and budget related policies during the final round.
ISS78	Employee Cost	Employee cost: Employees performance not measured During the confirmation of the municipal processes it could not be confirmed that the municipality measures and evaluate the performance of staff as no evidence was submitted. This results to non-compliance with the relevant regulations that govern the processes of the municipality.	Lack of communication between AG and management	2	The Municipal Manager should ensure that there are appropriate measures in place to measure and evaluate the performance of staff through performance assessments of non-senior managers that can be done per directorate.	30-Jun-19	All Director	Municipal Manager	The Municipality performs quarterly performance review for all section 56 directors. Performance management system has been cascaded to Assistant Directors and Assistant Managers in the 2018/19 financial year.
ISS88	Employee Cost	Employee cost: No performance evaluation panels for performance reviews of the Municipal Manager and Senior Managers. During the processes of the municipal processes it came to the auditor's attention that the municipality did not have performance evaluation panels in place for the evaluations of the Municipal Manager and the Senior Managers who report directly to the Municipal Manager. This results in non-compliance by the municipality in following the relevant regulations that guides transparency and fairness in the evaluations of the Municipal Manager and Senior Managers.	Lack of communication between AG and management	2	The Municipal Manager should ensure that there are proper performance evaluations performed every year and, furthermore there should be a panel in place that is in line with relevant regulations.	30-Jun-19	All Director	Municipal Manager	The Municipality performs quarterly performance review for all section 56 directors. Performance management system has also been cascaded to Assistant Directors and Assistant Managers in the 2018/19 financial year.
ISS90	Employee Cost	Employee cost: Overtime not pre-approved During the confirmation of overtime processes, it came to auditor's attention that overtime was not pre-approved, this was picked up after the following was noted: Overtime pre-approval form for water and sanitation for the month of March 2018 and confirmed that the overtime was worked on 14 and 15 March 2018 but the pre-approval was signed for approval on 14 March 2018 confirming that the overtime worked for the month of March 2018 was not pre-approved.	The Municipality officials work two blocks of overtime: - Planned overtime. Planned overtime is the overtime of work required to be done outside normal working hours where it is not practical / possible to perform the work during working hours. (EG: Planned maintenance that may result in water / electricity interruption). Planned overtime is pre-approved by the Municipal Manager, Director of requesting department and Director Corporate where employees are urgently required to restore service delivery. (EG: Water pipe burst outside working hours, electricity cut, etc.) Urgent overtime renders it impossible to pre-approve the overtime. The Director of requesting department must immediately request the employees to attend to the emergency and the employees must be paid for the overtime. The approval documents get signed at a later stage. The items quoted above were urgent overtime and did not require pre-approval.	2	The Director: Corporate support services should ensure that pre-approved forms are completed and approved before overtime could be worked and ensure there is no risk for unauthorised expenditure.	on going	All Directorate	Municipal Manager	Gang forward management will ensure that all emergency are pre-approved.

IS	IT	Management agrees with the finding.	2	On-going	IT	Mr Xola
IS164	IT	IT - No change requisition form prepared During the course of the audit it was confirmed that the Payday system was updated for the new MSCOA requirements. However, as per the auditor's ICT Change Management Policy section 5.1.b, communication initiating, and indicating approval for updates or upgrades, is required as a minimum. The auditee indicated that no such change management forms had been completed to update the update of Payday for new MSCOA requirements. The results in non-compliance with the auditee's policy which is based (as per the policy) on international standards and other South African legislation.	IT management should ensure that all packets of the auditee are applied consistently and that effective controls are in place to ensure that where changes in systems or applications take place, they are used managed and properly documented.	On-going	IT	Mr Xola
IS248	IT	IT Health Check: Fullness and wasteful expenditure and internal control deficiency The SLA was not adequately reviewed.	IT management should ensure that all IT management ensure that any IT consultancy contracts entered into have a clause ensuring that transfer of skills is one of the processes that are to take place. It is further recommended that when transfer of skills agreements are in place it is ensured that the training and supervision of this occurs to ensure that employees do indeed receive the skills that are to be transferred to them.	On-going	IT	Mr Xola
IS219	Internal control	Action plan for prior year issues was not monitored	The Municipal Manager and the CFO should ensure the following: • Audit plan for the prior year issues that were raised by the external quality assurance review is developed for all the issues and is monitored accordingly. • Issues from the prior year audit are adequately addressed to avoid the recurring of the same issue.	30-Jun-19	Internal Audit	Mr Mmophahla
IS21	Internal control	External quality assurance review Based on discussion with the external auditor, it was noted that there was no external quality assurance reassessment performed in past years. This leads to non-compliance with the SA Standards and an internal control deficiency.	The audit committee and municipal manager should ensure that an external quality assurance review is conducted once every five years by an independent and qualified party.	30-May-19	Internal Audit	Mr Mmophahla
IS242	Conditional grants	Government grants and subsidies not accounted correctly During the audit it was noted that the grant income from the Department of Social Development was not correctly accounted for in the financial statements. The amount disclosed in note 27 is understated with the Library grant amount of R339 500 as it was transferred to revenue as per the breakdown on page 5 of the AFS but not included in the total of capital grants note or under revenue in the statement of financial performance. The amount presented in the face of the Annual financial statement is not fairly presented as it does not equal the amount disclosed on the note detail.	The Accounting Officer should ensure that controls are implemented to ensure that the Annual Financial Statement is prepared together with the accompanying notes and is reviewed and signed by the Accounting Officer before submission to auditors.	30-May-19	BTO	CFO
IS283	Disclosure	Completeness of financial instruments disclosure An entity may present financial assets and financial liabilities in separate line items under (e) or (f), for example, derivatives and instruments held for trading where this disclosure is useful in understanding the significance of these instruments to an entity's financial position and performance. During the audit it was noted that the auditor's attention had not been drawn to the disclosure of financial instruments in the financial statements. The disclosure of financial assets and liabilities is not complete as a result of the disclosure of financial assets and liabilities but none has been made in note 26 for financial liabilities. Note disclosure form: Financial Liabilities Public interest entities Less Obligations Payables from non-exchange transaction Consumer deposits	CFO should ensure that basic controls over annual financial statements preparation are designed, implemented and monitored on a regular basis. CFO should implement quarterly financial reporting and early preparation of financial statements to provide for adequate review.	30-Jun-19	BTO	CFO
IS285	Consumer Deposits	Consumer deposits for reconstructions was not raised according to approved tariffs During the audit it was noted that consumer deposits raised was not according to the approved tariffs, the following serves as an example: Account No Reconstructions Type Address: Etnal Suburb Account holder Deposits raised 2009968 Hermit 75 HARRINGTONSTRAAT HBP SCHOEMANSVILLE SCHOLES, FJ D P4135 Wrong Disconnection 18 GAMKA LANE STAND 2020 ELANDERANO DU PLESSISG O	The revenue manager must raised consumer deposits according to the approved tariffs and tariffs policy.	30-Apr-19	Revenue	Mr Mmohina
IS240	Immovable assets	PPE: Accumulated depreciation calculated incorrectly	It is recommended that the asset manager perform thorough reviews of the asset register and ensure that the register is updated periodically to ensure that auditee policies are consistently applied throughout.	30-May-19	BTO	CFO

IS2005	Immovable assets	PPE Transfers - Amount included for transfer to GL and FAR do not agree in supporting documentation received for transfers. During the audit of Transfers of assets, it was noted that the supporting documentation for work involved in the transfers did not agree with the amounts as included in the GL and the FAR. Amount as per FANGUANFS = R14 027 610 Difference = R1 508 722.12 This has a net effect on the AFS as both the reduction of the WIP and the increase in the infrastructure assets would be for the same amount.	The difference of R1.5m arises from historical payments when the project started which we could not find the invoices at the time of completion of the registers and financial statements		It is recommended that the auditors ensure that the requisite supporting documentation is always available for recording supporting purposes, ensuring accurate and verifiable recording of information.	2		Management will investigate all the invoices and perform a supporting documentation with the assistance of PMU unit.	30-Jun-19	BTO	CFO
IS5192	Inventory	Inventory: Balance as per annual financial statements differ to the inventory listing for Unpaid Properties held for sale. During the audit of inventory we noted that the balance as per annual financial statements differs to balance as per inventory listing for Unpaid Properties held for sale as detailed below.	a listing was not submitted		The Chief Financial Officer should prepare and review the annual financial statements to ensure that they are reliable, complete and accurate.	2		Management will file the listing for A/C.	30-Apr-19	BTO	CFO
IS5115	Investment	Signatures on investments not confirmed During the audit of other financial assets (investments) we requested confirmations for the below investments but did not get any response. The values were confirmed by alternative means but the signatories could not be confirmed:	The information was submitted late		The Chief Financial Officer should ensure that: - Contact details of representatives of the institutions in which the investments are held are updated on a regular basis and - An intervention mechanism is implemented when auditors do not receive responses from the insurance companies in which the municipality holds investments	2		Management will have all the accounts to ensure that it addresses the issues of signatories.	30-May-20	BTO	CFO
IS5119	Investment	Investment matured but not withdrawn During the audit of Other Financial Assets (investments) it was noted that the municipality has an investment with policy number 53927/19 with maturity date of 31 July 2007 however value has been sitting at R1 692 298.21 since 01 July 2007 to date. The policy maturity value was R1 692 298.21	It is difficult to withdraw the investment because it is past 1994 and we had to change the signatories 141.		The Chief Financial Officer should ensure that: - The details of the authorised signatories are updated on a regular basis - Delegated official take steps to meet the requirements of the insurance companies with regard to releasing funds in the event of a claim - Investments are reviewed on a regular basis to ensure that the objective of investing funds which are not immediately required is always met.	2		Management is on the process of withdrawing all the investments.	30-Jun-19	BTO	CFO
IS5121	Investment	Disclosures: Regular amounts of investments not met During the audit of disclosure of other financial assets (investments) we noted the following deficiencies: 1. There was no variation indicating whether there are any investments pledged as collateral or security for liabilities 2. There was no disclosure or variation regarding Council's valuation for unlisted investments 3. A summary of investments together with the names of the institutions in which the investments are held was not disclosed 4. The net gain or losses on financial investments designated at fair value, amortised cost and cost was not disclosed 5. Investments were not disclosed as investments which was mainly recorded as interest was set against the gain.	Review of the AFS at year end was not performed properly.		The Chief Financial Officer should ensure that adequate reviews are performed on the AFS to ensure that the AFS comply with applicable accounting framework and the MFMA prior to approval and submission to auditors.	2		Management will ensure that they set AFS plan which all the relevant stakeholders adhere to the deadlines, to ensure that the AFS are submitted on time to Risk and Internal audit unit for review.	30-Apr-19	BTO	CFO
IS5125	Investment	Overstatement of interest in investments disclosed in the AFS During the audit of Other Financial Assets, Presentation and Disclosure it was noted that the interest earned on investments disclosed in note 22 does not reconcile to the amount of interest earned in the financial statements. The difference was due to the interest on bank accounts. PPE: Prior period correction amounts don't agree between Notes 4 & 44 During the inspection of the financial statements, it was noted that the following difference occurred on the prior period error testing on property, plant and equipment: Prior period correction amount 6 107 541 Note 4 - Prior period errors 7 714 135 Difference - 1 606 594	All the movement of investment they were captured under interest earned		The Accounting Officer should ensure that controls are implemented to ensure that the Annual Financial Statements together with the lead schedules are properly reviewed by delegated officials before submission to auditors.	2		Management will correct all the fair value adjustment and take it to the correct value.	30-Apr-19	BTO	CFO
IS539	Movable	PPE: Prior period correction amounts don't agree between Notes 4 & 44 During the inspection of the financial statements, it was noted that the following difference occurred on the prior period error testing on property, plant and equipment: Prior period correction amount 6 107 541 Note 4 - Prior period errors 7 714 135 Difference - 1 606 594	Review of the AFS at year end was not performed properly.		It is recommended that management correct the note disclosure for other Note 4 - PPE, or Note 44 - Prior period error. Management should ensure that a proper review of the financial statements is performed and that they work off supporting schedules/documentation to ensure that there is an audit trail supporting amounts that are included in the financial statements.	2		Management will ensure that they set AFS plan which all the relevant stakeholders adhere to the deadlines, to ensure that the AFS are submitted on time to Risk and Internal audit unit for review.	30-Jun-19	BTO	CFO
IS5241	Movable	PPE: Unpaid fees of assets not in terms of auditor's accounting policy and/or not realistic During the inspection of the useful lives of assets that were selected for testing noted that assets below did not have useful lives that were consistent with the auditee's accounting policy and/or realistic:	Review of the AFS at year end was not performed properly.		It is recommended that management should re-look at the useful lives of assets as recorded in the asset register and amend it to agree to the accounting policy that was applied as per Note 1 of the AFS.	2		Management will ensure that the relevant stakeholders adhere to the deadlines, to ensure that the AFS are submitted on time to Risk and Internal audit unit for review.	30-Jun-19	BTO	CFO
IS5257	Movable	PPE: No reconciliations between FAR and GL performed During the year under review we enquired with the Manager - Financial Management and confirmed that no reconciliation is performed on a quarterly basis between the general ledger and the fixed asset register and the year-end reconciliation. Non-compliance with section 8(1) and 8(2) of the Municipal Finance Management Act of 2003, Act No. 56 of 2003. Non-compliance with Paragraph 5.c of Asset Management Policy - Possible misstatement of the fixed assets due to failure to update the general ledger on a quarterly basis with changes made on the fixed assets register.	The asset verification and additions of infrastructure assets is performed at year end.		The asset manager should update the general ledger with changes made on the fixed assets register on a quarterly basis to ensure compliance with Asset Management Policy.	2		Management policy forward was from monthly reconciliation for assets.	on-going	BTO	CFO

[illegible]