



MADIBENG

LOCAL MUNICIPALITY

2018/19

ANNUAL

REPORT

*“Madibeng, the Prosperous Platinum
and Green Tourism City”*



Madibeng Local Municipality 1



@madibenglocalmu



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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) reviewed annually, 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 developmental 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 the preceding 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 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.

Furthermore 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 annual 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.

It is against this background the 2018/19 Annual Report for Madibeng Local Municipality is compiled and submitted to council for adoption.

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

1.1 EXECUTIVE MAYOR’S FOREWORD



CLLR J.M MOTHIBE INTRODUCTION

I am pleased to present the Municipality’s 2018/19 Annual Report, covering the period 1 July 2018 to 30 June 2019. The report provides a measure of our progress in line with the Municipality’s long term strategic roadmap of building a developmental state within our space that is able to adequately respond to the challenges of poverty, unemployment, inequality and under development therein.

This Annual Report is being presented just a year after South Africa celebrated the Centenary of the late State President Nelson Mandela and the late Mama Albertina Sisulu. The two gallant giant leaders of our Democratic State were the epitome of what selflessness is all about. They distinguished themselves as credible, diligent and ethical leaders whose sole objective was to serve the People of South Africa and Africa, without any expectations for personal gains and gratification.

Furthermore, this Annual Report covers a year during which our Country held National and Provincial elections, and ushered in the 6th Democratic Administration, which developed and approved the 2019 -2024 Medium Term Strategic Framework to guide its work over the next five (5) years.

In the current global uncertainty, municipalities operate in a continuously changing and complex environment, and should be able to quickly adapt to both local and global geopolitical emerging dynamics. In this regard, we would like to take this opportunity to acknowledge the efforts of the Municipality’s leadership (politically and administratively) in positively advancing the Municipality’s strategic, transformative and developmental imperatives during the year; and to thank them for their commitment in progressively implementing the objectives espoused in our Integrated Development Plan (IDP), Local Economic Development Strategy, and other incidental strategies aimed at positioning the Madibeng as a Prosperous Platinum and Green Tourism City where people can live, work and play. All of these initiatives are happening within the context of a changing and increasingly unpredictable socioeconomic and geopolitical developmental paradigm and environment.

In 2018/19, we attained noticeable achievements as part of the Municipality’s drive to create a better life for all its residents. Notwithstanding some reversal in our previously recorded advances in terms of access to services as a result of ensuing ailing water and electricity infrastructure challenges, the municipality continued to progressively improve access to services such as water, sanitation, electricity, roads, waste removal etc. Accordingly it remains our firm commitment to ensure further improvement in the next financial years through systematic and targeted infrastructure investment preventative and reactive maintenance to reaffirm our successes in this regard, the municipality continued to receive accolades and awards as a result of its sustained performance in delivering services.

Strategic Alignment to District, Provincial, National and International Plans and/or Strategies.

We are pleased to report that the service delivery agenda of the Municipality of Madibeng continues to be fully aligned to various strategic plans of different Spheres of our government as well as International strategies. At an International level, the Municipality draws its strategic direction from the United Nations Strategic Development Goals (SDGs). The 17 SDGs are embedded in the world’s quest to ensure poverty eradication, changing unsustainable and promoting sustainable patterns of consumption and production and protecting and managing the natural resource base of economic and social development.

In relations to the National imperatives, the Municipality’s Strategies and Plans are aligned to the National Development Plan (NDP): Vision 2030. The NDP offers a long-term development perspective, defines a desired destination and identifies the role different sectors of society need to play in reaching the desired goal.

The NDP aims to eliminate poverty and reduce inequality by 2030. According to the plan, South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society.

Furthermore, the Municipality’s planning is aligned to the National Government’s 2019-25 Medium Term Strategic Framework, which

CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1 EXECUTIVE MAYOR'S FOREWORD - Continued

will guide the implementation of the 6th Democratic Administration in the Republic.

At a provincial level, the Municipality's plans are aligned to the Provincial Development Plan, which provides North-West Province with a reasoned strategic framework for accelerating and sharing the benefits of an inclusive growth through deepened, meaningful, effective and sustainable catalytic and developmental interventions. The imperatives of this plan are outlined in varying provincial departmental plans.

At a district level, the Municipality's plans are aligned to Bojanala Platinum District's Growth and Development Strategy, which aims to translate the National and Provincial Plans and Strategies into a detailed implementation plan at a District level, inclusive of clearly defined targets and responsibilities thus enabling the province to measure its progress in achieving the envisaged growth and development goals.

SERVICE DELIVERY AGENDA

Once again, Madibeng Local Municipality excelled in the implementation of Back to Basics "serving our communities better" programme. The programme acknowledges local government as the primary site for service delivery and the programme seeks to assist local government to enforce its mandate for service delivery. Details of all projects implemented are contained in subsequent sections of this Annual Report.

GOVERNANCE

Incoherent Strategic focus on sound and good governance in our administrative and leadership processes resulted in unsatisfactory financial performance and viability. Hence, the Municipality received a Disclaimed Audit Opinion and we commit to progressively resolving all the issues raised by the Auditor-General in the final Auditor's Report and management letter. Our commitment to fiscal responsibility and the highest standards of financial management amidst all the emanating challenges remains.

We acknowledge the work of Council in providing oversight to the Executive and Administration. Additionally, the Municipal Public Accounts Committee (MPAC) has played a pivotal role in ensuring accountability and good governance. Our commitment to serve the residents of Madibeng assiduously remains intact. Public participation, challenging as it was during the period under audit, through IDP road shows, budget road shows, ward committees, and many other platforms etc. remains a pillar of our collective governance machinery. To this end we shall continue to strengthen these avenues for better and meaningful participation of our communities in council decisions that have an impact on the Livelihoods.

ECONOMIC TRANSFORMATION DRIVE

The Municipality of Madibeng holds the hopes and aspirations of its residents. Since Local Government Elections in 2016, we have laid a solid foundation for accelerated service delivery, good governance and economic growth. Through strategic infrastructure investment, we are transforming the spatial form of Madibeng thus creating liveable and sustainable communities. Notwithstanding our notable challenges and achievements, we recognise the magnitude of our task in addressing the triple challenges of poverty, inequality and unemployment as well as faster economic growth and spatial transformation. We will continue to find innovative ways of responding to the challenges of today and setting the tone for the future.

We remain true to our vision of being the "Madibeng the Prosperous Platinum and Green Tourism City".

We shall continue with our quest to create a responsive, accountable, effective and efficient Municipality, and to serve our people diligently and with great passion. Whilst at a glance it may appear all gloomy and discomfiting, through our collective efforts, our common future should surely be that which we all envisaged and that should be the fuel that galvanise us all to action.

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

The task ahead of us daunting as it may appear, is however not insurmountable. It is therefore against this backdrop we wish to sound a clarion call to all our Social Partners to join us in this noble task of making our municipality working and great once more.

Sincerely Yours in Developmental Local Government



CLLR. JM MOTHIBE
EXECUTIVE MAYOR

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

1.2 MUNICIPAL MANAGER’S FOREWORD



Ms MG MAGOLE
ACTING MUNICIPAL MANAGER

INTRODUCTION

As the Madibeng Local Municipality, we are a Category A Municipality, a high capacity Municipality, with the capacity to execute its mandate as envisaged in sections 155 and 156 of the Constitution of the Republic of South Africa and Chapter 3 of the Municipal Systems Act. As a High Capacity Municipality, we are not on Shared Services with any other local municipalities in the Bojanala Platinum District Municipality. The term under review has been a very interesting and challenging one, more so, the attribute of a high capacity Municipality had never been clearly evident in operations therein.

The 2018/19 Annual Report affords us an opportunity to give feedback and account for the performance of the Municipality against the pre-determined developmental objectives, Key Performance Indicators and targets as encapsulated in the 2018/19 Integrated Development Plan (IDP) and Annual Budgets respectively of the Municipality, the implementation of which was ensured through the 2018/19 Budget and Service Delivery Implementation Plan (SDBIP) as approved by the Executive Mayor, and the signed Performance Agreements for all the Directors therein

The Madibeng 2018/19 IDP and Annual Budget respectively were compiled with the primary view of ensuring that the Municipality is adequately responsive towards amongst others 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 promote 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 jurisdictional area, the Madibeng Local Municipality duly prioritised and 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 these functions and all those assigned to the Municipality through the Constitution and other founding pieces of Legislation, we categorised them in the following National Key Performance Areas (KPA):-

- 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 2018/19 Annual Report, and was duly audited by the Auditor-General.

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

- a) Initiated the process of filling vacant 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;

CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.2 MUNICIPAL MANAGER'S FOREWORD - Continued

- e) Managed to improve on implementation and expenditure rate of MIG, amidst spending challenges at the beginning; and
- f) Managed to increase number of job creation opportunities through EPWP and CEP rollout.
- g) Managed to improve on our in-year reporting compliance.

During the 2018/19 Financial Year, after the resignations of the Municipal Manager, Chief Financial Officer and Director: ITS, the Municipality had 4/8 of its Senior Management positions filled, which amounted to the vacancy rate of 50%. Whilst the recruitment process for other positions, Whilst the recruitment process for the Director: Planning and Human Settlements was concluded to the point of interviews, the position remained vacant for quite some time.

Consequently, the process of filling all the vacant posts at the close of the year under audit was already commenced with. While the Municipality had enhanced its human capital capacity at other levels, its ability to increase its infrastructural investment during the year under audit was negatively impacted by the continuing trend of low payment rates for services consumed, with household being the highest debtors to the Municipality by more than R1.2 Billion. This resulted into the municipality's collection rate being consistently far below the National Norm of 95%.

Consequently, the audit opinion for the 2018/19 Audit year was once more a Disclaimer, which represents no improvement and/or regression from the three (3) preceding Audit Years, i.e. 2017/18, 2016/17 and 2015/16 audit years 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) Commitments and Procurements.

Pertaining to the incurrence of Unauthorised, Irregular, Fruitless and Wasteful Expenditure, AG made the following observations:

- a) *"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 unauthorised expenditure disclosed as incurred during or for adjustments to the opening balance of unauthorised expenditure and due to no submission of information requested"*
- b) *"Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments of R51 401 076 (2018: R56 257 572) in contravention of the supply chain management requirements, which were not included in irregular expenditure disclosed"*
- c) *"Section 125 of the MFMA requires the disclosure of fruitless and wasteful expenditure incurred. The municipality made payments of R28 713 837 (2018: R10 189 419) that were regarded as fruitless and wasteful expenditure, but was not included in the fruitless and wasteful expenditure disclosed"*

With regard to auditing of Annual Performance Report (APR), AGSA chose the KPA: of Basic Service Delivery and Infrastructure Development, during which in the main AG's inability to obtain sufficient supporting information to substantiate the reported performance achievements, this was primarily with Key Performance Indicators reported on by the ITS Department. During the audit, it was agreed that as part of the corrective measures, in addition to ensuring SMART definition of KPIs, the Standard Operating Procedures (SOP) for collating; collecting; verifying, reporting and strong performance information be developed and implement.

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 adequately 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, 2018/19 Annual Report

As we progressively work towards improving governance, financial and service delivery process, thereby harnessing the quality of livelihoods for all our communities.

We thank you in advance for your unequivocal support.

Sincerely Yours


MS MAGOLE
ACTING MUNICIPAL MANAGER

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

1.3 MUNICIPAL OVERVIEW

1.3.1 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

History of Madibeng: The town of 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 and ward participation 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
- Bataung 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 neighboring cities and other towns. Furthermore, the Lanseria Airport is situated a mere 40 kilometres from Brits.\

Demographic Statistical Overview as per statistic SA (2016)

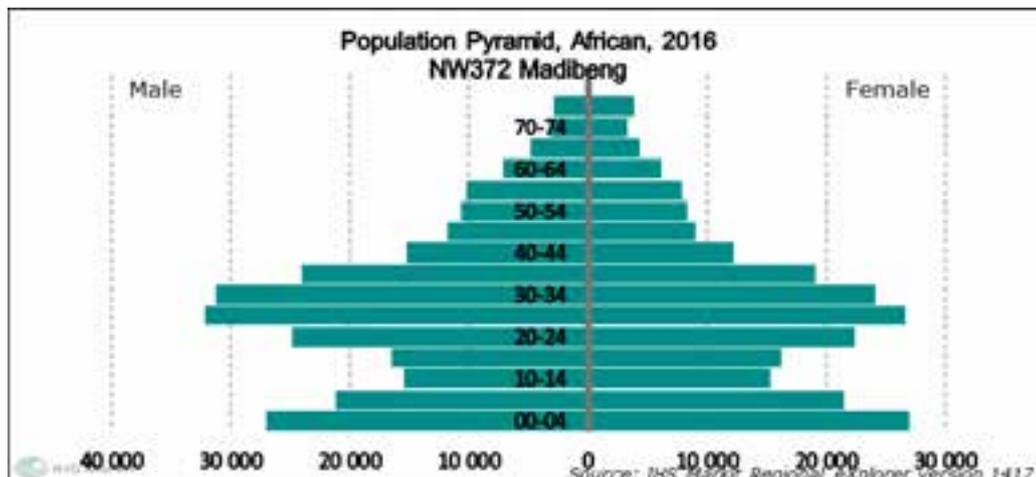
POPULATION BREAKDOWN BY RACE AND GENDER								
	African		White		Coloured		Asian	
	Female	Male	Female	Male	Female	Male	Female	Male
00-04	27	27,1	1,52	1,64	249	306	104	122
05-09	22	21,7	1,71	1,82	250	261	74	107
10-14	16,1	16,3	1,37	1,56	178	179	82	56
15-19	16,3	16,5	1,29	1,44	163	166	39	60
20-24	22	24,5	1,14	1,35	241	201	52	100
25-29	26,4	31,9	1,77	1,96	208	213	111	129
30-34	24,9	32,3	1,82	2,08	240	264	153	214
35-39	20,2	25,4	1,8	1,95	210	223	113	276
40-44	13	16,3	1,66	1,86	192	157	123	176
45-49	9,29	12,1	1,77	1,78	134	157	134	85
50-54	8,31	10,7	1,73	1,75	68	86	76	117
55-59	8,04	10,4	1,74	1,88	82	82	66	58
60-64	6,41	7,4	1,39	1,64	70	64	68	34
65-69	4,47	5,07	1,19	1,33	63	101	85	36
70-74	3,39	3,37	847	852	42	20	43	19
75+	4,04	3,03	1,2	868	40	18	84	34
Total	232	264	23,9	25,8	2,43	2,5	1,41	1,63

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

1.3 MUNICIPAL OVERVIEW

DEMOGRAPHIC STATISTICAL OVER VIEW, AS PER CENSUS 2016

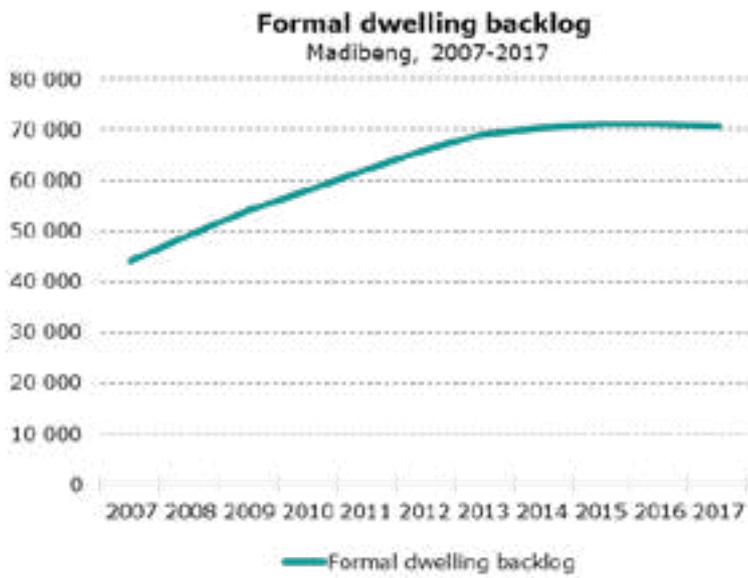
POPULATION GROUP		
Comparative Periods	2011	2016
Black African	424 874	485 639
Coloured	3 910	4 773
Indian Or Asian	2 410	2 946
White	43 556	49 030
TOTAL	474, 750	542, 388



POPULATION GROWTH IN RELATION TO DISTRICT, PROVINCE AND NATIONAL							
	Madibeng	Bojanala Platinum	North-West	National Total	Madibeng as % of district municipality	Madibeng as % of province	Madibeng as % of national
2007	125	398	904	13,100,000	31.3%	13.8%	0.95%
2008	134	420	939	13,400,000	31.8%	14.2%	1.00%
2009	143	444	980	13,700,000	32.3%	14.6%	1.05%
2010	150	461	1,000,000	13,900,000	32.7%	15.0%	1.08%
2011	157	475	1,030,000	14,200,000	32.9%	15.3%	1.11%
2012	162	489	1,050,000	14,500,000	33.2%	15.5%	1.12%
2013	167	501	1,070,000	14,700,000	33.3%	15.7%	1.13%
2014	171	511	1,080,000	15,000,000	33.5%	15.8%	1.14%
2015	177	526	1,110,000	15,400,000	33.7%	16.0%	1.15%
2016	182	539	1,130,000	15,700,000	33.8%	16.1%	1.16%
2017	185	545	1,140,000	16,100,000	33.9%	16.2%	1.15%
Average Annual growth							
2007-2017	4.00%	3.18%	2.37%	2.03%			

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

1.3 MUNICIPAL OVERVIEW



Source: BCS Market Research eXplorer version 1417

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

1.3 MUNICIPAL OVERVIEW

SIZE INDICATORS 2017

56.5 m	554 000	Population		1	Total Population, all ages
4.65 tn	55.8 bn	GDP		1	Current prices, Rands
15.9 m	132 000	Employment		1	Total employment, formal and informal
1.22 m	3 720	Land Size		1	Size of the region, square kilometer

0.2%	0.6%	GDP per capita growth		1	Average annual % growth (Constant prices)
6.3%	8.0%	Household income growth		1	Average annual % growth (Household income in current prices)

PERFORMANCE INDICATORS 2007-2017

1.8%	3.7%			1	growth (Constant prices)
1.6%	2.4%	Employment growth		1	Average annual % growth
1.6%	3.1%	Population growth		1	Average annual % growth
27.2%	25.7%	Unemployment rate (inverse)		1	Unemployment rate, official definition (%)
0.54	0.45	Dependency ratio (inverse)		1	Ratio of persons 65+ and persons 0-14 to persons of working age (15-64)
40.2	47.1	Tress Index (inverse)		1	Concentration or diversification level within a region
58.1%	51.0%	Poverty (inverse)		1	Percentage of people living in poverty
293 k	422 k	Productivity		1	GDP per employee (Current prices)
82.3 k	101 k	Standard of living		1	GDP per capita (Current prices)
84.1%	83.7%	Literacy rate		1	Percentage of literate population
0.744	0.594	Household services index		1	Index value between 0 and 1, higher is better

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

1.3 MUNICIPAL OVERVIEW

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	3rd 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

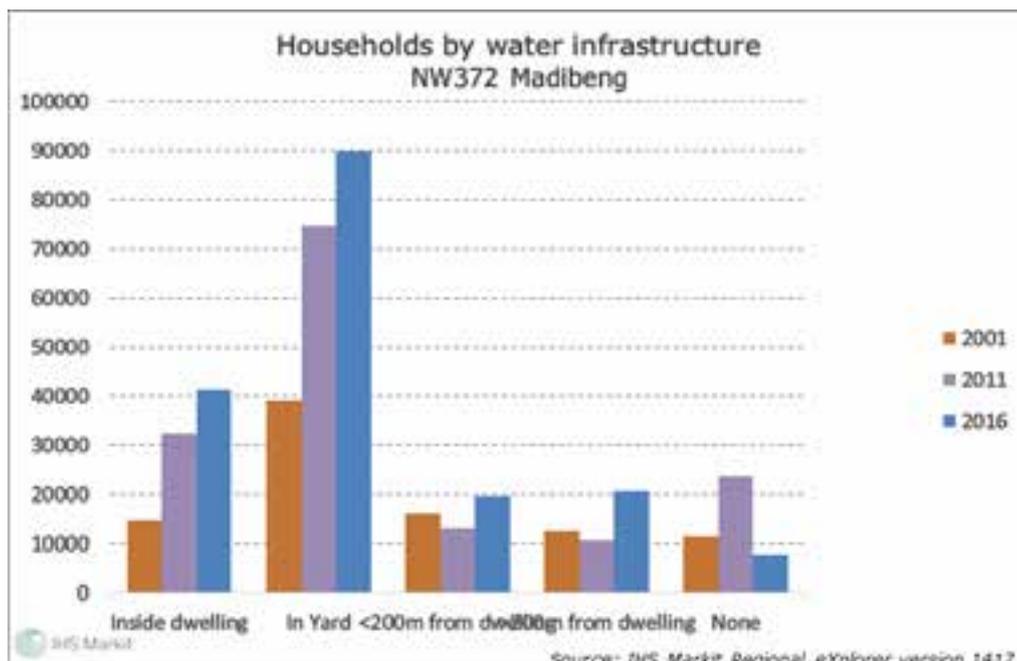
MUNICIPAL FUNCTIONS	
DEPARTMENT PORTFOLIO	CORE FUNCTIONS
Budget and Treasury Office	Revenue; Expenditure and Supply Chain Management; Budget and Risk Management
Corporate Support Services	Human Resource Management and Training; Administration; Records and Secretariat Services,
Human Settlement & Planning	Housing, Land Administration, Town Planning; Building Control
Infrastructure & Technical Services	Project Management Unit, Water & Sanitation, Electricity, Roads & Strom 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

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.

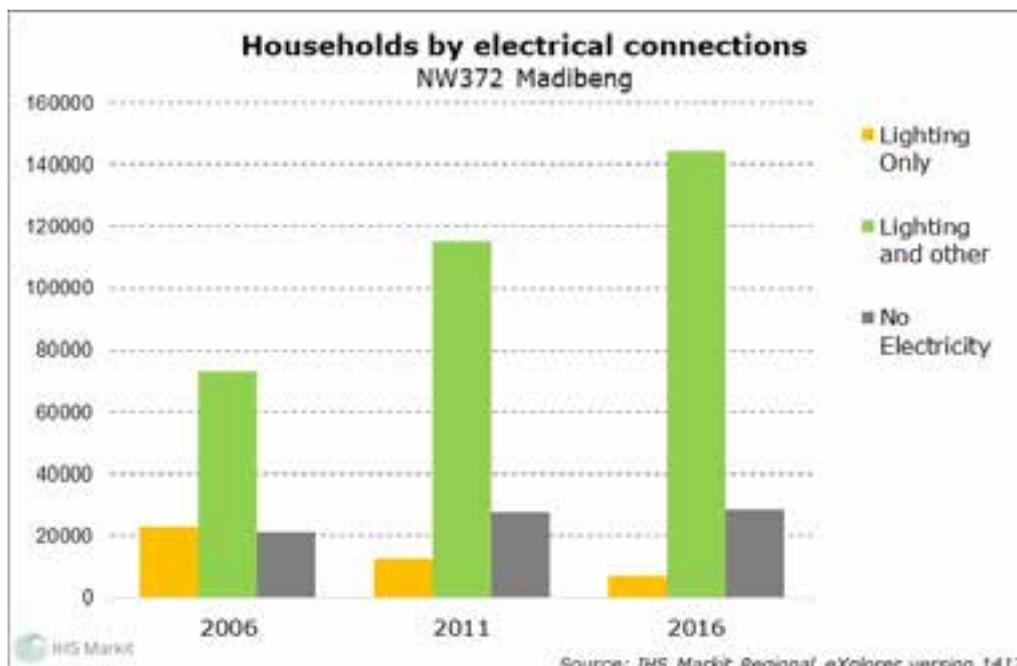
NUMBER OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES		
WATER SERVICES		
COMPARATIVE PERIODS	2011	2016
Piped water inside dwelling	32 454	41 414
Piped water in yard	74 781	89 962
Communal piped water: less than 200m from dwelling (At RDP-Level)	13 255	19 722
Communal piped water: more than 200m from dwelling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

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

1.3 MUNICIPAL OVERVIEW

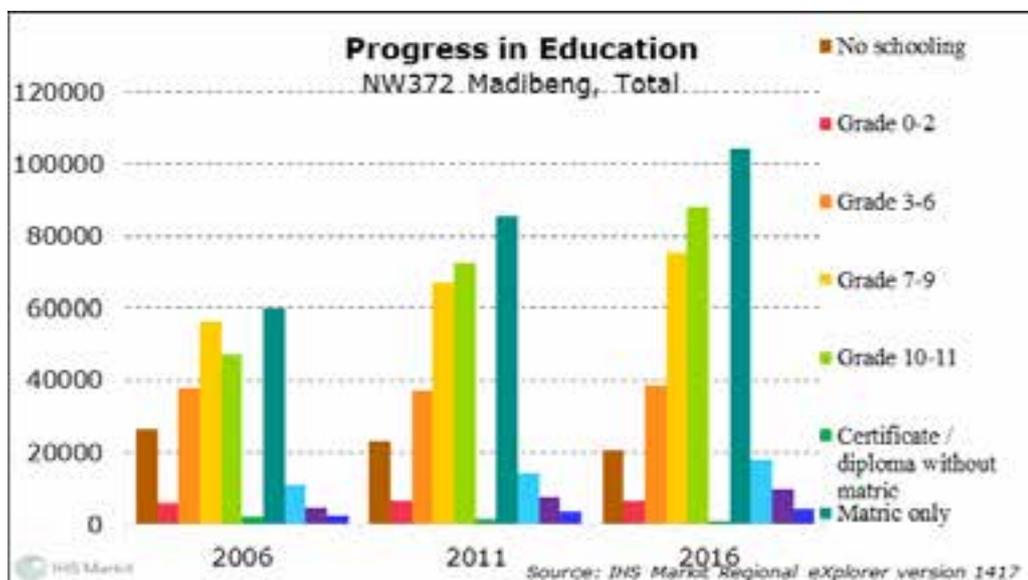
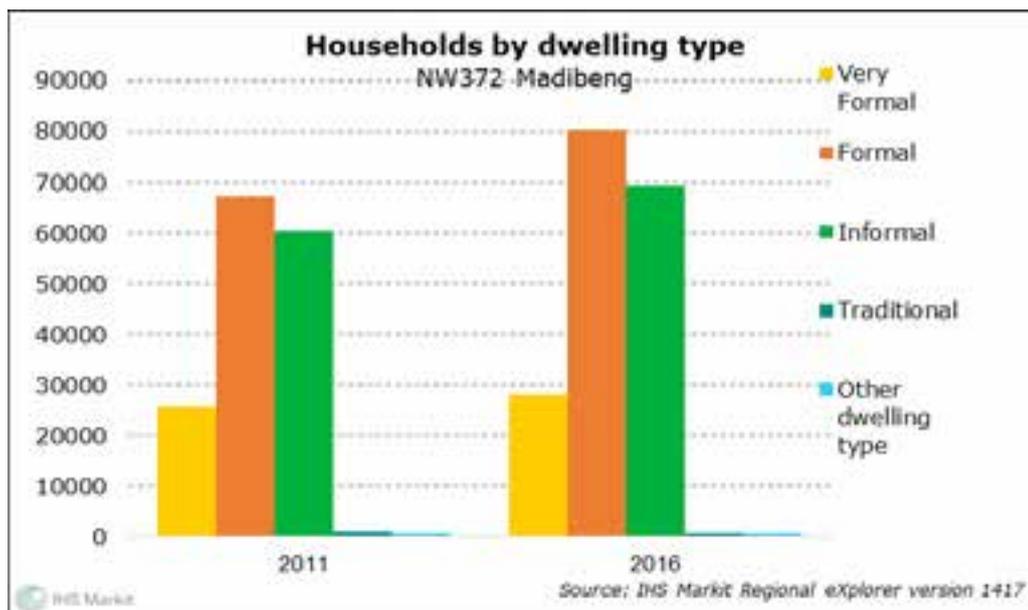


NUMBER OF HOUSEHOLDS BY ELECTRICITY USAGE		
ELECTRICITY CONNECTIONS		
COMPARATIVE PERIODS	2011	2016
Electricity For Lighting Only	12 608	6 944
Electricity Lighting And Other Purposes	114 933	144 394
Not Using Electricity	27 368	28 250
TOTAL	154 910	179 587



CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

1.3 MUNICIPAL OVERVIEW

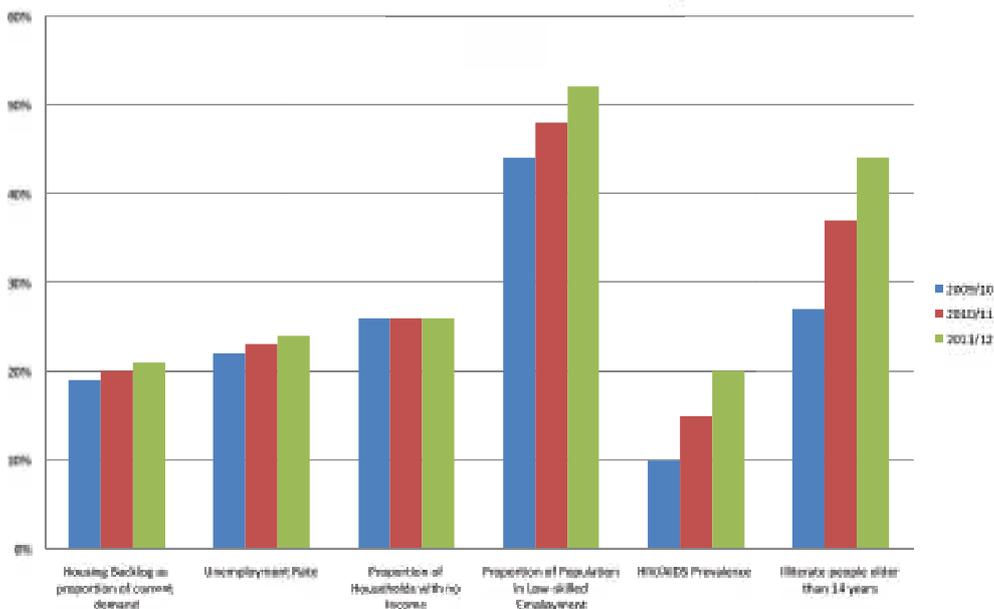


NUMBER OF HOUSEHOLDS BY TYPE OF TOILET		
SANITATIONS		
COMPARATIVE YEARS	2011	2016
Flush	52 510	64 645
Ventilation Improved Pit (Vip)	19 625	21 699

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

1.3 MUNICIPAL OVERVIEW

Socio Economic Status



1.3.2 FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW: 2018/2019 (R'000)			
Details	Original Budget	Adjustment Budget	Actual
Income:			
Grants	627 887 000	628 803 000	858 498 726
Taxes, Levies and Tariffs	1 048 999 000	1 048 999 000	928 028 571
Other	113 115 000	113 115 000	88 937 358
Sub Total	1 790 001 000	1 790 917 000	1 875 464 655
Less: Expenditure	2 390 526 651	2 392 028 651	3 001 075 317
Net Total (Deficit)	-600 525 651	-601 111 651	-1 125 610 662

T.1.4.2

OPERATING RATIOS		
DETAILS	ORIGINAL%	ADJUSTED%
Employee Cost	16%	17%
Repairs & Maintenance	1%	1%
Finance Charges & Impairment	16%	0%

T 1.4.3

CAPITAL EXPENDITURE 2016/2017 TO 2018/2019								
2016/17			2017/18			2018/19		
Budget	Adjustment	Actual	Budget	Adjustment	Actual	Budget	Adjustment	Actual
255 211 000	285 573 800	252 614 260	301 005 000	229 116 000	214 819 453	285 258 000	287 050 740	210 236 812

CHAPTER 2 - GOVERNANCE

2.1 INTRODUCTION TO GOVERNANCE

During the entire 2018/2019 financial year the municipality had the following office bearers:

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

The following councillors also represented Madibeng Local Municipality at the Bojanala Platinum District Municipality for year under audit:

#	NAME OF COUNCILLOR	GENDER		PARTY
		MALE	FEMALE	
1	EE Tanke		x	ANC
2	ML Makgale	x		
3	OD Marapyane	x		
4	TS Bogale	x		
5	MW Motlhasedi	x		
6	JT Moabi	x		
7	HT Phalwane	x		
8	E van der Schyff	x		
9	MZ Banda		x	
10	JC van Rhyn	x		
11	KS Komape	x		EFF
12	J Mosito		x	
13	MM Sekgothe		x	F4SD
	TOTAL	9	4	

CHAPTER 2 - GOVERNANCE

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 comprises of a total of 82 Councillors, under the 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 corporate and accountable governance in the decision making process.



POLITICAL LEADERSHIP



CLLR KABELO NTSHABELE
SPEAKER OF COUNCIL



CLLR JUSTINA MOTHIBE
EXECUTIVE MAYOR



CLLR PETRUS MAKGABO
SINGLE WHIP OF COUNCIL

MEMBERS OF THE MAYORAL COMMITTEE



CLLR J RATLOI
INFRASTRUCTURE AND
TECHNICAL SERVICES



CLLR SDN NTHANGENI
BUDGET AND TREASURY
OFFICE



CLLR MMC MP TLHOPANE
COMMUNITY DEVELOPMENT



CLLR DS MAIMANE
ECONOMIC DEVELOPMENT,
TOURISM AND AGRICULTURE



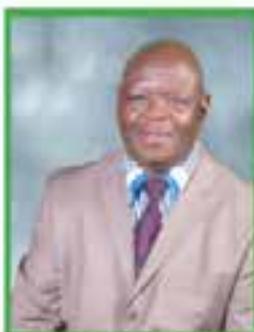
CLLR ETM MODISE
CORPORATE SUPPORT
SERVICES



CLLR MM MACHELE
PUBLIC SAFETY AND
FACILITIES MANAGEMENT



CLLR J SEFUDI
PLANNING AND HUMAN
SETTLEMENT



CLLR PA PHETLHE
ROADS AND TRANSPORT &



CLLR SM MAUNATLALA
IDP, PMS AND LEGAL



CLLR NM MAGAKAMBA
IGR AND SPECIAL
PROJECTS

CHAPTER 2 - GOVERNANCE

2.2 COMPONENT A: POLITICAL GOVERNANCE

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.

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 than those of Council or its Committees.

During the 2018/2019 financial year, Council met 9 times (4 ordinary + 5 special meetings) as follows:

COUNCIL MEETINGS			
ORDINARY COUNCIL MEETINGS		SPECIAL COUNCIL MEETINGS	
NO	DATE	NO	DATE
1	28 August 2018	1	01 January 2019
2	27 November 2018	2	26 March 2019
3	26 February 2019	3	12 April 2019
4	28 May 2018	4	02 May 2019
5	N/A	5	24 May 2019

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

During the above-mentioned 9 meetings, Council took 87 resolutions, of which 72 have been executed and 15 are still outstanding:

STATUS OF COUNCIL RESOLUTIONS FOR 2018/2019 FINANCIAL YEAR			
DIRECTORATE/OFFICE	TOTAL	EXECUTED	OUTSTANDING
Office of the Municipal Manager	32	26	6
Planning & Human Settlement	7	7	0
Corporate Support Services	9	8	1
Community Development	5	5	0
Budget & Treasury Office	16	12	4
Infrastructure & Technical Services	6	2	4
Economic Development, Tourism & Agriculture	7	7	0
Public Safety, Fleet & Facilities Management	5	5	0
TOTAL	87	72	15

For the 2018/19 financial year, the ordinary Mayoral committee had six ordinary meetings and only two special meetings, they are recorded as follows:

MAYORAL COMMITTEE MEETINGS			
ORDINARY MEETINGS		SPECIAL MEETINGS	
NO	DATE	NO	DATE
1	25 July 2018	1	13 March 2019
2	15 August 2018	2	25 March 2019
3	31 October 2018	3	N/A
4	21 November 2018	4	N/A



CHAPTER 2 - GOVERNANCE

2.2 COMPONENT A: POLITICAL GOVERNANCE

MAYORAL COMMITTEE MEETINGS			
ORDINARY MEETINGS		SPECIAL MEETINGS	
NO	DATE	NO	DATE
5	21 February 2019	5	N/A
6	20 May 2019	6	N/A

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

#	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 Phetthe
PC.10	IGR & Special Projects	IGR & Special Projects	MMC NM Maqakamba

There were number of deficit in terms of the Portfolio committee meetings attended in almost all committee, where some recorded zero achievements.

According to the Calendar, all the Council Portfolio Committees were meant to meet on monthly basis and during the 2018/2019 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	0	11
PC.2	Corporate Services Committee	11	3	8
PC.3	Economic Development Committee	11	3	8
PC.4	Planning Committee	11	3	8
PC.5	Community Services Committee	11	2	9
PC.6	Public Safety Committee	11	1	10
PC.7	Infrastructure Development Committee	11	1	10
PC.8	IDP/PMS/Legal Services Committee	11	0	11
PC.9	Roads & Transport Committee	11	1	10
PC.10	IGR & Special Projects Committee	11	0	11

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

CHAPTER 2 - GOVERNANCE

2.2 COMPONENT A: POLITICAL GOVERNANCE

Committee meetings and members' attendance of Committee meetings, since the failure of some of them is due to lack of the quorum (sufficient attendance by councillors).

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

During the 2018/19 financial year, Madibeng Local Municipality had established ward committees in all its 41 wards with a total complement of 406 members of ward committees, The deficit of 4 was due to deaths and/or resignations. 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 12 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:

CHAPTER 2 - GOVERNANCE

2.2 COMPONENT A: POLITICAL GOVERNANCE

MONTHLY WARD COMMITTEE MEETINGS					
NO. OF WARDS	TOTAL NO.OF MEETINGS / REPORTS	PLANNED	ACTUAL	DEFICIT	%
41 wards	12 meetings each	12	12	0	100%
4 wards	7 meetings each		7	1	89%
MONTHLY WARD COMMUNITY MEETINGS					
41 wards (all)	1 meetings each	1	1	0	100%
SUBMISSION OF MONTHLY WARD REPORTS					
41 wards	41 reports submitted	41	41	0	100%
<i>Evaluation of the functionality and effectiveness of ward committees is done based on twelve (12) monthly meetings of the ward committee, twelve (12) quarterly meetings of the ward community meetings and twelve (12) 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.</i>					

2.2.3 COMPOSITION OF POLITICAL PARTIES DURING 2018/2019 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 councillors: 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			
14	67	51	30	Blacks	70 (86%)	16	3
-	-	-	-	Whites	11 (14%)	-	-
-	-	-	-	Indians	00 (0%)	-	-
-	-	-	-	Coloureds	00 (0%)	-	-
14 (17%)	67 (83%)	51 (63%)	30 (37%)		81 (100%)	16 (20%)	2 (4%)

CHAPTER 2 - GOVERNANCE

2.3 COMPONENT B: 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-Term ○ Annually 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 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.

CHAPTER 2 - GOVERNANCE

2.3 COMPONENT B: ADMINISTRATIVE GOVERNANCE



**ACTING MUNICIPAL MANAGER
MS. MG MAGOLE**



**ACTING CHIEF FINANCIAL
OFFICER
MR. J MOTAUNG**



**DIRECTOR: CORPORATE
SUPPORT SERVICES
MR. D MASEBOLA**



**DIRECTOR: INFRASTRUCTURE
& TECHNICAL SERVICES
MR. A BOLEY**



**DIRECTOR: COMMUNITY
DEVELOPMENT
MS M MMOPE**



**DIRECTOR: PUBLIC SAFETY,
FLEET & FACILITIES
MANAGEMENT
MS P DILINGA**



**DIRECTOR: LOCAL ECONOMIC
DEVELOPMENT
MR STN MNISI**



**ACTING DIRECTOR: PLANNING
AND HUMAN SETTLEMENT
MR. N PULE**



**CHIEF AUDIT EXECUTIVE
MR M A MMAPHETHO**

CHAPTER 2 - GOVERNANCE

2.3 COMPONENT B: ADMINISTRATIVE GOVERNANCE

2.3.2 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 2018/2019 financial year, a total of 9 meetings (4 ordinary + 5 special) were held as follows:

STRATEGIC MANAGEMENT TEAM (SENIOR MANAGEMENT) MEETINGS			
ORDINARY SMT MEETINGS		SPECIAL SMT MEETINGS	
NO	DATE	NO	DATE
1	04 March 2019	1	08 October 2018
2	18 March 2019	2	22 October 2018
3	01 April 2019	3	29 October 2018
4	06 May 2019	4	09 November 2018
		5	11 March 2019

CHANGES IN SENIOR ADMINISTRATIVE STRUCTURE IN 2018/2019 FINANCIAL YEAR

DESIGNATION	INCUMBENT NAME	STARTING DATE	ENDING DATE
Municipal Manager (Acting)	G Magole	05/05/2019	30/09/2019
Chief Financial Officer (Acting)	J Motaung	15/01/2019	30/09/2019
Chief Audit Executive	M Mmapheto	01/03/2016	28/02/2021
Director: Corporate Support Services (Acting)	D Masemola	09/05/2019	02/08/2019
Director: Infrastructure & Technical Services (Acting)	A Baloyi	15/01/2019	30/09/2019
Acting Director: Human Settlement & Planning	N Pule	01/07/2018	N/A
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

2.4 COMPONENT C: 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 3rd annual review IDP and was approved on the 28 May 2018.

2.4.2 IDP PUBLIC PARTICIPATION

- The IDP Ward Public Participation meetings were conducted during October/ November 2017 for 2018/19 IDP.
- 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

CHAPTER 2 - GOVERNANCE

2.4 COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

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
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

WARD NO	WARD CLLR	TIME	DATE	VENUE	MMC
1.	EM NKOE	11h00	24-Apr-18	Legonyane Community Hall	MMC Phetlhe
2.	BR MOTSWAI	17h00	30-Apr-18	Jericho Tribal Hall	MMC Ratloi
3.	AWS MALATSE	10h00	27-Apr-18	Hall 15	MMC Modise
4.	PA PHETLHE	15h00	24-Apr-18	Tumo Primary School	MMC Maimane
5.	MG SADIKGE	08h00	27-Apr-18	Thuto Pele Secondary	MMC Tlhophane
6.	MM RAMILA	15h00	30-Apr-18	Stars Sports Ground	MMC Phetlhe
7.	MD MOSOLODI	16h00	23-Apr-18	Majakaneng Community Hall	MMC Phetlhe
8.	RP PADI	10h00	27-Apr-18	YB Jakkalas	MMC Ratloi
9.	NB MUHLANGA	08h00	22-Apr-18	Block C Ground	MMC Ratloi
10.	MM RAMAHOFU	16h30	30-Apr-18	Kgabalatsane Community Hall	MMC Nthangeni
11.	ED DIALE	8h00	25-Apr-18	Block G Sports Ground	MMC Machete
12.	EE TANKE	16h00	26-Apr-18	Letlhabile Community Hall	MMC Machete
13.	DM MOLEKOA	17h00	26-Apr-18	Next to Community Hall	MMC Maunatlala
14.	ML MAKGALE	09h00	22-Apr-18	Sekwaereng Oukasie	MMC Sefudi
15.	KM SHALANG	09h00	21-Apr-18	Tlhasedi Primary School	MMC Maimane
16.	OD MARAPYANE	17h00	30-Apr-18	Itsoseng Community Hall	MMC Machete
17.	MA MOKGOKO	15h00	25-Apr-18	Ramogodi Community Hall	MMC Maqakamba
18.	BA MAUBANE	16h00	29-Apr-18	Mmakau Community Hall	MMC Sefudi
19.	TS BOGALE	16h00	24-Apr-18	Mmakau Sports Facility	MMC Sefudi
20.	C SEABI	08h00	29-Apr-18	Mothotlung Community Hall	MMC Machete
21.	MW MOTLHASEDI	16h00	30-Apr-18	Damonsville Community Hall	MMC Maunatlala
22.	J PIETERSE	17h00	24-Apr-18	Brits Hoerskool	MMC Modise
23.	BP GOUS	17h30	24-Apr-18	Lecture Hall	MMC Nthangeni
24.	JT MOABI	11h00	28-Apr-18	Makanyaneng Middle School	MMC Maimane
25.	T MOKWENA	10h00	28-Apr-18	Tlhogokgolo Primary School	MMC Ratloi

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2.4 COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

26.	P PRETORIUS	15h30	30-Apr-18	Wonderkop Community Hall	MMC Maqakamba
27.	RE DIKGANG	16h00	23-Apr-18	Bokamoso Hall	MMC Tihopane
28.	KS TLAPU	15h00	30-Apr-18	Segwethane Sports Ground	MMC Tihopane
29.	AD RATLOU	8h00	29-Apr-18	Cosmos Hall	MMC Maqakamba
30.	GJ ROSSOUW	18h00	24-Apr-18	General Hendrik School	MMC Ratloi
31.	P THUBISI	16h00	23-Apr-18	Modderspruit Community Office	MMC Nthangeni
32.	AI MOLOTSI	15h00	26-Apr-18	Wonderkop Thusano Building	MMC Nthangeni
33.	M DU PLESSIS	18h00	23-Apr-18	J G Hendrik schoeman school	MMC Maqakamba
34.	HT PHALWANE	10h00	29-Apr-18	Moiletswane Community Hall	MMC Phetlhe
35.	NM MAQAKAMBA	11h00	21-Apr-18	Oskraal Community Hall	MMC Phetlhe
36.	FM MASEMOLA	16h00	30-Apr-18	Klipgat Commuty Hall	MMC Sefudi
37.	LG MHLAMBI	15h00	24-Apr-18	Klipgat High School	MMC Tihopane
38.	EL PHAGO	16h30	30-Apr-18	Selamodi Combined School	MMC Modise
39.	E VAN DER SCHYFF	17h00	30-Apr-18	Elandsrand Community Hall	MMC Maimane
40.	OP MOSIELELE	N/A	N/A	N/A	MMC Maunatlala
41.	JM MODIPANE	10h00	29-Apr-18	Lot Phalatse	

2.6 COMPONENT D: 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, Enterprise Risk Management, Risk Management Committee and MPAC as an Oversight Committee.

2.6.2 OVERVIEW OF RISK MANAGEMENT

Risk assessment is part of the annual planning of the municipality and 2018/2019 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.

RISK MANAGEMENT

The Municipal Finance Management Act no.56 of 2003 (MFMA) defines the Municipal Manager as the Accounting Officer. Section 62 of the MFMA requires the Accounting Officer to take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent system of financial and risk management and internal control and of internal audit, as well as the effective, efficient and economical use of the resources of the municipality.

- The purpose of the risk management in a municipal environment is to enable the municipality to comply with the requirements as set out in the legislation.
- To coordinate and support the overall Institutional risk management process in pursuit of eliminating risks which threatens achievement of municipal objectives
- To monitor the implementation of risk mitigation strategies and to identify any emerging risks the municipality might be exposed to.
- To report is the regularly to stakeholders and decision makers within the municipality in order to support understanding of risk management issues and to assist all officials in performing their duties within the municipality.

MUNICIPAL RISK MANAGEMENT PROFILE

The purpose of reporting on the municipal risk profile is to reflect the risk profile improvement, indicating the extent to which the municipality is:

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2.6 COMPONENT D: CORPORATE GOVERNANCE

- 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 municipal risk profile as at 30 June 2019:

- The strategic / top layer key performance indicators are still highly exposed to the risk of non-achievement.
- The top 10 reviewed residual risk exposure has regressed from 179 to 229, a movement of about 50 points, this illustrates weak internal controls and as such high probability of non-achievement of objectives.
- Strategic risks which have materialised for the year ended 30 June 2019 are listed below (also see the table below for a detailed caption) limited to the Top Strategic Risks more risks have materialised at operational level:
 1. There may be non-submission or late submission of AFS's or failure to submit credible financial statements
 2. There may be cash flow challenges
 3. Failure to streamline the water programmes in accordance to the blue drop report
 4. Thriving environment for fraud and corruption
 5. There might be rife illegal trading due to invasion by foreigners (traders from neighbouring towns)
 6. Failure to meet targeted service standards
 7. Land invasions might not all be attended to
 8. Failure to implement all crime reduction programmes
 9. Fleet operational costs might not be implemented by the targeted amount
 10. Consumers may not pay the bills

Top 10 Strategic Risks

Yearly Review						
IDP REF.	KEY PERFORMANCE INDICATOR	RISK DESCRIPTION	INHERENT RATING	2nd QUARTER RESIDUAL RATING	TREATMENT PLANS	DUE DATES
Strategy 6.1.9	Annual Financial Statements submitted by 31 August	There may be non-submission or late submission of AFS's Or Failure to submit credible financial statements	25	25	1. By weekly AFS steering committee meetings 2. Implementation of the AFS preparation plan <u>Additional mitigation strategies</u> 1.i) By weekly BTO steering committee meetings ii) Implementation of the AFS preparation plan iii) Development of 2018/19's AFS preparation plan 2. Journal register that will separate monthly and annual journals to be passed. 3. Taking cognisance of new schedules and provide training where necessary. 4.i) Identification of problem areas and modify the system where there is a need to introduce separation of duties ii) Job Training on the eVenus system 5. Preparations of AFS Quaterly as of second quarter 6. Send a request to IT and request an automating of 7. Resatiation of BTO committee meeting	1. 19 October 2018 ii. Dec 2018. ii. 19 October 2018 2. 15 December 2018 3. As and when 4. 19 October 2018

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	% of total Operating Expenditure spent by 30 June	There may be cash flow challenges	25	20	1. Finalize and implement a financial recovery plan	30 August 2018 and 30 September 2018
Strategy 4.4.1	Implement recommendation of the Blue drop report.	Failure to streamline the programmes in accordance to the blue drop report	25	20	1. Essential services payment prioritised 2. Continuous engagement with SCM on stock levels 3. Allocate a person as a champion 4. Develop a water safety plan 5. develop a risk abatement plan	1. Every Month end 2. Every Month end 3. 30 August 2018 4. 30 October 2018 5. 30 October 2018
Strategic objective 7.2	% of formally reported fraud ,theft and corruption investigations initiated within 30 days after receipt	Thriving Fraud and Corruption environment	25	20	1.Fraud Prevention Hotline 2. Internal Anti Corruption awareness 3.Revival of anti -corruption forum. 4.Conquences management(Disciplinary board)	1. Every Month end 2. Every Month end 3. 30 August 2018 4. 30 October 2018 1. 5. 30 October 2018
	Number of formalised, capacitated and formalised traders	There might be rife illegal trading due to invasion by foreigners (traders from neighbouring towns)	25	20	1. Appointment of inspectors and peace officers to regulate street trading 2. Review the street trading by-laws Proper registration and placements of street traders	30 June 2019
Strategies 3.1.1	Sustain % of households with provision of all municipal services (Water - 80%, Electricity - 79%, Sanitation - 79%)	Failure to meet the targeted service standards	25	20	1. Timeous payments 2. Finalised recruitment process 3. Adopt the water and sanitation maintenance plans and develop the electricity and roads maintenance plans	1. Monthly 2. 30 October 2018 3. 30 November 2018
Strategic Objective 8.3	% of land invasion and informal settlements attended to	Land invasions might not all be attended to	25	20	1. Staffing 2.Training of personnel as peace officers 3.Sufficient budget allocation	1. Continuous 2. 31 July 2019
Strategy 4.2.4	Number of crime reduction programmes implemented (Biometric - security door in all the floors, Access security door - main entrance, electricity fence at magasein, spiked booms)	Failure to implement all crime reduction programmes	25	18	1. Follow up with the finance department on implementation of the SLA	1. Every month end
Strategy 6.1.7	Percentage decrease on fleet operational costs (20%)	Fleet operational costs might not decrease by the targetted amount	25	16	1. To finalising the recruitment process for manager and fleet managers 2. Develop a fleet implementation plan 3. Review the fleet policy	1, 30 September 2018 2. 31 December 2018 3. 31 December 2018

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Strategy 6.1.1	Percentage increase in revenue generated through management of property transactions	Consumers may not pay the bills	25	20	1. Enhancement of revenue strategy, 2. Community awareness, 3. Enforcement of credit control policy, 4. Interdepartmental meeting between ITS and BTO, 5. Monitoring service providers, 6. Improve quality of service to the community	1. 30 September 2018 2. 30 August 2018 3. 30 August 2018 4. 30 July 2018 5. Monthly
	Average		250	229		

2.7 FRAUD AND ANTI-CORRUPTION STRATEGY

FRAUD AND ANTI-CORRUPTION STRATEGY

Notes: See Chapter 4 details of Disciplinary Action taken on cases of financial mismanagement (T4.3.6). MSA 2000 S83(c) requires providers to be chosen through a process which minimizes the possibility of fraud and corruption.

Local Government legislation, the Local Government Integrity Framework and King IV points out that the Council should provide effective leadership on an ethical foundation

Madibeng Local Municipality (MLM) is committed to integrity-based performance that protects and enhances its stakeholder value and reputation. It recognizes the essential role that ethics and compliance plays in the governance and sustainability of its municipality. The purpose of the Municipal Integrity and Ethics Management Framework is to strengthen measures and principles for managing integrity and to promote ethical conduct within the MLM.

In adopting the Framework, MLM is pursuing two objectives:

- To establish a common understanding of municipal integrity and ethics to be observed and adhered to by all MLM employees and stakeholders; and
- Prevent the infringement of municipal integrity and ethics by defining unacceptable behaviour in municipal for all MLM employees and stakeholders.

The framework provides a clear indication of what constitutes ethical municipal conduct. In such instances MLM has taken a zero tolerance approach on unethical conduct, fraud and corruption irrespective of whether the consequences for MLM resulting from the unethical conduct are big or small. The framework is applicable to all MLM employees and all MLM stakeholders.

The objectives that the municipal seeks to achieve through implementation of the Municipal Integrity and Ethics Management Framework are to:

- 1) Provide an integrity framework for MLM management, employees and stakeholders in order to enhance service delivery and ensuring improved efficiency and promoting excellence;
- 2) Ensure that the relevant structures are in place to oversee and monitor fraud and
- 3) ethics;
- 4) Ensure that the MLM is in line with best practice with regard to improved governance and accountability;
- 5) Entrench an ethics culture in the processes and systems of the MLM across all spheres and levels;
- 6) Ensure an integrated approach in the management of municipal integrity in the MLM by adopting a common language, process and methodology;
- 7) Use municipal integrity management as a tool for transformation and capacity building;
- 8) Encourage value based management;
- 9) Entrench improved ethics and anti-fraud management processes;

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- 10) Ensure processes and systems are in place to manage and mitigate fraud risks
- 11) Foster a culture of good governance and ethical conduct within MLM.
- 12) Source an anonymous antifraud hotline which will be published through different mediums to enable the public to report fraud incidents.
- 13) Protect whistle blowers and promote a wholesome society approach to fighting the scourge of fraud.
- 14) Deter fraud through risk assessment processes and implementation of mitigating strategies.
- 15) Review and improve on the internal control system continuously.

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 with 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 is 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 to 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.

1.9 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
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	Communication policy	-	-	N/A
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

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2.6 COMPONENTS D: CORPORATE GOVERNANCE

MUNICIPAL BY-LAWS / POLICIES / PLANS / STRATEGIES				
#	NAME	STATUS [√]		
		DRAFT	REVIEW	ADOPTION DATE
29	PMS Framework & Procedure Manual (2017/2018)	-	-	26 May 2017

2.10 MUNICIPAL WEBSITE 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 2018
All current budget-related policies	Yes	July 2018
The previous annual report (2017/2018) financial year	Yes	May 2019
The annual report (Year 0) published/to be published	Yes	N/A
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act and resulting scorecards	Yes	August 2019
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

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.

2.11 MUNICIPAL OVERSIGHT COMMITTEES

2.11.1 AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 30 June 2019.

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.

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- 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 (5) external members who have been appointed by the Council in August 2018 as per Council resolution A.0364. The following represent number of meetings attended by the Audit Committee:

New Members of the Audit Committee (1 September 2018 to 30 June 2019)

Name of member	Number of meetings attended
Mrs F Mudau (Chairperson)	6
Mr V Chuene	7
Mr F Mkhabela	4
Mr J Matsho	7
Mr L Mohalaba	6

Old Members of the Audit Committee (1 July 2018 to 30 August 2018)

Name of member	Number of meetings attended
Mr. HB Mathibela (Chairperson)	1
Adv. FJ van der Westhuizen	1
Mrs. P Mangoma	1

EFFECTIVENESS OF INTERNAL AUDIT AND INTERNAL CONTROLS

The Madibeng Local Municipality (MLM) has a fully 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 Audit Committee has approved the Three- Year Rolling Internal Audit Strategic Plan 2021 and Operational Plan 2019 and Internal Audit Charter to affirm its role, responsibilities and authority. Internal Audit reports regularly in the Audit Committee meetings.

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.

During the financial year, the following audits were executed by Internal Audit and reports issued to Management and Audit Committee:

- Security Management
- Fuel and Fleet Management
- Supply Chain Management
- Compliance Audit
- Overtime Management Follow-up
- Travelling Allowances
- Revenue Management Follow-up
- Integrity Management
- Human Resources Follow-up
- Records Management
- Infrastructure Maintenance Follow-up

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- Performance Management
- Annual Financial Statement high level review

The Audit Committee can assert that the system of internal control was partially adequate and effective during the year under review as compliance with prescribed policies and procedures were lacking in most instances.

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 RMC is headed by External Chairperson who meet with management and Audit Committee regularly. The Municipality has approved risk management enabling documents (risk management policy, strategy, risk management action plan) and frameworks to discharge enterprise risk management effectively. The Integrity Management Framework as promulgated is in draft format and enroute to Council for approval. The following were the top ten (10) strategic risks of the Municipality:

Risk Ref No.	Risk description	Current Total Inherent Risk	Total Residual Risk
SR1	Fraud and Corruption	25	20
SR2	Inadequate implementation of Fraud Prevention Plan	25	20
SR3	Unauthorised Expenditure	25	23
SR4	Consumer may not pay bills	25	20
SR5	Bid Committees may not convene	25	20
SR6	There might be rife illegal trading due to invasion by foreigners (traders from neighbouring towns)	25	20
SR7	There might be poor participation of relevant stakeholders	25	20
SR8	Miscommunication and misunderstanding of disciplinary code.	25	20
SR9	Ineffective public participation strategy	25	19
SR10	Performance Management Framework might not be implemented	25	20

EFFECTIVENESS OF PERFORMANCE MANAGEMENT SYSTEM

The municipality has reviewed a quarterly performance management reports submitted by Management. There was delay in submitting the PMS Reports by some of the Directorates to Internal Audit on time leading to delay in auditing processes. The Accounting Officer is kept responsible to ensure that senior managers take the PMS very serious and that reports are submitted when they fell due. Furthermore, senior managers were not assessed for the most part of the financial year, which might lead to another recurring finding by the Auditor-General.

QUALITY OF MONTHLY FINANCIAL REPORTING

The Audit Committee was privy to some of monthly financial reports (sec 71 reports) submitted by the Budget and Treasury Office (BTO) during the period under review.

The Audit Committee is concerned by capacity of the BTO following the unprecedented departure of three senior managers of the Municipality including the Chief Financial Officer in December 2018.

The Audit Committee has advised Management and Council to fill the positions urgently.

COMBINED ASSURANCE

The Audit Committee is responsible for monitoring the Combine Assurance model. This model assesses significant process

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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 providers 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.

APPRECIATION

The Audit Committee further expresses its sincere appreciation to the Administrator and intervention team including the Office of the Executive Mayor, the Speaker, the Chief Whip, acting 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. The Audit Committee remains confident of the matters raised in this report receiving due consideration and intervention by the Council. We are committed to fully execute our oversight function and in strengthening Corporate Governance.



Mrs FJ Mudau
Chairperson of Audit Committee
Madibeng Local Municipality

Date: 16 January 2019

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2.6 COMPONENT D: CORPORATE GOVERNANCE

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. Twelve (12) meetings in a financial year as per approved calendar. A total of 11 ordinary and 1 special meetings were convened in the 2018/2019 financial year. The attendance of MPAC meetings by members during the 2018/2019 financial year was as follows:

#	DATE	TYPE OF MPAC MEETING	ATTENDANCE OF MPAC MEMBERS				
			TOTAL (100%)	PRESENT	%	ABSENT	%
1	19 July 2018	Ordinary (not held)	13	09	-	13	100
2	24 August 2018	Ordinary (not held)	13	0	13	4	31
3	20 September 2018	Ordinary (not held)	-	-	-	3	23
4	29 October 2018	Ordinary (not held)	7	6	13	5	38
5	22 November 2018	Ordinary (did not conclude)	10	3	13	1	8
6	24 January 2019	Ordinary (not held)	10	3	13	4	31
7	21 February 2019	Ordinary	13	9	13	4	31
8	14 March 2019	Ordinary (not held)	10	2	13	3	23
9	3 April 2019	Special	10	3	13	4	31
10	20 May 2019	Ordinary	8	5	13	5	38
11	10 June 2019	Ordinary (Postponed)	10	3	13	4	31
12	27 June 2019	Ordinary (Postponed)	6	7	13	4	31

Non-attendance of the meetings by members of the Municipal Public Accounts Committee is dealt with by Council through the Rules Committee, which has been established in terms of section 79 of the Local Government: Municipal Structures Act 117 of 1998. The issue is considered in line with the Rules of Order By-Law and the Code of Conduct for Councilors. A report on non-attendance of MPAC members was tabled in Council under resolution A.0293 on 27 February 2018.

The Committee revised its organogram in August 2015 to increase its staff compliment from 2 to 4, comprising of the Manager, two Compliance Officers (1 responsible for Finance and the other 1 for Compliance) and an Administrative Officer. During the 2018/19 financial year, filled all the vacant positions.

PROJECT SITE INSPECTION

Municipal Public Accounts Committee (MPAC) must conduct projects site visits as part of their oversight role during the 2018/2019 financial year. However, the committee could not conduct the inspections because of the poor attendance of committee members.

OVERSIGHT PROCESS ON THE ANNUAL REPORTS FOR 2018/2019 FINANCIAL YEAR

An annual report for 2018/2019 financial year was tabled in Council on 26 March 2019. Council referred it to MPAC to embark on its public participation to solicit comments from the community and all relevant stakeholders. The final annual report and oversight report for 2017/2018 financial year were submitted to Council for final adoption on 24 May 2019, in terms of section 129 of the Local Government: Municipal Finance Management Act. Subsequently, the documents were submitted to the Auditor General and the Legislature, and published in the local newspaper in terms of the section 21A of the Local Government: Municipal Systems Act.

The MPAC oversight process on the 2018/2019 Draft annual report to solicit the comments of the community commenced on 15 April 2019 until 25 April 2019. A total of 193 stakeholders attended the public meetings, which were divided into four (4) clusters as follows:

CLUSTER (WARDS) NUMBER	NUMBER OF PEOPLE ATTENDED
1. (7,25,26,27,28,31,32 & 40)	30
2. (2,3,8,10,15,16,17,18,37,36,19,24,35,41)	61
3. (1,2,4,5,6,9,11,12,34,&38)	102

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4. (13,14,20,21,23,30,33&39)	Postponed indefinitely
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INTERGOVERNMENTAL RELATIONS AND FORUMS

The Office of the Municipal Public Accounts Committee, through its members and support personnel, participated in the intergovernmental relations forums both at District and Provincial level during the 2018/2019 financial year:

NO	DATE	INVITEE	PURPOSE	PLACE
1	05-Sep-18	SALGA	Chairperson's IGR workshop	SALGA House, Klerksdorp
2	07-Sep-18	Legislature: Provincial Public Accounts Committee	Provincial Chairperson's forum	NW Provincial Legislature
3	13-17 September 2018	Bojanala Platinum District Municipality	Speakers Forum	Madibeng Local Municipality
4	3-4 October 2018	Local Government and Human Settlements	Toolkit Rollout	Moses Kotane Local Municipality
5	26-Oct-18	NAMPAC	NW NAMPAC Provincial Launch	Mafikeng: Mmabatho Palms
6	30-Oct-18	SALGA	Special working group	SALGA House Klerksdorp
7	06-Nov-18	Bojanala Platinum District Municipality	District Speaker's Forum	Bojanala Platinum District, Chambers
8	12-Dec-18	Legislature: Provincial Public Accounts Committee	Chairperson's Forum	NW Provincial Legislature
9	12-Feb-19	NW Legislature: PPAC	Progress report on VBS investment	NW Provincial Legislature
10	19-Feb-19	Department: Finance NW Provincial Government	Mid- Year Budget and Performance Assessment	Garona Building, Mafikeng
11	08-Mar-19	SALGA	Governance and Public Participation Seminar	Greater Taung Municipality, Depot
12	13-Mar-19	NW Legislature: Provincial Public Accounts Committee	Oversight on the report of the AG	Rustenburg Civic Centre
13	22-Mar-19	BPDM: Public Accounts Committee	Public hearing on the 2017-18 annual report	Rustenburg Old Town Hall
14	27-May-19	NW Provincial Government	Premier Inauguration	Mmabatho Convention Centre



CLLR ED DIALE
CHAIRPERSON: MPAC

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

3.1 INTRODUCTION TO SERVICE DELIVERY PERFORMANCE

The Madibeng Local Municipality 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 2018/19 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.

3.1.1 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 100MI comprising of its own Brits Water Treatment Works, which supplies 60MI, Schoemansville provides 10MI, Rand Water 6MI and 24MI 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

DESCRIPTION	HOUSEHOLDS			
	2015/2016	2016/2017	2017/2018	2018/2019
	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	82218

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

3.1 INTRODUCTION TO SERVICE DELIVERY PERFORMANCE

HOUSEHOLDS				
DESCRIPTION	2015/2016	2016/2017	2017/2018	2018/2019
	ACTUAL No.	ACTUAL No.	ACTUAL No.	ACTUAL No.
Using public tap (stand pipes)	6121	6121	9921	9921
Other water supply (within 200m)	16557	16557	16557	16557
Minimum Service Level and Above sub-total	131820	131820	128 557	129 765
Minimum Service Level & Above Percentage	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
Below Minimum Service Level sub-total	46028	32182	30984	30984
Below Minimum Service Level Percentage	25.9%	20.0%	19.1%	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
2018/2019	195m ³ /d	N/A	3100 m ³ /d	28200 m ³ /d	60%
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.

3.1 INTRODUCTION TO SERVICE DELIVERY PERFORMANCE

WATER SERVICE POLICY OBJECTIVES TAKEN FROM IDP											
SERVICE OBJECTIVES	2016/2017			2016/2017			2017/18			2018/19	
	TARGET PREVIOUS YEAR	ACTUAL CURRENT YEAR	TARGET	ACTUAL CURRENT YEAR	TARGET CURRENT YEAR	ACTUAL FOLLOWING YEAR	TARGET CURRENT YEAR	ACTUAL FOLLOWING YEAR	TARGET CURRENT YEAR	ACTUAL FOLLOWING YEAR	
(i)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	(ix)	(x)	(ix)	(x)	
Household without minimum water supply	16504	16504	16504	16504	16504	16504	16504	16504	16504	16504	
Additional households provided with minimum water supply during the year (no. of households (HHs) without water supply at year end)											
Improve reliability of water supply	No measurement to attend to interruption within 48hrs										
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)											
Improve water conservation	2%	2%	2%	2%	2%	5%					
Reduce unaccountable water levels compared to the baseline of 2015/2016 (kilolitres (KLs) unaccounted for during the year)											
Improve the Blue drop status	n/a	n/a	58%	58%	58%	n/a					
Improve water conservation	2%	2%	2%	2%	2%	5%					
Reduce unaccountable water levels compared to the baseline of 2015/2016 (kilolitres (KLs) unaccounted for during the year)											
Improve the Blue drop status	n/a	n/a	58%	58%	58%	n/a					

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

3.2 COMPONENT (A) : WATER PROVISION

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	2015/2016	2016/2017	2017/2018	2018/2019
	Outcome no.	Outcome no.	Actual no.	Actual no.
SANITATION/SEWERAGE: (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%
SANITATION /SEWERAGE: (below minimum level)				
Bucket toilet	3049	3049	3049	3049
Other toilet provisions (below min. service level)	57050	57050	57050	57050
No toilet provisions	30400	30400	30400	30400
Below minimum service level sub-total	90499	90499	90499	90499
Below minimum service level percentage	56%	56%	56%	56%
TOTAL HOUSEHOLDS	160558	160558	160558	160558
*Total number of households including informal settlements				

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

3.2 COMPONENT (A) : WATER PROVISION

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	2016/17	2017/18	2018/19
	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)			
Minimum Service Level and Above sub-total	4 674	4 674	4 674
Minimum Service Level and Above Percentage			
<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			
Below Minimum Service Level sub-total	9 944	9 944	9 944
Below Minimum Service Level Percentage			
Total number of households*	14 618	14 618	14 618
* - To include informal settlements		T3.1.3	

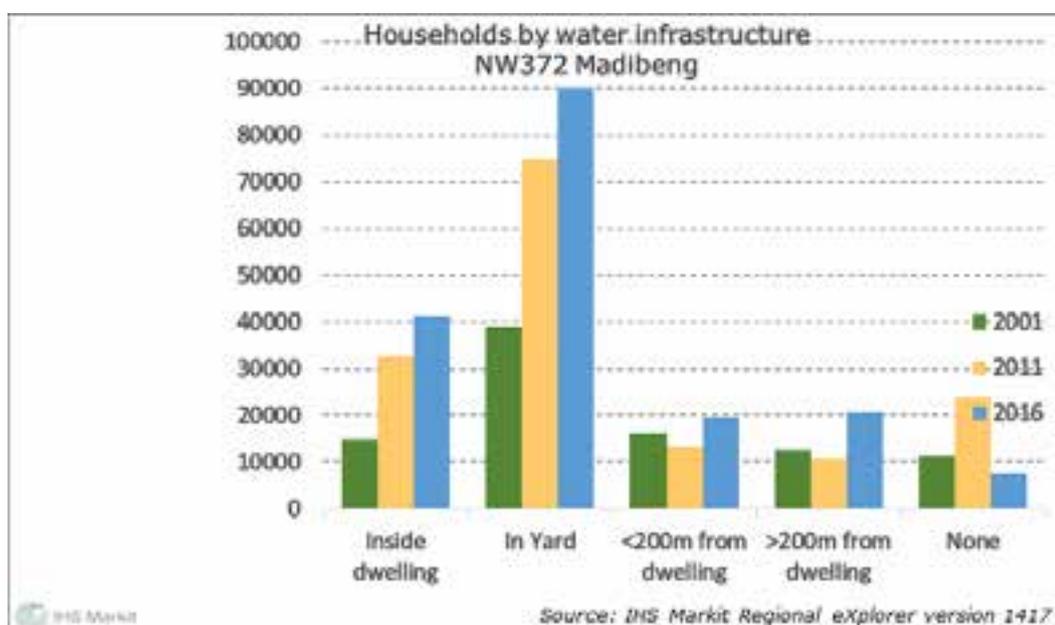
HOUSEHOLDS-SANITATION SERVICE DELIVERY BELOW MINIMUM SERVICE LEVEL						
DESCRIPTION	2015/2016	2016/2017	2017/2018	2018/2019		
	ACTUAL NO.	ACTUAL NO.	ACTUAL NO.	ORIGINAL BUDGET NO.	ADJUSTED BUDGET NO.	ACTUAL NO.
FORMAL SETTLEMENTS						
Total households	23 949	23 949	93 487	93 487	93 487	93 487
Households 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%	70%	70%	70%	70%

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

3.3 COMPONENT B: WASTE WATER (SANITATION)

WASTE WATER (SANITATION) SERVICE POLICY OBJECTIVES TAKEN FROM IDP								
SER- VICE OBJEC- TIVES	OUTLINE SERVICE TARGETS	2015/2016			2016/2017	2017/2018	2017/2018	
		TARGET		ACTUAL	TARGET			
		previous year	current year		previous year	current year	following year	
(i)	(ii)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	
Basic Service Delivery and Infrastructure Development	Improve Green Drop status	N/A	N/A	N/A	N/A	N/A	N/A	
	# of effluent samples tested by an accredited laboratory	12	16	16	40	40	40	
	Sanitation breakdowns attended to within 48 hrs against queries received	100%	100%	100%	100%	100%	100%	
	Km of bulk sewer line & sewer connection constructed at Klipgat	8.5 km	8.5km	8.5km	703 connec- tion	703 connec- tion	0	

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, Lethabile 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.



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

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

SERVICE OBJECTIVES/ SERVICE INDICATORS	OUTLINE SERVICE TARGETS	2015/2016		2016/2017		2017/2018		2018/19	
		Target		Actual		Target		Target	
		Previous Year	Current Year		Current Year	Current Year	Following Year	Current Year	
(i)	(ii)	(v)	(vi)	(vii)	(viii)	(ix)	(x)		
Provision of minimum supply of electricity	Additional households (HHs) provided with minimum supply during the year (# of HHs below minimum supply level)	3800	1250	1908	3200	4810	3200		

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.

DESCRIPTION	2014/15	2015/16	2016/17	2017/18	2018/19
	ACTUAL NO				
ENERGY: (above minimum level)					
Electricity (at least minimum service level)	110 928	124 751	129 171	134 371	134 371
Electricity – prepaid (min service level) Minimum Service Level and Above sub-total	94 200	96 418	100 618	105 418	105 418
Minimum Service Level & Above Percentage	85 %	77 %	78%	81%	81%

DESCRIPTION	2015/16	2016/17	2017/18	2018/19
	ACTUAL NO.	ACTUAL NO.	ACTUAL NO.	ACTUAL NO.
FORMAL SETTLEMENTS				
Total households	21 000	22 000	23 000	23 000

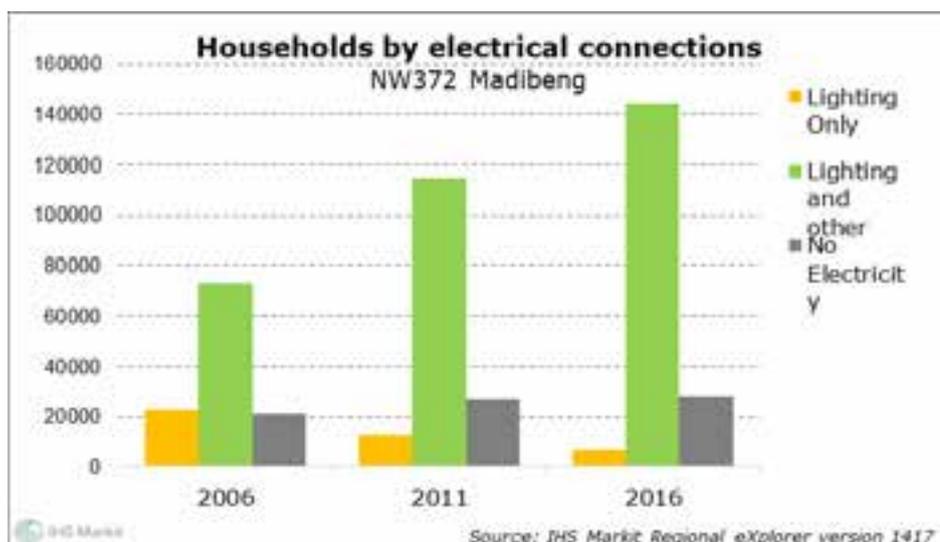
CHAPTER 3 - SERVICE DELIVERY PERFORMANCE (SERVICE DELIVERY PERFORMANCE REPORT PART 1)

3.4 COMPONENT C: ELECTRICITY (ENERGY)

DESCRIPTION	2015/16	2016/17	2017/18	2018/19
	ACTUAL NO.	ACTUAL NO.	ACTUAL NO.	ACTUAL NO.
Households below minimum service level	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%
INFORMAL SETTLEMENTS				
Total households	102 800	107 171	111 971	111 971
Households is below minimum service level	13 000	14 500	16 500	16 500
Proportion of households is below minimum service level	13%	14%	15%	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
- 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.



DESCRIPTION	2015/16	2016/2017		2017/2018	2018/2019
	ACTUAL NO.	ORIGINAL BUDGET NO.	ADJUSTED BUDGET NO.	ACTUAL NO.	
FORMAL SETTLEMENTS					

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

3.5 COMPONENT D: ROADS AND STORMWATER

DESCRIPTION	2015/16	2016/2017			2017/2018	2018/2019
	ACTUAL NO.	ORIGINAL BUDGET NO.	ADJUSTED BUDGET NO.	ACTUAL NO.		
Total households	21 000	22 000	22 000	22 000	22000	22000
Households below minimum service level	0	0	0	0	0	0
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
INFORMAL SETTLEMENTS						
Total households	102 800	107 171	107 171	107 171	107 171	107 171
Households is below minimum service level	13 000	14 500	14 500	14 500	14 500	14 500
Proportion of households is below minimum service level	13%	14%	14%	14%	14%	14%

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

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
2018/2019	3423.08km	35.9km

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

3.5 COMPONENT D: ROADS AND STORMWATER

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
2018/2019	700km	0	100034m 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
2018/2019	R4,000,000	R8,000,000

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 :
20 000	628.9		2500	1356	3417.78	7902.68	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

INTRODUCTION

Planning and Human Settlement Directorate comprises four (4) Sub- Directorates namely;

- Spatial Planning and Land Use Management Sub-Directorate
- Building Control Sub-Directorate
- Housing & Land Administration Sub-Directorate and
- Urban Renewal & Informal Settlement.

Mandate of the Directorate

- To provide sustainable human settlement and promoting security of tenure
- Implement the Spatial Planning and Land Use Management Act (SPLUMA)
- Upgrading of informal settlements
- To revitalize towns and townships
- To continuously implement an effective administrative/ regulatory framework for building plan approval

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

3.6 COMPONENT E: HUMAN SETTLEMENT AND PLANNING

- To improve on law enforcement as per the National Building Regulations (NBR) and land use management requirements

HOUSING AND LAND ADMINISTRATION SUB-DIRECTORATE

Introduction

Housing and Land Administration Sub-Directorate comprises of two (2) units, namely;

- Housing Unit and
- Land Administration Unit

HOUSING UNIT

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.

LAND ADMINISTRATION UNIT

Land Administration Unit is governed by legislations below;

- Expropriation Act of 1975 regulates expropriation of properties for public interest
- Deeds registries Act 47 of 1937 provide for general registration of title
- Extension of Security of Tenure Act as well as Upgrading of Land Tenure Right which give rights to ownership

EMPLOYEES HOUSING AND LAND ADMINISTRATION

JOB LEVEL	NUMBER OF POSTS	POSITIONS FILLED	VACANT POSITIONS
3	1	1	-
4	2	2	-
6	8	5	3
7	2	1	1
8	7	5	2
10	2	-	2
Total	22	14	8
VACANCY RATE IN %			36%

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.
- Collaborating 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

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

3.6 COMPONENT E: HUMAN SETTLEMENT AND PLANNING

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.

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
Majakaneng	Portion 25 of the farm Wolhuterskop 452 JQ	56,1916 Ha	Transferred to municipality on 15 February 2019
	Portion 37 of the farm Groenkloof 464 JQ	11,3119Ha	Transferred to municipality on 04 March 2019

Further engagements and processing for acquisition the following:

VILLAGE	FARM NAME	EXTENT	PROGRESS TO DATE
Oukasie	Remaining extent of Portion 504 of the farm Roodekopjes of Zwartkopjes 427 JQ	15.5162Ha	Feasibility and valuation done. Negotiations with owners by HDA
	Portion 473 of the farm Roodekopjes of Zwartkopjes 427 JQ	9.66950 Ha	Feasibility and valuation done. Negotiations with owners by HDA
Majakaneng	Portion 28 of the farm Groenkloof 464 JQ	25,8724 Ha	Deed of sale for signature
Mooinooi	Portion 134 (Portion of portion 63) of farm Elandsdrift No.467 JQ	14. 2373 Ha	Deed of sale for signature

The following properties remain priority:

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.
	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

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

3.6 COMPONENT E: HUMAN SETTLEMENT AND PLANNING

Title deeds:

2018/2019 OVERALL TITLE DEEDS REGISTERED AND ISSUED	
Title Deeds Issued	22
Title Deeds Registered	13

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. Housing Sector Plan informs the provision of housing, which is also an IDP Sector Plan. The following are the current housing priorities in Madibeng:

- o MOOINOOI: Extension 13: A mining area with informal settlements. The mine, SAMANCOR, contributes towards the development. Currently, budget is approved 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 intension to sign tripartite agreement with deliverable and responsibilities of different parties' i.e Municipality, SAMANCOR and DLG&HS NW. Still awaiting confirmation by DoLG&HS
- o BOKFONTEIN: Town planning processes have been finalized for Extensions 1 and 2. The objections for extensions 3, 4 and 5 have been concluded 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.
- o 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. We are engaging in expropriation route for the property
- o LETHABONG HOUSING PROJECT: The following progress can reported:
Foundation: 131
Wall plates: 131
Roof : 131
Completions: 131
- o 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	115	115 beneficiaries approved, 71 foundations, 66
Shakung	50	All 50 beneficiaries approved, 50 foundations, 49 wall plate, 48 roof and 48 completions.
Moiletswane	100	100 beneficiaries approved, 100 foundations , 99 wall plate, 99 roof and 99 completions
Maboloka	100	99 beneficiaries approved, 97 foundations, 91 wall plate, 74 roof and 60 completions
Vaalboschloot	150	150 beneficiaries approved, 120 foundations , 120 wall plate, 120 roof and 120 completions
Jericho	150	150 beneficiaries approved, 100 foundations , 99 wall plate, 99 roof and 99 completions
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

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

3.6 COMPONENT E: HUMAN SETTLEMENT & PLANNING

Hebron	102	102 beneficiaries approved and developer due to start with construction
Oukasie Proper	500	49 applications submitted and still waiting for approvals. Further presented a proposal on how to get the 500 units in Oukasie to DoLG&HS NW and still waiting for a response



o 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. DoLG&HS NW gave a letter of support for rental housing stock and still considering other typologies
2. **Lethabile K:**
A private development, which will also accommodate other housing typologies. Developer to do phase two geotechnical studies in order for DoLG&HS to support the project
3. **Sunway housing:**
Municipal housing project already 1000 BNG's completed and second phase will include social housing.

National Department of Human Settlements is processing applications for consideration by the Honourable Minister L. Sisulu

- **FORMALIZATION OF RURAL AREAS:** Klipgat C and Makanyaneng are approved as townships. Other areas are still at the planning stage and 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	R4 498 078
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BUILDING CONTROL SUB-DIRECTORATE

Introduction

Building Control Sub-Directorate comprises of two (2) units, namely:

- Building Plan Examining Unit and
- Building Inspectorate Unit

Building Control Sub-directorate is 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.

Building Control Sub-Directorate core functions are;

- To regulate construction of buildings
- Provide building inspections services during construction
- Provide of examining and approval of building plans services before construction.
- To enforce the principles set in the Act (NBR)

The unit receives processes, approves building plans, and performs inspections during constructions and issue occupation

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

3.6 COMPONENT E: HUMAN SETTLEMENT AND PLANNING

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.

Building Plan Examining Unit

The unit approves building according to the prescripts set in the National Building Regulations and Standard Act, 1997 (Act 103 of 1997). Approval of building plans applications contributes towards revenue base of the municipality, creation of job opportunities and promotion of security of tenure.

Building Inspectorate Unit

The unit provides building inspection service set in the National Building Regulations and Standard Act, 1997 (Act 103 of 1997). Inspection of building during and after construction is to ensure that buildings are constructed according to NBR and are safe to occupy after construction.

EMPLOYEES BUILDING CONTROL

JOB LEVEL	NUMBER OF POSTS	POSITIONS FILLED	VACANT POSITIONS
3	01	01	0
4	02	02	0
7	11	06	05
10	04	02	02
TOTAL"	18	11	07
VACANCY RATE IN %			38.9%

PERFORMANCE

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 571 079
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URBAN RENEWAL AND INFORMAL SETTLEMENTS SUB-DIRECTORATE

Introduction

Urban Renewal and Informal Settlement Sub-Directorate comprises of two (2) units, namely;

- Urban Renewal Unit and
- Informal Settlement Unit

Urban Renewal Unit

Manages the key performance areas associated with the Urban Renewal. Aligning functional requirements against objectives, controlling critical developmental planning phases, monitoring project related outcomes.

Informal Settlement Unit

Manage and Coordinates key processes, related to Informal Settlement Management & Upgrading, policy development. Informal Settlement Management & Upgrading, policy development.

EMPLOYEES URBAN RENEWAL AND INFORMAL SETTLEMENTS

The following represents the staff requirements as per the approved structure and the vacancy rate.

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3.6 COMPONENT E: HUMAN SETTLEMENT & PLANNING

JOB LEVEL	NUMBER OF POSTS	POSITIONS FILLED	VACANT POSITIONS
3	01	01	-
10	01	00	01
5	02	00	02
6	04	00	04
12	02	00	02
TOTAL"	10	01	09
VACANCY RATE IN %			90%

OVERALL PERFORMANCE

Informal Settlements Upgrading

The municipality has been identified as beneficiary on the initiative of National Government of Distressed Mining Towns. The initiative seeks to upgrade the Informal Settlements and provide communities with tenure and improvement of basic service delivery.

The Area identified is Nkaneng informal settlement. Planning work has started which seeks to bring various stakeholders of Lonmin/Sibanye, Bapo Traditional Authority, the community and the Municipality together, coordinated by HDA as the Departmental implementing Agent.

Formalisation

The municipality is continuing within its limited resources to formalise informal settlements with the assistance of Provincial Department of Human Settlements. The completed formalisation projects are as follows:

- Lethabile Block H, Bokfontein ext.
Over and above this areas there are other projects that have started pending finalisation due to various blockages around land ownership both by State Organs or Traditional Authorities and at various completion stages. They are as follows:
- Regorogile, Modderspruit, Hillside, Ikageng, Madibeng Hills and Damonsville x3,

Status of Land Invasion

The municipality is continuing to experience a pressure of illegal invasion of land around its jurisdiction. The following poses as a serious threat to the municipality on the fight against the phenomenon:

- High costs of implementing eviction orders,
- The occupation of private properties where the municipality is mandated by court to provide alternative accommodation even on impossible circumstances.
- Instances where courts do not regard our cases as urgent, thus schedule them outside timeframes indicated in the Pie Act. Which makes eviction to be granted.

The following depicts the cases reported and attended to in the year in review:

- Portion 4, farm 242 Nietgedacht,
- Portion 103 of the Farm Elandsfontein 440JQ,
- Stand 2134 Oukasie,
- Portion 218 Rietfontein 485 JQ,
- Portion 1410 of the Farm Elandsfontein 440 JQ,
- Portion 91 and 109 of the farm Elandsfontein 440 JQ.

Urban Renewal

Given the financial situation of the municipality to fund proper planning of the unit, nothing much have been achieved. The division is working on the Brits Regeneration plan as developed by the Small Town Regeneration Program though SALGA. The program is jointly implemented with the Economic Development Department. The reliance on funding is coordinated thought the Social Labour Plans with Economic.

SPATIAL PLANNING AND LAND USE MANAMENT SUB-DIRECTORATE

Introduction

Spatial Planning and Land Use Management Sub-Directorate comprises of two (2) units, namely;

- Spatial Planning Unit and
- Land Use Management Unit

The Division aims to provide spatial planning and land use management that promotes social and economic inclusions. It also strives to redress imbalances of the past and to ensure that the 5 principle of planning are taken into account when administering the Land Use and Land Development applications in line with Spatial Planning and Land Use Management Act,2013

The Division has received, processed and approved number of development applications that were consistent with the Spatial Development Framework of the Municipality. These development applications have contributed toward increasing revenue base of the municipality, creating of job opportunities and promotion of security of tenure.

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

3.6 COMPONENT E: HUMAN SETTLEMENT AND PLANNING

In line with the prescripts of Spatial Planning and Land use Management 2013, The Municipality has managed to approve and adopt the Spatial Planning and Land Use Management by law, appoint the Authorised official who will deal with category 2 (Land Use Applications) and establish a single Municipal Planning tribunal who will be dealing with category 1 (Land development applications).

The appeals authority is also in place, and will be dealing with all applications that appeals have been lodged on the decision taken by either the MPT or the authorised official.

The core functions/responsibilities of the division are;

- 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.

EMPLOYEES SPATIAL PLANNING AND LAND USE MANAGEMENT

- The following represents the staff requirements as per the approved structure and the vacancy rate.

JOB LEVEL	NUMBER OF POSTS	POSITIONS FILLED	VACANT POSITIONS
3	01	01	-
4	02	01	01
6	09	06	03
7	04	01	03
12	01	00	01
TOTAL	19	09	10
VACANCY RATE IN %			52,6%

PERFORMANCE

ACTIVITIES	ACTUAL PERFORMANCE
Rezoning	17
Townships	02
Building Line Relaxation	28
Consent Use	15
Second Dwelling	1
Subdivision	6
Consolidation	2

COMMENT ON THE PERFORMANCE OF SPATIAL PLANNING AND LAND USE:

The division has approved the in-situ upgrades of Bokfontein Extensions informal settlement through the assistance of the Housing Development Agency, that will yield over 1500 formalised and proclaimed sites, thus contributing towards eradication of informal settlements. Development applications were fast tracked and approved. However, there is still challenge of backlogs that are caused by lack of comments from other departments. The division also managed to implement SPLUMA Readiness effectively and on time, The review of the municipal Spatial Development Framework was also critical because it guides development, attract investors and encourage development in Madibeng, However the finalisation of the Madibeng Land Use scheme is still lacking behind. The division also managed to obtain approvals for the formalisation of both Klippgat C and Makanyaneng Townships.

In 2018/2019 financial year, Building Control Sub-Directorate generated R1 571 079 in revenue and Housing & Land Administration Sub-Directorate R4 498 078. Collectively divisions contributed R6 069 157 of the total annual municipal revenue.

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

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

3.7.1 INTRODUCTION TO ECONOMIC DEVELOPMENT

In the year under review (18/19), the Department of Local Economic Development managed to establish two critical units, namely, EPWP and Street Trading in order to assist in both critical aspects EPWP and street trading management and monitoring.

The growth of local economy depends mainly on available financial resources and extend to which stakeholder relations is engaged and contribute jointly through various fora to assess and analyse conditions contributory to economic growth. Whilst the first requirement remains a challenge, the department has effectively and extensively involved stakeholders in the sector on various accounts. As a result, lack of financial resources that drove the department together with Accounting Officer to adjust some key performance indicators eg. Brick Making Factory etc.

In the main, local economic development is business of all departments of municipal council including all the people of the municipality. It became evident in the year under review that not all municipal departments are pulling together in the realisation of economic objectives, evidenced with Infrastructure and Technical services (PMU) which is key in the creation of temporary employment and contributory to EPWP grant. Inter-departmental relations in the implementation of job creation initiatives and other economic endeavours has been lacking especially in the effort to maximise and increase EPWP allocation and in the implementation of Integrated Contractor Development Strategy (ICDS).

The economic growth through sectors of economy namely Tourism, Agriculture, Farming and Mining rely on the proper coordination and management. The initiatives are directed towards attraction for investment and effective implementation of LED strategies approved by Council. The department has been able to coordinate all above activities and ensured hegemony in how efforts complement each effort. As a unit, 2017-2018 has meaningfully shown an improved support in most applications submitted on behalf of various beneficiaries on an individual and or collective basis. In that and through that, the department was able to support both young, women and disabled participants.

The limited approach in the support through coordination of informal traders through issuing of municipal business licences generally, only traders on perishable goods were targeted leaving out other traders including internet cafes and salons, mushrooming in the municipal trading areas, potentially minimising possible revenue collection for the municipality. In this regard, there is need to extend Business Licensing By-law to cover such grey area.

The outdoor advertising regulations are still not promulgated leading to loss in additional revenue. Law-enforcement officers in the form of Inspectors and peace officers need to be resourced and capacitated to the level of being able to enforce for compliance. Various attempts to regulate outdoor advertising by fostering the inclusion of previously disadvantaged advertising companies did not bear as anticipated.

Investment promotion unit has initiated couple of activities and attended numerous economic activities hosted at district; province and national level and information gathered shared with different product owners. The unit successfully coordinated mining forum and assisted to align mining SLP's with municipal IDP.

The program for procurement opportunities to benefit local business (PDI's) has been one key initiative intended to bring SMME's to the economic mainstream through mining houses.

The department was compelled to trim its key performance indicators due to lack of budget wherein programmes such as establishment of SMME development Centre, brick making factory and fresh produce market were deferred until such time funding models were secured to pursue these economic initiatives. These activities were identified as having direct positive impact on the development of SMME and revenue generation activities.

The pillars of our economy and economic activity is affected by the following and contribute individually as follow:

Economic activity by Sector	
Sector	2018 / 2019
Agriculture, Forestry and Fisheries	2.7%
Mining & quarrying	32.9%
Manufacturing	5.5%

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

Infrastructural dev & construction	2.6%
Electricity	3.4%
Wholesale & Trade	12.1%
Transport	6.6%
Finance & Property etc	13.2%
Government Services, Community Services	21.1%

By observation, the mining is the main economic contributor or driver followed by finance and wholesale trading. These sectors are again the main and dominant employment creating activities in the municipality. Given the geographic character of Madibeng informed by its historic farming capacity, more focus should be given to agriculture to contribute more in the economy and job creation.

Economic employment by Sector	
Sector	2018/2019
Agriculture, Forestry and Fisheries	6.8%
Mining & quarrying	18.7%
Manufacturing	7.2%
Infrastructural dev & construction	5%
Electricity	0.5%
Wholesale & Trade	15.3%
Transport	2.5%
Finance & Property etc	10.8%
Government Services, Community Services	22.4%

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.

COMMENT ON LOCAL JOB OPPORTUNITIES:				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Agriculture	44	450	176	450
Tourism	25	33	40	27
Retail /Construction	26	26	39	33
Total	95	509	255	510
Grand total:	1369			
Street traders:	100			

The ability to accommodate more SMME's depends on the refurbishment and regular maintenance of Tom street pavilion, Wonderkop and more up to date trading space created through completion of Brits bus rank. Through such interventions, the department will create more economic opportunities for SMME's. The initiatives to develop workshops at townships (Letlhabile and Lethabong) will positively advance the concept of township economy and help to circulate capital in and around townships.

JOB CREATION THROUGH EPWP PROJECTS		
DETAILS	EPWP PROJECTS NO.	Jobs Created Through EPWP Projects No.
2016/17	4	1075
2017/18	4	1075
2018/19	4	1170
*-Extended Public Works Programme		T3.11.6

The slight increase in the EPWP intake for 2018/19 is sign of potential to increase on the grant thereby contribute to more

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

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

temporary job opportunities for unemployed youth. There is stability in the unit with appointment of coordinators and data capturers who are trained and capable. Reporting remain one key determinant for success of EPWP and finalisation of Wireless Area Network (WAN) will meaningfully contribute towards more allocation of grant.

LOCAL ECONOMIC DEVELOPMENT POLICY OBJECTIVES TAKEN FROM IDP										
SER- VICE OBJEC- TIVES	OUTLINE SERVICE TAR- GETS	2015/2016			2017/2018			2018/2019		
		TARGET			TARGET			ACTUAL		
		PRE- VIOUS FREE BA- SIC YEAR	CUR- RENT YEAR		PRE- VIOUS YEAR	CUR- RENT YEAR	FOL- LOWING YEAR	PRE- VIOUS YEAR	CURRENT YEAR	FOLLOW- ING YEAR
(i)	(ii)	(iii)	(vi)	(vii)	(viii)	(ix)	(x)	(viii)	(ix)	(x)
Agri- cultural projects imple- mented		4 projects imple- mented	4 proj- ects imple- mented	4 proj- ects imple- ment- ed	4 proj- ects imple- mented	4 proj- ects imple- mented	4 proj- ects imple- mented	4 proj- ects imple- mented	4	4
SMMEs sup- ported through training		50	50	205	50	50	50	50	100	100
Tourism events imple- mented		4	4	4	4	4	4	4	2	2

*Note: This statement includes no more than top four priority service objectives. The indicators and targets specified above (column (i) and (ii) must be incorporated in the indicator in the indicator set for each municipality to which they apply. These are 'universal municipal indicator'. Previous year refers to the target that were set in the 2017/2018 budget/IDP round, *Current Year' refers to the targets set in the 2018/19 Budget/IDP round. *Following Year' refers to the targets set in the 2019/20 Budget/IDP round. Note that all targets in the IDP must be fundable within budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.*

T3.11.07

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

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

Employees: Local Economic Development					
Job Level	2017/18	2018/19			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts) %
0-3	2	5	3	2	40%
4-6	5	12	8	4	33%
7-9	4	8	4	4	50%
10-12	1	4	3	1	25%
13-15	5	0	0	0	0%
16-18	0	9	5	4	44%
19-20	0	0	0	0	0%

Totals should equate to those included in the Chapter 4 total employees schedule. Employees and Posts numbers are at 30 June. *Posts must be established and funded in the approve budget or adjustment budget. Full-time equivalence are calculated by taking the total byber of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such posts within the same set (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumuolated days.
T3.11.8

COMMENTS ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

- Small Town Regeneration Project received commitments from six (6) Mining Houses on their Social Labour Plans. Most of the Small Town Regeneration implementation plan projects are covered and the expectation is to see a change in the coming 5 years. Implementation for STR will commence with the erection of welcome to Brits signage to be implemented in the next financial year.
- The Provincial Agri-park project within Bojanala District Municipality focuses on large-scale beef production. Jericho cattle feedlot facility is selected as Madibeng Farmer Production Support Unit and is under renovation by the Department of Rural Development and Land Reform. Local cattle farmers will fatten their cattle in the FPSU and send them for slaughter at Makapanstad.
- The poultry industry is also booming in Madibeng with an additional 40 000 chicken scale broiler house recently completed at Dipompong and take-off agreement already secured.
- Pig production is threatened by outbreak of swine flu disease and all pig projects are monitored by veterinary services around Madibeng.
- Citrus industry is growing to quantities of exportation. Crop farmers are moving from wheat production to barley production due to demand.
- Letlhabile Game farm has been funded by the Department of Environmental Affairs with a budget of R15m as one of the tourism projects.
- Department of Rural, Environment and Agricultural Development has committed to fund Majakaneng Hiking Trails. The two projects will create jobs and economic development for Madibeng. The tourism unit managed to host Malawian delegates to benchmark on the development of the Malawian Tourism Masterplan.
- Possible funding of SMME Development Centre through MIG will boost development of informal traders
- EPWP/CWP temporary jobs created 1170 for 2018/19 financial year funded by Cooperative Governance and Traditional Affairs and Department of Public Works, remain positive contributor to youth temporary employment.
- A total of 205 SMMEs were supported through the following training programmes:
 - o Small Enterprise start up 1 training
 - o Tendering, legal requirements and compliance
 - o Business management skills

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

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

- o Small business cooperative tax, VAT basic, PAYE
- o The following policies were developed and reviewed by the department and Council adopted:
- o LED Strategy
- o Investment Incentive Policy (for attraction of investors)
- o Street trading By-laws
- o Outdoor advertising By-law
- o Contractor Development Strategy

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.	

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

3.8 COMPONENT G: COMMUNITY AND SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

3.8.1 INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The Division Social Services comprises of four units that is, libraries, sport development, arts & culture.

Libraries are a core function of the Province(CATA), and the municipality is rendering the service at an urgency base.

The division coordinate its programmes with various stakeholders for example (e.g.) Provincial Departments, National, NGOs and CBOs. The main stakeholders is the Department of Sports, Arts, Culture and Traditional Affairs as well as the District of Bojanala.

The main aim of getting involved with various stakeholders is to avoid working in silos, this is despite the fact that each unit has its own challenges that is unique specifically to its area.

3.8.2 INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

There are eleven (11) libraries in Madibeng namely: Brits, Damonsville, Hartbeespoort, Jericho, Kosmos, Letlhabile, Mothotlung Oukasie, Lethabong, Hebron and Modderspruit.

Modderspruit is a library donated by Moratiwa Properties as social responsibility for the Modderspruit community; it is still in the hands of the community and not yet handed to the Municipality.

Libraries have transformed whereby people no longer come and borrow books and go. There are many activities taking place eg. Programmes that are running to teach communities basic computer literacy, reading for pre- schoolers, and libraries now having children sections with various programmes. Mzansi on line is a major project that is currently running in all libraries, initiated by Melinda and Bill Gate, part of the programme is gaming.

Province(CATA) is upgrading Schoemansville library in Haartbeespoort, to accommodate programmes, which are rendered by all libraries in Madibeng. The project will resume now July 2019, implemented by the Department Public Works. The project implementation plan is 12 months. According to the IDP, there will be two more libraries, which will be constructed at Mmakau and Klippgat. This two libraries will be subject to IDP priorities and funding by MIG.

SERVICE STATISTICS FOR LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

3.8.3 INTRODUCTION TO CEMETERIES & CREMATORIUMS

The Division of Parks,Nursery and cemeteries provide graves within prescribed time, burial bookings and maintenance of cemeteries(grass cutting,litter picking ,opening and closing of graves).

SERVICE STATISTICS FOR CEMETERIES & CREMATORIUMS



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

3.8 COMPONENT G: COMMUNITY AND SOCIAL SERVICES



Employees: Cemeteries and Crematoriums					
Job Level	2018/19				
	2018/19 Employees	Posts	200 Employees	18/19 Vacancies (full-time equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3		1		1	0
4 – 6	3	3	3	2	80
7 – 9	4	4	4	0	100
10 – 12	10	10	10	0	100
13 – 15	22	2	20	2	90
16 – 18	161	161	161	0	100
Total					

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

PROVISION OF GRAVES

INTRODUCTION TO PROVISION OF GRAVES

The Division of Parks, Nursery and cemeteries provide graves within prescribed time, burial bookings and memorial works.

CEMETERY NAME	NO OF BURIALS FOR KIDS	NO OF BURIALS FOR ADULTS	FREE GRAVES
Oukasie	36	125	16
Lethabie	23	315	8
Langberg	8	109	0
Mothutlung	7	91	3
Haartbeesport	4	48	0
Damonsville	3	32	1

Revenue collected

Burials= R979607, 53

Memorials= R52742, 92

Amount forfeited through free graves = R23846, 15

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

3.8 COMPONENT G: COMMUNITY AND SOCIAL SERVICES

NURSERY INTRODUCTION TO PROPAGATION OF PLANTS

The Division of Parks, Nursery and cemeteries propagate plants to be planted on sidewalks, parks, municipal landscaping and for decorations.

For the financial year 2018/2019, 3100 plants were propagated through seed bed, seedlings and cuttings



SPORTS GROUND MAINTENANCE INTRODUCTION TO SPORTS GROUNDS MAINTENANCE BRITS BOWLING GREEN & RUGBY FIELD



LANDSCAPE MAINTENANCE INTRODUCTION TO LANDSCAPE MAINTENANCE

The Division of Parks, Nursery and cemeteries maintain municipal landscape facilities through grass cutting, litter picking and gardening.



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

3.8 COMPONENT G: COMMUNITY AND SOCIAL SERVICES

3.8.4 SOLID WASTE MANAGEMENT

SOLID WASTE SERVICE DELIVERY LEVELS HOUSEHOLDS				
DESCRIPTION	2017/18	2018/19	2019/20	2020/21
	Actual No.	Actual No.	Actual No.	Actual No.
Solid Waste Removal: (Minimum level) Removed at least once a week	73 400	74 400	75 400	76 400
Minimum Service Level and Above subtotal	73 400	74 400	75 400	76 400
Minimum Service Level and Above percentage	39,40%	39,90%	40,50%	41,00%
Solid Waste Removal: (Below minimum level)				
Removed less frequently than once a week	10 500	10 500	10 500	10 500
Using communal refuse dump	20 000	20 000	20 000	20 000
Using own refuse dump	10 300	10 300	10 300	10 300
Other rubbish disposal	2 000	2 000	2 000	2 000
No rubbish disposal	70 331	69 331	68 331	67 331
Below minimum service level sub-total	113 131	112 131	111 131	110 131
Below minimum service level percentage	60,60%	60,10%	59,50%	59,00%
Total number of households	186 531	186 531	186 531	186 531

SOLID WASTE SERVICE DELIVERY LEVELS HOUSEHOLDS				
DESCRIPTION	2017/18	2018/19	2019/20	2020/21
	Actual No.	Actual No.	Actual No.	Actual No.
Formal Settlements				
Total households	66 171	74 400	75 400	76 400
Households below Minimum Service Level	0	0	0	0
Proportion of households below Minimum Service Level	0%	0%	0%	0
Informal Settlements				
Total households	10 500	11 200	11 800	12 300
Households below minimum service level	327100,00%	297100,00%	257100,00%	207100,00%
Proportion of households below minimum service level	31%	27%	22%	17%

LOCAL ECONOMIC DEVELOPMENT POLICY OBJECTIVES TAKEN FROM IDP									
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	2017/18		2018/19			2019/20	2020/21	
		TARGET	ACTUAL	TARGET		ACTUAL	TARGET		
		PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR		CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR
Service Objectives									
Provision of weekly collection service per household	Proportionate reduction in average weekly collection failures year on year (average number of collection failures each week)	100%	80%	100%	100%	90%	100%	100%	100%

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

3.8 COMPONENT G: COMMUNITY AND SOCIAL SERVICES

LOCAL ECONOMIC DEVELOPMENT POLICY OBJECTIVES TAKEN FROM IDP									
SERVICE OBJECTIVES	OUTLINE SERVICE TARGETS	2017/18		2018/19			2019/20	2020/21	
		TARGET	ACTUAL	TARGET		ACTUAL	TARGET		
		PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR		CURRENT YEAR	CURRENT YEAR	FOLLOWING YEAR
Service Objectives									
Future capacity of existing and earmarked (approved use and in council possession) waste disposal sites	The amount of spare capacity available in terms of the number of years capacity available at the current rate of landfill usage.	30 years	30 years	30 years	29 years	29 years	28 years	28 years	27 years
Proportion of waste that is recycled	Volume of waste recycled as a percentage of total volume of waste disposed of at landfill sites	5%	1,80%	5%	5%	2,10%	5%	5%	10%
Proportion of Landfill Sites in compliance with National Environmental Management: Waste Act (NEM:WA) 59 of 2008	% of landfill sites by volume that are being managed in compliance with the NEM:WA 59 of 2008	100%	80%	100%	100%	85%	100%	100%	100%

EMPLOYEES SOLID WASTE MANAGEMENT SERVICES					
Job Level	2017/18	2018/19			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts) %
0 – 3	0	1	0	1	100%
4 – 6	3	4	3	1	25%
7 – 9	4	8	4	4	50%
10 – 12	3	14	3	11	79%
13 – 15	16	16	16	0	0%
16 – 18	146	146	146	0	0%
19 - 20	0	0	0	0	0%
Total	168	189	168	17	89%

EMPLOYEES: WASTE DISPOSAL AND OTHER SERVICES

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

3.8 COMPONENT G: COMMUNITY AND SOCIAL SERVICES

Job Level	2017/18	2018/19			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts) %
0 – 3	0	1	0	1	100%
4 – 6	5	8	5	3	38%
7 – 9	3	3	3	0	0%
10 – 12	3	14	3	11	79%
13 – 15	5	5	5	0	0%
16 – 18	36	36	36	0	0%
19 – 20	0	0	0	0	0%
Total	52	67	52	15	22%

CAPITAL EXPENDITURE 2018/19: WASTE MANAGEMENT SERVICES					
Capital Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0

NO solid waste capital projects undertaken during 2018/19 financial year due to prioritisation of other needs by the community during the IDP process.

The following capital projects will be undertaken as from 2019/20 financial year:

2019/20 Financial Year: Construction of Leachate Lagoon - Hartbeesfontein Landfill site (R2m) Internal budget funding

2020/21 - Financial Year: Construction of New Waste Disposal Cell - Hartbeesfontein Landfill Site (R15m) MIG funding

2020/21 - Financial Year: Construction of ablution facilities and office – Lethabile Depot (R800k) Internal Budget funding

2021/22 – Financial Year: Construction of high grade security fence Phaze 1 – Hartbeesfontein Landfill site (R45m) MIG funding

2022/23 – Financial Year: Construction of high grade security fence Phaze 2 – Hartbeesfontein Landfill site (R45m) MIG funding

INTRODUCTION TO PUBLIC SAFETY, FLEET AND FACILITY MANAGEMENT SERVICES

The Directorate provide the following Services to the community of the Madibeng Local Municipality:

- Traffic and Licensing;
- Fire and Disaster Management Services;
- Security Services;
- Fleet Management; and
- Facility Management Services.

3.9.1 INTRODUCTION TO TRAFFIC AND LICENSING SERVICES

The Municipality is responsible for all traffic and licensing services within its area of jurisdiction; and licensing services is a delegated function by the Provincial Department of Public Safety and Transport.

Madibeng Local Municipality provide the following services:

road traffic law enforcement and road safety educational awareness programmes. The Municipality has realised that road accidents contribute to a large extent on the mortality rates in the country, hence a plan to prevent or reduce road accident was developed and implemented. This includes vehicle and driver's fitness.

Traffic Officers Service Data					
No.	Details	2016/17	2017/18		2018/19
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	No. of road traffic accidents during the year	367	453	276	352
2	No. of by-law infringements attended	135	151	0	0
3	No. of police officers in the field on an average day	18	24	28	32
4	No. of police officers on duty on an average day	28	36	28	36

COMMENT ON THE PERFORMANCE OF TRAFFIC AND LICENSING OVERALL:

The traffic and security services extend to the following functions:

- To promote road safety through educational programmes

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

3.8 COMPONENT G: COMMUNITY AND SOCIAL SERVICES

- To ensure that all schools have scholar patrols and re-effectively training
- To assist with driver and learner license applications
- Brits Licensing Centre was supplied with three Life Scanning Units during September 2018 and further Gauteng Province rolled out the online booking system during October 2018 which created bottlenecks at the driver License Testing Centre (DLTC)
Total transactions conducted by the DLTC for the period under review:

- Applications to be tested for Driver's Licenses = 5 975
- Applications to be tested for Learner Licenses = 9 025
- PrDP permits processed = 5 386
- To assist with license renewals, registration of vehicles and with the application for duplicate road worthy certificates

Total transactions conducted by the Registration Authority for the period under review:

- Vehicles Registrations = 18 112
- Renewal of Vehicle Licenses = 100 213
- Joint Traffic Roadblocks



3.9.2 INTRODUCTION TO FIRE SERVICES

Madibeng Fire Services render, Fire-fighting, Fire prevention, rescue and special services

Madibeng Fire and Disaster main station is located in Brits town. The satellite station for Lethabile and surrounding areas was completed. It was never operational due to shortage of Vehicle. It was burned down and vandals. The Public Safety Fleet and Facility Management Department utilises NECSA emergency services to render services in the Hartebeespoort and surrounding areas on a contractual basis. The two are the only servicing points for a radius of 3871 km.

Little is being done to address the requirement on fire services provision as prescribed by the SANS 10090, for the betterment of the service provision to Madibeng communities.

The goal of the Fire and Disaster Management Services is to improve services and reduce the respond time to any incidents. The objectives are to save lives and property and also to provide humanitarian help when the need arises. Madibeng Local Municipality's fire risk classification:

- High risk 21%
- Medium risk 33%
- Low risk 46%

- Reduce the incidence of injury, loss of life, and property damage by providing public education programs, and prevention services to secure public safety and code compliance.
- Conform to Government Acts, Regulations, Municipal Bylaws, and policies thereby mitigating liabilities/losses to the City's assets attributed to personal, property or environmental litigations.
- Be responsive to local and global economics so that our service model reflects the needs of the community we serve and the changing technologies that influence cost effective delivery of services to recognized standards.
- Acknowledge and seek to balance the interest of private and corporate clients, employees, suppliers and the public at large, taking into account their differing social, cultural and economic characteristics.
- Maintain the highest standards of integrity in the conduct of all phases of the Fire Service business

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

3.8 COMPONENT G: COMMUNITY AND SOCIAL SERVICES

Metropolitan Fire Service Data					
No.	Details	2016/17	2017/18		2018/19
		Actual No.	Estimate No.	Actual No.	Estimate No.
0-3	1		1	1	100 %
4-6	2	4	2	2	50 %
7-9	9	19	9	19	47 %
10-12	68	58	68	70	98 %
13-15	N/A	N/A	N/A	N/A	%
16-18	N/A	N/A	N/A	N/A	%
19-20	0	0		5	00 %
Total	79	80	78	79	74 %

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and posts numbers are as at 30 June.
*posts must be established and funded in the approved budget or adjustments budget. Fulltime equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. senior management) then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T3.22.4

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 ANNUAL PERFORMANCE REPORT

Key Performance Area: Municipal Transformation and Institutional Development

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline 2017/18	2018/19 Targets & Performance				Actual Performance	Reasons for Performance Variance	Proposed Corrective Measures	PortFolio of Evidence (POE)	Internal Audit Comments
						Original/Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent					
DIRECTORATE : CORPORATE SUPPORT SERVICES														
Improved Effectiveness and Efficiency of Municipal Administration														
Strategic Goal 1														
Strategic Objective 1.1	Invest in Human Capital	Number of Human Resource Plan aligned to Municipal strategy developed and adopted by Council	Number of Human Resource Plan aligned to Municipal strategy developed and adopted by Council by 30 June 2019	CSS 1	1	1 x Human Resource Plan developed and adopted by Council	None	n/a	n/a	Achieved 1 x Human Resource Plan developed and adopted by Council. [100%]	Not Applicable	Not Applicable	Annexure CSS 1 Adopted Human Resource Plan with Council Resolution	Achieved
Strategic Objective 1.1	Invest in Human Capital	% of training budget spent	% of training budget spent by 30 June	CSS 2	100%	100%	None	opex	opex	Achieved 116% Out of 100% Training budget spent. [100%]	Not Applicable	Not Applicable	Annexure CSS2 Copies of Invoices Expenditure report	Achieved

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline 2017/18	2018/19 Targets & Performance						Internal Audit Comments		
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures	PortFolio of Evidence (POE)
Strategic Objective 1.1	Invest in Human Capital	Senior Managers and BTO – SCM Competency Assessment Report submitted to authorities	Number of reports on Senior Managers and BTO – SCM Competency Assessment Report submitted to National Treasury by 30 June 2019	CSS 3	4	4 Reports	2 x Reports on Senior Managers and BTO – SCM Competency Assessment	opex	opex	Achieved Reports on Senior Managers and BTO – SCM Competency Assessment submitted to National Treasury [100%]	Not Applicable	Not Applicable	Annexure CSS3 2 x Reports on Senior Managers and BTO – SCM Competency Assessment Report	Achieved
Strategic Objective 1.1	Invest in Human Capital	Percentage of vacant posts filled	Percentage of critical vacant posts filled by 30 June 2019	CSS 4	56% (5 out of 9)	100% (9 out of 9)	None	opex	opex	Not Achieved 5 out of 9 critical vacant posts filled. [60%]	Vacancies were advertised but no appointments made.	Resolved to re-advertise critical vacancies.	Annexure CSS4 Copies of Appointment Letters & Adverts	Not Achieved Reported by the Directorate Target not met and reasons for non-performance not supported by evidence (Resolution to re-advertise must be submitted)
Strategic Objective 1.1	Invest in Human Capital	Job Evaluation Policy approved by Council	Number of Job Evaluation Policies developed and approved by Council by 30 June 2019	CSS 5	New	1 x Job Evaluation Policy developed and approved by Council	None	opex	opex	Achieved 1 x Job Evaluation Policy developed and submitted to Council. [100%]	Not Applicable	Not Applicable	Annexure CSS5 Approved Job Evaluation Policy with Council Resolution	Achieved

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline 2017/18	2018/19 Targets & Performance						Internal Audit Comments		
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures	PortFolio of Evidence (POE)
Strategic Objective 1.1	Invest in Human Capital	Job Description writing finalized for all posts	Number of Reports on Job Description finalized for all posts by 30 June 2019	CSS 6	New	1	None	opex	opex	<u>Not Achieved</u> [0%]	Submission approximately 60% at this stage. Some Directorates did not make any progress.	KPI included in draft 2019/2020 SDBIP.	<u>Annexure CSS6</u> 1 x Report on all Job Descriptions finalized	Not Achieved Reported by the Directorate . Target not met and reason for non-performance not supported by evidence(Proof of submission for the directorates that submitted and communication for those that did not make progress was not submitted
Strategy 1.1.1	compliance to Employment Equity Plan	Compliance to Employment Equity Plan	Percentage compliance to Employment Equity Plan 30 June 2019	CSS 7	New	100%	None	n/a	n/a	<u>Not Achieved</u> [0%]	Compliance to equity plan could not be easily monitored and measured particularly at Snr Management level due to high turnover of Snr personnel	KPI defined to 2019/2020 SDBIP for implementation in conjunction with the filling of the Snr Management positions	<u>Annexure CSS7</u> Appointment Letters Employment Equity rept	Not Achieved Reported by the Directorate

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Performance Indicator	Kpi no	Baseline 2017/18	2018/19 Targets & Performance						Internal Audit Comments		
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures	PortFolio of Evidence (POE)
Strategy 1.1.1	Submit Employment Equity Report to Department of Labour	Employment Equity Report submitted to the Department of Labour on 15 January 2019	Number of Employment Equity Reports submitted to the Department of Labour on 15 January 2019	CSS 8	2016/2017 Employment Equity Report Submitted	1	None	opex	opex	Achieved during 3rd quarter 1 X Employment Equity Reports submitted to the Department of Labour on 15 January 2019. [100%]	Not Applicable	Not Applicable	Annexure CSS8 Acknowledgement Letter from the Department of Labour	Achieved
Strategy 1.1.2	Draft and submit for approval to Council a Succession Planning Policy	Succession Planning Policy submitted to Council for approval	Number of Succession Planning Policy developed and submitted to Council for approval by 30 June 2019	CSS 9	New	1 x Succession Planning Policy submitted to Council for approval by 30 June	None	n/a	n/a	Not Achieved [0%]	Policy was submitted for inclusion in PC2 agenda for the meeting of May 2019, which did not quorate and was Resubmitted for meeting of 12 June, which also did not quorate.	The Policy will be submitted through the Administrator to the ordinary Council of 27th August 2019	Annexure CSS9 Copy of the approved Succession Planning Policy with Council Resolution	
Strategy 1.1.2	Develop Employee Placement Policy	Employee Placement Policy Developed and Approved by Council	Number of Employee Placement Policy reviewed and Approved by Council by 30 June 2019	CSS 10	New	1 x Employee Placement Policy reviewed and Approved	None	n/a	n/a	Achieved (Approved Per ITEM A.0354 OF 28 August 2018.) [100%]	Not Applicable	Not Applicable	Annexure CSS10 Copy of the approved Employee Placement Policy with Council resolution	Achieved

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline 2017/18	2018/19 Targets & Performance						Internal Audit Comments	
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures
Strategy 1.1.7	Increase functionality of Section 79 Committee system	Number of analytical reports on Functionality of Council and its Committees as per the approved Year Planner and submitted to Council	Number of analytical reports on Functionality of Council and its Committees as per the approved Year Planner compiled and submitted by 30 June 2019 To be moved to OMM	OMM 1	18	2 x Analytical reports on Functionality of Council and its Committees as per the approved Year Planner compiled and submitted to Council	None	n/a	n/a	Achieved 2 X Sets of Consolidated Reports on Functionality of Council and Council Committees compiled. [100%]	Not Applicable	Not Applicable	Achieved KPI still not moved to MM after review
Strategy 1.1.8	Increased alignment of the Organizational Structure to the Strategy of the Municipality	Number of Reviewed 2018/2019 Organizational structure in line with Municipal Strategy	Number of Reviewed 2018/2019 Organizational structure in line with Municipal Strategy by 30 June 2019	CSS 11	2018/2019 organizational structured	1 x Reviewed Organizational Structure in line with Municipal Strategy	None	n/a	n/a	Not Achieved [0%]	The Policy will be submitted through the Administrator to the ordinary Council of 27th August 2019	Annexure CSS11 Organizational Structure with Council Resolution	Not Achieved Reported by the Directorate. Reasons for non-performance not supported by evi-

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline 2017/18	2018/19 Targets & Performance						Internal Audit Comments	
						Original/Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures
Strategy 1.1.10	Invest in ICT Infrastructure	Reviewed and updated ICT Master Plan for inclusion in the IDP	Number of Reviewed and updated ICT Master Plan by 30 June 2019	CSS 12	New	1 x Reviewed and updated ICT Master Plan	None	n/a	n/a	None	n/a	n/a	Not Achieved
Strategy 1.1.11	Ensure effective Council decision making processes	Percentage implementation of Council resolutions	Percentage implementation of Council resolutions by 30 June 2019	CSS 13	100%	100%	None	n/a	n/a	None	n/a	n/a	Not Achieved
Strategy 1.1.11	Ensure safe and healthy work environment	Number of occupational Risk assessments performed by 30 June 2019	Number of occupational Risk assessments performed by 30 June 2019	CSS 14	1	2 x Occupational Risk assessments performed	1 x Occupational Risk assessments performed	n/a	n/a	1 x Occupational Risk assessments performed	n/a	n/a	Achieved

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline 2017/18	2018/19 Targets & Performance						Internal Audit Comments
						Original/Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance	
Strategy 1.1.11	Review Council Rules of order	Number of Council Rules of order reviewed and approved by Council	Number of Council Rules of order reviewed and approved by Council by 30 June 2019 To be moved to OMM	OMM 2	1	1 x Council Rules of order reviewed and approved by Council	None	n/a	n/a	<u>Not Achieved</u> [0%]	Due to lengthy consultation processes with other organs of state the Draft rules of order were finalized during the month of June and the was no council scheduled for that period.	Report on rules of order submitted to Council of the 27.08.2019. Reasons for non-performance not supported by evidence
Strategy 1.1.11	Ensure and improve employee wellness	Number of Employee wellness policy approved by Council	Number of Employee wellness policy approved by Council by 30 June 2019	CSS 15	New	1	None	n/a	n/a	<u>Not Achieved</u> [0%]	Policy was submitted for inclusion in PC2 meeting of May 2019, which did not quorate. Resubmitted for meeting of 12 June. which also did not quorate	The Policy will be submitted through the Administrator to the ordinary Council of 27th August 2019 Reason for non-performance not supported by evidence(Proof of submission & resubmission to PC2 not submitted)
Strategy 1.1.11	Improve local skills base	Number of SETA grant applications submitted	Number of Discretionary or Mandatory grants applied for and granted by 30 June 2019	CSS 16	new	2 x Discretionary or Mandatory grants applied for and granted	1 x Discretionary or Mandatory grants applied for and granted	n/a	n/a	<u>Achieved</u> 2 X Discretionary or Mandatory grants applied and granted. [100%]	Not Applicable	Annexure CSS16 Copy of Acknowledgement of receipt from SETA

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

4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline 2017/18	2018/19 Targets & Performance						Internal Audit Comments		
						Original/Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures	PortFolio of Evidence (POE)
Strategic objective 1.2	Development of IDP document	Percentage completion of the review of the 2019/20 IDP	Number of 2019/20 IDP Reviews performed and approved by Council by 30 June 2019	OMM 3	100%	1 x Final 2019/20 IDP Reviews performed and approved by Council	None	n/a	n/a	Achieved 2019/20 IDP reviewed and adopted by Council. [100%]	Not Applicable	Not Applicable	Annexure OMM3 Copy of Final Reviewed 2019/10 IDP & Council Resolution	Achieved
Strategy 1.2.1	Integrated intergovernmental relations and stakeholder consultation and partnerships	Number of partnership and collaboration established	Number of partnership and collaboration established by 30 June 2019	OMM 4	1	2	None	n/a	n/a	Achieved [100%]	Not Applicable	Not Applicable	Annexure OMM4 Attendance Registers /Service Level Agreements	Achieved

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 ANNUAL PERFORMANCE REPORT

Key Performance Area: Good Governance and Public Participation.

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance					Internal Audit Comments	
						Original Annual Target	Revised Annual Target	Budget R'00	Budget Spent (%)	Actual Performance		Reasons for Performance Variance
DIRECTORATE : Office of the Municipal Manager: Risk Management												
Improved Effectiveness and Efficiency of Municipal Administration												
Strategic Goal 1												
Strategic Objective 1.3	Improved level of corporate governance and compliance through efficient and effective standards, practices and systems	Number of risk Assessment conducted	Number of risk Assessment conducted by 30 June 2019	OMM 5	6	10	None	n/a	n/a	Achieved 2 x risk Assessment were conducted. [100%]	Not Applicable	Achieved
Strategy 1.3.1	Improved effectiveness of risk financing and transfer	Number of insurance audits undertaken	Number of insurance audits undertaken by 30 June 2019	OMM 6	4	4	None	n/a	n/a	Not Achieved [0%]	Will consider removing it during the next Financial Year	Not Achieved As Reported by the Directorate KPI not reported on and it is not clear what the departments plan with the KPI, since they reported that it is beyond their control
DIRECTORATE : Office of the Municipal Manager: Internal Audit												

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4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments		
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures	Portfolio of Evidence (POE)
Strategy 1.3.2	Finalise risk based audit reports and Performance audit reports as stipulated on the approved annual audit plan	Percentage of planned internal audit reviews completed	Percentage of planned internal audit reviews completed by 30 June 2019	OMM 7	80%	90%	None	n/a	n/a	Not Achieved 84% [93%]	Delays in procurement of outsourced projects and Delays in implementation of Post Audit Action Plan	The bid was awarded July 2019	Annexure OMM 7 Internal Audit Activity report to Audit Committee	Not Achieved Reported by the Directorate. Reason for non-performance not supported by evidence
DIRECTORATE : Office of the Municipal Manager: Legal Services														
Strategy 1.3.3	Finalised investigations of cases reported	Percentage of cases reported, attended and completed	Percentage of cases reported, attended and completed	OMM 8	100%	100%	None	n/a	n/a	Achieved 100% Cases reported were attended. [100%]	Not Applicable	Not Applicable	Annexure OMM 8 Report on cases dealt	Achieved
DIRECTORATE : Office of the Municipal Manager: Strategic Planning, Monitoring and Evaluation - PMS														
Strategic Goal 1	Improved Planning, Monitoring, Evaluation and Reporting													
Strategic Objective 2.1	Harmonized Planning, Implementation, Monitoring, Performance and Reporting System	Number of performance assessments facilitated by 30 June	Number of performance reviews facilitated by 30 June	OMM 9	0	2 performance assessments conducted by 30 June	2	n/a	n/a	Not Achieved [0%]	Performance management assessments did not take place due to continuous changes in some administration leadership.	Mid-Year and Annual Performance assessment will be jointly conducted during the 1st quarter of the 2019/20.	Annexure OMM 9 Performance Reviews Schedule, Minutes and Attendance register	Not Achieved Reported by the Directorate. Reason for non-performance not supported by evidence

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Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments		
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures	Portfolio of Evidence (POE)
Strategic Objective 2.1	Harmonized Planning, Implementation, Monitoring, Performance and Reporting System	Reviewing of the Performance Management framework	Number of Annual review of Performance Management Policy framework works and procedure manual approved by Council by 30 June 2019	OMM 10	1	1 x PMS Policy Framework & Procedure Manual reviewed and approved by Council	None	n/a	n/a	Not Achieved [0%]	Delays in collating and incorporating inputs on the PMS Policy framework resulted in the document not being submitted to council for adoption during the end of May 2019.	The revised 2019/2020 PMS Policy Framework and procedure manual will be tabled during the ordinary council of the 27 August 2019	Annexure OMM 10 Approved PMS Policy Framework work & Procedure Manual with Council Resolution	Not Achieved Reported by the Directorate Reasons for non-performance not supported by evidence
Strategic Objective 2.1	Harmonized Planning, Implementation, Monitoring, Performance and Reporting System	Number of section 57 performance agreements signed	Number of Section 57 Managers' performance agreements signed.	OMM 11	4	8 x Section 57 Managers' performance agreements signed	None	n/a	n/a	Achieved [100%]	Not Applicable	Not Applicable	Signed Performance Agreements	Achieved

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4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments				
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures	Portfolio of Evidence (POE)		
Strategic Objective .2.2	Submit the Mid-year S72 report to the Mayor	Number of Mid-year Budget and Performance Reports submitted to the Executive Mayor, NT & PT	Number of Mid-year Budget and Performance Assessment Reports submitted to the Executive Mayor, NT & PT by 25 January 2019	OMM 12	Mid-year report submitted to the Mayor	1 x Mid-year Budget and Performance Assessment Report submitted to the EM, NT & OT	None	n/a	n/a	n/a	Achieved during 3rd Quarter Mid-year Budget and Performance Assessment Report was submitted to the Executive Mayor. [100%]	Not Applicable	Not Applicable	Not Applicable	Annexure OMM 12 Copy of the Mid-year Budget and Performance Assessment Report with Proof of submission to the Executive Mayor, NT & PT	Achieved
Strategy .2.2.2	Increased Implementation of Municipal Wide Project Management System	Number of Project Management database developed and updated by 30 June 2019	None	ITS 1	New	1 x Project Management database developed and updated	None	n/a	n/a	n/a	Not Applicable Project Management Data-base is done by the service Provider	Not Applicable	Not Applicable	Not Applicable	Annexure ITS 1 Project Management Database/ Software developer report	

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4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance	
Strategy .2.2.	Increased implementation of the Monitoring and Evaluation System	Sec 57 Performance agreements assessed against Service Delivery & Budget Implementation Plan (SDBIP)	Number of Sec 57 Managers Formal performance assessment for 2017/18 conducted by 31 July 2018	OMM 13	New	8	None	n/a	n/a	Not Applicable (repeat of number 9)		Please amend or remove the KPI. Target date is outdated
Strategy .2.2.	Increased implementation of the Monitoring and Evaluation System	New	Number of 2018/19 SDBIP amendments done by 30 March 2019	OMM 14	New	New	1 x 2018/19 Amended SDBIP	n/a	n/a	Achieved during 3rd Quarter 2018/19 SDBIP amendments done by 28 February 2019. [100%]	Not Applicable	Achieved
Strategy .2.2.	Increased implementation of the Monitoring and Evaluation System	New	Number of 2019/20 SDBIP developed and approved by the Executive Mayor by 30 June 2019	OMM 15	New	New	1 x Final 2019/20 SDBIP Approved	n/a	n/a	Achieved 2019/20 SDBIP developed and approved by the Executive Mayor on the 28 June 2019. [100%]	Not Applicable	Achieved
DIRECTORATE : Office of the Municipal Manager, Strategic Planning, Monitoring and Evaluation – Office of the Speaker												

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Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments		
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures	Portfolio of Evidence (POE)
Strategic Goal 7	Improved Confidence in the System of Local Government													
Strategic Objective.7.1	Improved Good Governance systems	Number of Training initiatives for Councilors on Disciplinary Code conducted by 30 June 2019	Number of Training initiative for Councilors on Disciplinary Code conducted by 30 June 2019	CSS 17	1	1	None	n/a	n/a	Not Achieved	Training could not take place due to financial constraints	To conduct training in the next financial Year (2019/2020)	Annexure CSS17 Attendance Registers Invoices	Not Achieved
Strategic.7.1.1	Improved functionality and existence of governance structures	Number of Reports on ward committee functionality	Number of Reports on ward committees functionality by 30 June 2019	OMM 16	4	4	None	n/a	n/a	Achieved 2 x Reports on ward committee functionality were submitted. [100%]	Not Applicable	Not Applicable	Annexure OMM16 2 x Copies of Quarterly Reports on Functionality of Ward Committees	Achieved
Strategic Objective.7.2	Reduced incidents of fraud and corruption	% of formally reported fraud, theft and corruption investigations initiated within 30 days after receipt	% of formally reported fraud, theft and corruption investigations initiated within 30 days after receipt	OMM 17	100% per annum	100% of investigations initiated within 30 days of receipt	None	n/a	n/a	Not Achieved	Awaiting adoption of the Integrity and Ethics Management Framework by Council	Integrity and Ethics Framework on the agenda of Mayoral Committee planned for July 2019 enroute to Council for Approval	Annexure OMM17 Incidents Register	Not Achieved Reported by the Directorate. Reasons for non-performance supported by evidence

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Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments	
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures
Strategy 7.2.1	Improved implementation of fraud prevention plans	Implementation of fraud prevention plans	Implementation Rate (in %) of fraud prevention plans by 30 June 2019	OMM 18	100%	None	n/a	n/a	n/a	Achieved Draft Integrity and Ethics Framework and copy of the report [100%]	Not Applicable	Not Applicable	Achieved
Strategy 7.3.1	Improved implementation of consequence management	% of disciplinary cases reported, attended to and concluded	% of disciplinary cases reported, attended to and concluded by 30 June 2019	OMM 19	100%	None	n/a	n/a	n/a	Achieved Disciplinary cases reported, attended to [100%]	Not Applicable	Not Applicable	Achieved
Strategy 7.3.2	Improved compliance to applicable legislation	Compliance to legislative prescripts	Compliance Rate (in %) to legislative prescripts by 30 June 2019	OMM 20	100%	None	n/a	n/a	n/a	Achieved [100%]	Not Applicable	Not Applicable	Achieved

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4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance							Internal Audit Comments	
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance	Proposed Corrective Measures		Portfolio of Evidence (POE)
Strategic Objective 7.4	Improved Public Participation in municipal processes	% Adherence to communication strategy	Number communication strategies reviewed and approved by Council by 30 June 2019	OMM 21	100%	100%	1 x communication strategies reviewed and approved by Council by 30 June 2019	n/a	n/a	<u>Not Achieved</u> [0%]	The Communication Strategy could not be reviewed during the previously quarter due to insufficient time to take it through to all internal processes en route to Council	Review to be prioritised in the first quarter and approved by Council in the same First Quarter of 2019/2020.	Annexure OMM 21 Approved Communication Strategy with Council resolution	Not Achieved
Strategy 7.4.1	Increased stakeholder awareness on public participation	No of Ward Meetings held to engage on Ward related developmental issues by 30 June 2019	No of Ward Community Meetings held to engage on Ward related developmental issues by 30 June 2019	OMM 22	37 combined Ward Meetings	70	41 x 3 x 2	opex	opex	<u>Not Achieved</u> 101/246 Ward Community meetings held [41%]	Failure of Ward Councilors to call Ward Community meetings in some instances due to vastness of some Wards	The Frequency of Community meetings will be aligned to the legal requirement of at least one (1) Ward Community meeting per Quarter onwards.	Annexure OMM 22 2 x Consolidated Reports inclusive of: Copies of the Ward Attendance Register; Copies of the Agenda; and Copies of the Minutes	Not Achieved

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4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance							Internal Audit Comments	
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance	Proposed Corrective Measures		Portfolio of Evidence (POE)
Strategy 7.4.2	Improved community engagement on issues affecting them (Feedback)	Number of engagement meetings with community on developmental issues within their localities	Number of Public Participation meeting held on IDP, Budget & Annual report per cluster by 30 June 2019	OMM 23	4	4	51 meetings held (41 Budget & 10 Annual report)	opex	opex	Achieved -27 (Budget meetings) -28 (IDP meeting) [100%]	Not Applicable	Not Applicable	Copies of the minutes with signed attendance registers	Achieved
Strategy 7.4.2	Improved community engagement on issues affecting them (Feedback)	Percentage of planned internal audit reviews completed	Percentage of planned internal audit reviews completed by 30 June 2019	OMM 24	New	90%	100%	n/a	n/a	Not Achieved	Delays in SCM processes in terms of appointment of service providers	Service providers have been appointed to execute outstanding internal audit reviews	Internal Audit progress reports to the Audit Committee	Not Achieved

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4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance					Internal Audit Comments				
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance		Reasons for Performance Variance	Proposed Corrective Measures	Portfolio of Evidence (POE)	
DIRECTORATE : Infrastructure and Technical Services															
Improved Social Infrastructure, Protection and Education Outcomes															
Strategic Goal 4															
Strategy 4.1.2	Increased implementation of Municipal policies and by-laws	Number of jurisdictional Policies reviewed/ developed	Number of jurisdictional Policies reviewed/ developed by 30 June 2019	ITS 2	50%	100%	2 x Policies	n/a	n/a	Achieved Jurisdictional Policies reviewed (WSDP Policy) [100%]	Not Applicable	Not Applicable	Annexure ITS2 Copies of the adopted Policies with Council Resolution	Achieved	
Strategy 4.1.2	Increased implementation of Municipal policies and by-laws	Number of jurisdictional By-laws reviewed or developed where necessary)	Number of jurisdictional By-laws reviewed or developed where necessary by 30 June 2019	ITS 3	50%	100%	1 x By-Laws	opex	opex	Achieved Jurisdictional By-laws reviewed (Political By-law) [100%]	Not Applicable	Not Applicable	Annexure ITS 3 Copies of the approved By-Laws with Council Resolutions and Date of Promulgation Council Resolution	Achieved	
Improved Provision of Safe, Clean and Healthy Environment															
Strategic Objective 4.2															
Strategy 4.2.1.	Increased implementation of safety policies	Number of water safety plan and sanitation risk abatement plan	Number of water safety plan and sanitation risk abatement plan developed and approved by Council by 30 June 2019	ITS 4	New	2	None	n/a	n/a	Achieved during 1st quarter [100%]	Not Applicable	Not Applicable	Annexure ITS 4 Copies of the approved Water Safety Plan and Sanitation Risk Abatement Plan with Council Resolution	Achieved	

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Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments		
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures	Portfolio of Evidence (POE)
Strategy 4.2.1.	Increased implementation of safety policies	Number of Laboratory analytical Reports on Water quality analysis and compliance with SANS	Number of Laboratory analytical Reports on Water quality analysis and compliance with SANS by 30 June 2019	ITS 5	12	12	None	480	480 (100%)	Not Achieved [0] 5 report out of 12 [60%]	Not all the reports were compiled	To submit reports in the next financial year (2019/2020)	Annexure ITS 5 Laboratory analysis reports for water quality compliance	Not Achieved
Strategy 4.2.1.	Increased implementation of safety policies	Number of OHS specification for construction developed	Number of OHS specification for construction developed by 30 June 2019	ITS 6	New	1		n/a	n/a	Not Achieved OHS specification for construction developed is done by Service Providers [0%]	OHS specification for construction developed is done by Service Providers	To be re-moved in the next financial year	Annexure ITS 6 Approved OHS specification for construction	Not Achieved
Strategy 4.2.1.	Increased implementation of safety policies	Number of project specific risk plan developed	Number of project specific risk plan developed by 30 June 2019	ITS 7	New	16		n/a	n/a	Not Achieved [0%]	It is the responsibility of the Risk Management Unit	To be re-moved in the next financial year	Annexure ITS 7 Approved (by Director ITS) Risk plans as submitted by Consultants	Not Achieved

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4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments		
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures	Portfolio of Evidence (POE)
Strategy 4.2.2	Increased implementation of safety policies	Number of Ground water monitoring exercises conducted	Number of Ground water monitoring exercises conducted by 30 June 2019	ITS 8	New	4 Grounds water monitoring	None	0	0	Not Achieved 3/4 Ground water monitoring conducted as follows : 1 st , 2 nd & 4 th Quarter [75%]	Ground water monitoring has already been conducted for first and second quarter The timing of the appointment of service provider contributed to the 3 rd quarter target not being met	Awaiting implementation based on the water analysis results Service provider has since been appointed in the 3 rd Quarter	Annexure ITS 8 Ground water monitoring & Quarterly reports	Not Achieved
DIRECTORATE : Infrastructure and Technical Services - Electricity Supply and Maintenance														
Enhanced Provision of Sustainable Engineering Services to the Communities														
STRATEGIC GOAL .3														
Strategic Objective .3.4.1	Review and update the Air Quality management Plan	Air Quality management Plan Review and submitted to Council	Number of Service Providers appointed to review the Air Quality management Plan By 30 June 2019 (N.B. Actual review deferred to s019/20)	CS 1	New	1	1 x Service Providers appointed to review the Air Quality management Plan	n/a	n/a	Not Achieved [0%]	Delayed in procurement services caused by none sitting of BID Committeees.	To be achieved in the 2nd quarter 2019/2020.	Annexure CS1 Appointment Letter and SLA	Not Achieved
Strategic Objective .3.1	Increased generation of renewable energy from alternative / renewable sources	Installed capacity of alternative/renewable power	Capacity (in MW) of alternative/renewable power installed by 30 June 2019	ITS 10	2mw	N/A	2mw by June 2019	n/a	n/a	Not Achieved [0%]	Awaiting NWPG guideline before implementation	Implement in line with NWPG guidelines	Annexure ITS 10 Quarterly Reports	Not Achieved

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Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments		
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures	Portfolio of Evidence (POE)
Strategy 3.1.1	Improved Distribution of Municipal Engineering Services	Rand value of Capital sourced for Municipal Infrastructure	(%) of rand value of capital sourced for Municipal Infrastructure by 30 June 2019	ITS 11	New	285 258 000	100% by June 2019 (285 258 000) (After budget adjustment the new target was 225 258 000)	225 258 000 (100%)	225 258 000 (100%)	Achieved [100%]	Not Applicable	Not Applicable	Annexure ITS 11 Quarterly Reports, Close out reports Completion certificates	Achieved
Strategy 3.1.1	Improved Distribution of Municipal Engineering Services	Increased capacity of bulk services by constructing 10MVA substation	Number of 10MVA Substation constructed to increase the bulk capacity of the Municipality by 30 June 2019	ITS 12	New	10 MVA	1 x 10 MVA By June 2019	n/a	n/a	Not Achieved [0]	Substation (Outkastie) could not be completed due to insufficient budget	To complete the construction of the substation in the next financial year (2019/2020)	Annexure ITS 12 Quarterly Reports, Close out reports Completion certificates	Not Achieved As reported by Directorate
Strategy 3.1.1	Improved Distribution of Municipal Engineering Services	Sustain % of households with provision of all municipal services	% of household sustained with provision of all municipal services by 30 June 2019	ITS 13	Water=80% Sanitation=79% Electricity=79%	Water=80% Sanitation=79% Electricity=79%	Water=80% Sanitation=79% Electricity=79%	opex	opex	Not Achieved [0%]	The billing reports does not indicate the total Percentages	To consider moving the indicator to BTO in the new financial (2019/2020)	Annexure ITS 13 Billing report	Not Achieved As reported by Directorate
Strategy 3.1.2	Reduced water and electricity Losses	Develop an electricity loss reduction strategy and plan	Number of Electricity Loss Reduction Plan developed and submitted to Council for approval by 30 September 2018	ITS 14	32,37%	Develop loss reduction plan and reduce losses by 18%	Developed electricity loss reduction plan	opex	opex	Not Achieved [0%]	Master Plan still awaiting council approval	The master plan will be tabled during the ordinary council of the 27 August 2019	Annexure ITS 14 Approved Electricity Loss Reduction Plan with Council Resolution	Not Achieved

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Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance							Internal Audit Comments	
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance	Proposed Corrective Measures		Portfolio of Evidence (POE)
Strate-gy.3.1.2	Reduced water and electricity Losses	Number of Water Loss Strategy developed	Number of Water Loss Reduction Strategy developed and approved by Council by 30 June 2019	ITS 15	new	water mas-ter plan	1 x Water Loss Reduction Strategy developed and approved by Council	opex	opex	Not Achieved [0]	The strategy not submitted to council due to PCs not sitting	To submit in the next financial year (2019/2020)	Annexure ITS 15 Council reso-lution , Water Loss Reduc-tion Strategy	Not Achieved As reported by the Direc-torate
Strate-gy.3.1.2	Reduced water and electricity Losses	% reduction of electricity loss	% Reduction in water losses by 30 June 2019	ITS 16	38%	Water loss-es reduced by 18%	Water Reduced losses by 9%	opex	opex	Not Achieved [0%]	The actual baseline was not informed by any scientific information	The department is in the process- es of procur-ing bulk meters before the end of 1 st Quarter 2019/2020	Annexure ITS 16 Report on Water losses reduction	Not Achieved Reported by the Direc-torate
Strate-gy.3.1.2	Reduced water and electricity Losses	Turn-around time to repair defective meters	% Reduction in Electricity losses by 30 June 2019	ITS 18	32.37%	Develop loss reduction plan and reduce losses by 18%	Electricity Reduced losses by 9%	opex	opex	Not Achieved -43% Not achieved (May & June 2019) [0%]	The actual baseline was not informed by any scientific information	The department is in the process- es of procur-ing bulk meters before the end of 1 st Quarter 2019/2020	Annexure ITS 18 Calculation sheet	Not Achieved Reported by the Direc-torate
Strate-gy.3.1.2	Reduced water and electricity Losses	Turn-around time to repair defective meters	Turn-around time (hours) taken to repair defective me-ters by 30 June 2019	ITS 19	New	24HRS	24HRS	opex	opex	Not Achieved [0%]	Non availabil-ity of meters (stock) & chain of re-porting	Procurement pro-cess has started for meters & intergrated service delivery query tracking system	Annexure ITS 19 Call logs reg-isters And Job cards	Not Achieved Reported by the Direc-torate

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Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments	
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures
Strategy 3.1.3	Capacitated Planning Office and Project Management Unit	Number of conditional grant projects registered and implemented	Number of conditional grant projects registered)	ITS 20	10	62	281 797 000	n/a	Achieved [100%]	Not Applicable	Not Applicable	Annexure ITS 20 Registration letters from MIG Quarterly project progress reports	Achieved
Strategy 3.1.3	Capacitated Planning Office and Project Management Unit	% Infrastructure projects completed per phase on time, quality and budget	(Number of infrastructure project completed per phase within Time, Scope and Budget by 30 June 2019	ITS 21	10	16	225 258 000	225 258 000 (100%)	Not Achieved 7 out of 12 projects completed [58.33%]	- Late appointment of Service providers - Interruptions by community members	- Revised the scope in accordance with budget adjustment - Intensified on stakeholder engagement to minimize on interruptions by the community	Quarterly project progress reports Completion Certificates	Not Achieved As reported by the Directorate
Strategic Objective 3.2	Empowered Planning of Municipal Engineering Infrastructure and Projects	Compile an Electricity Master Plan	Number of electricity Master plan developed and submitted to Council for approval by 30 June 2019	ITS 22	New	1	MISA funded	MISA funded	Not Achieved [0]	Master plan not approved by council due to PCs not sitting	To be submitted to council in the new financial year	Annexure ITS 22 Approved Electrical Master plan	Not Achieved As reported by the Directorate
Strategy 3.2.1	Updated Integrated Engineering Services Plans	Integrated master plans and operational manuals	Number of Integrated Engineering Master Plan developed and approved by Council by 30 June 2019	ITS 23	New	2	opex	opex	Not Achieved [0]	Master plan not approved by council due to PCs not sitting	To be submitted to council in the new financial year	Annexure ITS 23 Approved Integrated Engineering Master Plan with Council Resolution	Not Achieved As reported by the Directorate

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Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments	
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures
Strategic Objective 3.3	Uninterrupted Maintenance Programme	Number of reports produced on households with access to basic services (i.e Water, sanitations, Electricity, Refuse removal) from Municipal	Number of reports compiled on households with access to basic services (i.e Water, sanitations, Electricity, Refuse removal) and submitted to Council by 30 June 2019	ITS 24	New	4	None	opex	opex	Not Achieved [0]	Not Applicable	Annexure ITS 24 Copies of Reports compiled on households with access to basic services (i.e Water, sanitations, Electricity, Refuse removal)	Not Achieved As reported by the Directorate
Strategic 3.3.1	Sustainable maintenance capacity and self-reliable	Number of Maintenance plans developed for all engineering services	Number of Maintenance plans developed for all engineering services by 30 June 2019	ITS 25	New	1X water and sanitation maintenance plan. 1 X Electricity maintenance plan	1X water and sanitation maintenance plan. 1 X Electricity maintenance plan	opex	opex	Not Achieved	Not Applicable	Annexure ITS 25 Approved Electricity maintenance plan, Water and Sanitation maintenance plan Job card and invoice Reports per service unit	Not Achieved As reported by the Directorate
Strategic objective 3.2	Improved energy balance by reduction of non-technical losses	% reduction of unaccounted electricity	% reduction of unaccounted electricity losses by 30 June 2019	ITS 26	New	10%	None	opex	opex	Not Achieved [0%]	The department is in the processes of procuring bulk meters before the end of 1st Quarter 2019/2020	Annexure ITS 26 Calculation sheet	Not Achieved As reported by the Directorate
3.2.1	Updated Integrated Engineering Services Plans	Net kWh generated as a proportion of the total of the total KWH demanded	Net kWh generated as a proportion of the total of the total Kwh demanded by 30 June 2019	ITS 27	100 000	500 000 (revenue unit)	None	opex	opex	Not Achieved [0%]	To consider removing the indicator in the next financial year	Annexure ITS 27 Quarterly Report	
Strategy 3.2.2	Increased provision of public lighting (street lights and high mast lights)	Number of high mast lights installed	None	ITS 28	61	10	6	2 000 000 (100%)	2 000 000 (100%)	Achieved High mast lights installed [100%]	Not Applicable	Annexure ITS 28 GPS Coordinates; Hand over certificate / COC	Achieved

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Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance							Internal Audit Comments
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance	Proposed Corrective Measures	
Strategy 3.2.4	Uninterrupted Maintenance Programme	% of Electricity repairs and maintenance completed by 30 June 2019	None	ITS 29	100%	None	20,000,000	19,400,000 (97%)	Not Achieved [0]	Not Applicable	Not Applicable	Annexure ITS 29 Repairs and Maintenance report	Not Achieved
Strategic Objectives 4.4	Increased access to water in Madibeng	Number of additional households in formal dwellings provided with water connections	Number of additional households in formal dwellings provided with water connections by 30 June 2019	ITS 30	New	None	opex	opex	Not Achieved 1680 out of 1500 [0%]	Not Applicable	Not Applicable	Annexure ITS 30 Quarterly Billing reports	Not Achieved As reported by the Directorate
Strategy 4.4.1	Maintain Blue drop status on drinking water quality management	Number of recommendation of the Blue drop report implemented	Number of recommendation of the Blue drop report implemented by 30 June 2019	ITS 31	7	None	opex	opex	Not Achieved [0%]	One process has been removed from the four process of purifying water	Regular maintenance on the existing 3 processes whilst we waiting for upgrading of the plant to be completed	Annexure ITS 31 Quarterly Report implementation of Blue drop recommendation	Not Achieved As reported by the Directorate
Strategy 4.4.1	Maintain Blue drop status on drinking water quality management	Percentage increase in Blue Drop Score by 30 June 2019	None	ITS 32	New	None	opex	opex	Not Achieved [0%]	One process has been removed from the four process of purifying water	Regular maintenance on the existing 3 processes whilst we waiting for upgrading of the plant to be completed	Annexure ITS 32 Water quality compliance report	Not Achieved As reported by the Directorate
Strategy 4.4.1	Maintain Blue drop status on drinking water quality management	Blue Drop information uploaded	Percentage of blue drop information uploaded by 30 June 2019	ITS 33	New	100%	opex	opex	Not Achieved [0%]	Staff yet to be trained	Awaiting DWS to train staff	Annexure ITS 33 2 x Quarterly Reports on Blue Drop information	Not Achieved As reported by the Directorate

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Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	Original Annual Target	Revised Annual Target	2018/19 Targets & Performance				Internal Audit Comments		
								Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures	Portfolio of Evidence (POE)
Strategy 4.4.3	Increased metering of unmetered stands	Number of unmetered stands provided with meters	Number of unmetered stands provided with meters by 30 June 2019	ITS 34 BTO	New	10 000	None	n/a	n/a	Not Achieved Same as ITS 30 – stated different but measures the same thing	Not PMU related	To be located to the responsible person	Annexure ITS 34 Quarterly Report with proof of installations	It is not clear where the KPI will be moved.
Strategy 4.4.4	Improve the effluent quality compliance	Number of waste water treatment works complying 90% against the applicable water quality standards	Number of waste water treatment works complying 90% against the applicable water quality standards by 30 June 2019	ITS 35	92%	16 assessment WWTW reports	5	opex	opex	Not Achieved 2 out of 5 [40%]	Lehlabile & Muthuling WWTW were vandalised by the community Lack of funding for the Britis WWTW	Lehlabile, Muthuling waste treatment works to be repaired Adequate funding required	Annexure ITS 35 assessment reports with Council resolution	Not Achieved As reported by the Directorate
Strategy 4.4.5	Implement all Roads, storm water infrastructure capital projects measured quarterly in terms of the approved Capital Budget spent	Percentage of capital budget spent	Percentage of capital budget spent by 30 June 2019	ITS 36	100%	100%	None	225 258 000 (100%)	225 258 000 (100%)	Achieved [100%]	Not Applicable	Not Applicable	Annexure ITS 36 D ORA (Expenditure reports and section 71 reports)	Achieved
DIRECTORATE : Infrastructure and Technical Services – Roads and Stormwater														
Strategy 4.4.7	Improved Management of key road assets Routine Pavement maintenance:	m ² of Major patching performed	Area (in m ²) of paved road network maintained (patched) by 30 June 2019	ITS 37	700	1300	8000 m2	225 258 000 (100%)	225 258 000 (100%)	Achieved m ² of Major patching performed [100%]	Not Applicable	Not Applicable	Annexure ITS 37 Consolidated Report on road maintenance and Job Cards	Achieved

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Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance							Internal Audit Comments	
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance	Proposed Corrective Measures		Portfolio of Evidence (POE)
Strategy 4.5.1	Improved Management of key road assets Routine Pavement maintenance:	Km of roads re-gravelling completed in town	Number of Km of roads re-gravelled by 30 June 2019	ITS 38	1500 km	75%	30 km	225 258 000	225 258 000 (100%)	Not Achieved 0Km [0%]	Unpaid service providers Grader has frequent mechanical break downs No grader operator appointed and failure to attract grader operators due to low salary scale	Timeous payment of service providers Request to fleet department to procure better graders as the current graders are old and worn out. Modification of salary scale of operator to ensure that we attract experienced graders operators.	Annexure ITS 38 Consolidated Report on road maintenance and Job Cards	Not Achieved As reported by the Directorate
Strategic Objective 4.5	Improving quality of life through the provision of an efficient public transport system	Number of transport facilities maintained by 30 June 2019	None	ITS 39	New	4	None	225 258 000	225 258 000 (100%)	Achieved [100%]	Not Applicable	Not Applicable	Annexure ITS 39 Assessments reports, instructions forms, Job cuts	Achieved
Strategic Objective 4.5	Improving quality of life through the provision of an efficient public transport system	% of processed licenses as per National Land Transport Act	% of processed licenses as per National Land Transport Act by 30 June 2019	PSFFM 10 Currently per- formed by ITS	New	100%	None	opex	opex	Not Achieved [0%]	Referrals expired due to vacancies in the unit.	Prioritisation of critical vacancies.	Annexure PSFFM 10 Monthly reports on processed licenses as per National Land Transport Act	

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Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	Original Annual Target	Revised Annual Target	Budget R'00	(% Budget Spent)	Actual Performance	Reasons for Performance Variance	Proposed Corrective Measures	Portfolio of Evidence (POE)	Internal Audit Comments
Strategic Objective 4.5	Improving quality of life through the provision of an efficient public transport system	Km of municipal side railings Maintained	Km of municipal side railings Maintained by 30 June 2019	ITS 40	New	10 KM	None	opex	opex	Not Achieved [0%]	There is no railing to maintain as it was stolen	To remove the indicator in the 2019/2020 SDBIP	Annexure ITS.40 Assessments reports, instructions forms, Job cuts	Not Achieved As reported by the Directorate
Strategic Objective 4.5	Improving quality of life through the provision of an efficient public transport system	Number of Integrated Transport Plans re-viewed and adopted by Council	Number of Integrated Transport Plans re-viewed and adopted by Council by 30 June 2019	ITS 41	New	1	None	opex	opex	Not Achieved [0%]	The ITP not yet finalized due to funding	The ITP will be finalized in the 2019/2020 Q2	Annexure ITS.41 Approved ITP with Council Resolution	Not Achieved As reported by the Directorate
DIRECTORATE : Public Safety, Fleet and Facilities Management														
Strategic 4.2.1	Increased access to Fire and Disaster emergency services	Number of disastrous incidents and disasters responded to, as a proportion of request received	Percentage of disasters incidents responded to, as a proportion of request received by 30 June 2019	PSFFM 1	Responded to all incidents as per requests received	Responded to all incidents as per requests received	None	opex	opex	Achieved 100% of disasters incidents have been responded to. [100%]	Not Applicable	Not Applicable	Annexure PSFFM 1 Quarterly incidents report and OB reports	Achieved

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Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments		
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures	Portfolio of Evidence (POE)
Strategy 4.2.3	Review of Municipal policies and by-laws	% of policies and by-laws reviewed by 30 June	Number of jurisdictional policies reviewed by 30 June	PSFFM 2	1	100%	3 x Policies (Security, Fleet and Mayoral Vehicle) reviewed and approved by Council	opex	opex	Not Achieved [0%]	Traffic and Licensing policy – the draft is still being discussed with staff members	Discussions to be finalised and to be submitted by September 2019 to LLF	Annexure PSFFM 2 Copies of the Security, Fleet and Mayoral Policies with Council Resolutions	Not Achieved As reported by the Directorate
			Number of jurisdictional By-law reviewed and approved by Council by 30 June	PSFFM 3	1	1	1 x Fire and Disaster By-Laws reviewed and approved by Council	opex	opex	Not Achieved [100%]	Security Services policy -LLF meetings did not take place Fleet policy - LLF meetings did not take place	Request CSS to convene the LLF meeting Request CSS to convene the LLF meeting	Annexure PSFFM 3 Copy of the reviewed and approved Fire & Disaster By-Laws with Council Resolution	Not Achieved As reported by the Directorate
Strategy 4.2.4	Reduced criminal contraventions and an improved safer city.	Percentage increase in interventions to reduce crime and related incidents	Number of reports on interventions to reduce crime and related incidents compiled and submitted to Council by 30 June 2019	PSFFM 4	New	10%	2	n/a	n/a	Achieved 2 x reports on interventions to reduce crime and related incidents have been compiled. [100%]	Not Applicable	Not Applicable	Annexure PSFFM 4 Signed Intervention reports	Achieved

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Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance							Internal Audit Comments	
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance	Proposed Corrective Measures		Portfolio of Evidence (POE)
Strategy 4.2.5	Reduction in By-law contraventions An improvement in safety in the Town	Percentage increase in By-laws enforcement pending citation	Number of programs conducted for By-laws enforcement by 30 June 2019	PSFFM 5	New	10%	4	n/a	n/a	Not Achieved [50%]	No Appointment of law enforcement inspectors due to criminal records	To re-advertise the post in the 1st Quarter 2019	Annexure PSFFM 5 Quarterly reports and contravention reports	Not Achieved As reported by the Directorate
Strategy 4.2.6	Increased law enforcement joint operation performed	Number of joint operation performed	Number of joint operation performed by 30 June 2019	PSFFM 6	12	12	None	n/a	n/a	Achieved 12 x joint operations performed. [100%]	Not Applicable	Not Applicable	Annexure PSFFM 6 Photos and Duty roster	Achieved
Strategy 4.2.6	Improved Road Safety within Madibeng Jurisdiction	Number of Road Safety educational programmes performed	Number of Road Safety educational programmes performed by 30 June 2019	PSFFM 7	12	12	None	n/a	n/a	Achieved 12 x Roads & Safety educational programmes performed. [100%]	Not Applicable	Not Applicable	Annexure PSFFM 7 Photos and attendance registers	Achieved

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Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments	
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures
Strategy 4.2.6	Refurbishment of Municipality buildings	Number of completed Municipal main and Satellite building	Number of municipal main /satellite buildings maintained by 30 June 2019	PSFFM 8	6	6	opex	opex	Not Achieved [0%]	The Cheque requisition that has been submitted to SCM for Renovation at 2nd Floor has been cancelled due to the service provider not doing the job. The cheque requisition for the renovations at the 1st floor was submitted to SCM for approval on the 08/02/2019, they are still undecided whether they will want the partitioning or not. Lettable Hall was on a process of maintenance but later vandalized.	To re-write the Cheque requisition for approval by SCM and make follow-ups.	Annexure PSFFM 8 Pre and Post maintenance Photos, requisition and maintenance plan	Not Achieved As reported by the Directorate
Strategy 6.1.7	Reduction in fuel misuse	Effectiveness rate (in %) of the electronic fuel management device (testing)	Effectiveness rate (in %) of the electronic fuel management device in minimizing losses by 30 June 2019	PSFFM 9	New	100%	opex	opex	Achieved 100% of effective rate of the electronic fuel management. [100%]	Not Applicable	Not Applicable	Annexure PSFFM 9 Quarterly Reports on fuel consumption; Fuel delivery notes	Achieved

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Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments	
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures
Strategy 6.1.8	Reduction in non-operational vehicles	Percentage reduction for vehicle due for repairs and maintenance	Percentage reduction in non-operational vehicles due to efficiency on repairs and maintenance by 30 June 2019	PSFFM 11	New	10%		opex	opex	Achieved 2.5% reduction for vehicle due for repairs and maintenance. [175%]	Not Applicable	Annexure PSFFM 11 Quarterly Report	Achieved
DIRECTORATE : Community Services													
Strategy 4.3.1	Increased compliance of landfill sites	Increased compliance of landfill site	Increased compliance rate (in %) of landfill site by 30 June 2019	CS 2	100%	100%	None	5 400 000	5 400 000 (100%)	Achieved 100% compliance rate of landfill site [100%]	Not Applicable	Annexure CS 2 Quarterly Internal audits report, Photos	Achieved
Strategy 4.3.2	Increased implementation of Municipal policies and by-laws	Number of Waste Management by-laws reviewed and adopted by Council	Number of Waste Management by-laws reviewed and adopted by Council by 30 June	CS 3	New	1 x Waste Management by-laws reviewed and adopted by Council	None	n/a	n/a	Not Achieved [0%]	Planned Public Participation was not successful due to none attendance. *Still awaiting comments from different stakeholders (READ,DEA)	Annexure CS 3 Copy of the adopted Waste Management By-Laws with Council Resolution	Not Achieved by the Directorate.
Strategy 4.3.3	Increased provision of waste management services in line with the waste management services norms and standards.	Number of households (hh) with access to refuse removal services	Actual increase in number of households (hh) with access to refuse removal services by 30 June 2019	CS 4	73 400	1000	None	13 000 000 (100%)	13 000 000 (100%)	Achieved 1000 x households (hh) have access to refuse removal services. [100%]	Not Applicable	Annexure CS 4 Monthly reports, MSCOA print outs, accounts	Achieved

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Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments		
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures	Portfolio of Evidence (POE)
Strategy 4.3.3	Increased provision of waste management services in line with the waste management services norms and standards.	Number of additional households (hh) with access to refuse removals services	Number of informal settlement with access to refuse removal through bulk container services by 30 June 2019	CS 5	New	100%	6	400 000	400 000 (100%)	Achieved Informal settlement with access to refuse removal through bulk container services. [100%]	Not Applicable	Annexure CS 5 Bulk container service receipts List of areas where service is rendered.	Achieved	
Strategy 4.3.3	Increased provision of waste management services in line with the waste management services norms and standards.	Number of 240l bins rolled – out in line with the mass roll out program	Number of 240 L bins procured and delivered of 240l bins by 30 June 2019	CS 6	New	10 000	10 000 x 240L bins procured and delivered	n/a	n/a	Not Achieved [0%]	Delayed in procurement services caused by none sitting of BID Committee.	To be achieved in the 2nd quarter 2019/2020.	Annexure CS 6 Delivery Notes	Not Achieved Reported by the Directorate.
Strategy 4.3.3	Waste transfer station upgrade	Number of Waste Transfer station(Brits) maintained	Number of Waste Transfer station(Brits) maintained by 30 June 2019	CS 7	2	1	None	80 000	80 000 (100%)	Achieved 2 x Waste transfer station maintained [100%]	Not Applicable	Annexure CS 7 Acknowledgement letters and Invoices.	Achieved	
Strategy 4.3.4	Maintenance of parks and sport fields within Madibeng	Number of Parks and sport fields to be maintained	Number of Parks maintained by 30 June 2019	CS 8	New	12	14	204 510	204 510 (100%)	Achieved 12 x sport fields maintained for the quarter. [100%]	Not Applicable	Annexure CS 8 Pictures before and after the maintenance	Achieved	
			Number of sport fields maintained by 30 June 2019	CS 9	New	12	12	30 801.80	30 801.80 (100%)	Achieved 12 x sport fields maintained for the quarter. [100%]	Not Applicable	Annexure CS 9 Pre and Post maintenance Photos/pictures	Achieved	

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Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	Original Annual Target	Revised Annual Target	Budget R'00	(% Budget Spent)	2018/19 Targets & Performance				Internal Audit Comments
										Actual Performance	Reasons for Performance Variance	Proposed Corrective Measures	Portfolio of Evidence (POE)	
Strategy 4.3.4	Improved quality of life through sports & recreation initiatives	Number of cemeteries maintained	Number of cemeteries maintained by 30 June 2019	CS 10	12	Number of cemeteries maintained 30 June 2019	59 346	59 346 (100%)	Achieved 12 x sports & recreation activities implemented [100%]	Not Applicable	Not Applicable	Annexure CS 10 Pre and Post maintenance Photos/pictures	Achieved	
Strategy 4.3.4	Improved quality of life through sports & recreation initiatives	Number of sports & recreation activities implemented by 30 June 2019	Number of sports & recreation activities implemented by 30 June 2019	CS 11	13	8	73 271, 70	73 271, 70 (100%)	Achieved 8 x sports & recreation activities were implemented. [100%]	Not Applicable	Not Applicable	Annexure CS 11 Monthly reports, Attendance registers, Photos	Achieved	
Strategy 4.3.4	Improved quality of life through sports & recreation initiatives	Number of art and culture activities implemented by 30 June 2019	Number of art and culture activities implemented by 30 June 2019	CS 12	5	5	96 464.27	96 464.27 (100%)	Achieved 5 x Art and culture activities have been implemented. [100%]	Not Applicable	Not Applicable	Annexure CS 12 Monthly reports, Attendance registers, Photos	Achieved	
Strategy 4.3.4	Improved quality of life through sports & recreation initiatives	Number of library membership 30 June 2019	None	CS 13	280	None	n/a	n/a	Achieved library membership has increased to 475 [170%]	Not Applicable	Not Applicable	Annexure CS 13 Monthly reports, Attendance registers, Photos attached to signed membership Forms	Achieved	
Strategy 4.3.4	Improved quality of life through sports & recreation initiatives	Number of library displays by 30 June 2019	Number of library displays by 30 June 2019	CS 14	140	None	n/a	n/a	Achieved Library displays has increased to 214 [119%]	Not Applicable	Not Applicable	Annexure CS 14 Monthly reports, Attendance registers, Photos	Achieved	

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Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments	
						Original Annual Target	Revised Annual Target	Budget R'00	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures
Strategy 4.3.4	Improved quality of life through sports & recreation initiatives	Number of library programs	Number of library programs by 30 June 2019	CS 15	180	200	None	n/a	n/a	Achieved 316 Library programs have been implemented [158%]	Not Applicable	Annexure CS 15 Monthly reports, Attendance registers, Photos	Achieved

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4.1 ANNUAL PERFORMANCE REPORT

1.1.1. Key Performance Area: Local Economic Development

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments	
						Original Annual Target	Revised Annual Target	Budget	Budget Spent (%)	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures
DIRECTORATE : Local Economic Development -													
Increased Economic Growth, Enhanced Tourism, Capacitated SMMEs and Well Administered Economic Activities													
Strategic Goal 5													
Strategic Objective 5.1	Increased promotion and support LED	Number of marketing initiatives implemented by 30 June	None	LED 1	4	4 initiatives implemented by 30 June 2019	None	opex	opex	Achieved 4 x marketing Initiatives have been implemented. [100%]	Not Applicable	Not Applicable	Achieved
	initiatives in line with set targets, norms and standards												
Strategy 5.1.1	Increase EPWP temporary job opportunities	Number of EPWP temporary job opportunities created by 30 June	None	LED 2	570	1075	None	opex	opex	Achieved 1075 temporary jobs opportunities have been created. [100%]	Not Applicable	Not Applicable	Achieved
Strategy 5.1.2	Increase EPWP temporary job opportunities	Number of job opportunities created by 30 June	To be removed	LED 3	570	1,075 of job opportunities created by 30 June	None	n/a	n/a	N/A	n/a	n/a	n/a

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Internal Audit Comments	2018/19 Targets & Performance						Internal Audit Comments
	Original Annual Target	Revised Annual Target	Budget	Budget Spent (%)	Actual Performance	Reasons for Performance Variance	
Not Achieved Reported by the Directorate.	1000	None	opex	opex	Not Achieved [0%]	The Directorate unable to obtain the full details of the employees employed by the private sector	Not Achieved Reported by the Directorate.
	Finalised Investment Incentive Policy submitted to Council by 30 June	None	opex	opex	Not Achieved [0%]	PC 3 Meetings only sat in June 2019 and the following Council Meeting will be in August	
Not Achieved Reported by the Directorate.	100	None	opex	opex	Achieved [100%]		Not Achieved Reported by the Directorate.
	Finalised Investment Incentive Policy submitted to Council by 30 June	None	opex	opex	Achieved [100%]		
None	Number of Permanent job opportunities created by private sectors 30 June	Number of Finalised Investment Incentive Policy submitted to Council by 30 June	Number of Draft Integrated Economic Growth Strategy submitted to Council by 30 June	Number of Draft Integrated Economic Growth Strategy submitted to Council by 30 June	Number of Draft Integrated Economic Growth Strategy submitted to Council by 30 June	Number of Draft Integrated Economic Growth Strategy submitted to Council by 30 June	Achieved
Strategy 5.1.3	Permanent job opportunities created by private sectors	Increased Implementation of the investment policy to attract and retain investments	Increased capacity and support provided to SMMEs	Strategy 5.1.5	Strategy 5.1.5	Strategy 5.1.5	Achieved

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4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments		
						Original Annual Target	Revised Annual Target	Budget	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures	Portfolio of Evidence (POE)
Strategy 5.1.5	Formalised and capacitated street trading/informal traders	Number of formalized, capacitated and accommodated street traders	Number of registered street traders by 30 June 2019	LED 7	New	100	None	n/a	n/a	Achieved 100 x street traders were formalized, accommodated and capacitated. [115%]	Not Applicable	Not Applicable	Annexure LED 7 Register of Street Traders	Achieved
DIRECTORATE : Local Economic Development - Agriculture														
Strategy 5.1.6	Improved implementation of CSI Projects with the Mining Industry as part of the SLP focusing on alignment of Municipal IDP Projects with the mines	Number of CSI/SLP Reports to SMT	Number of CSI/SLP Reports to Council for noting by 30 June 2019	LED 8	New	4	None	external	External	Achieved 4 x CSI/SLP Reports were submitted to Council for noting. [100%]	Not Applicable	Not Applicable	Annexure LED 8 Signed SLP report	Achieved
Strategy 5.1.7	Increased implementation of EPWP policy to increase jobs	Establishment of EPWP forum and skilling of EPWP beneficiaries.	Number of reports on EPWP beneficiaries training submitted to Council by 30 June 2019	LED 9	New	2 report	None	opex	opex	Achieved 4 X Reports on EPWP beneficiaries training submitted to Council. [100%]	Not Applicable	Not Applicable	Annexure LED 9 Signed reports	Achieved

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4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments		
						Original Annual Target	Revised Annual Target	Budget	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures	Portfolio of Evidence (POE)
Strategy 5.1.8	Increased Implementation of Madibeng brick factory	Percentage completion of Madibeng Brick factory	Percentage completion of draft concept document Madibeng Brick factory by 30 June 2019	LED 10	New	1 Draft	100%	n/a	n/a	Not Achieved [0]	A report on Madibeng Brick Factory was compiled but not the concept document – the intention was to request council for permission to establish the brick factory	The concept document will be compiled after the funds have been sourced for the establishment of the Brick Factory	Annexure LED 10 Draft concept document Madibeng Brick factory	Not Achieved As reported by the Directorate
Strategy 5.1.9	Increased implementation of the Small Town Regeneration Programme	Progress percentage on implementing of STR	Number of reports on the implementation of STR	LED 11	New	100%	2 reports	n/a	n/a	Achieved 2 x reports on the implementation of STR were submitted to Council. [100%]	Not Applicable	Not Applicable	Annexure LED 11 Progress Report submitted to Council	Achieved
Strategy 5.1.11	Increased implementation SMME incubation centre to support and develop emerging business	Number of Business Entrepreneurs Capacity Building Programme developed	Number of Business Entrepreneurs Capacity Building Programme developed by 31 March	LED 12	New	1 x Business Entrepreneurs Capacity Building Programme developed	None	n/a	n/a	Achieved during 3rd Quarter 1 x Capacity building programme developed [100%]	Not Applicable	Not Applicable	Annexure LED 12 Signed Business Entrepreneurs Capacity Building Programme	Achieved

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	Original Annual Target	Revised Annual Target	Budget	Budget Spent (%)	Actual Performance	Reasons for Performance Variance	Proposed Corrective Measures	Portfolio of Evidence (POE)	Internal Audit Comments
Strategy 5.1.12	Increased support and development of emerging business	Number of SMME's supported through training	Number of SMME's supported through training by 30 June 2019	LED 13	50	50	None	n/a	n/a	Achieved 70 SMMEs were supported through training. [140%]	Not Applicable	Not Applicable	Annexure LED 13 Reports and Attendance register	Achieved
Strategy 5.1.13	Increased Implementation of integrated contractor development strategy (ICDS) to rationalise SMME's	Madibeng Agricultural production and Market by	Number of reports on Madibeng Agricultural production and Market submitted to Council by 30th June 2019	LED 14	4 Agricultural	4 Agricultural	None	n/a	n/a	Not Achieved [0%]	Not all the reports were sent to council	To consider submitting the reports to council in the next financial year (2019/2020)	Annexure LED 14 Signed report and Council resolution	Not Achieved As reported by the Directorate

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 ANNUAL PERFORMANCE REPORT

1.2. Key Performance Area: Financial Viability and Management

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments		
						Original Annual Target	Revised Annual Target	Budget	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures	Portfolio of Evidence (POE)
DIRECTORATE : Budget and Treasury Office - Expenditure														
Improved Financial Viability and Audit Outcomes														
Strategic Goal 6														
Strategic Objective .6.1	Improved Financial Viability and Audit Outcomes	Percentage of Audit Committee recommendations accepted and adopted by Council	Percentage of Audit Committee recommendations accepted and adopted by Council	OMM 25	100%	95% of Council resolutions implemented	None	n/a	n/a	Not achieved [0%]	Not all recommendations were implemented, as some are ongoing.	Management to make sure that recommendations are implemented when they fall due.	Annexure OMM25 Register of Council resolutions	Not achieved Reported by the Directorate
Strategy 6.1.1	Revenue enhancement through the property portfolio	Percentage increase in revenue generated through management of property transactions	Percentage increase in revenue generated through management of property rates by 30 June 2019	BTO 1	5%	5%	None	n/a	n/a	Achieved (5% increase in revenue generated through management of property rates) [100%]	Not Applicable	Not Applicable	Annexure BTO_1 Quarterly Property Supplementary Report	Achieved

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance							Internal Audit Comments
						Original Annual Target	Revised Annual Target	Budget	(%) Budget Spent	Actual Performance	Reasons for Performance Variance	Proposed Corrective Measures	
Strategy 6.1.2	Update Indigent Register	Percentage of all qualifying indigent applications processed by 30 June	Percentage of all qualifying indigent registered by 30 June 2019	BTO 2	100%	99% of all qualifying indigent applications processed by 30 June	None	opex	opex	Achieved (100% of all qualifying indigent applications processed and approved.) [100%]	Not Applicable	Annexure BTO 2 Indigent Register	Achieved
Strategy 6.1.3	Improved Budget Management	Percentage of total Operating Budget expenditure spent by 30 June	Percentage of total Operating Budget expenditure spent by 30 June 2019	BTO 3	100%	95%	None	opex	opex	Not Achieved [0%]	Cash Flow challenges.	Annexure BTO 3 Monthly financial reports	
Improved Revenue Management		Percentage of total operating budget revenue raised/received by 30 June	None	BTO 4	98% of total Operating Budget Revenue raised by 30 June	98% of total Operating Budget Revenue raised by 30 June	None	opex	opex	Achieved (116% out of 98% of operating budget revenue raised) [118.37%]	Not Applicable	Annexure BTO 4 Monthly financial reports	Achieved

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments		
						Original Annual Target	Revised Annual Target	Budget	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures	Portfolio of Evidence (POE)
Ensure financial sustainability		Revenue collected as a % of amount billed (R30,2m) for the year excluding arrears	Revenue collected as a % of amount billed (R30,2m) for the year	BTO 5	93%	93%	None	opex	opex	Not Achieved (72.90% out of 93% revenue collected as a percentage amount billed.) [78.39%]	Access denied for meter readers by the communities members in some areas Faulty meters not replaced due cash flow challenges - Unrealistic budgeting revenue targets	- Budget and Treasury Office to establish Revenue Enhancement Committee - Identifying key challenges per revenue source - Tighten policies and controls on by passing of illegal connection and meter tempering - Ensure all sundry debtors are billed	Annexure BTO 5 Monthly financial reports	Not Achieved As reported by the Directorate
Improved Procurement Management		Percentage of tenders completed within the valid period (120 days from date of close of advert)	Percentage of tenders completed within the valid period (120 days from date of close of advert by 30 June 2019)	BTO 6	100%	85%	None	opex	opex	Achieved Tenders completed within the valid period (120 days) [100%]	Not Applicable	Not Applicable	Annexure BTO 6 Supply chain Report	Achieved
Strategy 6.1.9	Disclose in Annual Financial Statements all deviations condoned by Council	Disclose in Annual Financial Statements all deviations condoned by Council	Percentage of all deviations condoned by Council Disclosed in Annual Financial	BTO 7	Monthly deviations disclosed in Annual Financial Statements	10	100% of all deviations condoned by Council Disclosed in Annual Financial	m/a	n/a	Not Achieved [0]	Timing for submission for condonement by Council not permissible by the finalization of the APR	The irregular expenditure will be disclosed as such in the AFS	Annexure BTO 7 Annual Financial Statements	Not Achieved Not reported served to council for condonation of irregular expenditure

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance							Internal Audit Comments	
						Original Annual Target	Revised Annual Target	Budget	Budget Spent (%)	Actual Performance	Reasons for Performance Variance	Proposed Corrective Measures		Portfolio of Evidence (POE)
Strategy 6.1.10	Submit the Financial Plan for inclusion in the IDP for approval by Council by 30 April (Draft) and by 31 May (Final)	Financial Plan approved by Council by 30 April and 31 May	Number of Final 2019/20 Budget submitted to Council by 31 st May 2019	BTO 8	Approved 2018/19 Annual Budget	Final 2019/20 Budget tabled and approved by Council	None	m/a	n/a	Achieved (Final 2019/20 Budget tabled and approved by Council as per Council resolution A.0448.) [100%]	Not Applicable	Not Applicable	Annexure BTO 8 Approved Final 2019/20 Annual Budget with Council Resolution	Achieved
Strategy 6.1.11	Submit the Annual Financial Statements by 31 August to the Office of the Auditor-General	Number of Annual Financial Statements submitted by 31 August	None	BTO 9	1	1 x Set of Annual Financial Statements submitted to the Office of the Auditor General by 31 August	None	opex	opex	Achieved during 1st quarter (AFS were submitted to AGSA on the 28th of August 2018) [100%]	Not Applicable	Not Applicable	Annexure BTO 9 acknowledgement of receipt from Auditor General	Achieved
Strategy 6.1.12	Improved Asset Management	Number of GRAP Compliant Fixed Asset Registers compiled and approved by Council as at 30 June	None	BTO 10	1	1 GRAP Compliant Fixed Asset Register as at 30 June	None	opex	opex	Not Achieved [0%]	GRAP Compliant Fixed Asset Register can only be concluded after financial year-end.	Target will be achieved in 1st Quarter of 2019/2020 financial year.	Annexure BTO10 Adopted GRAP Compliant Fixed Asset Register with Council Resolution	Not Achieved Reported by the Directorate

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 ANNUAL PERFORMANCE REPORT

Planning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance							Internal Audit Comments	
						Original Annual Target	Revised Annual Target	Budget	(%) Budget Spent	Actual Performance	Reasons for Performance Variance	Proposed Corrective Measures		Portfolio of Evidence (POE)
Strategy 6.1.13	Improved Compliance to Reporting Requirements	Number of Adjustments Budgets submitted to Council for approval by 28 February	None	BTO 11	1 per annum	1 x Adjustments Budget approved by Council	None	n/a	n/a	Achieved during 3rd quarter [100%]	Not Applicable	Not Applicable	Annexure BTO11 Approved Budget Adjustment with Council Resolution	Achieved
Strategy 6.2.14	Unqualified Audit Opinion achieved (Annual)	Unqualified Audit opinion	Attainment of an improved Audit Outcome by 31 January 2019	BTO 12	1	Unqualified Audit opinion	Qualified Audit opinion achieved	n/a	n/a	Not Achieved [0%]	Started late to prepare the annual financial statements.	We have appointed service provider to assist.	Annexure BTO12 AGSA 2017/18 Audit Report and Final Management Letter	Not Achieved Reported by the Directorate
			Number of 2017/18 Post Audit Action Plans (PAAP) developed and submitted to Council for adoption by 31 March 2019	BTO 13	2016/17 Approved PAAP	Final 2017/18 PAAP compiled and submitted to Council for adoption	n/a	n/a	n/a	Achieved during 3rd quarter (PAAP Meetings are held on weekly basis) [100%]	Not Applicable	Not Applicable	Annexure BTO13 Copy of the approved 2017/18 PAAP with Council Resolution	Achieved

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 ANNUAL PERFORMANCE REPORT

1.3. Key Performance Area: Spatial Rationale and Transformation.

Plan-ning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments		
						Original Annual Target	Revised Annual Target	Budget	Budget Spent (%)	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures	Portfolio of Evidence (POE)
DIRECTORATE : Planning and Human Settlements														
Strategic Goal 7														
Strategy 7.4.3	Increased number of households living in formal settlements provided with secure tenure and basic services	Number of reports on informal settlements upgraded to formal townships by 30 June 2019	None	PHS 1	4	4	None	n/a	n/a	Achieved 4 x Reports on informal settlements upgraded to formal townships have been compiled. [100%]	Not Applicable	Not Applicable	Annexure PHS1 Quarterly reports	Achieved
Strategic Goal 8														
Strategic Objective 8.1	Management of informal settlements	Number of informal settlements provided with minimum basic services	Number of informal settlements provided with minimum basic services by 30 June 2019	ITS 42	4	4	None	n/a	n/a	Achieved 4 x Reports on informal settlements upgraded to formal townships have been compiled. [100%]	Not Applicable	Not Applicable	Annexure ITS42 Signed Report	Achieved

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 ANNUAL PERFORMANCE REPORT

Plan-ning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments		
						Original Annual Target	Revised Annual Target	Budget	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Proposed Corrective Measures	Portfolio of Evidence (POE)
DIRECTORATE : Planning and Human Settlements – Building Control Management														
Strate-gy. 8.1.1	Increased Township establishments	Percentage of compliant building plans approved within 90 days	Percentage of compliant building plans approved within 90 days by 30 June 2019	PHS 2	100%	100%	n/a	n/a	n/a	Achieved 100% of Building plans approved within 90 Days. [100%]	Not Applicable	Not Applicable	Annexure PHS2 Register of approved building plans	Achieved
Strate-gy	Approved by-law	Number of building control by-laws approved	Number of building control by-laws approved by Council by 30 June 2019	PHS 3	Draft by-law	1 X building control by-laws approved	n/a	n/a	n/a	Not Achieved [0%]	Delay in finalization of the Building Control By-law due non sitting of the PC 4	To be submitted during the ordinary council of the 27 August 2019	Annexure PHS3 Copy of the Building Control By-Laws with Council Resolution	Not achieved As reported by the Directorate
Strate-gy 8.1.3	Provision of Basic Services and Maintenance	Number of reports on title deeds transferred to eligible beneficiaries	Number of reports on title deeds transferred to eligible beneficiaries by 30 June 2019	PHS 4	4	4	n/a	n/a	n/a	Achieved 4 x reports on title deeds transferred to eligible beneficiaries [100%]	Not Applicable	Not Applicable	Annexure PHS4 Signed reports	Achieved

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 ANNUAL PERFORMANCE REPORT

Plan-ning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments		
						Original Annual Target	Revised Annual Target	Budget	(%) Budget Spent	Actual Performance	Reasons for Performance Variance		Pro-posed Correc-tive Mea-sures	Portolio of Evi-dence (POE)
Strate-gic Ob-jective .8.2	Integrated Human settlement housing Models	Number of reports on low cost housing provided	Number of reports on low cost housing provided by 30 June 2019	PHS 5	4	4	None	n/a	n/a	Not Achieved 2/4 Reports [50 %]	There was no different information to report	The re-ported will be done on bi-An-nual fre-quency to allow sufficient time for gathering and analysis of data	Annexure PHS5 Quarterly reports	Not Achieved Reason for non-perfor-mance and corrective measures not submit- ted.
Strate-gic Ob-jective .8.2	Compile and submit to Mayoral Co a report on the im-provement of the Build-ing Plan Application Process	Number of reports on building plans processed by	Percent-age of building plans meet-ing all require-ments processed and ap-proved by 30 June 2018	PHS 6	1	1	100%	n/a	n/a	Achieved 100% of building plans pro-cessed and approved [100%].	Not Appli-cable	Not Ap-licable	Annexure PHS6 Register of applica-tions	Achieved
DIRECTORATE : Planning and Human Settlements – Buildig Administration														
Strat-egy 8.2.1	Increased implemen-tation of the breaking new grounds strategy (BNG) and the munici-pal housing sector plan	Monitoring of houses delivered	Number of reports on hous-ing deliv-ery mon-itoring & evaluation compiled and sub-mitted to Council by 30 June 2019	PHS 7	100% monitoring of houses	100% monitoring of houses	2 x Re-ports on housing delivery monitoring & evalua-tion com-plied	n/a	n/a	Not Achieved [0]	The reports compiled not yet submitted to council	To submit to council in the next fi-nancial year (2019/2020)	Annexure PHS7 2 x Cop-ies of Re-ports on housing delivery monitoring &	Not Achieved The KPI relates to submission to council however council res-olution is not part of the POE

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 ANNUAL PERFORMANCE REPORT

Plan-ning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance							Internal Audit Comments	
						Original Annual Target	Revised Annual Target	Budget	(%) Budget Spent	Actual Performance	Reasons for Performance Variance	Proposed Corrective Measures		Portogolio of Evidence (POE)
Strategic Objective .8.3	Management of informal settlement	Land Invasion Response Unit established by 30 June	Number of reports on land invasion cases attended to by 30 June 2019	PHS 8	1	1 Land Invasion Response Unit established by 30 June	None	n/a	n/a	Achieved 1 x report on land invasion on cases attended to complied. [100%]	Not Applicable	Not Applicable	Annexure PHS8 Signed report and eviction notices	Achieved
Strategy 8.3.1	Provision of land proclaimed	Number of reports on portion of land transferred to the Municipality	Number of reports on portion of land transferred to the Municipality by National, Provincial Government and/ or Private Sector by 30 June 2019	PHS 9	4	4	None	n/a	n/a	Achieved 4 x reports on portion of land transferred to the Municipality were completed. [100%]	Not Applicable	Not Applicable	Annexure PHS9 Copies of the Reports on portion of land transferred to the Municipality	Achieved
Strategy 8.3.3	Final Zoning Scheme (Land Use Management System) developed and submitted to Mayoral Co	Number of Madibeng Land Use Scheme developed submitted to Council for approval end of 30 June 2019	Number of Madibeng Land Use Scheme developed submitted to council for approval by 30 June 2019	PHS 10	Number of Madibeng Land Use Scheme developed	1 Zoning Scheme submitted to Mayoral Co by 31 March	1 by September 2018	n/a	n/a	Not Achieved [0%]	Due to financial constraints, the unit did not manage to achieve what was targeted.	To be done in the next financial year 2019/2020.	Annexure PHS10 Approved Land Use scheme with Council Resolution	Not Achieved Reported by the Directorate

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 ANNUAL PERFORMANCE REPORT

Plan-ning Level	Planning Statement	Original Key Performance Indicator (KPI)	Revised Key Performance Indicator	Kpi no	Baseline (2017/18)	2018/19 Targets & Performance						Internal Audit Comments
						Original Annual Target	Revised Annual Target	Budget	(%) Budget Spent	Actual Performance	Reasons for Performance Variance	
Strat-egy 8.3.4	% of land use ap-plications (rent and selling) submitted to Mayoral committee within 3 months from date of ap-plication	Percentage of land Use applications submitted and finalised within 3 months of date of ap-plication	Percent-age of land Use appli-cations satisfying all the require-ments submit-ted and finalised within 3 months of date of appli-cation by 30 June 2019	PHS 11	100%	100% of land use within 3 months of date of appli-cation	None	n/a	n/a	Not Achieved [0]	Not Applicable	Not Achieved Portfolio of evidence not submit-ted

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

OFFICE OF THE MUNICIPAL MANAGER

4.1.1 MEDIA RELATIONS/EXTERNAL COMMUNICATION

- o The Communication Services Division forged sound media relations with both local and national media houses on behalf of the municipality
- o The Division interacted regularly with local media houses and handled all media enquiries from the said media houses.
- o These include the local print media like the Brits Pos and Kormorant and the local radio stations being Madibeng FM and Lethabile FM.
- o Social Media has proven to be one of the most effective platforms to communicate to broader audience.
- o The Division effectively communicated with members of the public through the Facebook page of the municipality

4.1.2 INTERNAL COMMUNICATION

- o The Division as custodians of communication in its entirety is as well responsible for internal communication.
- o The division utilised different platforms to communicate with the internal staff.
- o This was done mainly through the e-mail facility and as well through the noticeboards placed in all floors of the Main building.

4.1.1.2 SUPPORT TO OFFICES/DEPARTMENTS AND EXTERNAL STAKEHOLDERS

- o Throughout 2018/2019 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.
- o 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
- o All communication services required from the unit being media liaison or photography were delivered with diligence.
- o 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.

4.1.3 STRATEGIC PLANNING, MONITORING AND EVALUATION

- o The Directorate consists of three (3) Divisions, namely: Integrated Development Planning (IDP), Performance Management System (PMS) and Legal Services.
- o The Office provides a back office support service to the Municipality in terms of strategic planning (including strategic management and legal support services).

4.1.3.1. LEGAL SERVICES

INTRODUCTION TO LEGAL SERVICES

- o 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.
- o The unit provides the service through legal opinions and advices, contract management and facilitation of litigation in favour and against the Municipality.
- o 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

- o During 2018/2019 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 2018/2019 financial year and 31 were carried over from 2017/2018 financial year.
- o At the end of the financial year, a total of 14 civil and labour matters had been resolved and finalised.
- o This is a significant decrease in legal costs because this money could be used elsewhere for service delivery.
- o Legal cases in the Municipality are mainly caused by non-compliance with the legislative framework and policies as well as

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

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

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

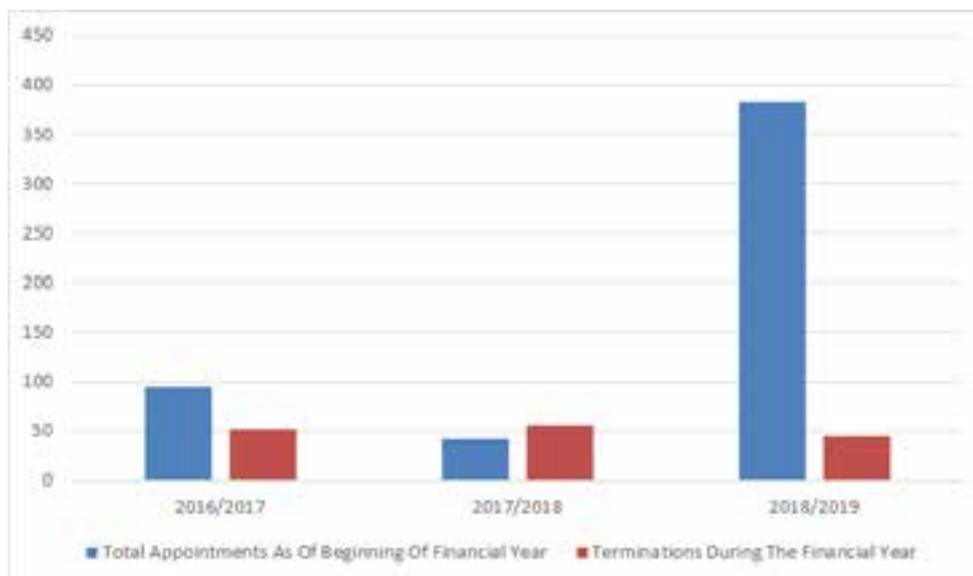
The Council adopted a new organisational structure in May 2018 and, although it was not active for the entire reporting period, it was nevertheless utilised for this purpose. It thus might have an impact on comparisons with previous years

TOTAL EMPLOYEES STAFF COMPLIMENT + VACANCIES					
DESCRIPTION	2017/2018	2018/2019			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	VARIANCE (as a proprtion of total posts in each category) %
Municipal Manager	54	105	59	46	44
Chief Audit Executive	12	Included in MM			
Directorate: Idp/Pms/ Legal Services	35	Included in MM			
Corporate Support Services	76	77	47	30	39
Budget & Treasury Office	160	146	106	40	27
Infrastructure & Technical Services	665	635	302	333	52
Human Settlement & Planning	71	71	36	35	49
Economic Development, Tourism & Agriculture	45	45	26	19	42
Public Safety, Fleet & Facilities Management	408	481	307	174	36
Community Services	449	526	446	80	15
TOTALS	1975	2086	1329	737	36%

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

TURN-OVER RATE			
Details	Total Appointments As Of Beginning Of Financial Year	Terminations During The Financial Year	Turn-Over Rate
2016/2017	95	52	55%
2017/2018	42	56	133%
2018/2019	383	44	12%



COMMENTS ON VACANCIES AND TURNOVER

- o The staff turn-over rate of 2% in the current financial year is normal and falls within the acceptable norms and standards. However, the vacancy rate is fairly moderate at 36%, but this is not related to the turnover rate.

4.3 COMPONENT C: WORKFORCE CAPACITY DEVELOPMENT

- o The development of the skills base remains one of the biggest challenges for Madibeng Local Municipality.
- o This is not only due to insufficient funding, but also to the inability to mobilise the internal structures responsible for planning, implementation and reporting.
- o Successes during the 2018/2019 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.

The Local Government Sector Education and Training Authority (LGSETA) had been supportive in assisting the municipal employees on skills development implementation that were initiated by the municipality mainly on bursaries.

Some of the mandatory grants payable to the municipality have still not been received i.e. Quarter 3 and quarter 4. Budgeted amounts for skills development are 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.

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.2 COMPONENT B: ORGANISATIONAL DESIGN AND DEVELOPMENT

The following training courses and bursaries were approved.

The following training courses and bursaries were approved.

TRAINING PROGRAMME	TRAINEES	DATES	TRAINING PROVIDER	AMOUNT
Public Admin	Mr Kotelo K	12 months	Sail	R 36 500.00
Basic Course EAP	Ms Manganyi JSK	4 days	E University of Pretoria	R 8 380.00
Master of Business Leadership	Mr Pule N	2 years	Unisa Business School	R 119 970.00
Master of Public Administration	Ms Magole G	1 year	Mancosa	R 35 580.00
M Tech Public Management Public Service	Ms Budlela A S	1 year	Tshwane University of Technology	R 24 390.00
Master Disaster Management	Mr Khoza M	1 year	University of Orange Free State	R 38 515.59
Master of Management	Mr. Mkhabela S	1 year	Southern Business School	R 17 520.00
Master of Business Administration	Mr Ngoepe NJ	2 years	Regent Business School	R 55 000.00
Master in Chemical Engineering	Mr Bosigo TDN	1 year	Tshwane University of Technology	R 19 730.00
Financial Management	Ms Bontsi MG	1 year	University of South Africa	R 7 600.00
PHD Science with Environmental science and management	Mr. Motlhoki LL	1 year	North West University	R 19 015.00
B Compt. in Financial Accounting	Mr. Mothokwa AS	1 year	University of South Africa	R 10 780.00
Bachelor of Business Administration	Ms. Medupe ML	1 year	Southern Business School	R 4 435.00
Bachelor of Public Administration Hons	Mr.Manelle TE	1 year	Stellenbosch University	R 62 457.00
Diploma in Management	Mr Mpane J	1 year	Southern Business School	R 7 565.00
Engineering Science N3	Mr. Ndlela BA	1 year	Rock of Springs	R 10 750.00
Bachelor of Administration	Mr. Poo NP	1 year	University of Pretoria	R 29 759.00
B - Tech Project Management	Mr. Mpheroane PS	1year	Tshwane University of Technology	R 41 620.00
Diploma in Management	Ms. Mogale OW	1 year	Southern Business School	R 13 300.00
Bachelor of Public Administration Hons	Mr.Manelle TE	1 year	Stellenbosch University	R 62 457.00
Diploma in Management	Mr Mpane J	1 year	Southern Business School	R 7 565.00
Engineering Science N3	Mr. Ndlela BA	1 year	Rock of Springs	R 10 750.00
Bachelor of Administration	Mr. Poo NP	1 year	University of Pretoria	R 29 759.00
Master of Law in International Law	Mr. Ramatabane TE	1 year	University of South Africa	R 12 600.00
Postgraduate Diploma in Accounting Science	Mr. Morajane TE	1 year	University of South Africa	R 13 075.00
Master of Public Administration	Mr. Malapane MF	1 year	Mancosa	R 37 200.00
Diploma in Public Administration	Ms. Kekana E	3 years	Lyceum College	R 54 796.00

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.3 COMPONENT C: WORKFORCE CAPACITY DEVELOPMENT

TRAINING PROGRAMME	TRAINEES	DATES	TRAINING PROVIDER	AMOUNT
VMware vre:Install,Configure,Manage[v6.7]	Mr. Makhubela E	1 year	Torque IT	R 17 135.00
Engineering Science N3	Ms. Phala MM	1 year	Rock of Springs	R 10 750.00
Technical Matric and Chemical Plant Operations	Mr. Raphalalane	1 year	Rock of Springs	R 21 350.00
B Tech Internal Auditing	Mr. Kgasi AL	1 year	Tshwane University of Technology	R 7 040.00
Postgraduate Diploma in Business Administration	Ms. Davids CR	1 year	University of South Africa	R 56 475.00
Masters of Technology in Public Management	Mr. Masemola DM	1 year	Tshwane University of Technology	R 7 670.00
BA Public Governance with Municipal Management and Leadership	Ms. Shibambu GM	1 year	University of North West	R 40 685.00
B TEch: Engineering Civil Construction	Mr. Baloyi VA	1 year	University of Johannesburg	R 37 157.97
HC in Management	Mr. Molebatsi H	1 year	Southern Business School	R 18 120.00
Transport & SCM Bridging Programme	Mr. Molebatsi M	1 year	University of Johannesburg	R 10 500.00
Diploma in Management	Mr. Lesane RJ	1 year	Southern Business School	R 9 840.00
Post Graduate Diploma in Water Management	Ms. Marakalala MN	1 year	Monash	R 49 500.00
Public Administration NQF 7	Mr. Mpofo M	1 year	SAIL	R 30 000.00
BA Public Governance with Municipal Management and Leadership	Ms. Matlala B	1 year	University of Northwest	R 40 685.00
Diploma in Management	Ms. Lesane LS	1 year	Southern Business School	R 6 420.00
Management Development Programme	Ms. Ramela JML	1 year	University of Pretoria	R 53 000.00
Diploma in Public Administration	Mr. Bhebhe IB	1 year	Lyceum College	R 18 546.00
Conveyancing Practice and Notarial Practice	Ms. Tau SM	1 year	Centre for Conveyancing	R 12 200.00
Advanced Diploma in Business Management	Ms. Phiri MCV	1 year	Mancosa	R 30 025.00
Management Advanced Programme	Mr. Magwala X	04 April – 09 November 2019	WITS University	R 62 000.00
PMP Certificate	Mr. Lekoma MF	1 year	Torque IT	R 27 255.00
Higher Certificate in Public Sector Procurement	Mr. Busang J	1 year	Mancosa	R 21 000.00
Bachelor of Business Administration	Ms. Maluleke ME	1 Year	UNISA	R 17 895.00
B Com Honours	Mr. Molebaloa TRL	1 year	REGENT	R 35 500.00
Bachelor of Accounting Science in Financial Accounting	Ms. Flatela PPP	1 year	UNISA	R 15 420.00
CIMA	Mr. Thubakgale KJ	1 year	IBTC	R 26 100.00

CHAPTER 4 - ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.3 COMPONENT C: WORKFORCE CAPACITY DEVELOPMENT

TRAINING PROGRAMME	TRAINEES	DATES	TRAINING PROVIDER	AMOUNT
Diploma in Media Practice	Mr. Moagi SJ	1year	Boston Media House	R 25 360.00
Fire Fighter 1,2, Hazmat Awareness and Operation	Mr. L Masilo I Marokane	4 months	Kernbridge College	R 29 000.00
Bachelor of Commerce in Human Resource Management	Ms. Mpshe L	1 year	MANCOSA	R 24 330.00
ADAM19 Advanced Diploma in Administrative Management	Ms. Mosaka GT	1 Year	TUT	R 38 000.00
BTCM05 B – Tech Cost and Management Accounting	Ms. Masike GJ	1 year	TUT	R 48 470.00
Bachelor of Business Administration Honours	Mr. Nyironga K	1 year	MANCOSA	R 36 480.00
Bachelor of Commerce in Supply Chain Management	Mr. Chueu TW	1 year	MANCOSA	R 27 670.00
Postgraduate Diploma in Security Management	Ms. Mogase WIM	1 year	UNISA	R 19 930.00
Higher Certificate in Marketing	Ms. Pege S	1 year	IMM Graduate School	R 11 525.00
Advanced Certificate in Local Governance and Management	Mr. N Mashego	1 year	University of Johannesburg	R 26 400.00
Master in Chemical Engineering	Mr Bosigo TDN	1 year	Tshwane University of Technology	R 19 730.00
Financial Management	Ms Bontsi MG	1 year	University of South Africa	R 7 600.00
PHD Science with Environmental science and management	Mr. Motlhoki LL	1 year	North West University	R 19 015.00

CHAPTER 5 - MUNICIPAL FINANCIAL PERFORMANCE

5.1 COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

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 most of the assistant directors and relevant supply chain management personnel except for five (5). 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.

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

WORKFORCE EXPENDITURE			
OUTCOME OF JOB EVALUATION OR GRADING PROCESS	BENEFICIARIES	GENDER	TOTAL
Number of employees whose salaries were 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>			

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	-		-	R0
Temporary total disablement	219	26	-	
Permanent disablement	0	0	-	-
Fatal	-	-	-	-
TOTAL	219	26	-	R 95,147 000
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	-	-

CHAPTER 5 - MUNICIPAL FINANCIAL PERFORMANCE

5.1 COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

LEVELS 13 - 15	1031	56	-	-
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4.3.2 INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Availability of ICT Systems and Services:

Non-availability of ICT systems shut down productivity and as result there will be loss in revenue collection and cause delays submission of relevant information. These challenges can be overcome by ensuring availability of relevant ICT resources.

Development of data retention and security strategy:

Non-availability of backup services can have bad impact which can result to non-performance due to loss of valuable information, thereby increase delays in rendering other services. Data is one of the most important assets, therefore it needs to be protected from loss or destruction by using good and advanced technology.

ICT Governance Framework:

Non-compliance to ICT Governance Framework and related policies can delay the progress of delivery in the institution. Inappropriate use of security technology can result in a security breach whereby sensitive information might be lost. This is overcome by developing awareness programs that will reach all users, and thorough research and consultation.

SERVICE STATISTICS FOR ICT SERVICES		
ICT SERVICE	SERVICE DETAIL	SERVICE STATISTICS
Helpdesk	All calls are logged, distributed, closed and escalated	100%
Network and support	User account and password management, network (remote, email, printing etc) and internet access. Hardware/software re- installation and repairs. Hardware and software acquisition and installation. Perform backups. Installation for antivirus software and updates	100%
Financial	Give users access in the system, perform updates and backups	100%
GIS	Give system users access update and maintenance of GIS databases, The analyses and evaluation of systems and technical specifications	75%

EMPLOYEES: ICT SERVICES					
Job Level	2018/19				
	Employees no.	Posts no.	Employees no.	Vacancies (fulltime equivalents no.)	Vacancies (as a % of total posts) %
0-3	1	1	1	0	0%
4-6	3	3	3	0	0%
7-9	3	4	3	1	75%
10-12	1	1		0	0%
Total	8	9	8	1	25%

PROJECT 1: SAN UPGRADE:

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

4.3.3. MUNICIPAL ADMINISTRATION AND SECRETARIAT SERVICES

- o The Secretariat aims to ensure an effective administrative support service to meet the Municipality's office administrative objectives.
- o 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.
- o The division is responsible for compilation of agendas, taking of minutes, photocopying and distributing documentation to Councillors and members of the Committees concerned.
- o 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.

CHAPTER 5 - MUNICIPAL FINANCIAL PERFORMANCE

5.1 COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

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RECORDS AND ACHIEVIES

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

CUSTOMER CARE CENTRE

- o Whenever consumers/customers have contact with the Municipality, they should consistently experience the acceptable standards of service excellence.
- o 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.
- o 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	502
Total Number Of Queries Finalized	488
Total Number Of Outstanding Queries	14
Total Number Of Telephonic Enquiries	8171
Total Number Of Counter Enquiries	8160

For the period of 2018/2019 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	
<p style="text-align: center;">SURVEY QUESTION</p> <p>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)</p>		<p style="text-align: center;">SURVEY QUESTION</p> <p>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)</p>	
PARTICIPANTS RESPONSE	# RESPONSES	PARTICIPANTS RESPONSE	# RESPONSES
1	14	1	-
2	357	2	-
3	133	3	3
4	35	4	536
TOTAL	357	TOTAL	357

CHAPTER 5 - MUNICIPAL FINANCIAL PERFORMANCE

5.1 COMPONENT C: SPENDING AGAINST CAPITAL BUDGET

NW372 Madibeng - Reconciliation of Table A1 Budget Summary

Description	2018/19							2017/18				
	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
R thousands	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	320 131	-	320 131	247 058		(73 073)	77,2%	77,2%				
Service charges	728 868	-	728 868	726 440		(2 427)	99,7%	99,7%				
Investment revenue	6 400	-	6 400	5 807		(593)	90,7%	90,7%				
Transfers recognised - operational	627 887	916	628 803	864 408		235 605	136,1%	136,1%				
Other own revenue	106 715	-	106 715	100 554		(6 161)	94,2%	94,2%				
Total Revenue (excluding capital transfers and contributions)	1 790 000	916	1 790 916	1 934 267		143 351	108,0%	108,0%				
Employee costs	390 960	9 804	400 764	480 417	(79 653)	79 653	119,9%	122,9%				
Remuneration of councillors	32 370	-	32 370	30 759	1 611	(1 611)	95,0%	95,0%				
Debt impairment	280 000	-	280 000	112 978	167 022	(167 022)	40,3%	40,3%				
Depreciation & asset impairment	552 750	-	552 750	637	552 113	(552 113)	0,1%	0,1%				
Finance charges	110 500	-	110 500	46	110 454	(110 454)	0,0%	0,0%				
Materials and bulk purchases	576 541	(15 585)	560 956	614 663	(53 707)	53 707	109,6%	106,6%				
Transfers and grants	4 000	51	4 051	4 051	0	(0)	100,0%	101,3%				
Other expenditure	438 243	6 646	444 889	395 123	49 766	(49 766)	88,8%	90,2%				
Total Expenditure	2 385 364	916	2 386 280	1 638 675	747 606	(747 606)	68,7%	68,7%				
Surplus/(Deficit)	(595 364)	-	(595 364)	295 593	-	890 957	-49,6%	-49,6%				
Transfers recognised - capital	285 258	28 969	314 227	-	-	(314 227)	-	-				
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-				
Surplus/(Deficit) after capital transfers & contributions	(310 106)	28 969	(281 137)	295 593	-	576 729	-105,1%	-95,3%				
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-				
Surplus/(Deficit) for the year	(310 106)	28 969	(281 137)	295 593	-	576 729	-105,1%	-95,3%				
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	285 258	28 969	314 227	175 333	(138 895)	(138 895)	55,8%	61,5%				
Public contributions & donations	-	-	-	-	-	-	-	-				
Borrowing	-	-	-	-	-	-	-	-				
Internally generated funds	-	-	-	-	-	-	-	-				
Total sources of capital funds	285 258	28 969	314 227	175 333	(138 895)	(138 895)	55,8%	61,5%				
Cash flows												
Net cash from (used) operating	341 750	916	342 666	-	(342 666)	(342 666)	-	-				
Net cash from (used) investing	(285 258)	(28 969)	(314 227)	-	314 227	314 227	-	-				
Net cash from (used) financing	-	-	-	-	-	-	-	-				
Cash/cash equivalents at the year end	56 492	-	28 438	-	(28 438)	(28 438)	-	-				

CHAPTER 5 - MUNICIPAL FINANCIAL PERFORMANCE

5.1 COMPONENT D: OTHER FINANCIAL MATTERS

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

Description	2018/19						2017/18					
	1	2	3	4	5	6	7	8	9	10	11	12
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA S2)	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
Revenue - Standard												
Governance and administration	998 385	-	998 385	-	-	(998 385)	-	-	-	-	-	-
Executive and council	998 385	-	998 385	-	-	(998 385)	-	-	-	-	-	-
Budget and treasury office	998 385	-	998 385	-	-	(998 385)	-	-	-	-	-	-
Corporate services	1 414	916	2 330	-	-	(2 330)	-	-	-	-	-	-
Community and public safety	1 333	916	2 249	-	-	(2 249)	-	-	-	-	-	-
Community and social services	71	-	71	-	-	(71)	-	-	-	-	-	-
Sport and recreation	10	-	10	-	-	(10)	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	298 632	-	298 632	-	-	(298 632)	-	-	-	-	-	-
Planning and development	1 374	-	1 374	-	-	(1 374)	-	-	-	-	-	-
Road transport	297 258	-	297 258	-	-	(297 258)	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	776 768	-	776 768	-	-	(776 768)	-	-	-	-	-	-
Electricity	487 317	-	487 317	-	-	(487 317)	-	-	-	-	-	-
Water	172 811	-	172 811	-	-	(172 811)	-	-	-	-	-	-
Waste water management	57 140	-	57 140	-	-	(57 140)	-	-	-	-	-	-
Waste management	59 500	-	59 500	-	-	(59 500)	-	-	-	-	-	-
Other	60	-	60	-	-	(60)	-	-	-	-	-	-
Total Revenue - Standard	2 075 258	916	2 076 174	-	-	(2 076 174)	-	-	-	-	-	-
Expenditure - Standard												
Governance and administration	1 356 946	16 030	1 372 977	-	(1 372 977)	(1 372 977)	-	-	-	-	-	-
Executive and council	85 536	(455)	85 081	-	(85 081)	(85 081)	-	-	-	-	-	-
Budget and treasury office	1 261 003	16 485	1 277 489	-	(1 277 489)	(1 277 489)	-	-	-	-	-	-
Corporate services	10 407	-	10 407	-	(10 407)	(10 407)	-	-	-	-	-	-
Community and public safety	74 217	2 748	76 965	-	(76 965)	(76 965)	-	-	-	-	-	-
Community and social services	28 103	1 903	30 006	-	(30 006)	(30 006)	-	-	-	-	-	-
Sport and recreation	15 881	(105)	15 776	-	(15 776)	(15 776)	-	-	-	-	-	-
Public safety	26 681	880	27 561	-	(27 561)	(27 561)	-	-	-	-	-	-
Housing	2 498	100	2 598	-	(2 598)	(2 598)	-	-	-	-	-	-
Health	1 054	-	1 054	-	(1 054)	(1 054)	-	-	-	-	-	-
Economic and environmental services	135 171	(41)	135 130	-	(135 130)	(135 130)	-	-	-	-	-	-
Planning and development	40 327	(61)	40 266	-	(40 266)	(40 266)	-	-	-	-	-	-
Road transport	93 977	20	93 997	-	(93 997)	(93 997)	-	-	-	-	-	-
Environmental protection	866	-	866	-	(866)	(866)	-	-	-	-	-	-
Trading services	816 118	(17 821)	798 296	-	(798 296)	(798 296)	-	-	-	-	-	-
Electricity	512 340	(10 000)	502 340	-	(502 340)	(502 340)	-	-	-	-	-	-
Water	198 199	(3 300)	194 899	-	(194 899)	(194 899)	-	-	-	-	-	-
Waste water management	35 243	1 000	36 243	-	(36 243)	(36 243)	-	-	-	-	-	-
Waste management	70 336	(5 521)	64 815	-	(64 815)	(64 815)	-	-	-	-	-	-
Other	2 913	-	2 913	-	(2 913)	(2 913)	-	-	-	-	-	-
Total Expenditure - Standard	2 385 364	916	2 386 280	-	(2 386 280)	(2 386 280)	-	-	-	-	-	-
Surplus/(Deficit) for the year	(310 106)	-	(310 106)	-	(310 106)	(310 106)	-	-	-	-	-	-

CHAPTER 5 - MUNICIPAL FINANCIAL PERFORMANCE

5.1 COMPONENT D: OTHER FINANCIAL MATTERS

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

Vote Description R thousand	2018/19						2017/18					
	Original Budget	Budget Adjustments (Lto. MFMA 528)	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	998 385	-	998 385	-	-	(998 385)	-	-	-	-	-	-
Vote 5 - Budget And Treasury Office	1 002 526	-	1 002 526	-	-	(1 002 526)	-	-	-	-	-	-
Vote 6 - Infrastructure And Technical Services	60 904	916	61 820	-	-	(61 820)	-	-	-	-	-	-
Vote 7 - Community Services	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Human Settlement	1 374	-	1 374	-	-	(1 374)	-	-	-	-	-	-
Vote 9 - Economic Dev, Tourism & Agriculture	12 070	-	12 070	-	-	(12 070)	-	-	-	-	-	-
Vote 10 - Public Safety, Fleet and Facilities Management	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Internal Audit	-	-	-	-	-	-	-	-	-	-	-	-
Example 13 - Vote 13	-	-	-	-	-	-	-	-	-	-	-	-
Example 14 - Vote 14	-	-	-	-	-	-	-	-	-	-	-	-
Example 15 - Vote 15	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2 075 258	916	2 076 174	-	-	(2 076 174)	-	-	-	-	-	-
Expenditure by Vote to be appropriated												
Vote 1 - Executive Council	65 264	(600)	64 664	-	-	(64 664)	-	-	-	-	-	-
Vote 2 - Municipal Manager	4 880	-	4 880	-	-	(4 880)	-	-	-	-	-	-
Vote 3 - Chief Operating Officer	20 022	(1 010)	19 012	-	-	(19 012)	-	-	-	-	-	-
Vote 4 - Corporate Support Services	95 064	(16 838)	78 226	-	-	(78 226)	-	-	-	-	-	-
Vote 5 - Budget And Treasury Office	1 043 797	6 654	1 050 451	-	-	(1 050 451)	-	-	-	-	-	-
Vote 6 - Infrastructure And Technical Services	797 207	(12 330)	784 877	-	-	(784 877)	-	-	-	-	-	-
Vote 7 - Community Services	130 236	(3 773)	126 463	-	-	(126 463)	-	-	-	-	-	-
Vote 8 - Human Settlement	14 915	89	15 004	-	-	(15 004)	-	-	-	-	-	-
Vote 9 - Economic Dev, Tourism & Agriculture	13 986	-	13 986	-	-	(13 986)	-	-	-	-	-	-
Vote 10 - Public Safety, Fleet and Facilities Management	187 623	28 750	216 373	-	-	(216 373)	-	-	-	-	-	-
Vote 11 - Internal Audit	10 407	-	10 407	-	-	(10 407)	-	-	-	-	-	-
Vote 12 - Risk Management	1 964	(26)	1 938	-	-	(1 938)	-	-	-	-	-	-
Example 13 - Vote 13	-	-	-	-	-	-	-	-	-	-	-	-
Example 14 - Vote 14	-	-	-	-	-	-	-	-	-	-	-	-
Example 15 - Vote 15	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2 385 364	916	2 386 280	-	-	(2 386 280)	-	-	-	-	-	-
Surplus/(Deficit) for the year	(310 106)	-	(310 106)	-	-	310 106	-	-	-	-	-	-

APPENDICES

APPENDIX A: COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

APPENDIX A: COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE				
 <p>CLR JM MOTHIBE EXECUTIVE MAYOR CHAIRPERSON: MC PR / FULL-TIME COUNCIL MEETING ATTENDANCE: 57%</p>	 <p>CLR KS NTSHABELE SPEAKER/CHAIR COUNCIL + RULES COMMITTEE PR / FULL-TIME COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR ED DIALE CHAIRPERSON: MPAC WARD 11 / FULL- TIME COUNCIL MEETING ATTENDANCE: 75%</p>	 <p>CLR P B MAKGABO SINGLE WHIP PR/FULL-TIME COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR DS MAIMANE PR / FULL-TIME MAYORAL COMMIT- TEE CHAIR: PC.03 (EDTA) COUNCIL MEETING ATTENDANCE: 100%</p>
 <p>CLR ETM MODISE PR / FULL-TIME MAYORAL COMMITTEE CHAIR: PC.02 (CSS) COUNCIL MEETING ATTENDANCE: 75%</p>	 <p>CLR MP TLHOPANE PR / FULL-TIME MAYORAL COMMIT- TEE CHAIR: PC.05 (CD) COUNCIL MEETING ATTENDANCE: 75%</p>	 <p>CLR J SEFUDI PR/FULL-TIME MAYORAL COMMIT- TEE CHAIR: PC.04-(PHS) COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR J RATLOI PR / FULL-TIME MAYORAL COMMIT- TEE CHAIR: PC.07 (ITS) COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR SDN NTHANGENI PR / FULL-TIME MAYORAL COMMIT- TEE CHAIR: PC.01 (FI- NANCE) COUNCIL MEETING ATTENDANCE: 100%</p>
 <p>CLR SM MAUNTLALA PR / FULL-TIME MAYORAL COMMITTEE PC.08 (IDP/PMS/LEGAL) COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR NM MAQAKAMBA WARD 35/FULL-TIME MAYORAL COMMIT- TEE CHAIR: PC.10 (IGR + SPECIAL PROJECTS) COUNCIL MEETING ATTENDANCE: 71%</p>	 <p>CLR MM MACHETE PR / FULL-TIME MAYORAL COMMIT- TEE CHAIR: PC.6 (PSFFM) COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR PA PHETLHEPR / FULL-TIME MAYOR- AL COMMITTEE CHAIR: PC.09(ROADS + TRANSPORT) COUNCIL MEETING ATTENDANCE: 75%</p>	 <p>CLR A D RATLOU WARD 29 / PART-TIME DELEGATIONS COUNCIL MEETING ATTENDANCE: 0%</p>
 <p>CLR MZ BANDA PR / PART-TIME PC. 06 (PSFFM) COUNCIL MEETING ATTENDANCE : 100%</p>	 <p>CLR EJ BARLOW PR / PART-TIME PC.07 (ITS) COUNCIL MEETING ATTENDANCE: 75%</p>	 <p>CLR AI MOLOTSI WARD 32 / PART- TIME PC.07 (ITS) COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR TS BOGALE WARD 19 / PART- TIME PC. 09 (ROADS) COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR RJN BREYTEN- BACH PR / PART-TIME PC.01 (FINANCE) COUNCIL MEETING ATTENDANCE: 71%</p>

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APPENDIX A: COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

APPENDIX A: COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE				
 <p>CLR AWS MALATSE WARD 03 / PART-TIME MEMBER: MPAC COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR BA MAUBANE WARD 18 / PART-TIME MEMBER OF MPAC COUNCIL MEETING ATTENDANCE: 75%</p>	 <p>CLR EDF LOURENS PR / PART-TIME MEMBER OF MPAC COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR BP GOUS WARD 23 / PART-TIME PC.2 (CSS), DELEGATIONS RULES COMMITTEE COUNCIL MEETING ATTENDANCE: 71%</p>	 <p>CLR AS RAKOMANE PR / PART-TIME PC.04 (PLANNING) COUNCIL MEETING ATTENDANCE: 75%</p>
 <p>CLR C SEABI WARD 20 / PART-TIME PC.04 (PHS) COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR E VAN DER SCHYFF WARD 39 / PART-TIME MEMBER OF MPAC COUNCIL MEETING ATTENDANCE: 75%</p>	 <p>CLR ML MAKGALE WARD 14 / PART-TIME PC.8 (IDP/PMS/ LEGAL) COUNCIL MEETING ATTENDANCE: 75%</p>	 <p>CLR BR MOTSWAI WARD 02 / PART-TIME PC.7 (ITS) COUNCIL MEETING ATTENDANCE: 75%</p>	 <p>CLR DM MOLEKOA Ward 13 / PART-TIME PC.10 (ROADS) COUNCIL MEETING ATTENDANCE: 75%</p>
 <p>CLR KS TLAPU WARD 28 / PART-TIME PC.10 (IGR + SP) COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR AM MODISAKENG PR / PART-TIME PC.8 (IDP/PMS/LEGAL) COUNCIL MEETING ATTENDANCE: 75</p>	 <p>CLR KM SHALANG WARD 15 / PART-TIME MEMBERS OF MPAC COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR EE TANKE WARD 12 / PART-TIME PC.8 (IDP/PMS/ LEGAL) COUNCIL MEETING ATTENDANCE: 75%</p>	 <p>CLR LG MHLAMBI WARD 37 / PART-TIME PC.6 (PSFFM) COUNCIL MEETING ATTENDANCE: 100%</p>
 <p>CLR JM MODIPANE WARD 41 / PART-TIME PC.5 (CD) COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR FM MASEMOLA WARD 36 / PART-TIME PC.5 (CD) COUNCIL MEETING ATTENDANCE: 71%</p>	 <p>CLR EL PHAGO WARD 38 / PART-TIME PC.5 (CD) COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR EM NKOE WARD 01 / PART-TIME PC.5 (CD) COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR MD MOSOLODI WARD 7 / PART-TIME MEMBER OF MPAC COUNCIL MEETING ATTENDANCE: 75%</p>

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APPENDIX A: COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

 <p>CLR JT MOABI WARD 24 / PART-TIME PC.8 (IDP/PMS/LEGAL) COUNCIL MEETING ATTENDANCE: 75%</p>	 <p>CLR M DU PLESSIS WARD 33 / PART-TIME PC.10 COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR TM MODIHA PR / PART-TIME PC.8 (IDP/PMS/LE- GAL) COUNCIL MEETING ATTENDANCE: 43%</p>	 <p>CLR MA MOKGOKO WARD 17 / PART- TIME PC.8 (IDP/PMS/ LEGAL) COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR MG SADIKE WARD 5 / PART-TIME PC.7 (ITS) COUNCIL MEETING ATTENDANCE: 75%</p>
 <p>CLR JD SMITH PR / PART-TIME COUNCIL MEETING ATTENDANCE: 75%</p>	 <p>CLR MS MOLOI PR / PART-TIME MEMBER OF MPAC COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR MM RAMILA WARD 06 / PART- TIME PC.01 (BTO) COUNCIL MEETING ATTENDANCE: 71%</p>	 <p>CLR MM RAMAHOFU WARD 10 / PART- TIME PC.10 (IGR + SPECIAL PROJECTS) COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR T MOKWENA WARD 25 / PART-TIME PC.02 (CORPORATE) COUNCIL MEETING ATTENDANCE: 100%</p>
 <p>CLR CS SEKHOTO PR / PART-TIME PC.8 (IDP/PMS/LEGAL) COUNCIL MEETING ATTENDANCE: 75%</p>	 <p>CLR OD MARAPYANE WARD 16 / PART-TIME PC.6 (PSFFM) COUNCIL MEETING ATTENDANCE: 75%</p>	 <p>CLR MW MOTL- HASEDI WARD / PART-TIME PC.04 (PLANNING) COUNCIL MEETING ATTENDANCE: 75%</p>	 <p>CLR CM MAMPURU PR / PART-TIME PC.10 (IGR + SPE- CIAL PROJECTS) COUNCIL MEETING ATTENDANCE: 27%</p>	 <p>CLR NB MUHLANA WARD 09 / PART-TIME PC.01 (FINANCE) COUNCIL MEETING ATTENDANCE: 100%</p>
 <p>CLR II MALEDU PR / PART-TIME PC.01 (FINANCE) COUNCIL MEETING ATTENDANCE: 27%</p>	 <p>CLR GF SITHOLE PR / PART-TIME PC.5 (CD) COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR ED MONTSHO PR / PART-TIME PC.3 (EDTA) COUNCIL MEETING ATTENDANCE: 43%</p>	 <p>CLR RE DIKGANG WARD 27 / PART- TIME PC.04 (PLANNING) COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR OP MOSIELELE WARD 40 / PART-TIME PC.01 (FINANCE) COUNCIL MEETING ATTENDANCE: 75%</p>

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APPENDIX A: COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

 <p>CLR HT PHALWANE WARD 34/ PART-TIME PC.2 (CSS) COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR J PIETERSE WARD 22 / PART-TIME PC.6 & 7 (PSFFM & ITS) COUNCIL MEETING ATTENDANCE: 57%</p>	 <p>CLR RP PADI WARD 36 / PART- TIME PC. COUNCIL MEETING ATTENDANCE: 75%</p>	 <p>CLR EGJ ROSSOUW Ward 30 / PART-TIME / MPAC COUNCIL MEETING ATTENDANCE: 57%</p>	 <p>CLR P PRETORIUS WARD 26 / PART TIME PC.6 (PSFFM) COUNCIL MEETING ATTENDANCE: 0</p>
 <p>CLR S MOHALE PR / PART-TIME PC.5 (CD) COUNCIL MEETING ATTENDANCE: 43%</p>	 <p>CLR J MOSITO PR / PART-TIME PC. COUNCIL MEETING ATTENDANCE: 57%</p>	 <p>CLR WJ MULLER PR / PART-TIME PC.10 (IGR + SPE- CIAL PROJECTS) COUNCIL MEETING ATTENDANCE: 57%</p>	 <p>CLR P THUBISI WARD 31 / PART- TIME PC.3 (EDTA) COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR WS RAMABOA PR / PART-TIME PC.5 (CD) COUNCIL MEETING ATTENDANCE: 71%</p>
 <p>CLR JC VAN RHYN PR / PART-TIME PC.09 (ROADS + TRANSPORT) COUNCIL MEETING ATTENDANCE: 100%</p>	 <p>CLR MM SEKGO THE PR / PART-TIME PC. COUNCIL MEETING ATTENDANCE: 71%</p>	 <p>CLR KS KOMAPE PR / PART-TIME MEMBER OF MPAC COUNCIL MEETING ATTENDANCE: 57%</p>	 <p>CLR NS MABUNDA PR / PART-TIME PC.02 (CORPORATE) COUNCIL MEETING ATTENDANCE: 75%</p>	 <p>CLR MD MORAPEDI PR / PART-TIME PC.04 (PLANNING) COUNCIL MEETING ATTENDANCE: 43%</p>
 <p>CLR P TSHEOLA PR / PART-TIME MEMBER OF MPAC COUNCIL MEETING ATTENDANCE: 71%</p>	 <p>CLR PK MAWAYI PR / PART-TIME PC.07 (ITS) COUNCIL MEETING ATTENDANCE: 43%</p>	 <p>CLR RR MOHULATSI PR / PART-TIME PC.3 (EDTA) COUNCIL MEETING ATTENDANCE: 71%</p>	 <p>CLR TJ MOHLABANE PR / PART-TIME PC.02 (CORPORATE) COUNCIL MEETING ATTENDANCE: 71%</p>	 <p>CLR MM SEKGO THE COUNCIL MEETING ATTENDANCE: 71%</p>

APPENDICES

APPENDIX B: COUNCIL COMMITTEES AND THEIR PURPOSES

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

APPENDICES

APPENDIX C: THIRD LEVEL MANAGEMENT / TIER ADMINISTRATIVE STRUCTURE

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
	MR TRL MOLEBALOA	MANAGER: INTERNAL AUDIT
	MS Y MOTHIBI	MANAGER: RISK MANAGEMENT
	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 F RIKHOTSO	MANAGER: EXPENDITURE
	MR C BALOYI	MANAGER: ASSET 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 T HLABANGWANE	MANAGER: ELECTRICITY
	MR D DLIWAYO	MANAGER: WATER & SANITATION
	MR JM MAHACHE	MANAGER: ROADS & STORMWATER
	MR L MOTLHAMME	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	MR M KHOZA	MANAGER: FIRE & DISASTER MANAGEMENT
FLEET MANAGEMENT	MR B MMUTLE	MANAGER: FLEET MANAGEMENT
	MR AW JANUARIE	MANAGER: TRAFFIC & SECURITY SERVICES
FACILITIES MANAGEMENT	VACANT	MANAGER: FACILITIES MANAGEMENT
COMMUNITY DEVELOPMENT	MR C BONOKWANE	ACTING MANAGER: PARKS & CEMETERY
	MS OG MASITE	MANAGER: SOCIAL SERVICES, SPORTS, ARTS & CULTURE
MR C VAN ROOYEN	MR C VAN ROOYEN	ACTING MANAGER: WASTE & ENVIRONMENTAL MANAGEMENT

APPENDICES

APPENDIX D: MUNICIPAL POWERS AND FUNCTIONS

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	

APPENDICES

APPENDIX E: WARD COMMITTEE REPORTING AND MEETINGS

# OF WARD	NAME OF WARD COUNCILLOR	# COMMITTEE MEMBERS	# MONTHLY REPORTS	WARD MEETINGS			
				MONTHLY WARD COMMITTEE		MONTHLY WARD COMMUNITY MEETING	
				#	%	#	%
1	Cllr E M Nkoe	10	12	12	100%	0	0%
2	Cllr B R Motswai	10	12	12	100%	8	67%
3	Cllr AWS Malatse	10	12	12	100%	8	67%
4	Cllr P A Phetlhe	10	12	12	100%	11	92%
5	Cllr M G Sadikge	10	12	12	100%	0	0%
6	Cllr M M Ramila	10	12	12	100%	3	25%
7	Cllr M D Mosolodi	10	12	12	100%	3	25%
8	Cllr R D Padi	10	12	12	100%	5	42%
9	Cllr H B Mahlangu	10	12	12	100%	6	50%
10	Cllr M M Ramahofu	10	12	12	100%	7	58%
11	Cllr E D Diale	10	12	12	100%	4	33%
12	Cllr E E Tanke	10	12	12	100%	1	8%
13	Cllr D M Molekoa	10	12	12	100%	4	33%
14	Cllr M L Makgale	10	12	12	100%	4	33%
15	Cllr K M Shalang	10	12	12	100%	6	50%
16	Cllr O D Marapyane	10	12	12	100%	6	50%
17	Cllr M A Mokgoko	10	12	12	100%	0	0%
18	Cllr B A Maubane	10	12	12	100%	1	8%
19	Cllr T S Bogale	10	12	12	100%	7	58%
20	Cllr C Seabi	10	12	12	100%	5	42%
21	Cllr M W Motlhasedi	10	12	12	100%	4	33%
22	Cllr J Pieterse	10	12	12	100%	0	0%
23	Cllr B P Gouws	10	12	12	100%	0	0%
24	Cllr J T Moabi	10	12	12	100%	0	0%
25	Cllr T Mokwena	10	12	12	100%	1	8%
26	Cllr P Pretorius	10	12	12	100%	2	17%
27	Cllr R E Dikgang	10	12	12	100%	2	17%
28	Cllr K S Tlapu	10	12	12	100%	9	75%
29	Cllr A D Ratlou	10	12	12	100%	0	0%
30	Cllr EGJ Rossouw	10	12	12	100%	0	0%
31	Cllr P Thubisi	10	12	12	100%	3	25%
32	Cllr A I Molotsi	10	12	12	100%	3	25%
33	Cllr Du Plessis	10	12	12	100%	0	0%
34	Cllr H T Phalwane	10	12	12	100%	6	50%
35	Cllr NM Maqakamba	10	12	12	100%	6	50%
36	Cllr F S Masemola	10	12	12	100%	8	67%
37	Cllr L G Mhlambi	10	12	12	100%	8	67%
38	Cllr E L Phago	10	12	12	100%	2	17%
39	Cllr E Van Der Schyff	10	12	12	100%	0	0%
40	Cllr O P Mosielele	10	12	12	100%	7	58%
41	Cllr J M Modipane	10	12	12	100%	8	67%

APPENDICES

APPENDIX E: WARD COMMITTEE REPORTING AND MEETINGS

# OF WARD	NAME OF WARD COUNCILLOR	# COMMITTEE MEMBERS	# MONTHLY REPORTS	WARD MEETINGS			
				MONTHLY WARD COMMITTEE		MONTHLY WARD COMMUNITY MEETING	
				#	%	#	%
41 Wards of Ma-di-beng	41 ward councillors representing the 41 wards of Madibeng	410 members of ward committees at 10 per committee	Average of 12 reports per month per committee	Average of 12 committee meetings per ward	Average of 100% per committee per month	Average of 4 meetings per ward	Average of 32% meetings per ward

APPENDICES

APPENDIX G(1): RECOMMENDATIONS OF THE AUDIT COMMITTEE

APPENDIX G(1): RECOMMENDATIONS OF THE AUDIT COMMITTEE			
#	DATE OF MEETING	RECOMMENDATION/RESOLUTION (NO. + TITLE)	RECOMMENDATION IMPLEMENTED (YES / IF = NO, GIVE EXPLANATION)
1	18 November 2018	Fraud and Fraud Corruption policies be tabled at the next Audit Committee	Submitted/ yes
2	18 November 2018	Fraud and Fraud Prevention policies be tabled at the next Audit Committee	Submitted/ yes
3	18 November 2018	Revenue Enhancement Strategy and plan be presented in the next meeting	Submitted/ yes
4	18 November 2018	Report on revenue variances be tabled at the next Audit Committee meeting	Submitted/ yes
5	18 November 2018	A comprehensive report on Investments be tabled at the next Audit Committee meeting	Submitted/ yes
6	18 November 2018	A comprehensive report on the PIC Loan be tabled at the next Audit Committee meeting	Submitted/ yes
7	18 November 2018	The committee expects movements o reported debts in the Audit Committee meeting	Submitted/ yes
8	18 November 2018	The progress report on the implementation of Internal Audit recommendations as contained in the Security Management Audit report be submitted in the next Audit Committee meeting.	Submitted/ yes
9	18 November 2018	Internal Audit submits a report on Fleet Management Audit conducted in the next Audit Committee meeting	Submitted/ yes
10	18 November 2018	Report on the status of housing projects	Submitted/ yes
11	18 November 2018	Report on Corporate services to be submitted in the next Audit Committee meeting	Submitted/ yes
12	18 November 2018	Report on Litigation to be submitted in the next Audit Committee meeting	Submitted/ yes
13	18 November 2018	Report on PMS to be submitted in the next Audit Committee meeting	Submitted/ yes
14	18 November 2018	Report on PIC Loan to be submitted in the next Audit Committee meeting	Submitted/ yes
15	23 January 2019	The recommendation for the appointment of the vacant positions of the: Municipal Manager, Director: LED and Director: ITS, be submitted in the next Council meeting.	Submitted/ yes
16	23 January 2019	The Audit Committee urged Management to ensure that the Technical Manager acting position be finalised to ensure service delivery optimisation.	Submitted/ yes
17	23 January 2019	The Audit Committee resolved to meet on the 30 January 2019 to engage on mid-year review	Submitted/ yes
18	23 January 2019	The Audit Committee resolved to meet with Political Management Team, on 30 January 2019	Submitted/ yes
19	23 January 2019	The Audit Committee to meet with Council on 31 January 2019	Submitted/ yes

APPENDICES

APPENDIX G(1): RECOMMENDATIONS OF THE AUDIT COMMITTEE

APPENDIX G(1): RECOMMENDATIONS OF THE AUDIT COMMITTEE			
#	DATE OF MEETING	RECOMMENDATION/RESOLUTION (NO. + TITLE)	RECOMMENDATION IMPLEMENTED (YES / IF = NO, GIVE EXPLANATION)
20	23 January 2019	Audit Committee members to review the mid-year report before submission to Council.	Submitted/ yes
21	23 January 2019	Internal Audit should review the mid-year report	Submitted/ yes
22	23 January 2019	Senior Management should meet before the actual meeting of Council and discuss the audit report and the invitation should be extended to the Audit Committee Members.	Submitted/ yes
23	23 January 2019	The Draft Annual report will be submitted to Special Council meeting in February 2019	Submitted/ yes
24	23 January 2019	The Audit Committee will be engaged for inputs to the Draft Annual Report before submission to Council	Submitted/ yes
25	31 January 2019	Municipality to develop a Post Audit Plan on action plans to be implemented immediately	Submitted/ yes
26	31 January 2019	That the municipality should develop an emerging risks register in order to address issues raised in the AGSA Audit report that might not have been previously identified.	Submitted/ yes
27	31 January 2019	A Report to be served at the next ordinary meeting of the Audit Committee that indicates how the review notes were dealt with by management.	Submitted/ yes
28	31 January 2019	That the Performance Management System unit must highlight in the mid-term report that the Internal Audit unit did not verify the information.	Submitted/ yes
29	31 January 2019	That Internal Audit provide assurance on the completeness, accuracy and reliability of the financial information in the mid-term report prior submission to Council for adoption.	Submitted/ yes
30	31 January 2019	That the Draft Annual Report be submitted to the Auditor General for verification of the above prior submission to Council	Submitted/ yes
31	15 February 2019	That the municipality must take performance reporting seriously in view of the AGSA modifying its audit opinion based on the results of the audit of predetermined objectives	Submitted/ yes
32	15 February 2019	That all planning documents (i.e. IDP, SDBIP and Budget) be served before the Audit Committee prior submission to Council for adoption	Submitted/ yes
33	15 February 2019	That Internal Audit monitor the implementation of the agreed management actions when they fall due.	No, the action has been partially implemented due to delay by management in implementing the Post Audit Action Plan.
34	15 February 2019	That the acting Municipal Manager must ensure that performance assessments are done quarterly in line with, the municipality has approved PMS Policy and Framework	No, due to instability of leadership this could not be done. Management has commitment to perform year end assessment

APPENDICES

APPENDIX G(1): RECOMMENDATIONS OF THE AUDIT COMMITTEE

APPENDIX G(1): RECOMMENDATIONS OF THE AUDIT COMMITTEE			
#	DATE OF MEETING	RECOMMENDATION/RESOLUTION (NO. + TITLE)	RECOMMENDATION IMPLEMENTED (YES / IF = NO, GIVE EXPLANATION)
35	15 February 2019	That the municipality must provide feedback at the next ordinary Audit Committee meeting as to what action is being taken to address the following shortcomings as highlighted in the AGSA Audit report: Compliance with laws and regulations. Scope limitation as reported in various disclaimer paragraphs of the Audit report. State of the financial affairs of the municipality. Councilors and employees arrear accounts. Report on the write-off of the VBS Investment	Submitted/ yes
36	15 February 2019	That Internal Audit recommendations be taken into account and the top layer SDBIP be amended accordingly	Submitted/ yes
37	15 February 2019	The executives to correct indicators, as there was disagreement about some indicators being known by the concerned department and report according in future.	Submitted/ yes
38	15 March 2019	That the report on the review of the Annual Financial Statements by TNT Consulting be served at the next Audit Committee meeting	Submitted/ yes
39	15 March 2019	That there must be a coordination of efforts between the various professional services providers that have been engaged by the municipality for purposes of performing the General Ledger clean-up	Submitted/ yes
40	15 March 2019	That a compliance register be developed to monitor issues of compliance on an ongoing basis.	Submitted/ yes
41	15 March 2019	That the management action plans in the PAAP must be more specific taking into account the root causes of individual findings	Submitted/ yes
42	15 March 2019	That all newly appointed professional service providers be afforded the opportunity to present their own action plans on how they will deal with the findings raised by the Auditor General	Submitted/ yes
43	15 March 2019	That the situation in Madibeng requires stringent intervention and as a result, meetings will be more frequent in order to address all the identified issues	Submitted/ yes
44	15 March 2019	That the municipality avail documents timeously as and when they are requested by the appointed service providers	Submitted/ yes
45	15 March 2019	That the municipality should ensure that adequate records are maintained and reconciliations are performed on a regular basis	No, records management has been partially implemented because some of the records are still copies and originals could not be located due to non-cooperation of the service providers.



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#	DATE OF MEETING	RECOMMENDATION/RESOLUTION (NO. + TITLE)	RECOMMENDATION IMPLEMENTED (YES / IF = NO, GIVE EXPLANATION)
46	24 June 2019	That details of collection targets <i>versus</i> actual collections be captured in a detailed follow-up report.	Submitted/yes
47	24 June 2019	That it be noted that 1 August 2019 is set as target date for appointment of a new panel of debt collectors.	No, the appointment is in-progress
48	24 June 2019	That in terms of the new appointments, the terms of the contract will be as recommended by the Audit Committee (i.e. actual collections will be measured against the debtors book and collection targets).	In-progress
49	24 June 2019	That a breakdown of actual collections should be provided in terms of age analysis.	Submitted/yes
50	24 June 2019	That a report on revenue collection be served at the next Audit Committee meeting	Submitted/yes
51	24 June 2019	That it be noted that the Municipality has budgeted for a deficit after taking into account the non-cash expenditure items.	A Financial Plan dully approved by Council has been developed to address deficit over medium term expenditure framework.
52	24 June 2019	That details of progress with the implementation of the Financial Recovery Plan as approved by National Treasury, be submitted to the Audit Committee.	In-progress
53	24 June 2019	That the revised Financial Recovery Plan for the 2019/20 financial year also be submitted to the Audit Committee and progress on the implementation thereof be reported to the Committee	Submitted/yes
54	24 June 2019	That details of the actual number of affected households be captured in a follow-up report to be submitted at the next meeting.	Submitted/yes
55	24 June 2019	That the Budget and Treasury Office should consider ring-fencing revenue collected from areas where billing occurs in order to use those funds for the procurement of meters.	Submitted/yes
56	24 June 2019	That a report on possible intervention of political leadership to assist with enforcement of revenue collection be submitted to Council during July 2019, with report back to the Audit Committee during its next meeting.	Yes, the Financial Plan was tabled in Council on 18.07.2019
57	24 June 2019	That cognisance be taken of the plan for preparation of the annual financial statements for the year ended 30 June 2019.	Submitted/yes
58	24 June 2019	That the roles of the appointed service providers in the execution of the plan be assigned to those service providers for accountability.	Submitted/yes
59	24 June 2019	That the annual financial statements process preparation plan should provide more detail in terms of what was achieved, the challenges and action plans to ensure that the target dates as indicated are achieved	Submitted/yes

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#	DATE OF MEETING	RECOMMENDATION/RESOLUTION (NO. + TITLE)	RECOMMENDATION IMPLEMENTED (YES / IF = NO, GIVE EXPLANATION)
60	24 June 2019	That all role players are included in the AFS preparation plan	Submitted/yes
61	24 June 2019	That a snapshot of the total number of issues in the report versus what was resolved and what remains unresolved be provided to get an understanding of how far the municipality is in clearing issues raised.	Submitted/yes
62	24 June 2019	That Internal Audit unit to assist in verifying issues that have been cleared and these must be duly supported by the relevant portfolio of evidence	Partially completed due to delays.
63	24 June 2019	That cognisance be taken of the progress of irregular expenditure compilation for the 2018/2019 financial year	In-progress
64	24 June 2019	That the exact amount to be written off by Council in respect of the 2018/2019 financial year, be determined	In-progress
65	24 June 2019	That a report be served at the next Audit Committee meeting on the role played by Altimax in as far as the 2017/18 Bank and Cash were concerned	Submitted/yes
66	24 June 2019	That management should report to Council the fruitless and wasteful expenditure that needs to be written off	In-progress
67	24 June 2019	Correction/adjustment on the SDBIP for the following: Filling four (4) senior positions to be prioritized. Correct the figure on the last item of this page. Review 100% litigation target, consider revising the target Review the 1% - cut-off target, Consider a reasonably higher target. Review 1% reduction of water loss, consider a reasonably higher target. Also reflect on compliance with water quality standards Review waste management target. Consider Q2 as opposed to Q4. Agriculture: Consider specifying quantities/ hectares. Make the target specific. Raising 95% of operating budget by June 2020. Collecting 95% of revenue by June 2020.	Submitted/yes
68	24 June 2019	Reflect key performance indicators on supply chain management in the SDBIP	Submitted/yes
TOTAL: state total number of resolutions taken by the audit Committee in the 2018/2019 financial year + how many have been implemented and how many pending			
A total of 68 resolutions have been taken of which 57 have been implemented and 11 pending.			

APPENDICES

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

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	

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POSITION	NAME	DESCRIPTION OF FINANCIAL INTERESTS
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
	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 Fitlhelang 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.

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POSITION	NAME	DESCRIPTION OF FINANCIAL INTERESTS
	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
	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

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POSITION	NAME	DESCRIPTION OF FINANCIAL INTERESTS
	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
	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
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



ANNEXTURE A

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 Annexure B below, which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. 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 this auditor's report, I was unable 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 adjustments to receivables from exchange transactions of R285 587 258 (2018: R218 417 852) as disclosed in note 6, receivables from non-exchange transactions of R19 851 178 (2018: R438 694 101) as disclosed in note 7 and debt impairment of R748 800 823 (2018: (R128 997 789)) as disclosed in note 28 to the financial statements were necessary.

Service charges

4. I was unable to obtain sufficient appropriate audit evidence for revenue from service charges due to unreconciled differences between the financial statements and the accounting records. In addition, the municipality recognised revenue for service charges by using unreliable estimates for billing purposes. I was unable to confirm the revenue by alternative means. Consequently, I was unable to determine whether any adjustment to service charges of R677 315 512 (2018: R660 157 651) as disclosed in note 17 to the financial statements was necessary.

Property rates

5. I was unable to obtain sufficient appropriate audit evidence for revenue from property rates due to unreconciled differences between the financial statements and the accounting records. I was unable to confirm these revenue by alternative means. Consequently, I was unable to determine whether any adjustment to property rates of R250 713 059 (2018: R258 006 000) as disclosed in note 23 to the financial statements was necessary.

Interest received

6. I was unable to obtain sufficient appropriate audit evidence for interest charged on trade and other receivables due to unreconciled differences between the financial statements and the accounting records. I was unable to confirm the interest received by alternative means. Consequently, I was unable to determine whether any adjustment to interest charged on trade and other receivables of R50 776 425 (2018: R83 818 399) included in interest received as disclosed in note 19 to the financial statements was necessary.

Cash and cash equivalents and bank overdraft

7. I was unable to obtain sufficient appropriate audit evidence for cash and cash equivalents and the bank overdraft due to unreconciled differences between the financial statements and the accounting records. I was unable to confirm these balances by alternative means. In addition, the municipality omitted disclosure of the investment with VBS Mutual Bank of R31 504 247 which was fully impaired during the previous year. Consequently, I was unable to determine whether any adjustments to cash and cash equivalents of R3 511 804 680 (2018: R2 655 594 804) and the bank overdraft of R3 422 633 844 (2018: R2 597 064 583) as disclosed in note 8 to the financial statements were necessary.

Payables from exchange transactions

8. I was unable to obtain sufficient appropriate audit evidence for payables from exchange transactions due to differences between the financial statements and the 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 R1 057 552 382 (2018: R662 907 017) as disclosed in note 10 to the financial statements or the related expenditure and the accumulated surplus was necessary.

Operating lease liability

9. 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. Consequently, the operating lease liability in the statement of financial position was overstated by R78 524 368 (2018: R40 727 386) and the lease rentals on operating lease expense was understated by R44 838 470 (2018: R R24 332 847). Additionally, there was a resultant impact on the deficit for the year and the accumulated surplus.

Provisions

10. I was unable to obtain sufficient appropriate audit evidence for provision for the restoration of landfill site as the municipality did not provide supporting documents for key assumptions utilised in the calculation of the provision. I was unable to confirm the provision by alternative means. Consequently, I was unable to determine whether any adjustments to provisions of R16 789 837 as disclosed in note 16 to the financial statements or the related expenditure were necessary.



Bulk purchases

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 some 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. I was unable to determine the extent of this misstatement as it was impracticable to do so and I was unable confirm these expenses by alternative means. Consequently, I was unable to determine whether any further adjustment relating to bulk purchases of R814 197 541 (2018: R599 792 691) as disclosed in note 26 to the financial statements was necessary.

Other operational expenses

12. I was unable to obtain sufficient appropriate audit evidence for other operational expense due to the status of the accounting records and the non-submission of information in support of these expenses. I was unable to confirm these expenses by alternative means. Furthermore, the municipality did not appropriately account for other operational expenses as required by GRAP 1, *Presentation of financial statements*, as expenditure were not recorded on the accrual basis. I was unable to determine the extent of this misstatement as it was impracticable to do so and I was unable confirm these expenses by alternative means. Consequently, I was unable to determine whether any adjustment relating to other operational expense of R238 781 106 (2018: R228 869 355) as disclosed in note 32 to the financial statements was necessary.

Cash flow statement

13. 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*. I was unable to determine the full extent of these misstatements to the cash flow statement and the notes thereto as the municipality's system made it impracticable to do so.

Statement of comparison of budget and actual amounts

14. 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. In addition, for some material variances between the budgeted and actual amounts no explanations were disclosed. I was unable to quantify the resultant impact on the variance and explanations disclosed as it was impracticable to do so.

Contingent liabilities

15. The municipality incorrectly disclosed an outstanding loan from the Public Investment Corporation as a contingent liability contrary to the requirements of GRAP 19, *Provisions, contingent liabilities and contingent assets* instead of recognising the loan as a non-current liability. Consequently, non current liabilities was understated by R772 450 315 (2018: R772 450 315). Additionally, there is a resultant impact on the finance costs, deficit for the year and the accumulated surplus.

Commitments

16. During 2018, 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 R285 258 000 as disclosed in note 37 to the financial statements was necessary. My audit opinion on the financial statements for the period ended 30 June 2018 was modified accordingly. I was still unable to confirm these



commitments by alternate 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. In addition, during the current year the municipality did not appropriately disclose commitments as required by GRAP 17, *Property, plant and equipment*, resulting in commitments as disclosed in note 37 to the financial statements being overstated by R84 295 522.

Prior period errors

17. I was unable to obtain sufficient appropriate audit evidence for the prior period errors as disclosed in note 40 to the financial statements, due to the poor 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 as required by GRAP 3, *Accounting policies, estimates and errors*. The nature and the amount of the correction for each financial statement item affected and the amount of the correction at the beginning of the earliest prior period, were also not disclosed. Consequently, I was unable to determine whether any further adjustment to prior period errors disclosed in note 40 was necessary

Unauthorised expenditure

18. 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 unauthorised expenditure disclosed as incurred during or for adjustments to the opening balance of unauthorised expenditure and due to non-submission of information requested. I was unable to confirm the unauthorised expenditure by alternate means. Consequently, I was unable to determine whether any adjustment relating to unauthorised expenditure of R1 593 652 097 (2018: R1 604 273 594) as disclosed in note 44 to the financial statements, was necessary.

Irregular expenditure

19. Section 125 of the MFMA requires the disclosure of irregular expenditure incurred. The municipality made payments of R51 401 076 (2018: R56 257 572) 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 829 443 862 (2018: R1 396 228 574) as disclosed in note 46 to the financial statements.

Fruitless and wasteful expenditure

20. Section 125 of the MFMA requires the disclosure of fruitless and wasteful expenditure incurred. The municipality made payments of R28 713 837 (2018: R10 189 419) 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 R37 284 463 (2018: R33 143 433) as disclosed in note 45 to the financial statements was necessary.

Distribution losses

21. 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 48 to the financial statements was necessary.



Other matters

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

Unaudited disclosure notes

23. In terms of section 125(2)(e) of the MFMA, the 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

24. The supplementary information set out on pages 83 to 84. 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 thereonn.

Responsibilities of the accounting officer for the financial statements

25. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the MFMA and the Division of Revenue Act of South Africa, 2018 (Act No. 1 of 2018) (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.

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

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

27. 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 this auditor's, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

28. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants*, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) and the ethical requirements that are relevant to my audit of the financial statements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

Report on the audit of the annual performance report

Introduction and scope

29. 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 the selected development priority presented in the annual performance report. I was engaged to perform procedures to raise findings but not to gather evidence to express assurance.



30. I was engaged to evaluate the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2019:

Development priority	Pages in the annual performance report
KPA 2 - Basic service delivery and infrastructure development	87 – 104

31. 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.
32. The material findings in respect of the usefulness and reliability of the selected development priority are as follows:

KPA 2 - Basic service delivery and infrastructure development

Number of high mast lights installed

33. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of this indicator due to a lack of adequate technical indicator descriptions and formal standard operating procedure, the source information and evidence for the achievement of the planned indicators not clearly being clearly defined and a lack of systems and processes that enable validate reliable reporting of actual service delivery against the indicator. In addition, the planned indicator and target were the number of high mast lights installed but the reported achievement referred to was number of high mast lights maintained. I was unable to confirm the reported achievement or validate the existence of systems and processes by alternative means. Consequently, I was unable to determine whether any adjustment was required to the reported achievement.

Number of transport facilities maintained by 30 June 2019

34. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of this indicator due to a lack of adequate technical indicator descriptions and formal standard operating procedure, the source information and evidence for the achievement of the planned indicators not clearly being clearly defined and a lack of systems and processes that enable validate reliable reporting of actual service delivery against the indicator. In addition, the planned indicator and target were the number of transport facilities maintained but the reported achievement referred to was number of roads constructed. I was unable to confirm the reported achievement or validate the existence of systems and processes by alternative means. Consequently, I was unable to determine whether any adjustment was required to the reported achievement.

Number of waste transfer station (Brits) maintained by 30 June 2019

35. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of this indicator due to a lack of adequate technical indicator descriptions and formal standard operating procedure, the source information and evidence for the achievement of the planned indicators not clearly being clearly defined and a lack of systems and processes that enable validate reliable reporting of actual service delivery against the indicator. In addition, the planned indicator and target were the number of waste transfer station (Brits) maintained but the reported achievement referred to was number of maintenance activities performed at the waste transfer station. I was unable to confirm the reported achievement or validate the

existence of systems and processes by alternative means. Consequently, I was unable to determine whether any adjustment was required to the reported achievement.

Indicator: Area (in m²) of paved road network maintained (patched) by 30 June 2019

36. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of “8000 m² of paved road network maintained by 30 June 2019”. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of “8000 m² of paved road network maintained” as reported in the annual performance report.

Various indicators

37. I was unable to obtain sufficient appropriate audit evidence for the achievement and related measures taken to improve performance as reported in the annual performance report for the indicators listed below. This was due to a lack of formal standard operating procedures that predetermined how the achievement would be measured, monitored and reported and due to limitations placed on the scope of my work. I was unable to confirm the reported achievement and the reported measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement and the measures taken to improve performance. In addition, the targets approved in the service delivery and budget implementation plan (SDBIP) was not consistent with the target reported in the annual performance report. Furthermore, the targets for the indicators were changed without obtaining the necessary approval.

Indicator	Planned target	Targets as per the APR	Reported achievements
Number of waste water treatment works complying 90% against the applicable water quality standards by 30 June 2019	16 assessment WWTW reports	5	Not Achieved 2 out of 5 [40%]
Number of Infrastructure project completed per phase within time, scope, and budget by 30 June 2019	13 by June 2019	12	Not Achieved 7 out of 12 projects completed [58.33%]

38. I was unable to obtain sufficient appropriate audit evidence to support the reported achievement of the below listed targets. This was due to a lack of proper performance management systems, processes and standard operating procedures that predetermined how the achievement would be measured, monitored and reported. I was unable to confirm the reported achievements of these indicators by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievements as reported in the annual performance report.

Indicators	Targets	Reported achievements
Turn-around time (Hours) taken to repair defective meters by 30 June 2019	24HRS	Not achieved [0%]
% of processed licenses as per the National Road Transport Act by 30 June 2019	100%	Not Achieved [0%]
Percentage of disasters incidents and disasters responded to, as a proportion of request received by 30 June 2019	Responded to a incidents as per requests received	Achieved 100% of disasters incidents have been responded to. [100%]
Increased compliance rate (in%) of landfill site by 30 June 2019	100%	Achieved 100% compliance rate of landfill site [100%]

Indicators	Targets	Reported achievements
Actual increase in number of households (hh) with access to refuse removals services 30 June 2019	1000	Achieved 1000 x households (hh) have access to refuse removal services. [100%]

39. I was unable to obtain sufficient appropriate audit evidence for the achievement and related measures taken to improve performance as reported in the annual performance report for the indicators listed below. This was due to a lack of formal standard operating procedures that predetermined how the achievement would be measured, monitored and reported and due to limitations placed on the scope of my work. I was unable to confirm the reported achievement and the reported measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement and the measures taken to improve performance.

Indicators	Targets	Reported achievements
Number of ground water monitoring exercises conducted 30 June 2019	4 grounds water monitoring	Not achieved 3/4 ground water monitoring conducted [75%]
Capacity (in MW) of alternative/renewable power installed by 30 June 2019	2mw by June 2019	Not achieved [0%]
% of households sustained with provision of all municipal services by 30 June 2019	Water=80% Sanitation=79% Electricity=79%	Not achieved [0%]
% reduction of unaccounted electricity losses by 30 June 2019	10%	Not achieved [0%]
Net KWH generated as a proportion of the total of the KWH demanded by 30 June 2019	500 000 (revenue unit)	Not achieved [0%]
Percentage increase in blue drop score by 30 June 2019	>65%	Not achieved [0%]
Number of unmetered stands provided with meters by 30 June 2019	10000	Not Achieved Same as ITS 30 stated different but measures the same thing
% Reduction in water losses by 30 June 2019	Water Reduced losses by 9%	Not achieved [0%]
Number of KM of roads re-gravelled by 30 June 2019	30km	Not Achieved 0Km [0%]
Number of 240 L bins procured and delivered of 240 L bins by 30 June 2019	10 000 x 240L bins procured and delivered	Not Achieved [0%]

40. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the indicators listed below, this is due to a lack of formal standard operating procedure, the source information and evidence for the achievement of the planned indicators not clearly being clearly defined and a lack of systems and processes that enable validate reliable reporting of actual service delivery against the indicator. In addition, the measures taken to improve performance against targets were not included in the annual performance report. I was unable to confirm the reported achievement or validate the existence of systems and processes by alternative means. Consequently, I was unable to determine whether any adjustment was required to the reported achievement.



Indicators	Targets	Reported achievements
% of electricity repairs and maintenance completed by 30 June 2019	100%	Not achieved [0%]
Number of additional households in formal dwellings provided with water connections by 30 June 2019	1500	Not Achieved 1680 out of 1500 [0%]
Number of reports compiled on household with access to basic services (i.e. water, sanitation, Electricity, Refuse removal) and submitted to council by 30 June 2019	4	Not achieved [0%]

Other matter

41. I draw attention to the matters below.

Achievement of planned targets

42. Refer to the annual performance report on pages 87 to 104 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 33 to 40 of this report.

Report on audit of compliance with legislation

Introduction and scope

43. 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.

44. The material findings on compliance with specific matters in key legislation are as follows:

Financial statements

45. The financial statements were not submitted to the Auditor-General, for auditing, within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

46. Written explanation setting out the reasons for the failure to submit the financial statements to the Auditor-General within two months after the end of the financial year were not tabled in council as required by section 133(1)(a) of the MFMA.

47. 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 identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a disclaimer audit opinion.

Expenditure management

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

49. Sufficient appropriate audit evidence could not be obtained that payments from the municipality's bank account were in all instances approved by the accounting officer, the chief financial officer or a properly authorised official, as required by section 11(1) of the MFMA.



50. 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.
51. 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.
52. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with the supply chain regulations.
53. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. The fruitless and wasteful expenditure disclosed does not reflect the full extent of the fruitless and wasteful expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed fruitless and wasteful expenditure was caused by interest payable on long outstanding accounts.
54. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the unauthorised expenditure could not be quantified as indicated in the basis for qualification paragraph.
55. Unforeseen and unavoidable expenditure incurred by the municipality was not approved by the mayor as required by section 29(1) of the MFMA.
56. The total unforeseen and unavoidable expenditure incurred exceeded R15 million, in contravention of regulation 72 of the Municipal Budget and Reporting Regulations.

Revenue management

57. 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.
58. An effective system of internal control for debtors management was not in place, as required by section 64(2)(f) of the MFMA.
59. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA

Consequence management

60. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA
61. Irregular expenditure incurred by the municipality were not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
62. 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.

Strategic and performance management

63. The approved amended SDBIP for the year under review did not include monthly revenue projections by source of collection and the monthly operational and capital expenditure by vote as required by section 1 of the MFMA.
64. Performance targets were not set for each of the key performance indicators (KPIs) for the financial year, as required by section 41(1)(b) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (MSA) and regulation 12(1) of the Municipal Planning and Performance Management Regulations (MPPMR).



65. The performance management system and related controls were not maintained as required by regulation 7(1) of the MPPMR.

Human resource management

66. Job descriptions were not established for all posts in which appointments were made, as required by section 66(1)(b) of the MSA.
67. 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.

Procurement management

68. Sufficient appropriate audit evidence could not be obtained that all contracts were awarded in accordance with the legislative requirements as supporting documentation was not provided for some awards selected for audit.
69. 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..
70. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act.
71. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.
72. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders that scored the highest points in the evaluation process as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and the Preferential Procurement Regulations.
73. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding, as required by the Preferential Procurement Regulations.
74. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on pre-qualification criteria that were stipulated in the original invitation for bidding, in contravention of regulations 4(1) and 4(2) of the 2017 Preferential Procurement Regulations.
75. Sufficient appropriate audit evidence could not be obtained that tender requirements for contracts above R30 million included a condition for mandatory subcontracting to advance designated groups, as required by regulation 9(1) of the 2017 Preferential Procurement Regulations.
76. Sufficient appropriate audit evidence could not be obtained that construction contracts were awarded to contractors that were registered with the Construction Industry Development Board (CIDB) and qualified for the contract in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A).
77. 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 2017 Preferential Procurement Regulations.
78. Some of the commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by the 2017 Preferential Procurement Regulations.
79. Sufficient appropriate audit evidence could not be obtained that commodities designated for local content and production, were procured from suppliers who met the prescribed minimum

threshold for local production and content, as required by regulation 8(5) of the 2017 Preferential Procurement Regulations.

80. Awards were made to providers who were in the service of other state institutions or whose directors or principal shareholders were in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44.
81. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e) and the code of conduct for staff members issued in terms of the MSA.

Internal control deficiencies

82. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance 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 legislation.
 - 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

83. 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

84. An investigation by the Directorate of Priority Crime Investigation (Hawks) into fraud allegations was initiated in prior years. This investigation was not finalised at the reporting date.
85. An independent firm was appointed by the municipality to investigate investments entered into in the prior year in contravention of the municipality's investment policy. This investigation was not finalised at the reporting date.



86. An independent firm, appointed by the municipality is investigating suspected fraud, theft, irregular and unauthorised expenditure pertaining to the procurement of IT related goods and services. This investigation was not finalised at the reporting date.

Auditor-General

Rustenburg

2 December 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXTURE B

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

General Information

Nature of business and principal activities	Providing municipal services
Speaker	Cllr. KS Ntshabele
Executive Mayor	Cllr. JM Mofhebe
Chief Whip	Cllr. PB Makgabo
Chairperson MPAC	CBr. E Diale
Mayoral Committee	Cllr. MM Mabete Cllr. DS Marmare CBr. NM Moga-kamba Cllr. SM Mantsela Cllr. ETM Modise Cllr. SDN Ntshangeri Cllr. PA Phetso CBr. J Rato Cllr. J Sefudi CBr. M Tlhopane

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

General Information

Councillors

Cllr. MZ Banda
Cllr. EJ Edward
Cllr. TS Bogale
Cllr. RNJ Braytenbach
Cllr. RF Dikgang
Cllr. AS Du Plessis
Cllr. BP Gous
Cllr. HJ Gobbelaar
Cllr. KS Komape
Cllr. EDF Lourens
Cllr. ML Mabokachaba
Cllr. NS mabunda
Cllr. S Ma la
Cllr. ML Makgala
Cllr. AWS Mafiso
Cllr. H Mavdu
Cllr. CM Mampuru
Cllr. OD Maradyane
Cllr. FM Masemola
Cllr. BA Mautsane
Cllr. PK Mawayi
Cllr. LG Mhlambi
Cllr. JT Moab
Cllr. TM Modiba
Cllr. JM Modipane
Cllr. AM Modisakeng
Cllr. T.J. Mofubane
Cllr. RR Moku atsi
Cllr. MA Molekoko
Cllr. RA Mokoena
Cllr. T Molewana
Cllr. DM Molekwa
Cllr. AS Mole
Cllr. AI Molotsi
Cllr. ED Montsho
Cllr. MD Morapedi
Cllr. OP Mosekela
Cllr. J Mosole
Cllr. MD Mosolodi
Cllr. MW Motswai
Cllr. BR Motswai
Cllr. NB Muthanga
Cllr. WJ Muller
Cllr. EM Nkoe
Cllr. RP Pad
Cllr. EL Phago
Cllr. HT Phalwane
Cllr. J Pieterse
Cllr. P Praterius
Cllr. AS Raxomane
Cllr. WS Ramaboa
Cllr. MM Ramahofu
Cllr. MM Ramile
Cllr. AD Rabou
Cllr. GJ Rossouw
Cllr. MG Sadikga
Cllr. C Seab
Cllr. MM Sekgethe
Cllr. CS Sechoto
Cllr. KM Shalang
Cllr. GF Sthole
Cllr. EE Tanke
Cllr. P Thubisa
Cllr. KS Tlapu

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

General Information

Cllr. P Tshela
Cllr. E Van der Schyff
Cllr. JC Van Ryn
Cllr EJ Barlow

Registered office

53 Van Velden Street
Brits
0250

Business address

53 Van Velden Street
Brits
0250

Postal address

PO Box 108
Brits
0250

Bankers

First National Bank

Auditors

Auditor General South Africa

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

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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
MSCOA	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
MEs	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
PIC	Public Investment Corporation
PAAP	Post Audit Action plan
SMT	Strategic Management team

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Annual Financial Statements for the year ended 30 June 2019

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the section 126(1) of the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

I am responsible for the preparation of these annual financial statements, which are set out on pages 10 to 82, 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 2020 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 35 of these annual financial statements are within the upper limits of the framework envisaged in Section 218 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 10 to 82, which have been prepared on the going concern basis, were approved by the Accounting Officer on 27 August 2019.



Sir N. Kapa
Municipal Manager

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Audit Committee Report

Mandatory Roles of the Audit Committee

Section 166 of the MFMA (Act No. 55 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 legislation;

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

The Audit Committee consists of five (5) external members who have been appointed by the Council in August 2018 as per Council resolution A.028/1. The following illustrate the number of meeting attended by each member:

Name of member	Number of meetings attended
Mrs F. Mudau (Chairperson)	6
Mr. V. Chune	7
Mr. F. Moxhabela	4
Mr. J. Malsho	7
Mr. L. Mohalaba	6

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Audit Committee Report

Effectiveness of internal Audit and internal controls

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 2021 and Operational Plan 2019
- Internal Audit Charter to affirm its role, responsibilities and authority

Internal Audit reports regularly in the Audit Committee meetings

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.

During the financial year, the following audits were executed by Internal Audit and reports issued to Management and Audit Committee

Security Management

Fuel and Fleet Management

Supply Chain Management

Compliance Audit

Overtime Management Follow-up

Travelling Allowances

Revenue Management Follow-up

Integrity Management

Human Resources Follow-up

Records Management

Infrastructure Maintenance Follow-up

Performance Management

Annual Financial Statement high level review

The Audit Committee can assert that the system of internal control was partially adequate and effective during the year under review as compliance with prescribed policies and procedures were lacking in most instances

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Audit Committee Report

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 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 first meeting sat 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 quarterly performance management reports submitted by Management. There was delay in submitting the PMS Reports by some of the Directorates to Internal Audit on time leading to delay in auditing processes. The Accounting Officer is kept responsible to ensure that senior managers takes the PMS very seriously and that reports are submitted when they fall due. Furthermore, senior managers were not assessed for the most part of the financial year which might lead to another recurring finding by the Auditor-General.

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Audit Committee Report

Quality of monthly/quarterly financial reporting

The Audit Committee was privy to some of monthly financial reports (sec 71 reports) submitted by the Budget and Treasury Office (BTO) during the period under review.

The Audit Committee is concerned by capacity of the BTO following the unprecedented departure of three senior managers of the Municipality including the Chief Financial Officer in December 2018.

The Audit Committee has advised Management and Council to fill the positions urgently.

Combined assurance

The Audit Committee is responsible for monitoring the Combine Assurance model. This model assess 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 providers 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

The municipality is a defendant in number of cases and in a particular the PIC 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, Acting 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 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 its strengthening Corporate Governance.

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Accounting Officer's Report

The accounting officer submits her report for the year ended 30 June 2019.

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 2019, the municipality had an accumulated surplus (deficit) of R 4 408 945 586 and that the municipality's total assets exceed its liabilities by R 4 408 945 586.

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

The Municipality approved an unadopted budget for the 2019/20 financial year, to address the same financial plan was prepared and tabled Council to deal with the issues at hand.

3. Subsequent events

The accounting officer notes the appointment of Administrator subsequent to year end, 30 June 2019.

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 R3 827 542 relates to interest charge on late payment of invoices from Eskom (R 3 421 583.08), Telkom (R40 505.22), Rand Water (R 221 508.42), Auditor General South Africa (R 43 737.81), Tshwane (R62 485.84) and other suppliers (R 37 711 90).

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

6.2 Audit committee

Ms F Mudau was the chairperson of the audit committee for the financial year under review.

In terms of Section 166 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.

6.3 Internal audit

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

The chief audit executive is Mr. M. Mmapheta.

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MADIBENG 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, Madibeng Local Municipality did not enter into any Public Private Partnerships

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018 Restated*
Assets			
Current Assets			
Inventories	5	16 432 806	9 514 533
Other financial assets	9	-	4 041 246
Receivables from non-exchange transactions	7	19 051 178	438 694 131
VAT receivable		30 205 717	78 744 415
Prepayments		7 288 710	7 259 732
Receivables from exchange transaction	6	285 587 258	218 417 852
Cash and cash equivalents	8	3 511 804 880	2 655 594 804
		3 871 180 349	3 412 268 883
Non-Current Assets			
Investment property	2	100 370 000	168 005 000
Property, plant and equipment	3	5 320 639 010	5 522 564 270
Intangible assets		3 954 094	-
Heritage assets	4	10 100	10 100
Other financial assets	9	13 225 782	13 027 724
		6 438 208 986	5 703 607 094
Total Assets		9 309 359 335	9 115 875 777
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	1 057 552 382	662 907 017
Payables from non-exchange transactions	11	52 861 700	47 665 339
Consumer deposits	13	40 807 312	15 946 827
Unspent conditional grants and receipts	14	18 903 048	987 137
Bank overdraft	8	3 422 633 844	2 697 064 683
		4 590 758 286	3 324 670 903
Non-Current Liabilities			
Operating lease liability	34	80 107 221	45 678 538
Employee benefit obligation	15	212 758 405	182 069 322
Provisions	16	16 789 837	29 485 669
		309 655 463	257 233 529
Total Liabilities		4 900 413 749	3 581 904 732
Net Assets		4 408 946 586	5 534 069 047
Accumulated surplus		4 408 946 586	5 534 069 047

* See Note 40

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Performance

Figures in Rand		2019	2018 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	17	677 315 512	660 157 651
Rental of facilities and equipment	22	1 099 009	1 407 648
Licences and permits	49	6 644 252	6 121 048
Commissions received		13 215 741	12 252 589
Donations		324 159	288 350
Other operational revenue	20	10 881 486	9 748 293
Interest received - investment	19	56 619 837	90 896 445
Actuarial gain on post-employment benefits		-	29 722 000
Fair value adjustments		8 600 000	-
Total revenue from exchange transactions		774 900 006	810 284 002
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	250 713 069	258 006 000
Transfer revenue			
Government grants & subsidies	24	658 498 726	780 488 000
Fines, Penalties and Forfeits	50	152 864	4 998 093
Total revenue from non-exchange transactions		1 062 164 659	1 043 492 093
Total revenue	25	1 837 064 665	1 853 786 095
Expenditure			
Employee related costs	30	(500 089 433)	(424 722 577)
Remuneration of councillors	25	(31 050 339)	(30 531 415)
Depreciation and amortisation	29	(476 380 017)	(470 783 281)
Impairment loss/ Reversal of impairments	33	(637 351)	(3 391 792)
Finance costs	31	(4 668 825)	(4 134 171)
Lease rentals on operating lease	34	(38 625 004)	(65 044 028)
Debt Impairment	28	(748 800 823)	128 997 789
Bulk purchases	26	(614 197 541)	(599 782 651)
Contracted services	27	(147 440 398)	(191 712 662)
Transfers and Subsidies		(374 489)	(2 343 182)
Loss on disposal of assets and liabilities		(7 603 803)	-
Loss on fair value adjustments		(709 000)	-
Fair value adjustments		-	(149 240 000)
Other Operational Expenses	32	(238 781 108)	(228 858 355)
Total expenditure		(3 009 348 120)	(2 078 667 366)
Deficit for the year		(1 172 283 455)	(224 881 270)

* See Note 40

ANNEXTURE B**MADIBENG LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2019

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2017	5 768 860 317	5 768 860 317
Changes in net assets		
Deficit for the year	(224 781 270)	(224 781 270)
Total changes	(224 781 270)	(224 781 270)
Revised* Balance at 01 July 2018	5 534 069 051	5 534 069 051
Changes in net assets		
Deficit for the year	(1 125 123 465)	(1 125 123 465)
Total changes	(1 125 123 465)	(1 125 123 465)
Balance at 30 June 2019	4 408 945 586	4 408 945 586

* See Note 40

ANNEXTURE B**MADIBENG LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2019

Cash Flow Statement

Figures in Rand	Note(s)	2019	2018 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		598 552 587	804 408 609
Grants		875 861 000	781 148 500
Interest income		58 619 837	90 896 445
Other receipts		31 895 362	36 224 889
		1 561 028 786	1 812 678 442
Payments			
Employee costs		(528 859 213)	(545 274 735)
Suppliers		(785 562 489)	(1 010 218 256)
Finance costs		(4 658 825)	(1 314 578)
Other payments		(43 821)	(2 458 900)
		(1 320 751 358)	(1 559 267 469)
Net cash flows from operating activities	38	240 277 428	263 410 973
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(210 236 812)	(222 276 875)
Proceeds from sale of financial assets		-	(252 595)
Net cash flows from investing activities		(210 236 812)	(222 528 470)
Cash flows from financing activities			
Finance lease payments		-	(5 716 955)
Net increase/(decrease) in cash and cash equivalents		30 040 616	28 164 648
Cash and cash equivalents at the beginning of the year		58 530 220	33 365 573
Cash and cash equivalents at the end of the year	8	89 170 836	68 530 221

* See Note 40

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

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	728 888 000	-	728 888 000	677 315 512	(51 552 488)	Appendix E(1)
Rental of facilities and equipment	70 000	-	70 000	1 099 009	1 029 009	Appendix E(1)
Licences and permits	2 200 000	-	2 200 000	6 844 262	4 644 262	Appendix E(1)
Commission received	9 000 000	-	9 000 000	13 215 741	4 215 741	Appendix E(1)
Concession received	-	-	-	324 159	324 159	
Operational income	7 644 000	-	7 644 000	10 881 488	3 237 488	Appendix E(1)
Interest received - investment	93 200 000	-	93 200 000	58 619 837	(35 580 163)	Appendix E(1)
Total revenue from exchange transactions	840 982 000	-	840 982 000	766 100 006	(74 881 994)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	320 131 000	-	320 131 000	250 713 059	(69 417 941)	Appendix E(1)
Transfer revenue						
Transfers & subsidies	627 687 000	916 000	628 603 000	859 498 728	229 695 728	Appendix E(1)
Fines, Penalties and Forfeits	1 001 000	-	1 001 000	152 864	(848 136)	Appendix E(1)
Total revenue from non-exchange transactions	949 019 000	916 000	949 935 000	1 109 364 649	159 429 649	
Expenditure						
Employee related costs	(380 983 000)	(9 804 000)	(400 787 000)	(500 089 433)	(99 325 433)	Appendix E(1)
Remuneration of councillors	(32 370 000)	-	(32 370 000)	(31 050 339)	1 319 661	Appendix E(1)
Depreciation	(552 750 000)	-	(552 750 000)	(476 380 017)	76 369 983	Appendix E(1)
Impairment loss/ Reversal of impairments	(1 162 649)	-	(1 162 649)	(637 351)	525 298	Appendix E(1)
Finance costs	(1 10 500 000)	-	(110 500 000)	(4 698 825)	105 801 175	Appendix F(1)
Lease rentals on operating lease	(4 000 002)	-	(4 000 002)	(38 625 004)	(34 625 002)	Appendix E(1)
Debt impairment	(280 000 000)	-	(280 000 000)	(748 800 823)	(468 800 823)	Appendix E(1)
Repairs and maintenance	(28 541 000)	-	(28 541 000)	(103 202 222)	(76 661 222)	Appendix E(1)
Bulk purchases	(550 000 000)	15 000 000	(535 000 000)	(614 197 541)	(279 197 541)	Appendix E(1)
Contracted services	(271 888 000)	23 810 000	(248 078 000)	(147 440 368)	100 637 602	Appendix E(1)
Transfers and subsidies	(4 000 000)	(61 000)	(4 061 000)	(374 480)	3 676 520	Appendix E(1)
Operational expenses	(168 355 000)	(30 457 000)	(198 812 000)	(135 578 884)	63 233 116	Appendix E(1)
Total expenditure	(2 390 628 651)	(1 502 000)	(2 392 028 651)	(3 001 075 317)	(609 046 666)	
Operating (deficit)/surplus	(500 625 651)	(586 000)	(601 111 651)	(1 26 610 662)	(524 499 011)	
Loss on assets written off	-	-	-	(7 603 803)	(7 603 803)	
Actual gains/(loss) on post employment benefits	-	-	-	(709 200)	(709 000)	
Fair value adjustments	-	-	-	8 800 000	8 800 000	
	-	-	-	487 187	487 187	
Surplus/(deficit)	(500 625 651)	(586 000)	(601 111 651)	(1 26 123 465)	(524 011 814)	

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

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						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(600 525 651)	(598 000)	(601 111 651)	(1 125 123 465)	(524 011 814)	

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

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	10 530 000	-	10 530 000	16 432 808	5 902 808	Appendix E(1)
Other financial assets	6 265 000	-	6 265 000	-	(6 265 000)	Appendix E(1)
Receivables from non-exchange transactions	-	-	-	19 851 178	19 851 178	Appendix E(1)
VAT receivable	-	-	-	30 205 717	30 205 717	
Prepayments	-	-	-	7 268 710	7 268 710	Appendix E(1)
Receivables from exchange transactions	(5 217 410)	-	(5 217 410)	285 587 258	290 804 668	Appendix E(1)
Cash and cash equivalents	6 978 000	-	6 978 000	2 137 193 719	2 130 217 719	Appendix E(1)
	17 663 590	-	17 663 590	2 498 639 388	2 478 885 798	
Non-Current Assets						
Investment property	273 780 000	-	273 780 000	100 370 000	(173 410 000)	Appendix E(1)
Property, plant and equipment	6 108 458 000	-	6 108 458 000	6 320 638 010	(212 180 010)	Appendix E(1)
Intangible assets	-	-	-	3 964 084	3 964 084	
Heritage assets	10 000	-	10 000	10 100	100	Appendix E(1)
Other financial assets	13 689 000	-	13 689 000	13 225 782	(463 218)	Appendix E(1)
	6 395 937 000	-	6 395 937 000	6 438 208 886	(42 268 886)	
Total Assets	6 413 490 590	-	6 413 490 590	7 934 748 372	1 521 257 782	
Liabilities						
Current Liabilities						
Payables from exchange transactions	256 406 000	-	256 406 000	1 057 552 282	801 146 282	Appendix E(1)
Payables from non-exchange transactions	-	-	-	52 861 709	52 861 709	Appendix E(1)
Consumer deposits	13 689 000	-	13 689 000	40 807 312	27 118 312	Appendix E(1)
Unspent conditional grants and receipts	-	-	-	16 603 048	16 603 048	Appendix E(1)
Bank overdraft	-	-	-	2 048 022 883	2 048 022 883	
	270 095 000	-	270 095 000	3 216 147 325	2 946 052 325	
Non-Current Liabilities						
Operating lease liability	-	-	-	80 107 221	80 107 221	
Employee benefit obligation	123 201 000	-	123 201 000	212 758 405	89 557 405	Appendix E(1)
Provisions	-	-	-	16 789 837	16 789 837	Appendix E(1)
	123 201 000	-	123 201 000	309 655 463	186 454 463	
Total Liabilities	393 296 000	-	393 296 000	3 826 802 788	3 132 606 788	
Net Assets	6 020 194 590	-	6 020 194 590	4 408 945 584	(388 750 994)	

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

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 Rands						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	6 020 194 500		6 020 194 500	4 408 945 582	(1 611 248 918)	

MADIBENG LOCAL MUNICIPALITY
Annual Financial Statements for the year ended 30 June 2019

ANNEXTURE B

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

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.

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 judgements include:

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 32.

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.

ANNEXTURE B

MADIBENG 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 intangible 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 dependant 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 16 - 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 these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. 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 15.

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.

ANNEXTURE B

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 differences 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 3).

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.

ANNEXTURE B

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

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 - 7 years
Motor vehicles	Straight line	5 - 15 years
Office equipment	Straight line	3 - 12 years
Computer equipment	Straight line	3 - 2 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

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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	50 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 sold as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

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 equipment 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.

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Accounting Policies

1.7 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and held 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.

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MADIBENG LOCAL MUNICIPALITY

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Accounting Policies

1.8 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).

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1.6 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 setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

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.

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

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 values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

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.

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

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 of 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 pretax 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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Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indicator 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 uses 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 for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- * its recoverable amount (if determinable); and
- * the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

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.

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 assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets 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 market capacity 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.

Accounting Policies

1.13 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 recognises 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 recognises 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 measures 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 recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

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Accounting Policies

1.13 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 determine 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 a further 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) sees 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, a municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will result in a materially higher level of benefit than in earlier years, a municipality shall attribute benefit on a straight-line basis from:

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1.13 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); and
- 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.

ANNEXTURE B

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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 the 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 39.

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-ownness 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.

Accounting Policies

1.17 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 binding 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.

ANNEXTURE B

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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 recognise 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.

ANNEXTURE B

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

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 fund grants on a reimbursement 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.

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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 (MSCOA). 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 4C.

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, other 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.

1.26 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 and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonation 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.

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Accounting Policies

1.25 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.

1.26 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.27 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 37

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.

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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 embodied 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 actual 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 measure 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 of municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 01 July 2018 to Sunday, 30 June 2019.

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.

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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 with a 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 annual 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 authorized 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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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

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.

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Annual Financial Statements for the year ended 30 June 2019

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Figures in Rand	2019	2018
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2. Investment property

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	100 370 000	-	100 370 000	168 005 000	-	168 005 000

Reconciliation of investment property - 2019

	Opening balance	Transfers	Fair value adjustments	Total
Investment property	168 005 000	(76 435 000)	8 800 000	100 370 000

Reconciliation of investment property - 2018

	Opening balance	Fair value adjustments	Total
Investment property	317 245 000	(149 240 000)	168 005 000

Its investment property is 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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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

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2. Investment property (continued)

The type of property will determine the method of valuation

1. Comparable Sales method

The Comparable Sales Method estimates the value of a property by examining the other properties that have sold within a recent timeframe.

2. Discounted cash flow method of valuation (DCF)

In finance, discounted cash flow (DCF) analysis is a method of valuing an asset (property) using the concepts of the time value of money. All future cash flows are estimated and discounted by using cost of capital to give their present values (PVs). The sum of all future cash flows, both incoming and outgoing, is the net present value (NPV), which is taken as the value of the cash flows in question.[1]

Using DCF analysis to compute the NPV takes as input cash flows and a discount rate and gives as output a present value; the opposite process—takes cash flows and a price (present value) as inputs, and provides as output the discount rate—this is used in bond markets to obtain the yield.

Discounted cash flow analysis is widely used in investment finance, real estate development, corporate financial management and patent valuation. It was used in industry as early as the 1700s or 1800s, widely discussed in financial economics in the 1960s, and became widely used in U.S. Courts in the 1980s and 1990s.

3. Income capitalisation Approach

The Income Approach is one of three major groups of methodologies, called valuation approaches, used by appraisers. It is particularly common in commercial real estate appraisal and in business appraisal. The fundamental math is similar to the methods used for financial valuation, securities analysis, or bond pricing. However, there are some significant and important modifications when used in real estate or business valuation.

4. Depreciated Replacement Cost

'The current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.'

Valuer: Stefan Rudman, Professional Associated Valuer (Disclose nature of restriction as well as amounts)

Income and Expenditure

Rental income	1 099 009	1 407 646
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Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land	946 885 658	-	946 885 658	870 450 658	-	870 450 658
Buildings	150 710 373	(38 582 539)	114 127 834	150 710 373	(31 720 228)	118 990 147
Infrastructure	7 575 099 910	(4 227 365 628)	3 347 733 284	7 479 782 115	(3 775 009 512)	3 704 775 603
Community	200 632 837	(39 850 313)	160 782 519	200 632 832	(33 268 328)	167 366 506
Work in progress	630 639 547	-	630 639 547	597 445 395	-	597 445 395
Other property, plant and equipment	115 482 147	(55 071 919)	60 420 198	117 552 358	(54 018 397)	63 535 961
Total	9 079 610 467	(4 398 871 457)	6 320 639 010	9 418 673 731	(3 894 009 481)	5 522 564 270

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Total
Land	870 450 658	-	-	76 435 000	-	-	946 885 658
Buildings	118 990 147	-	-	-	-	(4 882 313)	114 127 834
Infrastructure	3 704 775 603	6 200 000	-	-	89 117 796	(452 360 115)	3 347 733 284
Community	167 366 506	-	-	-	-	(9 583 987)	167 366 506
Work in progress	537 445 395	182 361 948	-	-	-	-	800 689 547
Other property, plant and equipment	63 535 961	21 674 864	(1 045 482)	-	(89 117 798)	(14 334 175)	63 535 961
	5 522 564 270	210 236 812	(10 489 482)	76 438 000	-	(478 140 590)	5 522 564 270

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

64 323 508 104 203 439

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

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Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Transfers	Depreciation	Impairment losses	Total
Land	870 450 858	-	-	-	-	870 450 858
Buildings	122 812 913	-	1 029 300	(4 851 932)	(234)	118 980 147
Infrastructure	4 057 937 559	-	100 056 850	(449 847 263)	(3 381 553)	3 704 775 603
Community	173 950 494	-	-	(8 583 988)	-	165 366 506
Work in progress	488 168 149	200 375 406	(101 066 160)	-	-	587 445 395
Other property, plant and equipment	55 796 239	21 901 469	-	(14 161 747)	-	63 535 961
	6 779 118 012	222 276 876	-	(476 444 830)	(3 381 787)	6 222 564 270

Work in progress halted projects

Project name

Amount Reason for delays

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand		2019	2018
3. Property, plant and equipment (continued):			
Habron: Kgebaatsaner Rivierwê Water	R46 275 700	Projects are multi-phased and pending due the supply of bulk water to ensure pipe testing can be done and works certified by Engineer after lines are pressurized.	
Oukasie Substation Oukasie 8B/11kv Substation	R19 877 566	Project delayed due to initial under funding resulting in the budget being exhausted. Additional funds have been applied for to ensure completion.	
Upgrading Of The Main Bus And Taxi Rank	R18 672 891	Project almost practically completed and delays due to litigation between client and contractor.	
Klippe: Extension Water Supply	R72 533 462	Projects are multi-phased and pending due the supply of bulk water to ensure pipe testing can be done and works certified by Engineer after lines are pressurized.	
Madki: Multi-Purpose Centre and borehole	R11 857 073	Project delayed due to termination of initial contract. A new contractor has been recently appointed to complete the works.	
Upgrading Of Ele Intra Lehlabile Bk C	R13 258 618	Completion certificate has not been issued due to outstanding snaggs after beneficial occupation was issued.	

4. Heritage assets

	2019			2018		
	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 2019

	Opening balance	Total
Art Collections, antiquities and exhibits	10 100	10 100

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
4. Heritage assets (continued)		
Reconciliation of heritage assets 2018		
Art Collections, antiques and exhibits	Opening balance 10 100	Total 10 100
5. Inventories		
Consumable stores	11 575 877	8 016 861
Water	4 845 511	487 354
Unsold Properties Held for Sale	10 318	10 318
	16 432 806	8 514 533
6. Receivables from exchange transactions		
Gross balances		
Electricity	259 445 251	248 920 492
Water	410 125 553	354 069 608
Sewerage	27 855 570	92 845 117
Refuse	23 386 748	126 109 168
Other	346 184 072	74 319 381
	1 266 997 194	896 063 776
Less: Allowance for impairment		
Electricity	(266 311 464)	(174 980 372)
Water	(422 870 784)	(276 251 775)
Sewerage	(130 354 109)	(74 746 338)
Refuse	(121 478 537)	(102 440 441)
Other	(40 303 042)	(51 227 000)
	(961 408 936)	(679 645 924)
Net balance		
Electricity	(6 866 213)	73 940 120
Water	(12 845 231)	77 817 833
Sewerage	(2 498 539)	17 858 781
Refuse	1 916 211	25 668 727
Other	306 881 030	23 092 391
	285 587 258	218 417 852
Electricity		
Current (0 -30 days)	50 084 393	49 852 620
31 - 60 days	11 575 433	11 582 685
61 - 90 days	9 587 297	12 568 452
91 - 120 days	188 186 125	174 916 736
> 365 days	(296 311 464)	(174 980 372)
	(6 866 213)	73 940 120

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
6. Receivables from exchange transactions (continued)		
Water		
Current (0 - 30 days)	29 255 501	55 825 809
31 - 60 days	12 290 080	15 658 882
61 - 90 days	11 298 334	15 488 325
91 - 120 days	357 281 838	287 298 592
> 365 days	(422 970 784)	(276 251 775)
	(12 846 231)	77 817 833
Sewerage		
Current (0 - 30 days)	4 997 333	1 262 582
31 - 60 days	3 576 273	4 963 588
61 - 90 days	9 173 122	3 925 860
91 - 120 days	110 108 842	82 493 087
> 365 days	(130 354 109)	(74 746 336)
	(2 498 539)	17 898 781
Refuse		
Current (0 - 30 days)	8 822 358	5 985 935
31 - 60 days	3 065 855	2 482 066
61 - 90 days	2 877 164	2 108 852
91 - 120 days	108 591 571	117 530 715
> 365 days	(121 470 537)	(102 440 441)
	1 918 211	25 668 727
Other (specify)		
Current (0 - 30 days)	18 261 217	39 563 985
31 - 60 days	12 283 688	16 800 124
61 - 90 days	15 171 020	16 523 685
91 - 120 days	253 002 890	1 331 597
> 365 days	7 162 217	(51 227 000)
	305 881 030	23 092 391
Reconciliation of allowance for impairment		
Contributions to allowance	(679 645 924)	(817 708 479)
Debt impairment written off against allowance	(301 764 012)	138 060 555
	(981 409 936)	(679 645 924)
7. Receivables from non-exchange transactions		
Fines	13 818 289	13 818 289
Rates	719 256 431	673 216 334
Duplicate payments to suppliers	7 588 403	7 588 403
Allowance for impairment	(720 831 957)	(255 938 928)
	19 851 176	438 684 108

ANNEXTURE B**MADIBENG LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
7. Receivables from non-exchange transactions (continued)		
Rates		
Current (0 -30 days)	19 989 790	90 580 358
31 - 60 days	13 528 188	14 985 302
61 - 90 days	12 241 383	18 385 200
> 90 days	646 334 397	549 305 474
Allowance for debt impairment	(224 561 055)	(255 938 928)
	457 502 704	417 277 408

Reconciliation of provision for impairment of receivables from non-exchange transactions:

Opening balance	(255 938 928)	(343 374 209)
Allowance for impairment	31 347 873	87 435 281
	(224 591 055)	(255 938 928)

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	78 198	78 195
Bank balances	2 538 639 578	2 336 711 147
Short-term deposits	40 359 835	5 463 920
Bank overdraft	(2 789 905 774)	(2 285 723 042)
	89 170 836	58 530 221
Current assets	3 511 834 680	2 665 594 804
Current liabilities	(3 422 633 844)	(2 597 064 583)
	89 170 836	89 530 221

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand 2019 2018

8. Cash and cash equivalents (continued)

The municipality had the following bank accounts:

Account number / description	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
ABSA Bank Cheque Account: 640000376	1 407 112	-	1 495 305	12 374 870	18 823 173	18 548 846
ABSA Bank Cheque Account (Top Structure Housing) 40526893765	-	-	8 404	3 012	3 012	3 012
ABSA Bank Cheque Account (ODD) 4054897853	-	-	157 745	(1 550 081)	(1 550 081)	(1 118 219)
ABSA Bank Cheque Account (Licensing) 4052379233	-	-	100 571	-	24 158	181 903
ABSA Bank Growing Business Account 4055308239	3 576	-	-	-	-	-
ABSA Bank Growing Business Account 4079824378	3 346	-	-	-	-	-
FNB Main 82547281602	3 163 772	(2 213 531)	2 359 795	(163 157 282)	(37 582 846)	(5 370 367)
FNB Water 82457274423	-	-	-	9 803 848	11 040 146	10 449 056
FNB Licensing 82457283103	128 823	46 342	48 038	7 841 300	46 367	46 081
Standard Bank Caf Account 38443622002	-	-	-	30 721	712	(67 847)
Investec Capital Markets 1400189013500	-	1 016 724	853 386	1 083 744	1 016 724	953 386
ABSA Bank Call Account	-	-	-	154 568	154 568	154 568
FNB Call Account - MIG 82576588323	14 428 210	6 214	18 005	14 429 210	6 214	18 005
FNB Call Account - FMG 62550510153	1 143	1 275	5 900	1 143	1 275	5 990
FNB Call Account - DWARF 62550511424	-	-	9 507	-	-	8 507
FNB Call Account - MSIG 82550504283	-	-	2 871	-	-	2 871
FNB Call Account - FNEP 82569313003	64 134	4 318 980	15 103	64 134	4 318 980	15 103
FNB Call Account - EPIWP 82564478316	18 734 776	10 023	3 262	18 734 776	10 023	3 202
FNB Call Account - EQS 62564475210	5 589 857	18 248	5 128	5 589 857	16 248	5 128
FNB Call Investment 8254473941	-	-	352	-	-	352
FNB Call Account - MIG Retention 82684479585	375 762	18 080	17 021	375 762	18 080	17 021
Netbank Account 037881068570	-	-	-	81 209	78 377	-
Total	43 901 511	3 220 365	5 198 221	(99 139 631)	(3 588 870)	23 858 388

9. Other financial assets:

Designated at fair value		
Listed shares	1 196 657	1 518 601
Unit trusts	10 346 829	9 826 827
Other investments	1 682 296	5 723 542
	13 225 782	17 068 970

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
9. Other financial assets (continued)		
Non-current assets		
Fair value	13 225 782	13 027 724
Current assets		
Fair value	-	4 041 246
Financial assets at fair value		
10. Payables from exchange transactions		
Trade payables	672 382 716	428 741 714
Payments received in advance	190 728 249	102 987 972
Retentions	46 489 452	43 616 697
Unallocated deposits	188 428 004	105 445 676
Other payables	(20 488 639)	(17 866 042)
	1 057 652 382	662 907 017
11. Payables from non-exchange transactions		
Accrued bonus	1 174 870	7 345 081
Accrued leave pay	35 947 920	27 381 405
Salaries third party payments	5 738 110	12 458 842
	52 861 700	47 185 328
12. VAT payable		
13. Consumer deposits		
Consumer deposits	40 807 312	15 948 827
14. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprise of:		
Unspent conditional grants and receipts		
Department of Water Affairs	16 287 657	-
Library Grant	640 388	987 137
	16 903 048	987 137
Movement during the year		
Balance at the beginning of the year	987 137	325 837
Additions during the year	241 520 682	214 046 000
Income recognition during the year	(225 604 771)	(213 385 500)
	18 903 048	987 137

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 24 for reconciliation of grants.

These amounts are invested in a ring-fenced investment until utilised.

ANNEXTURE B**MADIBENG LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

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16. Employee benefit obligations**Post-employment medical aid plan**

The municipality offers employees 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	161 163 927	165 835 927
Benefits paid	(4 277 000)	(3 941 000)
Net expense recognised in the statement of financial performance	29 861 000	(731 000)
	186 747 927	161 163 927

Net expense recognised in the statement of financial performance

Current service cost	17 321 000	8 593 000
Interest cost	9 066 000	19 033 000
Actuarial (gains) losses	3 474 000	(28 357 000)
	29 861 000	(731 000)

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MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand

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16. 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 9.33% per annum has been used. The corresponding medical inflation rate of 7.68%. These rates do not reflect any adjustment for taxation. These rates were deduced from the Johannesburg Stock Exchange (JSE) Zero Coupon bond yields after the market close on 30 June 2019.

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 Decency) Zero Coupon bond yield curve at that 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.

ANNEXTURE B**MADIBENG LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2019

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16. Employee benefit obligations (continued)**Long services Award**

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

Opening balance	20 904 780	20 148 760
Benefits paid	(2 765 000)	(1 365 000)
Net expense recognised in the statement of financial performance	7 870 063	2 123 000
	26 009 843	20 906 760

Net expense recognised in the statement of financial performance

Current service cost	1 789 000	1 911 000
Interest cost	1 675 000	1 913 000
Actuarial (gains) losses	4 206 063	(1 701 000)
	7 870 063	2 123 000

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	8.10 %	8.80 %
Expected rate of return on assets	4.38 %	5.50 %
Expected rate of return on reimbursement rights	5.38 %	6.50 %

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.

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MADIBENG LOCAL MUNICIPALITY

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15. 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 6.16% 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 $((1 - 0.15 - 0.50\%) / (1 + 1.41\%)) - 1$

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 0.98%.

It has been assumed that the next salary increase will take place on 1 July 2019.

16. Provisions

Reconciliation of provisions - 2019

	Opening Balance	Interest charge	Change in provision for landfill closure	Total
Provision for the restoration of landfill site	29 485 969	987 790	(13 883 912)	16 789 837

Reconciliation of provisions - 2018

	Opening Balance	Additions	Total
Provision for the restoration of landfill site	17 885 845	11 590 124	29 485 969

Key financial assumptions used for the valuation of the closure costs for the Hartbeesfontein landfill site are as follow:

CPI	6.21%	6.05%
Discount rate	9.64%	9.80%
Net effective discount rate- 3.35%		3.23%

It is estimated that the landfill site has a remaining useful life of 3 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.

17. Service charges

Sale of electricity	418 935 949	451 164 159
Sale of water	169 370 438	116 163 694
Sewerage and sanitation charges	47 855 413	43 238 001
Refuse removal	46 118 712	49 561 697
	877 315 612	660 157 651

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18. Commission received		
Commission received	-	12 252 589
The commission received is 20% agency fee from income receive from Traffic department.		
19. Interest received		
Interest revenue		
Investments	5 843 412	7 078 046
Interest charged on trade and other receivables	50 776 425	83 818 399
	56 619 837	90 896 446
20. Other operational revenue		
Advertising hoarding	67 004	70 287
Cemetery fees	1 162 360	1 063 859
Insurance commission	188 687	179 637
NoCCA fees	2 097 719	1 736 765
Other income	2 615	2 347
Bulk services	64 660	102 932
Extinguishing fees	-	123 273
Clearance certificates	129 759	161 322
Building plans	1 124 634	1 019 589
Reconnection fees	2 375 205	3 412 513
Refuse removal departmental sales	2 585 703	58 082
Service connections	33 753	29 395
Service income	85	86
Transfer document fees	812 650	1 272 540
Town planning	229 514	235 963
Valuation fees	6 500	9 673
	10 881 486	9 448 263
21. Fair value adjustments		
Investment property (Fair value model)	8 800 000	(148 240 000)
22. Rental of facilities and equipment		
Premises		
Venue hire	47 771	129 134
House rent	971 832	1 204 007
	1 019 603	1 333 141
Facilities and equipment		
Hawkers stalls rent	79 408	74 505
	1 099 011	1 407 646

ANNEXTURE B**MADIBENG LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
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23. Property rates**Rates received**

Residential	178 963 778	169 378 279
Commercial	(10 949 163)	49 448 269
State	47 033 298	15 558 047
Small holdings and farms	39 104 934	26 619 189
	250 713 068	258 008 000

Valuations

Residential	21 882 382 224	21 882 382 224
Commercial	5 940 462 923	5 940 462 923
State	2 132 942 300	2 132 942 300
Municipal	1 482 156 150	1 482 156 150
Small holdings and farms	8 862 922 166	8 862 922 166
	40 320 876 763	40 320 876 763

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 rolls have a unique landfill code in a ratio of 1:1 in relation to residential properties and regulation properties rated are applied in terms of Municipal Property Rates Regulations as published in the Government Notice Number R.363 of 27 March 2008 with 1:0.25. State owned properties are exempted from rebates by virtue of ownership. Indigent consumers receive 100% rebate while pensioners receive a maximum of 50% rates rebate.

24. Government grants and subsidies

Operating grants		
Equitable share	624 943 000	587 442 000
Finance management grant	1 770 000	1 700 000
	626 713 000	589 142 000
Capital grants		
Expanded public works programme	990 408	2 591 000
Municipal infrastructure grant	225 258 000	194 755 000
Department of Water Affairs and Forestry	5 537 518	-
Integrated national electrification	-	14 000 000
	231 785 926	211 346 000
	858 498 926	800 488 000

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.

ANNEXTURE B

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand 2019 2018

24. Government grants and subsidies (continued)

Department of Water Affairs and Forestry

Current-year receipts	21 830 000	-
Conditions met - transferred to revenue	(5 537 318)	-
	16 292 682	-

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 14).

Finance Management Grant

Current-year receipts	1 770 000	1 700 000
Conditions met - transferred to revenue	(1 770 000)	(1 700 000)
	-	-

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.

Expanded Public Works Programme

Current-year receipts	1 174 000	2 591 000
Conditions met - transferred to revenue	(990 408)	(2 591 000)
	183 592	-

This grant is intended to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in different areas in compliance with the EPWP guidelines.

Conditions still to be met - remain liabilities (see note 14).

Library Grant

Balance unspent at beginning of year	887 137	326 637
Current-year receipts	916 000	1 000 000
Conditions met - transferred to revenue	(1 446 383)	(339 500)
	466 774	987 137

To transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through accelerated programme at provincial level in support of national and local government initiatives.

Conditions still to be met - remain liabilities (see note 14).

Municipal Infrastructure Grant

Current-year receipts	225 258 000	194 755 000
Conditions met - transferred to revenue	(225 258 000)	(194 755 000)
	-	-

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 14).

ANNEXTURE B

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
24. Government grants and subsidies (continued)		
Integrated National Electrification Programme		
Current-year receipts	-	14 000 000
Conditions met - transferred to revenue	-	(14 000 000)
	-	-

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.

25. Revenue

Service charges	677 315 512	660 157 651
Rental of facilities and equipment	1 099 009	1 407 646
Licences and permits	6 644 262	6 121 048
Commissions received	13 215 741	12 252 589
Donations	324 159	298 360
Other income	10 881 486	9 448 263
Interest received - investment	56 619 837	90 896 445
Property rates	250 713 069	258 008 000
Government grants & subsidies	858 498 728	780 488 000
Fines, Penalties and Forfeits	152 864	4 998 093
	1 875 464 655	1 824 064 095

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

Service charges	677 315 512	660 157 651
Rental of facilities and equipment	1 099 009	1 407 646
Licences and permits	6 644 262	6 121 048
Commissions received	13 215 741	12 252 589
Other income 1	324 159	298 360
Other income	10 881 486	9 448 263
Interest received - investment	56 619 837	90 896 445
	768 106 006	780 672 002

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

Taxation revenue		
Property rates	250 713 069	258 008 000
Transfer revenue		
Government grants and subsidies	858 498 728	780 488 000
Fines, Penalties and Forfeits	152 864	4 998 093
	1 109 384 649	1 043 492 093

26. Bulk purchases

Electricity	582 160 545	451 966 498
Water	232 036 666	147 826 192
	814 197 211	599 792 690

ANNEXTURE B**MADIBENG LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
27. Contracted services		
Presented previously		
Information Technology Services	29 884 538	44 344 365
Fleet Services	3 787 013	3 730 303
Operating Leases	3 371 858	28 761 583
Specialist Services	62 882 033	62 000 112
Other Contractors	27 888 315	32 093 581
28. Debt impairment		
Debt impairment	748 800 523	(128 897 764)
29. Depreciation		
Property, plant and equipment	476 380 017	470 793 281

ANNEXTURE B**MADIBENG LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements**30. Employee related costs****Related parties remunerations**

Acting allowances	1 078 737	4 457 939
Basic	277 160 845	240 529 565
13th cheques	27 593 125	17 585 384
Housing benefits and allowances	2 325 308	2 090 890
Industrial council	121 301	100 155
Leave pay provision charge	20 825 470	10 531 513
Medical aid - company contributions	26 832 804	22 647 081
Overtime payments	38 584 085	38 828 654
Provident and pension fund	78 638 755	58 780 924
Stand by allowances	2 927 485	2 532 682
Telephone/cellphone allowance	342 613	275 215
Travel allowances	25 921 960	25 011 124
UIF	2 097 334	1 841 432
	600 088 433	424 722 577

Remuneration of Municipal Manager

Annual remuneration	487 356	362 408
Acting allowance ,Travelling allowance ,Subsistence and other allowances	370 891	571 591
leave pay	109 135	-
Contribution to UIF ,SDL, Medical and Pension Fund	154 378	102 917
	1 131 760	1 036 816

Mr MJA Mslulaka appointed as Municipal Manager from 02 February 2016 and resigned in December 2018

The Acting Municipal Manager Mr STN Muzi served for the period January 2019 - 30 April 2019

The Acting municipal Manager Ms MG Magole served for the period 01 May 2018-30 June 2019.

Remuneration of Chief Financial Officer

Annual remuneration	390 000	358 326
Acting allowance ,Travelling allowance ,Subsistence and other allowances	327 424	450 202
Leave pay	84 351	-
Contribution to UIF ,SDL, Medical and Pension Fund	42 569	67 913
	844 344	876 441

Mr K Maphosa was appointed as CFO as from 01 July 2018 to 31 December 2018

The Acting Chief Financial Officer Mr MJ Mofaung served for the period January 2019- 30 June 2019

Remuneration of Director Community Services

Annual remuneration	673 200	165 000
Acting allowance ,Travelling allowance ,Subsistence and other allowances	437 236	568 634
Bonuses	78 749	-
Contribution to UIF ,SDL, Medical and Pension Fund	122 358	51 900
Leave pay	117 299	-
	1 428 736	785 534

Remuneration of Director Corporate Support services

Annual remuneration	846 518	795 150
Acting allowance ,Travelling allowance ,Subsistence and other allowances	324 502	293 561
Bonuses	70 543	-
Contribution to UIF ,SDL, Medical and Pension Fund	130 527	184 968

ANNEXTURE B**MADIBENG LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements**30. Employee related costs (continued)**

1 372 090 1 283 679

Ms MG Magole appointed as Director Corporate Support Service as from 03 July 2017 to 30 April 2019.
The Acting Director Corporate Support Service DM Masemola served for the period May and June 2019.

Remuneration of Director Public Safety

Annual remuneration	824 600	150 000
Acting allowance ,Travelling allowance ,Subsistence and other allowances	518 632	282 586
Bonuses	50 000	-
Contribution to UIF ,SDL , Medical and Pension Fund	162 808	44 072
Leave pay	127 648	-
	1 603 188	476 637

Ms P Dlinge appointed as Director Public Safety as from 01 April 2018

Remuneration of Director Infrastructure and Technical Services

Annual remuneration	380 000	163 200
Acting allowance ,Travelling allowance ,Subsistence and other allowances	389 097	230 327
Bonuses	44 180	-
Contribution to UIF ,SDL , Medical and Pension Fund	40 395	39 802
Leave pay	88 880	-
	892 512	433 329

Mr FR Nkolele appointed as Director Infrastructure and Technical Services as from 09 April 2018 to date.

Mr FR Nkolele appointed as Director Infrastructure and Technical Services and resigned on 31 December 2018.
A. Baloyi was acting from February 2019 to 30 June 2019.

Remuneration of Director Local Economic development

Annual remuneration	1 145 118	923 257
Acting allowance ,Travelling allowance ,Subsistence and other allowances	226 938	222 488
Contribution to UIF ,SDL , Medical and Pension Fund	162 556	1 884
	1 534 612	1 147 629

Mr STM Mntsi appointed as Director for Economic Development ,Tourism and Agriculture as from 03 July 2017.

Remuneration of Director Human Settlement

Acting allowance ,Travelling allowance ,Subsistence and other allowances	379 443	340 970
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The Acting Director of Human Settlement DN Pale served for a period of 01 July 2018 to 30 June 2019

Remuneration of Chief Audit Executive

Annual Remuneration	686 884	592 381
Acting allowance ,Travelling allowance ,Subsistence and other allowances	489 755	404 176
Contributions to UIF , Medical and Pension Funds	180 781	168 579
	1 357 420	1 165 136

ANNEXTURE B**MADIBENG LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements**31. Finance costs**

Non-current borrowings	1 879	2
Current borrowings	4 120 995	10 289 045
Landfill site	(1 286 132)	1 589 124
Deficit benefit plan	13 272 083	19 245 060
	4 698 825	41 134 171

32. Other operational expenses

Advertising	2 437 702	3 042 330
Auditors remuneration	7 876 988	3 369 045
Bank charges	1 037 422	1 025 340
Consulting and professional fees	2 806 961	4 488 116
Consumables	23 683 734	18 711 369
Debt collection	201 724	303 278
Corporate identity	34 600	151 200
Grant expenses	97 095	102 237
Insurance	20 123 465	8 980 082
Community development and training	230 688	228 272
Sport development	58 317	95 578
Geographical information system	149 072	442 863
IDP process	(4 403)	8 883
Marketing	78 600	124 000
Motor vehicle expenses	493 242	703 472
Water and electricity	15 828 786	15 041 703
Postage and courier	29 038	5 232
Printing and stationery	2 971 633	3 587 784
Audit committee costs	731 433	421 262
Protective clothing	3 683 298	1 673 421
Repairs and maintenance	103 202 222	81 921 290
Subscriptions and membership fees	109 801	388 759
Telephone and fax	3 581 335	8 116 479
Training cost	2 014 200	1 030 775
Travel and accommodation	10 188 977	17 058 233
Refuse	4 920 409	1 939 682
SALGA	4 051 230	4 008 730
Licence fees	750 021	2 569 401
Write offs	4 822 176	33 288 212
Training levy	(6 600)	76 050
Other expenses	5 952 800	4 530 120
Attending of meetings and congresses	176 753	254 681
Sports programmes	142 332	388 248
Ward committees expenses	6 636 760	4 488 250
Mayoral out-reach programme	782 985	531 824
Chemical cost	7 561 890	5 873 129
Community participation	1 102 555	1 168 710
Mobile chemical toilets	228 117	646 689
	238 781 106	228 888 356

33. Impairment of assets

Impairments		
Property, plant and equipment	537 351	3 361 792

ANNEXTURE B

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

34. Lease rentals on operating leases

Motor vehicles		
Contractual amounts	28 738 404	55 155 428
Equipment		
Contractual amounts	9 888 600	9 888 600
	38 627 004	65 044 028
Minimum lease payments due		
- within one year	94 652 182	178 428 835
- in second to fifth year inclusive	39 396 734	288 122 966
Total	133 948 896	466 551 804
Minimum lease payments due		

The Municipality has leased vehicles from BBT through an operating lease for a period of three years (36 Months) R13 509 522 monthly instalments are accrued and payable on a quarterly basis. The annual escalation rate is 9%. The straight-lined R108 839 978 operating lease expenditure was recognised in the statement of financial performance.

35. Remuneration of councillors

Related parties remunerations

Executive mayor	903 871	853 892
Speaker	731 975	691 607
Chief Whip	689 003	649 204
Mayoral committee members	7 541 529	7 072 767
Other Councillors	21 193 961	21 260 945
	31 060 339	30 531 415

36. Cash generated from operations

Deficit	(1 125 123 465)	(224 781 270)
Adjustments for:		
Depreciation and amortisation	476 380 017	470 793 261
Gain on sale of assets and liabilities	924 062	-
Fair value adjustments	(8 800 000)	149 240 000
Finance costs - PR&A	(12 896 132)	26 662 860
Finance cost-rehabilitation provision	-	5 873 268
Impairment deficit	637 351	3 381 792
Debt impairment	248 800 823	12 682 680
Movements in operating lease assets and accruals	34 428 885	45 678 538
Movements in retirement benefit assets and liabilities	30 683 083	(24 660 000)
Movements in provisions	(12 696 132)	(334 415)
Changes in working capital:		
Inventories	(6 918 273)	3 354 651
Receivables from exchange transactions	(345 867 300)	118 839 087
Other receivables from non-exchange transactions	418 842 932	(243 362 787)
Prepayments	(8 918)	(3 518 144)
VAT payable	48 868 988	(49 755 384)
Taxes and transfers payable (non-exchange)	5 198 381	(50 857 247)
Unspent conditional grants and receipts	15 915 911	680 500
Consumer deposits	24 650 485	2 001 841
(Decrease) / increase other financial assets	4 041 246	(292 751)
Payables from exchange transactions	(56 598 238)	11 994 654
	240 877 428	253 410 873

ANNEXTURE B**MADIBENG LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

37. Commitments**Authorised capital expenditure**

Commitments approved and contracted for		
• Property, plant and equipment	220 886 189	163 811 498
<hr/>		
Commitments approved but not yet contracted for		
• Property, plant and equipment	-	67 682 753
<hr/>		
Total capital commitments		
Already contracted for but not provided for	220 886 189	197 575 247
Not yet contracted for and authorised by accounting officer	-	67 682 753
	<hr/>	<hr/>
	220 886 189	265 258 000

This committed expenditure relates to property and will be financed by available bank facilities, grants, retained surpluses, existing cash resources, funds internally generated, etc.

38. Auditors' remuneration

Fees	7 876 989	3 369 043
<hr/>		

ANNEXTURE B

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

39. 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

Heading

1. White Leopards - Claim for security service rendered to the municipality	5 569 102	5 569 102
2. Chiffon Facility Management - Claim for payment of invoices issued for work allegedly done	995 425	995 425
4. Sobex Engineering (Pty) Ltd - Plaintiff is claiming a total amount of R7 878 688.53 plus interest calculated at the rate of 15.5% per annum, which is alleged to be for service rendered and cancellation of contract respectively	7 878 689	7 878 689
5. Sechaba Traffic Solutions & other - Plaintiff is claiming an amount of R1 102 901.90 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 Redeman - 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. Opposits Prop Development Co (Pty) Ltd - Loss suffered as a result of the setting aside of section B2 certificate by the municipality.	5 411 582	5 411 582
8. Shane Noel Adams - Claim for payment of R3 400 000.00 which is for personal injuries and damage to motor vehicle allegedly caused by potholes	3 400 000	3 400 000
9. Moco Trading (Pty) Ltd - Plaintiff claims an amount of R1 020 000.00 for repudiation of contract for collection and transportation of refuse from Madidi and disposing it off to Waste Transfer Station	1 020 000	1 020 000
10. Maledimise Trading Services - Plaintiff claims an amount of R898 800 for repudiation of contract for collection and transportation of refuse from Klippa and disposing it off to Waste Transfer Station	898 800	898 800
11. Outdoor Sensation - Plaintiff claims an amount of R890 400 for repudiation of contract for collection and transportation of refuse from Mabotoka and disposing it off to Waste Transfer Station	890 400	890 400
12. Daybreak Properties & Auctioneers - 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 8 of the SLA. We have instructed Soketi Inc to assist the Municipality in recovering all excess monies paid to Daybreak.	1 021 137	1 021 137
13. WZam Moekala - Plaintiff claim damages to the Municipality as a result of plaintiff fall into an open, uncovered manhole situated in Mayeveng, Maraba Section near the Relang Tavern, Madieng, North west	1 080 000	1 080 000
14. Unedra (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 pecuniary loss due to breach of contract. We then instructed Ramoahla Moolbane Attorneys to defend the matter. They have entered a notice of intension to defend and still dealing with the matter	2 995 000	2 995 000

ANNEXTURE B

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2016

Notes to the Annual Financial Statements

39. Contingencies (continued)

15. Lebogang 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 claims is R3 643 635,86 together with interest on the above amount at 10.25% from 24th march 2017 to date of payment, calculated and compounded annually	-	3 643 635	
16. Resilient Properties - Urgent Application to oppose a Rule Nisi obtained in default	-	30 000 000	
17. Mocher Onderford Joint Venture - Instructions to launch Application against Default Judgement	-	3 593 240	
18. Summons against the Municipality for the payment of the following amounts -R129 738 078.88 together with interests on capital component of R75 490 338.60 from 01st Feb 2016 -R56 234 977.53 together with interests on capital component of R34 052 560.89 -R132 704 546.84 together with interests on capital component of R80 447 101.44 -Costs of suit including employment of two counsel	772 450 315		772 450 315
19. Kuhla General Consulting CC - Plaintiff is claiming a total amount of R1 837 641.44 plus interest calculated at the rate of 10.25% which is alleged to be for service rendered	1 837 641		-
20. Kuhla General Consulting CC - Plaintiff is claiming an amount of R25 677,878.20 plus interests calculated at 10.25% which is alleged to be for breach of an agreement.	25 677 878		-
21. Trelo Civil Construction CC - Plaintiff is claiming a total amount of R3 670 695.69 plus interest calculated at the rate of 10% a tempoere morae for standing time for the period of 2 February 2017 to 26 April 2017	3 670 695		-
22. Fustique Trading 72B CC - The Plaintiff is claiming an amount of R2 291 359 which is alleged to be for damages suffered as a result of repudiation of contract	2 291 359		-
23. Balaphoewa 72 Construction and Civil Engineering - The Applicant filed an application for joinder of the Municipality as co-defendant in the matter whereina Hennox 189 CC is suing the Applicant for payment of R620 668,00 which is alleged to be for variation work approved by the Municipality.	620 668		-
24. Magalala Water - The Plaintiff is claiming an amount of R38 550 923.44 plus interests calculated at 10.5% of which R* 6 149 037.04 is alleged to be for breach of the undertaking by the Defendant; and R20 401 886.40 alleged to be for damages incurred by the Plaintiff for rendering additional services pursuant to the acknowledgement by the Defendant to the Plaintiff.	38 550 923		-
	679 332 616	846 920 227	

Category B claims

1. Barlow and other - Refund for arrears rates and taxes paid under protest	195 921	195 921	
2. S Sechabela-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 municipal 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 advertorial 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.	273 532	273 532	
	1 147 634	1 147 634	

ANNEXURE B

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

39. Contingencies (continued)

Category C claims

1. Musumahomed Aboobaker - For damage occurred as a result of negligence when electricity supply was restored	15 928	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.	30 138	30 136
3. Pieter Jeeffe - For damage occurred to Plaintiff vehicle when it collided with a pothole.	37 166	37 166
4. John Cryer - For damage occurred to Plaintiff vehicle when it collided with a pothole	-	11 160
5. Rookopies Oos Water Users Association - For levy owed to Plaintiff in respect of maintenance and running costs	86 755	86 756
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	9 286	9 268
7. Telkom - Payment claim for payment of damages of its copper cables allegedly caused by the municipality.	38 085	38 085
8. Telkom (open serve) - Plaintiff claim for payment of its cables damaged by the Municipality in Mmabana, Senop and Muthobung	39 827	39 827
9. Bezuidenhout - Claim for damages allegedly caused by pothole	23 661	23 661
10. SAMWU o.b.o Or Masike - Labour dispute under case number JS 909/16 lodged by the Applicant against the Municipality at the Labour court. Instructions received on 27-03-2017 when application for default judgement was served on the municipality.	-	69 495
11. Heinrich F. E. Jansen- Claim for damages as a result of a pothole accident which took place during 21 May 2015. Default judgment granted on 02 August 2017.	67 640	67 640
12. Johan Christo Lotter N.O (Granite Cutting Works) PTY LTD - The Plaintiff is claiming an amount of R35 100,06 which is alleged to be for loss in production suffered by the Plaintiff due to unsubstantiated disconnection of electricity to Granite Cutting Works.	35 103	-
	381 668	427 120

The following information is disclosed in Note 13, Public Investment Corporation summons against the Municipality for the payment of the following amounts: * R129 738 076.86 together with interest on capital component of R 76 490 338.60 from 01st Feb 2010; *R56 234 977.53 together with interest on capital component of R 34 062 560.90; *R132 704 546.94 together with interest on capital component of R80 447 101.44. *Cost of suit including employment of two counsel

40. 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:

ANNEXTURE B

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

40. Prior period errors (continued)

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.

Not all retention 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 Red 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
- Frustrated and wasteful expenditure &
- Distribution losses

The financial impact of prior period error correction is indicated below.

Statement of financial position

Statements of financial positions

	Previously reported	Correction of error	Restated
1. Property plant and equipment	5 518 674 633	102 264	5 618 776 897
2. Payables from exchange transactions	-	-	-
4. VAT payable	(62 239 182)	(10 968 794)	(73 208 976)
5. Public Investment Corporation	(1 115 455 994)	1 115 455 994	-
Accumulated Surplus	4 340 979 457	1 104 588 484	5 445 587 921

Financial Performance

	Previously reported	Correction of error	Restated
8. Depreciation and amortisation	470 854 200	3 968 838	474 824 038
7. Finance costs (interest from PIC loan, the interest was reclassified contingent liabilities)	180 510 285	(119 376 124)	61 134 171
9. Bulk purchases/(Revenue) of expenditure incurred. (captured double))	505 967 738	83 824 953	589 792 691
Surplus for the year	1 137 432 233	(21 581 233)	1 116 851 000

ANNEXTURE B

MADIBENG LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

41. Risk management

Financial risk management

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize 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 analyzes 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.

Credit risk

Credit Risk related to consumer debtors 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:

Financial Instrument	2019	2018
Other financial assets	-	4 041 248
Receivables from exchange transactions	501 274 877	219 140 094
Receivable from non-exchange transaction	458 770 991	432 742 768
Cash and cash equivalents	(214 938 733)	33 891 839
Payables from exchange transactions	669 119 650	534 061 142
Payables from non-exchange transactions	47 180 527	47 685 339
Consumer deposits	40 807 312	15 948 827

42. Going concern

We draw attention to the fact that at 30 June 2019, the municipality had an accumulated surplus (deficit) of R 4 408 945 588 and that the municipality's total assets exceed its liabilities by R 4 408 945 588.

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 realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Municipality approved an Unfunded budget for the 2019/20 financial year, to address the issue a financial plan was prepared and tabled Council to deal with the issue at hand.

43. Events after the reporting date

ANNEXTURE B**MADIBENG LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements**43. Events after the reporting date (continued)**

Management is not aware of any events that occurred after year end that may have an impact on the financial statements.

44. Unauthorised expenditure

Opening balance	1 593 852 097	1 593 852 097
Unauthorised debt orders	-	10 621 497
	1 593 852 097	1 604 273 594

45. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure - Opening balance	33 143 433	22 032 186
Fruitless and wasteful expenditure - Interest on overdue accounts	4 141 030	11 111 235
	37 284 463	33 143 433

The current year fruitless and wasteful expenditure amounting to R4 141 030 relates to interest charge on late payment of invoices from Eskom (R3 421 593), Telkom (40 505), Rand Water (R221 508), Auditor General South Africa (R43 738), Tshwane (R82 486) SARS (R313 488) and other suppliers (R37 712).

46. Irregular expenditure

Opening balance	1 396 228 574	1 324 093 650
Add: Irregular Expenditure - current year	273 944 537	60 913 221
Add: Prior year amount recognised in the current year.	152 898 763	-
Unauthorised debt orders	6 371 988	10 621 497
	1 829 443 862	1 396 228 574

Analysis of expenditure awaiting condonation per age classification

Current year	273 944 537	60 913 221
Prior years	1 638 605 840	1 324 693 856
	1 912 460 377	1 385 607 077

Details of Irregular awaiting condonation

Current year:	273 944 537
Prior years	1 385 607 077
	1 669 651 614

47. Additional disclosure in terms of Municipal Finance Management Act**Contributions to organized local government**

Current year subscription / fee	4 051 230	4 005 730
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Audit fees

Current year fee	7 876 938	3 369 043
Amount paid - current year	(7 876 938)	(3 369 043)
	-	-

ANNEXTURE B**MADIBENG LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

47. Additional disclosure in terms of Municipal Finance Management Act (continued)**PAYE, Skills and UIF**

Opening balance	3 915 350	4 500 366
Current year fee	77 885 548	89 513 862
Amount paid - current year	(76 859 132)	(70 098 888)
	4 961 766	3 915 360

Pension and Medical Aid Deductions

Opening balance	7 412 300	4 514 762
Current year fee	144 708 884	144 708 854
Amount paid - current year	(141 797 292)	(141 811 428)
	10 323 972	7 412 300

VAT

VAT receivable	30 205 717	78 744 415
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ANNEXTURE B**MADIBENG LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements**47. Additional disclosure in terms of Municipal Finance Management Act (continued)****Councillors' arrears consumer accounts**

The following Councillors had arrears accounts outstanding for more than 90 days at 30 June 2019:

30 June 2019	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
A Modisakeng	752	12 126	12 878
AI Moloto	390	2 034	2 424
AWS Mahlatse	391	2 131	2 522
AM Modisakeng	3 682	47 431	51 113
AS Rakomane	404	2 717	3 121
BA Maudane	390	2 034	2 424
CM Mampuru	380	1 660	2 040
CS Sekheto	392	2 132	2 524
DS Maimane	3 699	26 900	30 599
FD Diale	146	3 433	3 579
EM Ntse	390	2 034	2 424
FM Masekela	390	2 034	2 424
HT Phahwane	-	6	6
II Maledi	390	1 473	1 863
J Mokojo	390	2 034	2 424
J Rabo	1 850	48 842	50 692
JM Modipane	390	2 034	2 424
JM Mofhebe	12 161	44 741	56 902
JT Maabi	402	2 619	3 021
K S Ntshabele	446	6 697	7 143
KS Tlapi	392	2 132	2 524
LG Mhlambi	402	2 619	3 021
M Tlhopane	3 069	2 069	5 138
MA Mokgoko	390	2 034	2 424
MD Mosolodi	402	2 619	3 021
MG Sadikge	4 512	69 215	93 727
ML Makgale	390	2 034	2 424
MM Ramahofu	394	2 229	2 623
MD Khumalo	2 970	60 799	63 769
MM Sekgothe	436	6 162	6 598
MV Mofhebe	1 554	2 127	3 681
M Du Plessis	3 041	1 426	4 467
NB Mufanga	6 148	56 015	62 163
MP Tlhopane	6 954	27 424	34 378
NM Mqakamba	390	2 034	2 424
O P Mosellele	431	5 927	6 358
P Pretorius	392	2 132	2 524
OD Masoyane	432	5 686	6 118
P. K Maweyi	9 340	110 665	120 005
PA Pheliso	394	2 132	2 526
PR Mofutshai	390	2 034	2 424
PG Wakaabo	380	2 034	2 414
RE Dikgang	380	1 661	2 041
RG Sathar	3 852	13 090	16 942
RN J & SJ Breytenbach	1 756	45	1 801
RP Padi	390	2 034	2 424
RR Mofutshai	390	2 131	2 521
S D Ntshangoni	447	6 758	7 205
S M Maunatlela	411	4 603	5 014
T Mokwena	390	2 034	2 424
TM Modiba	402	2 619	3 021

ANNEXTURE B**MADIBENG LOCAL MUNICIPALITY**

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements**47. Additional disclosure in terms of Municipal Finance Management Act (continued)**

TS Bogaale	781	4 754	5 545
WS Ramaboa	392	2 132	2 524
WJ Muller	1 117	778	1 398
	81 364	889 432	750 786

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/conditioned by the Accounting Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident		
Current year	-	34 005 833

48. 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 lost	Percent lost
2018/08/30	- 430 118 049,00	130 248 781,70	30,28 %
2016/05/30	- 434 280 262,00	181 438 183,00	41,78 %

WATER (Units)

Year	Units purchased	Units lost	Percent lost
2019/05/30	- 30 307 525,00	19 740 434,00	65,13 %
2018/06/30	- 28 352 024,00	18 703 818,00	66,97 %

49. Licences and permits (exchange)

Road and Transport	6 544 282	5 121 048
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50. Fines, Penalties and Forfeits

Law Enforcement Fines	152 864	4 998 033
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Actual versus Budget(Revenue and Expenditure) for the year ended 30 June
2019

	Forecast # 1 2019		Variance	Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
	Act. Bal	Adjusted budget				
	Rand	Rand	Rand			
Revenue						
Property rates	267 076 763	320 131 000	(73 054 237)			(22,8) The reduction in the property values resulted in lower than anticipated revenue
Service charges	739 987 972	728 888 000	11 129 972			1,5
Rentals of facilities and equipment	1 099 000	1 270 000	(170 991)			(13,5) Higher utilization of facilities increased revenue above anticipated
Interest received (trading)	66 187 580	86 800 000	(20 612 440)			(23,7)
Licences and permits	6 121 046	-	6 121 048			-
Commissions received	12 252 589	-	12 252 589			-
Donation received	1 281 000	-	1 281 000			-
Fines	2 814 802	1 001 000	1 813 802			181,2 Increase from traffic fines was higher of y budgeted.
Transfers & subsidies	958 498 726	628 803 000	229 695 726			36,5
Operational income	10 881 486	7 644 000	3 237 486			42,4 Credit control measures were not implemented according to, amongst other, the connection test for electricity
Interest received - investment	5 807 077	6 400 000	(592 923)			(9,3)
	1 951 898 032	1 780 917 000	171 081 032			9,5
Expenses						
Personnel	(4 79 982 926)	(400 764 000)	(79 198 926)			19,8
Remuneration of councillors	(20 758 039)	(32 370 000)	1 810 961			(5,0)
Depreciation	(570 793 281)	552 750 000	223 543 281			(185,7) Correct assessment of infrastructure assets and suitable level with anticipated expense, above.
Impairments	(637 351)	(1 162 649)	525 298			(45,2)
Finance costs	12 850 515	(110 500 000)	123 150 515			(911,4)
Debt impairment	(112 978 125)	(280 000 000)	167 021 875			(59,7) The increase in debtors payments rate resulted in greater than anticipated impairment
Lease rentals on operating lease	(94 030 137)	(4 000 000)	(90 030 135)			2 250,8
Bulk purchases	(595 943 514)	(550 000 000)	(39 943 514)			7,3
Contracted Services	139 978 938	2 71 888 000	(131 909 062)			(48,5)

Appendix E(1)
June 2019

Actual versus Budget (Revenue and Expenditure) for the year ended 30 June
2019

	Forecast 1 2019 Act. Bal.	Forecast 2 1 2019 Adjusted budget	Variance	Explanation of Significant Variances greater than 10% versus Budget
Transfers and Subsidies	(43 827)	(4 000 000)	3 956 179	(88,8) There were issues in an unclaimed registered beneficiary which resulted in lower disbursements.
Operational expenses	(126 878 800)	(168 355 000)	39 476 100	(73,7)
Other revenue and costs	(1 753 397 843)	(1 724 513 651)	(28 883 992)	142,0
Actual gain / (loss) on post-employment benefits Fair value adjustments	-	-	-	-
Net surplus / (deficit) for the year	188 600 389	1 056 403 349	(867 602 960)	(81,2)

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ANNEXURE C: POST AUDIT ACTION PLAN

Finding number	Heading of finding	Audit Findings	Root Cause	AGSA Recommendations	Managements proposed solution	Start Date	End Date	Responsible Manager
MATTERS AFFECTING THE AUDITOR'S REPORT								
ISS:5	CM AFS: Late Submission of the annual financial statements (COF 1)	The accounting officer of Madibeng Municipality submitted the financial statements on the 02 September 2019 which is not in line with MFMA Section 126(1) (a).	Instability of senior management Late appointment of service provider to assist in clearing prior year findings Change of system. No plan to prepare financial statement Weekly/bi-weekly meeting to follow up on progress of components	The accounting officer and support staff should ensure that they implement internal controls that will enable them to prepare complete and accurate monthly and/or quarterly financial statements to enable them to ensure timeous submission of the annual financial statements for audit purposes. The municipality should prioritise the filling of key positions with people with appropriate competencies and also reduce heavy reliance on consultants to perform management tasks.	Prepare AFS plan which have responsible people and monthly monitoring	01 February 2020	until 30 June 2020	Accounting Officer
ISS:31	Prior period error note (COF 14)	<p>1. As per inspection of the financial statements, it was noted that for the items listed below, the prior error amount disclosed as per note 40 was not correctly calculated</p> <p>2. It was noted that the opening balance were adjusted. However, the adjustments were not disclosed as part of the prior period error note 40.</p> <p>3. It was noted that the prior period error note disclosure is not in line with the requirements of GRAP 3.51 as the amount and nature of the related adjustments have not been disclosed or quantified.</p>	Late preparation of AFS Lack of weekly/bi-weekly meeting to track or monitor progress of the different components Poor planning by management	Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.	The correction of Note 40 will be properly disclosed in the Interim AFS.	01 February 2020	30 April 2020	Assistant Director Financial Reporting

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ANNEXURE C: POST AUDIT ACTION PLAN

ISS.21	AFS: Differences and limitations on submitted annual financial statements (COAF 5)	Differences between amounts as per AFS and supporting schedules	Late preparation of AFS Lack of weekly/ bi-weekly meeting to track or monitor progress of the different components Poor planning by management	Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.	Preparation of AFS plan which will be monitored weekly and all prior period adjustment filled accordingly.	01 February 2020	Until 30 June 2020	Assistant Director Financial Reporting
ISS.30	CONS MAN: Unauthorised, Irregular, fruitless and wasteful expenditure not investigated or reported to council (Cof10)	MPAC failed to exercise oversight responsibility regarding financial and performance reporting and compliance as well as related internal controls by not ascertain that consequence management is effected within the municipality There were instabilities in key management positions leading into a break down in implementation of key controls.	Poor implementation of consequence management	MPAC should be effective in playing its oversight role by making sure that the accounting officer of the municipality is able to account and investigate all expenditure that constitutes unauthorised, irregular, fruitless and wasteful expenditure. Ensure that consequence management is effected against individuals who are found to be at fault in incurring the expenditure.	Management has started with, taking unauthorised, fruitless & wasteful, irregular expenditure to council, so that any wrong doing that is affecting the service delivery is addressed and consequence management implemented.	03 February 2020	On-going	Accounting Officers

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ANNEXURE C: POST AUDIT ACTION PLAN

ISS.201	Cash flow statement is not accurately disclosed (COF 66)	<p>1. Interest income from accounts receivables of R50776425.00 is included and only the realized interest is supposed to be included in the cash flow, which is already included in the movement of the accounts receivables</p> <p>2. Differences in employee cost are as a result of employee cost benefit paid of R4 277000 not included, salaried staff cost included not as per note 30 and salaries third party were not included.</p> <p>3. Finance cost includes non-cash items which are landfill site and defined benefit plan, only cash items to be included.</p> <p>4. Depreciation in the statement of financial performance is different from the depreciation in note 3 (Property, plant and equipment note</p> <p>As per the above no adjustments were made for non-cash</p>	<p>Late preparation of AFS</p> <p>Lack of weekly/ bi-weekly meeting to track or monitor progress of the different components</p> <p>Poor planning by management</p>	<p>Management should ensure that they adjust for all non-cash items and use accurate figures from the financial statement.</p> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	<p>Preparation of AFS plan which will be monitored weekly and all prior period adjustment filled accordingly.</p> <p>Separate working for cash flow be submitted with Audit file.</p> <p>To correct the prior year the cash flow will be re-performed and all the working will be filled.</p>	01 February 2020	30 June 2020	Assistant Director Financial Reporting
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ISS.201	Cash flow restatement (PY) (COF 65)	<p>As per the above no adjustments were made for non-cash item listed below:</p> <ul style="list-style-type: none"> • Defined benefit plan • Movements in provision was adjusted twice. • Inventory written off • Actuarial loss on defined benefit plan • Write offs • Loss on disposal of assets and liabilities • Interest received for receivables is adjusted twice since the cash movement is already included in the movements for accounts receivables for exchange transaction. <p>For the rehab provision, the incorrect amount was used in managements calculation</p> <p>Vat receivables and payables from exchange transaction differences were noted and it was noted that management used incorrect figures. This will result in the cash flow statement not been accurately disclosed and correctly accounted for in terms of the GRAP.</p> <p>The errors in financial statements submitted is due to instability of vacancies in key positions and key officials are lacking appropriate competencies resulting in the municipality in outsourcing the preparation of annual financial statements to consultants.</p> <p>This will result in the cash flow statement not been accurately disclosed and correctly accounted for in terms of the GRAP.</p>	<p>Late preparation of AFS</p> <p>Lack of weekly/ bi-weekly meeting to track or monitor progress of the different components</p> <p>Poor planning by management</p>	<p>Management should ensure that they adjust for all non-cash items and use accurate figures from the financial statement.</p> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	<p>Preparation of AFS plan which will be monitored weekly and all prior period adjustment filled accordingly.</p> <p>Separate working for cash flow be submitted with Audit file.</p> <p>To correct the prior year the cash flow will be re-performed and all the working will be filled.</p>	01 February 2020	30 June 2020	Assistant Director Financial Reporting
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ISS.23	<p>Bank and Cash: Performance of monthly reconciliations and Bank Overdraft(COF 8)</p>	<p>Bank and Cash: Performance of monthly reconciliations and Bank Overdraft(COF 8)</p> <p>As part of procedure performed in order to gain understanding of processes followed in bank and cash and investments the following was noted.</p> <ol style="list-style-type: none"> 1. Cash and cash equivalents <ol style="list-style-type: none"> i. For all bank accounts included on cash and cash equivalents, bank account reconciliations were not performed on a monthly and/or weekly basis. The reconciliations are only performed at year end when financial statements are prepared. ii. The reconciliation that was submitted for audit purposes was not signed by the responsible official as proof that it was reviewed. The municipality has incorrectly disclosed a bank overdraft of R3422633844 on the face of the statement of financial position even though the municipality does not have a bank overdraft. This can be misleading to the users of the financial statements 2. Investments <p>Even though reconciliations were performed on a monthly basis for investment accounts, it could not be confirmed that the recons were reviewed by the manager financial reporting as stated on the business process for investments and cash and cash equivalents. This was noted on the reconciliation for the month of February 2019 which was only reviewed by the Budget Manager. The supporting documentation for the reconciliation were also not attached thus effectiveness of the review process is questionable. This was as a result of vacancies in key positions and other officials lacking appropriate competencies.</p> 	<p>Monthly reconciliations were not performed and lack of review by senior.</p>	<p>Monthly reconciliations should be prepared and reviewed by supervisors.</p>	<p>Monitor and ensure that all the month reconciliation, are prepared on monthly basis.</p> <p>To correct the prior year , management will re-perform the reconciliation and ensure that reconciling items are addressed.</p>	<p>On-going until 15 July 2020</p>	<p>15 July 2020</p>	<p>Assistant Director :Financial Reporting</p>
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ANNEXURE C: POST AUDIT ACTION PLAN

ISS.52	Cash and Cash Equivalents: Difference on TB and cashbook balances per AFS (COF19)	<p>The errors in financial statements submitted is due to instability of vacancies in key positions and key officials are lacking appropriate competencies resulting in the municipality in outsourcing the preparation of annual financial statements to consultants.</p> <p>Cash and cash equivalents balances disclosed is materially misstated as the amount per AFS do not agree to the trial balance.</p> <p>As the misstatements are material, the differences will result in a modified opinion.</p>	<p>The reconciliations was not properly performed on monthly basis, it was only performed at year end.</p>	<p>Management should provide the audit team with accurate and complete supporting schedules for all the items noted above that agree to the financial statements submitted for audit purposes.</p> <p>The outstanding information should be provided to the auditors or reasons indicated why it is not available.</p> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	<p>Monitor and ensure that all the month reconciliation, are prepared on monthly basis.</p> <p>To correct the prior year, management will re-preform the reconciliation and ensure that reconciling items are addressed.</p>	On-going until 15 July 2020	15 July 2020	Assistant Director :Financial Reporting
ISS.53	Cash and cash Equivalents: Suspense account (COF19)	<p>Cash and cash Equivalents: Suspense account (COF19)</p> <p>As part of amounts disclosed as part cash and cash equivalents balances are the amounts listed on the table below that relate to a suspense account. The fact that the cash and cash equivalents of the municipality consist of these amounts has not been disclosed to the users of the financial statements given the fact that the amounts do not relate to any actual cash available for the municipality.</p> <p>30-Jun-19 30-Jun-18 Suspense account - FNB/ ABSA Bank Recon Transfers 27391 769.42 37 201 991.00</p>	<p>Lack of monthly reconciliation.</p> <p>Lack of monitoring and review of recons.</p>	<p>Management should investigate all amounts that are on the suspense account to determine the source of the amounts and clear the account accordingly.</p> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	<p>Monthly reconciliation have to be performed, for the current year.</p> <p>As for the prior year to correct the error a year end journal will be prepared to ensure that all the differences and reconciling items are addressed.</p> <p>To address prior year, a year end reconciliation will be performed to clear the suspense account and have proper POE.</p>	01 February 2020	30 June 2020	Assistant Director Financial Reporting

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ISS.120	Bank and Cash: Difference noted on disclosure note balances	<p>The errors in financial statements submitted is due to instability of vacancies in key positions and key officials are lacking appropriate competencies resulting in the municipality in outsourcing the preparation of annual financial statements to consultants.</p> <p>Cash and cash equivalents balances disclosed is materially misstated as the amount as the amounts on the face of the AFS not agree to the detailed notes.</p> <p>As the misstatements are material, the differences will result in a modified opinion</p>	<p>Lack of review of financial statement before submission.</p> <p>Late implementation of resolving prior year issues which lead to planning properly for the current year that was under review.</p>	<p>The disclosure note should be corrected such that amounts disclosed agree to the face of the financial statements. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks</p>	<p>PAAP be implemented on time and weekly meetings be held.</p> <p>AFS plan be monitored and reviewed to ensure monthly reconciliations are completed before year end.</p>	01 February 2020	30 June 2020	Accounting Officers
ISS.155	Bank and Cash: Reconciling items that are not valid(COF 46)	<p>The errors in financial statements submitted is due to instability of vacancies in key positions and key officials are lacking appropriate competencies resulting in the municipality in outsourcing the preparation of annual financial statements to consultants.</p> <p>The municipality did not perform reconciliations on a monthly basis for the above bank accounts thus resulting in the above misstatement. Inadequate skills at senior management level impacted on the effectiveness of oversight by council (including the mayor). The inadequacies in the implementation and maintenance of financial and performance management systems resulted in the MEC for Cooperative Governance, Human Settlements and Traditional Affairs implementing an intervention in terms of section 139(1)(b) of the constitution.</p> <p>The closing balance for the cash and cash equivalents is misstated by R552721,95.</p>	<p>Lack of monthly reconciliations</p> <p>Lack of staff capacity, personnel to perform monthly reconciliations</p>	<p>Management should follow up on the above matters and ensure that appropriate and reliable information is submitted to the auditors. In the absence of such information, the above items should be reversed and adjustments be made to balances that have been disclosed.</p> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks</p>	<p>To address the prior year: A year end reconciliation will be prepared and supported with POE.</p> <p>Appointment of Accountant under Cash and bank by end of February 2020.</p>	28 February 2020	CFO	

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ISS.155	Bank and Cash: Year-end reconciliations not performed – Limitation of scope (Cof 46)	The municipality did not perform monthly reconciliations for all its bank accounts. A balance disclosed on the financial statements may be misstated by R20353789,64	Lack of staff capacity, personnel to perform monthly reconciliations. Lack of monthly reconciliations	The accounting officer should ensure that steps are taken to reconcile the above bank accounts. Appropriate and reliable supporting evidence should also be gathered and filed to support any reconciling items. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.	Appointment of Accountant under Cash and bank by end of February 2020. To address the prior year: A year end reconciliation will be prepared	On-going until 15 July 2020	28 February 2020	CFO
ISS.158-	Bank and cash: FNB/ ABSA Bank Transfers (Cof 50)	It was noted that the FNB/ ABSA Bank transfers account does not have a valid account number and bank reconciliation. As a result we are unable to determine the source of the cash inflow of R27 million as its untraceable in other bank accounts, i.e. we cannot determine the other accounting legs affected by this transactions. The municipality's finance department is not sufficiently capacitated with officials who have the appropriate competencies resulting in the municipality in outsourcing the management's functions to consultants. Inadequate skills at senior management level impacted on the effectiveness of oversight by council (including the mayor). The inadequacies in the implementation and maintenance of financial and performance management systems resulted in the MEC for Cooperative Governance, Human Settlements and Traditional Affairs implementing an intervention in terms of section 139(1)(b) of the constitution. Consequently this leads to limitation of scope on this R27 million amount.	Lack of staff capacity, personnel to perform monthly reconciliations. Lack of monthly reconciliations	Management should investigate all amounts that are on the above accounts to determine the source of the amounts and clear the account accordingly. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks	Appointment of Accountant under Cash and bank by end of February 2020. To address the prior year: A year end reconciliation will be prepared	On-going until 15 July 2020	28 February 2020	CFO

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ISS:159	Banks and Cash: Differences noted on mounts per Recon and GL/Cash book (Cof 46)	<p>A balance disclosed on the financial statements is misstated by R1619741,94. This amount also represents unexplained reconciling items as the reconciliations prepared were not based on accurate amounts</p> <p>The errors in financial statements submitted is due to instability of vacancies in key positions and key officials are lacking appropriate competencies resulting in the municipality in outsourcing the preparation of annual financial statements to consultants.</p>	<p>Low staff turnover Lack of monthly preparation of reconciliations</p>	<p>The accounting officer should ensure that steps are taken to accurately re-perform the above reconciliations order to ensure that accurate amounts are disclosed on the financial statements. Appropriate and reliable supporting evidence should also be gathered and filed to support any reconciling items.</p> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	<p>Appointment of Accountant Monthly preparations of reconciliations to clear reconciling items and investigate old reconciling items For prior years we will prepare a year-end reconciliation.</p>	01 February 2020	15 July 2020	Assistant Director Financial Reporting.
ISS:161	Bank and Cash: Un-cleared reconciling items disclosed as part of bank balances (Cof 50)	<p>Bank and Cash: Un-cleared reconciling items disclosed as part of bank balances (Cof 50)</p> <p>As part of amount disclosed on Note 8 of the financial statements are the amounts listed on the table below relating to un-cleared reconciling items from bank accounts that have been confirmed to have been closed.</p> <p>Item Institution Account number Status Amount as per Actual GL/TB (2019) Amount as per Actual GL/TB (2018)</p> <p>1 Absa Bank 4052683765 Closed 3 011,72</p> <p>2 Absa Bank 4052379233 Closed (1 235,98)</p> <p>3 Absa Bank 4054697853 Closed (1 550 090,59)</p> <p>4 Absa Bank 4055073462 Closed 154 558,00</p> <p>154 558,00 (1 393 756,85) (1 393 756,85)</p> <p>Consequently this leads to a misstatement of the balance recognised and disclosed as part of cash and cash equivalents</p>	<p>Low staff turnover Lack of monthly preparation of reconciliations</p>	<p>Management should investigate all amounts that are on the above source of the amounts and clear the account accordingly.</p> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	<p>Appointment of Accountant Monthly preparations of reconciliations to clear reconciling items and investigate old reconciling items For prior years we will prepare a year-end reconciliation.</p>	01 February 2020	15 July 2020	Assistant Director Financial Reporting.

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ISS:167	Unauthorised Debit Orders - Unauthorised Expenditure (COF 77)	<p>The continued occurrence of the unauthorised debit orders without any action being taken to stop the continued occurrence needs to be addressed and steps must be immediately taken to ensure that the debit orders are just stopped.</p> <p>There were instabilities in key management positions leading into a break down in implementation of key controls</p>	<p>Lack of monitoring the bank account.</p> <p>Lack preparing the monthly reconciliations.</p> <p>Low staff turnover</p>	<p>Immediate steps need to be taken by the accounting officer and MPAC to ensure that steps are taken to prevent future losses for the municipality. Consequence management needs to be effected against officials that have acted in a way that caused harm to the municipality.</p> <p>MPAC should ensure that it is effective in playing its oversight role by making sure that the accounting officer of the municipality is able to account and investigate all expenditure that constitutes unauthorised, irregular, fruitless and wasteful expenditure.</p>	<p>To address the prior year: A year end reconciliation will be prepared</p> <p>Preparation of monthly reconciliations</p> <p>Appointment of Accountant under Cash and bank by end of February 2020.</p>	On-going until 15 July 2020	15 July 2020	Assistant Director Financial Reporting CFO
ISS:174	Bank and Cash: Completeness of disclosure for bank accounts(COF 46)	<p>The municipality's finance department is not sufficiently capacitated with officials who have the appropriate competencies resulting in the municipality outsourcing the management's functions to consultants.</p> <p>The municipality did not perform monthly reconciliations for all its bank accounts.</p> <p>A balance disclosed on the financial statements maybe misstated by R28765619,19.</p> <p>Due to the fact that reconciliations for the above accounts were not performed, the differences noted on the table could not be further tested to ensure that the items are supported by reliable information resulting in a limitation of scope.</p>	<p>Low staff turnover</p> <p>Lack of monthly preparation of reconciliations</p>	<p>The accounting officer should ensure that steps are taken to reconcile the above bank accounts. Appropriate and reliable supporting evidence should also be gathered and filed to support any reconciling items.</p> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	<p>Appointment of Accountant</p> <p>Monthly preparations of reconciliations to clear reconciling items and investigate old reconciling items</p> <p>For prior years we will prepare a year-end reconciliation.</p>	01 February 2020	15 July 2020	Assistant Director Financial Reporting.

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ISS:197	Bank and Cash: Discrepancies on Journals (COF 61)	The municipality did not perform monthly reconciliations for all its bank accounts. The scope limitations on auditors work to be performed will result in a modified audit opinion	Late preparations of reconciliations. Lack of reviews and monitoring of reconciliations.	The accounting officer should ensure that steps are taken to investigate the above journal to identify the root cause of the journals. Also for all journals that are processed, reasons need to be captured on the journal as to why the journal was processed. If no reasons are captured, the journal must not be approved. Journals should also be filed with the relevant supporting documentation. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.	To address the prior year: a year-end reconciliation will be prepared to support all the journals. Appointment of Accountant by end of February 2020	01 February 2020	15 July 2020	Assistant Director Financial Reporting.
ISS:198	Bank and Cash: Information not submitted: Limitation of Scope (COF.49)	Supporting documentation for the journals listed below is outstanding: 1. 1372 – R-31610,00 2. 1384 – R25495,60 3. 1386 – R-5265,75 4. 1372 – R19000,00 5. 1386 – R44308,50 6. 1384 – R36331,00 7. 1372 – R20700,00	Late preparations of Journals. Which lead to late submission	The outstanding information should be provided to the auditors or reasons indicated why it is not available. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.	Extract the report of all journals processed, and file all the journals with supporting documents.	01 February 2020	30 April 2020	Assistant Director Financial Reporting
ISS:211	Bank and cash: Year-end reconciliations not performed – Limitation of scope	The municipality's finance department is not sufficiently capacitated with officials who have the appropriate competencies resulting in the municipality outsourcing the management's functions to consultants. The municipality did not perform monthly reconciliations for all its bank accounts. A balance disclosed on the financial statements may be misstated by R30 721.	Lack of monthly reconciliation and review.	The accounting officer should ensure that steps are taken to reconcile the above bank account. Appropriate and reliable supporting evidence should also be gathered and filed to support any reconciling items. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks	Prepare the monthly reconciliations, and	03 February 2020	15 July 2020	Assistant Director: Financial Reporting

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ISS:219	Bank and Cash: Unexplained reconciling items (COF72)	<p>The errors in financial statements submitted is due to instability of vacancies in key positions and key officials are lacking appropriate competencies resulting in the municipality in outsourcing the preparation of annual financial statements to consultants.</p> <p>The municipality did not perform reconciliations on a monthly basis for the above bank accounts thus resulting in the above misstatement</p> <p>The cash and cash equivalents balance has been misstated by R1619742 as a result of unexplained reconciling items thus a limitation of scope.</p>	Lack of monthly reconciliation and review.	<p>Management should follow up on the above matters and ensure that the differences noted above are reconciled and supporting documentation be filed.</p> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	<p>Prepare the monthly reconciliations</p> <p>Prior year prepare the year end reconciliation, to correct all the reconciling items</p>	01 February 2020	15 July 2020	Assistant Director: Financial Report
ISS:218	Bank and Cash: Transactions not recorded on the ledger (COF72)	<p>The financial statements items expenditure, accounts receivables, accounts payables, revenue, consumer deposits are at a minimum misstated by R5566387,38 arising as result of transactions that are said not to have been recorded.</p> <p>The errors in financial statements submitted is due to instability of vacancies in key positions and key officials are lacking appropriate competencies resulting in the municipality in outsourcing the preparation of annual financial statements to consultants.</p>	Lack of monthly reconciliation and review. Low Staff turnover.	<p>Management should follow up on the above matters and ensure that the items have and were appropriately recorded. When it is found that the items have not been recorded, appropriate adjustments should be made.</p> <p>Bank account reconciliations should also be performed on a monthly basis in order to ensure that reconciling items noted as per above are identified and dealt with timeously.</p> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	<p>Appointing of new Accountant</p> <p>Preparation of monthly reconciliations.</p> <p>To correct the prior year we will prepare the year end reconciliation.</p>	01 February 2020	15 July 2020	Assistant Director: Financial Reporting
ISS:86	Compared the closing balance per prior year updated listing (17/18) to opening balance per current year listing (18/19) and noted differences (Cof22)	<p>The municipality does not have an adequate system to manage contracts and senior management does not have appropriate skills. There is a need to procure a document management system.</p> <p>Work performed by consultants is not properly reviewed as evidenced by elementary errors in schedules submitted for audit</p> <p>The annual financial statements may be misstated by R195 443 053</p>	Late preparation of commitment register. Poor contract management monitoring.	<p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p> <p>Work performed by consultants should be reviewed by senior management and the municipality should consider procuring a document management system</p>	<p>Re-perform the commitment register for prior year by reviewing all the PMU projects approved and ensure the contract amounts are correctly disclosed.</p>	01-Feb-20	30-Jun-20	Assistant Director SCM

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ISS:147	The balance of commitments as per annual financial statements is misstated (Cof37)	<p>Incorrect calculation of the commitment balance as some payments certificates and retentions were not taken into /completed projects still included</p> <p>There was limitation of audit scope as not all payments certificates were provided</p>	<p>Late preparation of commitment register.</p> <p>Poor contract management monitoring.</p>	<p>The Chief Financial Officer should ensure the following:</p> <ol style="list-style-type: none"> 1. Commitment registers are properly reviewed and expired contracts as well as savings on contracts were goods or services are removed from the commitment register. 2. All payments certificates should be removed from the commitment register should be taken into account when calculating the commitment balance at year end. 3. Should develop an electronic contract management system. 	<p>Re-perfume the commitment register for prior year by reviewing all the PMU projects approved and ensure the contract amounts are correctly disclosed.</p>	01-Feb-20	30-Jun-20	Assistant Director SCM
ISS:16	Commitments (COF 8)	<p>The amount disclosed as commitments for prior year is overstated by R36763749.</p> <p>Inadequate reviews performed on financial statements submitted for audit.</p> <p>There is lack of suitably qualified personnel in the finance department to assist with the preparation of accurate and credible financial statements.</p> <p>Over reliance on consultants in the preparation of financial statements without reviewing their work performed.</p> <p>The amount disclosed for commitments may be materially misstated in the current year.</p>	<p>Late preparation of commitment register.</p> <p>Poor contract management monitoring.</p>	<p>It is recommended that management ensures that all information presented and disclosed in the financial statements is accurately presented in compliance with laws and regulations.</p>	<p>Re-perfume the commitment register for prior year by reviewing all the PMU projects approved and ensure the contract amounts are correctly disclosed.</p>	03-Feb-20	30-Jun-20	Assistant Director SCM

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ISS.25	Incorrect classification of PIC loan (COF 6)	<p>We noted that as disclosed in note 39 of the annual financial statements the PIC loan amounting to R1 115 455 94 has been incorrectly classified as a contingent liability instead of long term liabilities. The court judgment dated 04 June 2019 confirm that the municipality should recognise the loan.</p> <p>The errors in financial statements submitted is due to instability of vacancies in key positions and key officials are lacking appropriate competencies resulting in the municipality in outsourcing the preparation of annual financial statements to consultants.</p>	<p>Lack of review of financial statement before submission.</p> <p>Late implementation of resolving prior year issues which lead to planning properly for the current year that was under review.</p>	<p>The financial statement item should be updated to achieve fair presentation. The PIC loan should be removed from contingent liabilities and included under long term liabilities. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	<p>Early implementation of AFS plan to avoid, late review of AFS.</p> <p>Management will update the AFS to correct incorrect classification o PIC</p>	03-Feb-20	30-Apr-20	CFO Assistant Director Financial Reporting
ISS.14	Employee cost - Performance evaluation (COF 9)	<p>During the confirmation of the municipal processes it could not be confirmed that senior managers, the municipal manager and non-senior employees were measured and evaluated on performance as no evidence was submitted.</p> <p>There were instabilities in key management positions leading into a break down in implementation of key controls.</p>	<p>instability of senior managers which led to poor implementation and monitoring of performance evaluation of both seniors and middle management</p>	<p>The Municipal Manager should ensure that there are appropriate tools in place to measure and evaluate the performance of staff through performance assessments of non-senior managers and senior managers that can be done per directorate.</p>	<p>Current intervention team will review the middle management and performance management will be implemented by the current intervention team.</p>	03-Feb-20	on-going	Accounting Officers
ISS.22	Job Descriptions forms not Approved (COF 09)	<p>During the audit of the system of Internal Controls it was noted that the Municipality has job descriptions for posts that are on the municipalities organisational structure, however the job descriptions were not approved.</p>	<p>instability of senior managers which led to poor implementation and monitoring of performance evaluation of both seniors and middle management</p>	<p>Management must ensure that: All job descriptions for posts in the organisational structure are approved.</p>	<p>Accounting Officer and Directors will review the Organizational structure to amend any discrepancies and approve it.</p>	03-Feb-20	On-going	Accounting Officers
ISS.60	Irregular Expenditure - Overstatement (COF 64)	<p>Management failed to review information included in the Annual financial statements to ensure that it was accurately prepared and supported with reliable evidence. Impact</p> <p>The annual financial statements do not fairly present in accordance to the MFMA and GRAP. This results in the overstatement of Irregular expenditure by R15 581 780.17</p>	<p>Lack of reviewing AFS, to correspond to the note.</p>	<p>Management should ensure that they prepare and review evidence before including in the annual financial statements</p>	<p>Correct the Note in the interim financial statement</p>	03-Feb-20	30-Apr-20	CFO

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ISS.84	<p>Unauthorised expenditure - current year opening balance amount and comparative closing amount do not correspond (COF 22)</p>	<p>The unauthorised expenditure opening balance for the current year under review has been understated by R10 621 497.00</p> <p>The closing balance for unauthorised expenditure is under stated by R6 371 988.</p> <p>The irregular expenditure closing balance and comparative figures have been overstated by R6 371 988 and R10 621 497.00 respectively.</p>	<p>Lack of reviewing AFS, to correspond to the note.</p> <p>The amount was not supposed to be disclosed under unauthorised expenditure.</p>	<p>The amounts disclosed for irregular and unauthorised expenditure must be corrected such that the above misstatements are corrected and thus ensure accurate disclosure on the financial statements</p>	<p>Correct the Note in the interim financial statement</p>	03-Feb-20	30-Apr-20	CFO
ISS.111	<p>Irregular Expenditure - Information not submitted (COF 27)</p>	<p>The chief financial officer did not submit the requested information within three days as agreed in the engagement letter.</p> <p>The information has not been submitted within three days due to instability of vacancies in key positions and key officials lacking appropriate competencies.</p> <p>The municipality heavily relies on consultants to perform management tasks</p>	<p>Poor co-ordination of request of information</p> <p>Poor recording keeping</p>	<p>Management should ensure that there is proper record keeping management processes, sufficient staff members assisting with the requested information by the auditors and should submit the information timeously. This will speed up the audit and it will result to 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> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks</p>	<p>CFO will assign the personnel who will assist the AG with RIF</p>	03-Feb-20	on-going	CFO
ISS.194	<p>Irregular Expenditure - Completeness Issue (COF 64)</p>	<p>The irregular expenditure in the Annual Financial Statement is understated by R48 998 562.48.</p> <p>As the misstatement is material, it will result in a modified opinion.</p>	<p>Lack of reviewing AFS, to correspond to the note.</p>	<p>Management should ensure that the amount disclose as irregular expenditure is updated such that includes the above misstatements. The amount should also be added on the register for irregular expenditure. Consequence management should also be effected against individuals that are found to be in the wrong.</p>	<p>Correct the Note in the interim financial statement (it will be submitted to internal audit for verification of schedules submitted on the audit file).</p> <p>External consultant will be appointed to review the AFS and audit file, to verify all the schedules.</p>	03-Feb-20	30-Apr-20	CFO

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ISS.196	Irregular Expenditure - information not submitted (COF 64)	management did not to provide information requested by auditors for the Tender files issued on the 13th November 2019 and due on the 15th November 2019 Original SLA between KAPA Bokoni Trading & Projects and the Organ of state. From RFI 124 - Supplier: Dr Cash in Builid Cheque no.: 90050010 Amount: R204 288.00	Poor co-ordination of request of information Poor recording keeping	It is recommended that 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.	The CFO will assign the personnel's who will assist the AG. Management will prepare the contract management register and identify the missing files to report to the Accounting Officer to further investigate.	03-Feb-20	on-going	Assistant Director SCM
ISS.200	Fruitless and Wasteful Expenditure - Completeness issue (COF 64)	Amount of R8 249 128 (R1 738 820+R6 510 308) of interest was incorrectly classified as expenditure and was therefore not included in the Fruitless and Wasteful expenditure. The Fruitless and Wasteful expenditure in the Annual Financial Statement is understated.	The lack of submitting the 12 months invoice, Lack of capturing on accrual basis, its leading the municipality to not keep tract of monthly invoices. Poor record keeping of invoices.	Management should ensure that all payments relating to a supplier are included in the Fruitless and Wasteful expenditure register; if the transaction has been declared Fruitless or wasteful. Management should further ensure that the Fruitless and wasteful expenditure register properly prepared and reviewed before submission to the Auditors.	Management will use the creditor's module to record the invoices when they occur or received to capture them correctly and interest overdue on accounts. Management will review all invoices captured for the financial year 2018/19 to correct all the in interest charged on the accounts and updated the fruitless and wasteful register.	03-Feb-20	30-Jun-20	Assistant Director Expenditure
ISS.212	Unauthorised Expenditure - Completeness (Cof 81)	Items were identified during the audit of Assessment of the budget as Unauthorised expenditure, however this could not be confirmed that they are part of the register, as the register was not proved by management The Unauthorised Expenditure in the Annual Financial Statement is understated by R774 802 733.98 As the misstatement is material, it will result in a modified opinion	The register was not submitted to AG. Late preparations of AFS which lead to the register prepared late.	Management should ensure that the amount disclose as Unauthorised expenditure is updated such that includes the above misstatements. The amount should also be added on the register for Unauthorised expenditure. Consequence management should also be effected against individuals that are found to be in the wrong	Early implementation of the AFS plan to avoid late preparations of AFS.			

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ISS.231	Expenditure management - Unforeseen and unavoidable expenditure - Compliance issues (COF 85)	<p>In Accordance to MFMA section 29 and MBRR section 71 and 72 management did not comply as the following Expenditures do not meet the requirements of unforeseen and unavoidable expenditure:</p> <ol style="list-style-type: none"> 1. IT Equipment - Through inspection of the minutes of the meeting, confirmed that Management decided to purchase IT equipment so that they do not lease them. 2. Furniture - Management purchase new furniture when new personnel was appointed in the municipality 3. Fire truck engine - Through discussion with management, it was noted that the Fire truck was budgeted for in the prior year but only paid for in the current year under audit. <p>> Furthermore, management did not comply with the following:</p> <p>The approval of the Adjustment budget with council was not done within 60 days.</p> <p>Expenditure Amount</p> <p>Transformer De Kroon R7 200 000,00 IT Equipment R28 000 000,00 Fire Engine Truck R2 925 000,00 Furniture R1 520 396,00 R39 645 396,00</p>	<p>Poor planning and procurement plan.</p>	<p>Management should ensure that before expenditure is incurred they follow the correct process in order to avoid contravention with laws and regulations.</p> <p>Management should further ensure that expenditure that was unforeseen and unavoidable should be approved within 60 days from when the expenditure incurred</p>	<p>Implementation of procurement plan will be monitored and all procurements will have a budget form</p>	31-Jan-20	On-going	Assistant Director Budget	Assistant Director Financial Reporting
ISS.58	Irregular Expenditure - Unauthorised debit orders incorrectly classified (COF 21)	<p>On inspection of the financial statements submitted for audit, it was noted that the disclosure for irregular expenditure included expenditure that resulted from unauthorised debit orders. Upon inspection of the schedule for the unauthorised debit orders, the expenses that were recorded were not incurred in order to fulfil the mandate of the municipality and thus therefore meet the definition of unauthorised expenditure and not irregular expenditure as disclosed by the municipality.</p> <p>The irregular expenditure disclosed is overstated with the above stated amounts for the respective years.</p> <p>Unauthorised expenditure is understated by R6 371 988.</p>	<p>Lack of understanding the classification of unauthorised debit orders.</p>	<p>Management should ensure the financial statements disclosure is corrected such that it reflected the accurate amounts. The adjustment processed must be submitted to the auditors.</p>	<p>The register will be re-performed and the debit orders will be classified as trade receivables as they are unknown.</p>	03-Feb-20	30-Apr-20		

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ISS.109	Budgeted amount per statement of comparison does not agree to amount per approved adjusted budget(COF 63)	<p>The budgeted amount as per statement of comparison of actual and budgeted amount does not agree to the approved adjusted budget</p> <p>The actual amount as per statement of comparison of actual and budgeted amount does not agree to the actual amount as per AFS</p> <p>Over reliance on consultants in the preparation of financial statements without reviewing their work performed.</p> <p>The above result in the statement of comparison of budget and actual amounts not being correctly presented.</p>	Late preparation of annual financial statements. Lack of review of annual financial statements	<p>The Chief Financial Officer should adequately review the annual financial statements against the supporting documents before submission for approval.</p> <p>The statement of comparison of budget needs to be adjusted such that it reflects the correct amounts.</p>	Interim annual financial statement will be reviewed by internal audit and external consultant.	01-Feb-20	30-Jun-20	Assistant Director Budget and Financial reporting
ISS.113	Amounts per statement of comparison do not agree to amounts per appendix E (COF 63)	<p>During the audit of the statement of comparison of budget and actual amounts it was noted that the actual amounts per the statement of comparison do not agree to the amounts per appendix E on the AFS</p> <p>Over reliance on consultants in the preparation of financial statements without reviewing their work performed.</p> <p>The above result in the statement of comparison of budget and actual amounts not being correctly presented.</p>	Late preparation of annual financial statements. Lack of review of annual financial statements	<p>The Chief Financial Officer should adequately review the annual financial statements against the supporting documents before submission for approval.</p> <p>The statement of comparison of budget needs to be adjusted such that it reflects the correct amounts.</p>	Interim annual financial statement will be reviewed by internal audit and external consultant.	01-Feb-20	30-Jun-20	Assistant Director Budget and Financial reporting
ISS.56	Other Financial Assets - VBS investment not disclosed (COF 22)	<p>Through inspection of the annual financial statements in the year under review, it was noted that there is no disclose for corresponding amounts for VBS investment as it was disclosed in the prior financial statements for the financial year 2017/18. Therefore, this constitutes a contravention with MFMA and GRAP, as management failed to comply with the disclosure requirements for financial instruments.</p>	Lack of reviewing financial statements to detect errors.	<p>The financial statements must be adjusted such that the opening balance relating to the impairment of the investment of VBS is disclosed as part of our comparative figures. Also given that the investment was impaired in the prior year, the amounts on the statements of financial position and the supporting notes, needs to reflect the balance of the investment and the accumulated impairment giving a closing balance of zero</p>	Financial statements will be adjusted such that the opening balance relating to the impairment of the investment of VBS is disclosed as part of our comparative figures	03-Feb-20	30-Apr-20	Assistant Director Financial Reporting

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ISS.11	Operating lease expense and liability (COF 8)	<p>1. During the review of the annual financial statements it was noted that the amounts presented on the financial statements for operating lease expense does not correspond to the schedules provided.</p> <p>2. During the review of the annual financial statements it was noted that the material amount presented on the face financial statements for operating lease liability was not disclosed in the notes to the financial statements as required by the conceptual framework and GRAP 1.</p> <p>3. Furthermore, it was noted that the future minimum lease payments disclosed were not accurately calculated (as the straight line amount was disclosed instead of the actual payments) as required by GRAP 13.</p> <p>Furthermore, it was noted that the description included in the note - 34 states that the straight lined amount amounted to R108 839 978 recognised in the financial statements however this amount could not be traced to the face of the financial statements or the schedules provided by management. Amount disclosed for operating lease expenditure may be materially understated by R64167657</p>	<p>Incorrect mapping on caseware.</p> <p>Lack of preparation of monthly reconciliations.</p>	<p>The accounting officer should ensure that the finance department is sufficiently capacitated to assist with the timeous preparation of financial statements and reviews. Management must ensure that all information presented and disclosed in the financial statements agrees and also corresponds with supporting schedules and is in compliance with laws and regulations.</p>	<p>Monthly reconciliation will be prepared to ensure that votes are mapped correctly to caseware during the Interim AFS.</p> <p>To correct the operating lease we will map it to the correct components and submit it with interim AFS.</p> <p>The AFS will be submitted to internal audit to verify the all the critical components.</p>	03 February 2020	30-Apr-20	Assistant Director Financial Reporting.
ISS.87	Operating lease expenditure (COF25)	<p>Management did not ensure that expenditure is accurately accounted for on the accrual basis and in compliance with GRAP13. Furthermore Management does not have controls in place to ensure that payments to suppliers are in terms of contract.</p> <p>The impact of the above issues results in an understatement of operating lease expenditure of R44 838 470.08 and an overstatement of lease liability by R78 524 368.45.</p>	<p>Lack of monthly reconciliations which are monitored/reviewed by senior management.</p>	<p>Management should ensure that expenditure is accurately accounted for on the accrual basis and in compliance with GRAP. Management should also ensure that controls are in place to ensure that payments to suppliers are in terms of contract.</p>	<p>To correct the prior year management will review all the contract to ensure the meet the classified correctly under GRAP 13.</p>	03-Feb-20	30-Apr-20	CFO and Assistant Director Financial Director

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ISS:88	Operating lease liabilities-prior year finding (COF 24)	<p>i. During the audit of the operating lease liability it was noted that operating lease smoothed expenditure was incorrectly calculated</p> <p>ii. During the audit of the operating lease liability it was noted that operating lease expenditure was incorrectly calculated, it was further noted that the lease payments actually made during the year exceeded the lease amounts stipulated in the contract.</p> <p>The impact of the above issues results in an overstatement of operating lease expenditure by R16357001,62, and an overstatement of lease liability by R24227101,6</p>	Lack of implementing PAAP early, which lead to not correcting prior year issues.	<p>Management should ensure that prior year amounts for leases are adjusted such that they reflect the correct and accurate amounts. The proposed adjustment must be submitted to auditors.</p> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	To correct the prior year management will review all the contract to ensure the meet the classified correctly under GRAP 13.	03-Feb-20	30-Apr-20	CFO and Assistant Director Financial Director
ISS:102	Leases Scope Limitation (COF 23)	<p>The chief financial officer did not submit the requested information within three days as agreed in the engagement letter</p> <p>The information has not been submitted within three days due to instability of vacancies in key positions and key officials lacking appropriate competencies.</p> <p>This is a limitation of scope on auditors work to be performed and will result in a modified audit opinion.</p>	Lack of implementing PAAP early, which lead to not correcting prior year issues.	<p>Management should ensure that there are sufficient staff members assisting with the requested information by the auditors and should submit the information timeously. This will speed up the audit and it will result to low audit cost for the municipality.</p> <p>The municipality should introduce an online leave system were all leave transactions will be submitted and approved so that a record of all transactions is kept.</p> <p>The outstanding information should be provided to the auditors or reasons indicated why it is not available.</p>	To correct the prior year management will review all the contract to ensure the meet the classified correctly under GRAP 13.	03-Feb-20	30-Apr-20	CFO and Assistant Director Financial Director

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ISS:115	Operating lease- not complete (COF83).	<p>During the audit of operating lease expenditure, it was noted that some contracts that contained a lease were not included in the operating lease statements therefore resulting in an understatement of the lease expense.</p> <p>During the audit of the contract with Balimi Barui Trading for Supply, Delivery and distribution of fuel for Madibeng Local Municipality, it was noted that the Municipality has a right of use of the petrol depot and at end of lease term, the depot will be that of the Municipality. It was thus noted that a valid lease exists however had not been included in the financial statements.</p> <p>Further more during the audit of service level agreement with Sizwe Africa Group for Provision of Information Communication and Technologies, it was noted that the Municipality has a right of use of photocopy machines in addition to the purchase agreement provided by the supplier, however the right of use was not accurately accounted for as a lease.</p>	Poor contract management	<p>Management should ensure that all leases that should have been presented in the financial statements have been presented.</p> <p>Management should ensure that they review all agreements entered into to determine if they contain a lease and that if an agreement has a lease. Management need to confirm with service provide the value attributed to the leased items and then accurately include in the financial statements.</p>	To correct the prior year management will review all the contract to ensure the meet the classified correctly under GRAP 13.	03-Feb-20	30-Apr-20	CFO and Assistant Director Financial Director
ISS:12	Contracted services: Note does not agree to the Statement of financial performance (CoAF 09)	<p>We noted that as disclosed in note 27 of the annual financial statements the amount per the note is R128044758.00 and the amount in the statement of financial performance under contracted services is R147440398.</p> <p>The omitted amount relates to Valuation roll (R11414795.14) and installation of pre-paid electricity meters (R7980845.28)</p> <p>This may result in the contracted services note 27 to be understated by R19395 640</p>	<p>Poor implementation of annual financial statement plan, which lead to no review of AFS.</p> <p>Lack of AFS review before being submitted to AG and internal audit.</p>	<p>The financial statement item should be updated to achieve fair presentation. The Installation of pre-paid electricity meters and Valuation roll should be included under Contracted Services Note 27.</p> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	<p>Management will monitored the AFS plan monthly.</p> <p>To correct the prior year management will correct on the interim financial statement.</p>	03-Feb-20	30-Apr-20	CFO

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ISS.18	Contracted Services: Not recorded in the correct period (CoAF 29)	<p>During the audit of the transactions before and after year end the following was noted</p> <p>1. The following transactions were recorded in the 2018/19 Financial year while they actually incurred and accrued to the Municipality after year end:</p> <p>5 GILDENHUY'S MALATJI ATTONERYS R109 389,13</p> <p>7 BUSINESS CONNEXION (PTY) LTD R133 752,00</p> <p>8 THE SOUTH AFRICAN NUCLEAR ENERGY CORPORATION LTD R256 462,96</p> <p>10 UNLEASH OF SUCCESS R288 529,04</p> <p>Total misstatement <u>R788 133,13</u></p> <p>This results in a misstatement in the amount of expenditure recorded.</p>	<p>Management is not using creditors module. Therefore that's why we having issues of cut-off and completeness.</p>	<p>The Accounting Officer should ensure that expenditure is recorded in the correct period. Care must be taken to ascertain the period in which expenditure was actually incurred and accounted for accordingly and not only accounted for when paid.</p>	<p>Implementation of creditors module must be effected.</p>	<p>on-going</p>	<p>until 30 June 2020</p>	<p>CFO</p>
ISS.48	Other operating expenditure - Limitation (CoAF 16)	<p>Information relating to Expenditure: Other operating part of RFI 67 of 2019 was not received. The RFI was issued on the 8th October and due on the 10th October 2019. The chief financial officer did not submit the requested information within three days as agreed in the engagement letter. The information has not been submitted within three days due to instability of vacancies in key positions and key officials lacking appropriate competencies</p>	<p>Poor audit coordination</p>	<p>Management should ensure that there is proper record keeping management processes, sufficient staff members assisting with the auditors and should submit the information timeously. This will speed up the audit and it will result to low audit cost for the municipality. The outstanding information should be provided to the auditors or reasons indicated why it is not available. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	<p>CFO will assign team to assist with submission of AFS</p> <p>Reconciling all the payment made on the financial year ended 2018/19.</p>	<p>03-Feb-20</p>	<p>30-Apr-20</p>	<p>Assistant Director Expenditure</p>

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ISS.89	Other operating expenditure: Not recorded in the correct period (CoAF 29)	<p>The transactions listed below as selected from the ledger for the period ended 30 June 2019, were not recorded in the correct financial period:</p> <ul style="list-style-type: none"> 1 Blue apple Tree 77 321,74 2 Limkha Projects & Supplies 245 430,00 3 Betha Corn 487 031,30 4 Salga 4 051 230,00 Total 4.861.013,04 <p>This result in a misstatement of the amount of expenditure recorded. As the misstatement is material when projected, it will result in a modified opinion.</p>	Management is not using creditors module. Therefore that's why we having issues of cut-off and completeness.	<p>The Accounting Officer should ensure that expenditure is recorded in the correct period. As the misstatement is material when projected, the municipality should evaluate all the transactions recorded for general expenditure and ensure that all the transactions recorded in the GL relates to the correct financial period.</p> <p>Invoice register should be kept and allocated to a specific official of the Municipality in order to keep track of all invoices received, and regularly updated to ensure that the invoice aging is correct and invoices are recorded in the correct period</p>	Implementation of creditors module must be effected.	on-going	until 30 June 2020	CFO
ISS.118	Expenditure - Payments not made within 30 days (CoAF 31)	<p>During the audit of expenditure and payables for the year ended 30 June 2019 it was confirmed that the municipality does not consistently pay creditors within 30 days as per MFMA.</p>	<p>Poor payment plan. Poor implementation of procurement plan Lack of preparation of creditors reconciliations Not using creditors module</p>	<p>The CFO should implement proper monitoring controls to ensure compliance with section 65 of the MFMA by ensuring that invoices are paid within 30 days of receipt of invoice</p> <p>A compliance checklist should be used to monitor compliance to applicable laws and regulations. The checklist should set strict deadlines for compliance, to ensure that all payments for invoices are made within the required 30- day period.</p>	<p>Management will start the cost containment committee to reduce the unnecessary prepare procurement and ensure it is implemented</p> <p>Monthly creditors reconciliations implementations of creditors module</p>	03-Feb-20	on-going	CFO

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ISS:122	Repairs and Maintenance not recorded in the correct period (CoAF 29)	The transactions as selected from the ledger for the period ended 30 June 2019, were not recorded in the correct financial period. This result in a misstatement of the amount of expenditure recorded. The misstatement will be accumulated and assessed with other misstatements.	Management is not using creditors module. Therefore that's why we having issues of cut-off and completeness.	The Accounting Officer should ensure that expenditure is recorded in the correct period by ensuring that the above transactions are corrected and recorded in the correct period. Care must be taken to ascertain the period in which expenditure was actually incurred and accounted for accordingly and not only accounted for when paid. Invoice register should be kept and allocated to a specific official of the Municipality in order to keep track of all invoices received, and regularly updated to ensure that the invoice aging is correct and invoices are recorded in the correct period	Implementation of creditors module must be effected.	on-going	until 30 June 2020	Assistant Director Expenditure
ISS:133	Other operational expenses misstatement (Cof 84)	The transactions as selected from the ledger for the period ended 30 June 2019, did not agree to the supporting documentation (Invoices).	Management is not using creditors module. Therefore that's why we having issues of cut-off and completeness. Lack of review of invoices before paid.	The Accounting Officer should ensure that expenditure recorded is correct by ensuring that the above transactions are corrected and recorded correctly in the GL by ensuring that they agree to the supporting documentation. Care must be taken to ascertain the period in which expenditure was actually incurred and accounted for accordingly	Implementation of creditors module must be effected.	on-going	until 30 June 2020	Assistant Director Expenditure
ISS:184	Expenditure: Transactions not recorded at correct amounts (Cof62)	The transactions as selected from the ledger for the period ended 30 June 2019, were not recorded at the correct value. There is no creditor's module in place to assist in calculating closing balances and cash payments for a designated number of creditors liability categories, based on either assumed creditors days or assumed closing balances	Management is not using creditors module. Therefore that's why we having issues of cut-off and completeness. Lack of review of invoices before paid.	The Accounting Officer should ensure that expenditure is recorded in the correct period. As the misstatement is material when projected, the municipality should evaluate all the transactions recorded for general expenditure and ensure that all the transactions recorded in the GL relates to the correct financial period. Invoice register should be kept and allocated to a specific official of the Municipality in order to keep track of all invoices received, and regularly updated to ensure that the invoice aging is correct and invoices are recorded in the correct period	Implementation of creditors module must be effected.	on-going	until 30 June 2020	Assistant Director Expenditure

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ISS.185	Expenditure: Transactions not recorded at correct amounts (COF 62)	Supporting documents for the following payments could not be provided: 18 W Mogale 1 540,00 20 Motwatswe M J 951,62 21 University of Johannesburg 18 540,00 <u>Total</u> <u>21 031,62</u> The chief financial officer did not submit the requested information within three days as agreed in the engagement letter	Lack of review of invoices before paid. Monthly reconciliation of reconciliations comparing apid and what was captured.	Management should ensure that there are sufficient staff members assisting with the requested information by the auditors and should submit the information timeously. This will speed up the audit and it will result to low audit cost for the municipality. The outstanding information should be provided to the auditors or reasons indicated why it is not available. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks	preparations of Monthly reconciliations	03-Feb	15-Jul-20	Assistant Director Expenditure
ISS.186	Expenditure: Transactions not recorded at correct amounts (COF62)	The transactions listed below as selected from the ledger for the period ended 30 June 2019, were not recorded at the correct value: 1 Minatiou Consulting 110 676,83 2 Mokganya Supply and Projects Cc 148 152,00 3 Truvelo Africa Electronics Division (Pty) Ltd -4 160,87 <u>Total</u> <u>Difference 254.667,96</u> There is no creditor's module in place to assist in calculating closing balances and cash payments for a designated number of creditors liability categories, based on either assumed creditors days or assumed closing balances	Lack of review of invoices before paid. Monthly reconciliation of reconciliations comparing apid and what was captured.	The Accounting Officer should ensure that expenditure is recorded in the correct period. As the misstatement is material when projected, the municipality should evaluate all the transactions recorded for general expenditure and ensure that all the transactions recorded in the GL relates to the correct financial period. Invoice register should be kept and allocated to a specific official of the Municipality in order to keep track of all invoices received, and regularly updated to ensure that the invoice aging is correct and invoices are recorded in the correct period.	preparations of Monthly reconciliations	03-Feb	15-Jul-20	Assistant Director Expenditure

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ISS.228	Bulk Purchases: Vat input amount incorrectly calculated for Bulk purchases invoices (Cof 84)	<p>During the audit of expenditure and payables for the year ended 30 June 2019, (selected transactions), it was noted that the vat was not calculated accurately thus resulting in misstatement of expenditure.</p> <p>There is no creditor's module in place to assist in calculating closing balances and cash payments for a designated number of creditors liability categories, based on either assumed creditors days or assumed closing balances. This result in overstatement of the vat input amount claimed by R13 869,14.</p> <p>This result understatement of expenditure by R363 060,38</p>	<p>Management is not using creditors module. Therefore that's why we having issues of cut-off and completeness.</p>	<p>The Accounting Officer should ensure that expenditure recorded is accurate and that vat input is calculated accurately.</p> <p>Invoice register should be kept and allocated to a specific official of the Municipality in order to keep track of all invoices received, and regularly updated to ensure that the invoice aging is correct and invoices are recorded in the correct period and at the correct values</p>	Implementation of creditors module must be effected.	on-going	until 30 June 2020	CFO
ISS.229	Bulk Purchases: Misstatement of amounts recorded for bulk purchases (Cof 84)	<p>During the audit of expenditure and payables for the year ended 30 June 2019, (selected transactions), it was noted that the vat was not calculated accurately.</p> <p>There is no creditor's module in place to assist in calculating closing balances and cash payments for a designated number of creditors liability categories, based on either assumed creditors days or assumed closing balances. This result in overstatement of the bulk purchases balance by R68425,55.</p>	<p>Management is not using creditors module. Therefore that's why we having issues of cut-off and completeness.</p>	<p>The Accounting Officer should ensure that expenditure recorded is accurate and that vat input is calculated accurately.</p> <p>Invoice register should be kept and allocated to a specific official of the Municipality in order to keep track of all invoices received, and regularly updated to ensure that the invoice aging is correct and invoices are recorded in the correct period and at the correct values</p>	Implementation of creditors module must be effected.	on-going	until 30 June 2020	Assistant Director Expenditure

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ISS.40	Trade payables from non-exchange -prior period error (COF 14)	<p>It was noted that the opening balance were adjusted. However, the adjustments were not disclosed as part of the prior period error note 40.</p> <p>Inadequate reviews performed on financial statements submitted for audit.</p> <p>There is lack of suitably qualified personnel in the finance department to assist with the preparation of accurate and credible financial statements.</p> <p>Over reliance on consultants in the preparation of financial statements without reviewing their work performed.</p> <p>Amount disclosed for prior period error may be materially understated. The misstatements may lead to a modified opinion.</p>	<p>Lack of review of financial statement before submission.</p> <p>Late implementation of resolving prior year issues which lead to planning properly for the current year that was under review.</p>	<p>Management should provide the audit team with accurate and complete supporting schedules for all the items noted above that agree to the financial statements submitted for audit purposes.</p> <p>The outstanding information should be provided to the auditors or reasons indicated why it is not available.</p> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	<p>Early implementation of Post audit action plan and monitored bi-weekly by Management.</p> <p>To correct the prior error management will adjust the error in the interim financial statements.</p>	01-Feb-20	30-Apr-20	Assistant Director: Expenditure
ISS.44	Retentions-Discrepancies noted on the retention listing (COF 15)	<p>As part of work performed on the audit of retentions, it was noted the opening balance of the retentions listing provided for audit purposes did not agree to the opening balance as per the financial statements.</p> <p>The opening and closing balance for the retentions disclosed are understated by R6 964 578.96.</p> <p>The difference will be added with other differences to determine if whether its material.</p>	<p>Incorrect capturing of invoices, because the retention is only prepared at year end.</p> <p>Poor record keeping.</p> <p>Lack of creditors reconciliations</p>	<p>Management should provide the audit team with accurate and complete supporting schedules for the items noted above that agree to the financial statements submitted for audit purposes.</p> <p>The outstanding information should be provided to the auditors or reasons indicated why it is not available.</p> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	<p>Utilisation of creditor's module and contract module to eliminate incorrect capturing.</p> <p>Scanning of documents and monthly reconciliations of payment vouchers</p> <p>Monthly preparations of Creditors</p>	On-going until 15 July 2020	15-Jul-20	Assistant Director Expenditure
ISS.59	Other payables incorrectly classified(COF 21)	<p>During the audit of accounts payables, it was noted that an amount of -R20 466 039.29 relating to unauthorized debit orders was incorrectly disclosed under accounts payables in note 10 instead of an accounts receivable.</p>	<p>Lack of monitoring the bank account to ensure that the unauthorised debit orders</p>	<p>Management should that the financial statements are corrected such that amounts are correctly disclosed as accounts receivables instead of accounts payables.</p> <p>The proposed adjustments must be submitted to the auditors.</p>	<p>Management will corrected such that amounts are correctly disclosed as accounts receivables instead of accounts payables.</p>	03-Feb-20	30-Apr-20	Assistant Director Financial Reporting

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ISS.66	Unallocated Deposit(COF 21)	<p>It was noted the opening balance of the unallocated listing provided for audit purposes did not agree to the opening balance as per the financial statements.</p> <p>The opening and closing balance for the unallocated deposits disclosed are understated by R15 313 417, 86.</p>	<p>Lack of reconciliations</p> <p>Late implementation of AFS plan.</p>	<p>Management should provide the audit team with accurate and complete supporting schedules for all the items noted above that agree to the financial statements submitted for audit purposes.</p> <p>The outstanding information should be provided to the auditors, or reasons indicated why it is not available.</p> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	<p>Prepare the un-allocated deposit reconciliations</p> <p>AFS plan to be implemented early as from 03 February 2020 to monitor progress of all components.</p>				Assistant Director Expenditure
ISS.69	Trade payables (Scope Limitation) COF 22	<p>The Trade Payables listing for the period ended 30 June 2019 detailing the creditors that make up the balance of R672 392 715.38 was not submitted with the Audit file as supporting information to the financial statements submitted for audit purposes. This has resulted in a limitation of scope as the accuracy, completeness, rights and obligations of the amount disclosed in the financial statements Note 10 cannot be confirmed.</p> <p>There is also slow response in improving internal controls and risk areas by senior managers.</p>	<p>Poor record keeping.</p> <p>Lack of creditors reconciliations</p>	<p>The accounting officer should consider acquiring a creditor's module that will assist with improving how the municipality monitors and manages its creditors. Given that the e-Venus or solar accounting system has a debtor's module, enquiries should be made from the service provider about a creditor's module.</p> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	<p>Utilisation of creditor's module and contract module to eliminate incorrect capturing.</p> <p>Scanning of documents and monthly reconciliations of payment vouchers</p> <p>Monthly preparations of Creditors</p>	On-going until 15 July 2020	15-Jul-20		Assistant Director Expenditure
ISS.93	Retentions- Misstatements Identified(COF-24)	<p>Retentions disclosed maybe misstated as the amount per the listing does not agree to supporting documents.</p>	<p>Incorrect capturing of invoices, because the retention is only prepared at year end.</p> <p>Poor record keeping.</p> <p>Lack of creditors reconciliations</p>	<p>Management should ensure that complete and accurate information is prepared to support the financial statements, and perform adequate reviews to ensure that misstatements are identified and corrected.</p>	<p>Utilisation of creditor's module and contract module to eliminate incorrect capturing.</p> <p>Scanning of documents and monthly reconciliations of payment vouchers</p> <p>Monthly preparations of Creditors</p>	On-going until 15 July 2020	15-Jul-20		Assistant Director Expenditure

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ISS.134	Understatement of payables(COF32)	<p>The amounts disclosed as payables is not complete as the was a judgment issued by the high court (case number: 43377/2018) that the Madibeng Local Municipality must pay Water and Sanitation department R57 982 228.95 including interest which was not recorded as part of payables. As per the judgment, the municipality entered into a settlement agreement with the department on the 5 May 2019, to pay the above stated amount. Payables are materially understated with R57982228.95. As the misstatement is material as indicated above, the differences will result in a modified opinion.</p>	<p>Poor record keeping. Lack of creditors reconciliations</p>	<p>Management should ensure that complete and accurate information is prepared to support the financial statements, and perform adequate reviews to ensure that schedules are complete and accurate.</p>	<p>Utilisation of creditor's module and contract module to eliminate incorrect capturing. Scanning of documents and monthly reconciliations of payment vouchers Monthly preparations of Creditors</p>	On-going until 15 July 2020	15-Jul-20	Assistant Director Expenditure
ISS.165	Accounts Payables: Trade payables completeness(COF52)	<p>A number of payments were not recorded as payables at year end even though the goods and services were received before year end. Payables from exchange transaction are understated by amount of R711140</p>	<p>Poor record keeping. Lack of creditors reconciliations</p>	<p>A creditor's module should be acquired to assist management with managing its accounts payables. On a monthly basis, management should aim to reconcile a significant part of its creditors so as to ensure that all payables have been accrued for. The creditor's module should only monthly basis be reconciled to the trial balance. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks</p>	<p>Utilisation of creditor's module and contract module to eliminate incorrect capturing. Scanning of documents and monthly reconciliations of payment vouchers Monthly preparations of Creditors To correct the prior year management will prepare a reconciliations of trade payables.</p>	On-going until 15 July 2020	15-Jul-20	Assistant Director Expenditure

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SS.166	Accounts Payable: Retention Completeness (COF 52)	It was noted that the transactions were not recorded on the retentions list provided to support the retentions balance recognised on the financial statements. Payables from exchange transactions retentions balance is understated by amount of R6 041 280,44. This will result in material misstatement when projected	Incorrect capturing of invoices, because the retention is only prepared at year end. Poor record keeping. Lack of creditors reconciliations	Management should introduce controls of reconciling retentions listing to WIP schedules in order to ensure that all amounts that are said to represent WIP additions agree to retentions and expenditures in commitments. A creditors and contracts management schedule should be acquired in order to deal with these issues timeously. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks	Utilisation of creditor's module and contract incorrect capturing. Scanning of documents and monthly reconciliations of payment vouchers Monthly preparations of Creditors	On-going until 15 July 2020	15-Jul-20	Assistant Director Expenditure
ISS.171	Accounts Payables-Leave provision scope limitation (COF 49)	The leave forms for the following employees was partially received that were requested on RFI 138 of 2019 issued on 30th October 2019 and due on the 1st November 2019 was not received. (ISS.171) Employee No & Name 2013010 Mr Lb Molefe 2009036 Ms Aa Digwamaje 2011007 Ms D.M Nxumalo 2004215 Mr T.L Raseboppe 2012097 Ms C.M Mashimbye 2001093 Mnr J J Van Rooyen 98082 Mnr KJ Mokgosi 2012082 Ms T.A Diamini 2013060 Mr Mo Mokoka 96069 Mr J L Maveza 2017059 Mr AO Mphela 2007009 Adv. NE Mimbengwa 2017095 Ms J Muisimeke 96066 Mrs E Sello 2004148 Mr J M Sesoko 2007090 Mr L S Makgobe	Poor record keeping. Lack of submitting information on time to AG.	Management should ensure that there is proper record keeping management processes, sufficient staff members assisting with the requested information by the auditors and should submit the information timeously. This will speed up the audit and it will result to low audit cost for the municipality. The outstanding information should be provided to the auditors or reasons indicated why it is not available. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.	Management will assign a team to assist AG on time.	03-Feb-20	31-Mar-20	Assistant Director HR

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ISS.190	Misstatement-Payables (Payments received in advance) COF 22	There is also slow response in improving internal controls and risk areas by senior managers. Payments received in advanced disclosed maybe materially misstated as the amount per the supporting documents do not agree to the listing	Lack of reconciliations Late implementation of AFS plan.	Management should reevaluate the entire population for payment received in advance and ensure that the amounts making up the balance can be supported by reliable information. Once corrected, the balance should be adjusted and evidence be submitted to the auditors	Prepare the pre-payment reconciliations AFS plan to be implemented early as from 03 February 2020 to monitor progress of all components.	03-Feb-20	on-going until 15 July 2020	Assistant Director Expenditure
ISS.34	Information not not submitted (COF 14)	The chief financial officer did not submit the requested information within three days as agreed in the engagement letter The information has not been submitted within three days due to instability of vacancies in key positions and key officials lacking appropriate competencies. The municipality heavily relies on consultants to perform management tasks This is a limitation of scope on auditors work to be performed and will result in a modified audit opinion.	Poor submission of requested information Poor record keeping	Management should ensure that there are sufficient staff members assisting with the requested information by the auditors and should submit the information timeously. This will speed up the audit and it will result to low audit cost for the municipality. The outstanding information should be provided to the auditors or reasons indicated why it is not available. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.	CFO will assign team to assist with submission of AFS Reconciling all the payment made on the financial year ended 2018/19.	03-Feb-20	31-May-20	Assistant Director Expenditure
ISS.98	Provision: Scope limitation landfill provision data (COAF20).	The information has not been submitted within three days due to instability of vacancies in key positions and key officials lacking appropriate competencies This is a limitation of scope on auditors work to be performed and will result in a modified audit opinion.	Poor submission of requested information	Management should ensure that there is proper record keeping management processes. Sufficient staff members assisting with the requested information by the auditors and should submit the information timeously. This will speed up the audit and it will result to low audit cost for the municipality. The outstanding information should be provided to the auditors or reasons indicated why it is not available. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.	To correct the prior year issue, the actuaries and internal personnel will gather information not submitted to AG and file it as evidence.	03-Feb-20	31-Mar-20	Assistant Director Reporting and Community series Chapu consulting

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ISS.10	AOPO: Limitation- Performance indicators not verifiable (COF 12)	<p>There is lack of proper record keeping enabling the client to submit the information within 3 working days after the request is issued.</p> <p>Lack of monitoring controls to ensure that the quarterly reports and the APR are supported by valid and accurate information.</p> <p>This is a limitation of scope on auditors work to be performed and will result in a modified audit opinion.</p>	Non-existence of Standard Operating Procedure for collating, collecting, processing verification and reporting on PM information	<p>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 are valid and accurate</p> <p>2. Management should implement a proper filing system that would enable management to in a timely manner submit complete, relevant and accurate information which supports performance reporting.</p>	Revise KPIs & Targets and amend SDBIP Implementation of PMS SOP	03-Feb-20	Deputy Director: SPM&E and Responsible Directors
ISS.24	AOPO: No standard operating procedures for initiation, processing and reporting activities (COF 12)	<p>The municipality does not have a documented standard operating procedures for collecting, recording and reporting on their key performance indicators. The roles and responsibilities for ensuring data integrity and quality assurance were clearly not documented.</p> <p>Non-integration of performance information structures and systems within existing management processes and systems.</p> <p>Non-compliance with laws and regulations for managing programme performance information and possible inconsistencies in data collection, processing, recording and reporting, which will then increase the risk of material misstatement in the reported information</p>	No documented standard operating procedures for collecting, recording and reporting on their key performance indicators.	Management should ensure that they have documented standard operating procedure in place on how to collect and record performance information. This should be availed to all relevant staff and implemented consistently.	Development Standard Operating Procedure (sop) for collating, collecting, initiating, processing and reporting on Performance information	03-Feb-20	Deputy Director: SPM&E

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ISS:33- ISS.33	ISS.33: AOPO: Planned indicators are not measurable and verifiable (COF 18)	Inadequate application of the SMART criteria. Lack of standard operating procedures that clearly define and set out the criteria to measure the indicators. 1. Non-compliance with laws and regulations for managing programme performance information and possible inconsistencies in data collection, processing, recording and reporting, which will then increase the risk of material misstatement in the reported information. 2. Indicators are not useful and cannot be measured. The municipality may not be able to determine if their objectives were achieved.	Non documentation of the formula used to calculate the actual performance	Management should ensure that relevant knowledge of FMPPi its applied consistently. Standard operating procedures should be developed to indicate how data will be collated, recorded and reported on.	Technical Indicator Description data sheet inclusive of a Formula for respective KPI	03-Feb-20	28-Feb-20	Deputy Director: SPM&E
ISS:37- ISS.37	ISS.37: AOPO: Supporting schedule to the indicators as disclosed in the APR were not submitted for audit (COF 3)	There is lack of proper record keeping enabling the client to submit the information within 3 working days after the request is issued. Lack of monitoring controls to ensure that the quarterly reports and the APR are supported by valid and accurate information. This may result in limitation of the audit scope and will result in a modified audit opinion.	POE used to verify actual performance reported was not originally inclusive of "supporting schedules"	Management should: • Provide the audit team with accurate and complete schedules supporting the annual performance report • Fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks	As of Quarter 3 all KPIs will reported on with supporting schedules	03-Feb-20	28-Feb-20	Deputy Director: SPM&E and Responsible Directors
ISS.42	ISS.42: AOPO: Number of high mast lights installed - inconsistencies between the POE and the indicator (COF 18)	Management did not ensure that the reported target achieved is consistent with the actual achievements as per the POE. The reported achievements in the annual performance report are overstated.	The department failed to clearly indicate as to the work to be performed and measures, which is energising of high mast lights instead of installation	Management and internal audit function should ensure that oversight responsibility on reported information is implemented and monitored on a regular basis.	KPI to be clearly defined in the context of what the Department is actually measuring	03-Feb-20	28-Feb-20	Deputy Director: SPM&E and Acting Director: ITS

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ISS.43	ISS.43: AOPO: Directorate: Infrastructure and technical services (Water) - Performance indicators not well defined and measurable (COF 41)	Lack of standard operating procedures that clearly define and set out the criteria to measure the indicators. 1. Non-compliance with laws and regulations for managing programme performance information and possible inconsistencies in data collection, processing, recording and reporting, which will then increase the risk of material misstatement in the reported information. 2. Indicators are not useful and cannot be measured. The municipality may not be able to determine if their objectives were achieved.	During planning stages, the Department failed to exactly define the actual work to be performed and measured.	Management should ensure that relevant knowledge of FMPPI its Standard operating procedures should be developed to indicate how data will be collated, recorded and reported on.	KPIs to be revised to ensure their Smartness	03-Feb-20	28-Feb-20	Acting Director: ITS supported by DD: SPM&E
ISS.51	AOPO: Amended SDBIP does not contain monthly projections (COF 17)	Contrary to the above definition, upon inspection of the amended SDBIP, we noted that it does not contain monthly projections, showing revenue to be collected by source, as well as operational and capital expenditure by vote. Lack of adequate review of the Amended SDBIP. This has resulted in the non-compliance with the MFMA.	During finalization of the amendment figures were not submitted for inclusion. Hence the exclusion.	The Accounting officer should exercise oversight responsible regarding compliance with all applicable legislation of the municipality.	Monthly projections will be incorporated in the amended SDBIP	03-Feb-20	28-Feb-20	Acting Director: ITS supported by DD: SPM&E
ISS.77- ISS.77	ISS.77: AOPO: Performance indicators not well defined and measurable (COF 41)	Lack of standard operating procedures that clearly define and set out the criteria to measure the indicators. 1. Non-compliance with laws and regulations for managing programme performance information and possible inconsistencies in data collection, processing, recording and reporting, which will then increase the risk of material misstatement in the reported information. 2. Indicators are not useful and cannot be measured. The municipality may not be able to determine if their objectives were achieved.	No disclosure of the exact work to be performed and measured by some Departments.	Management should ensure that relevant knowledge of FMPPI its Standard operating procedures should be developed to indicate how data will be collated, recorded and reported on.	KPIs to be revised to ensure their SMARTness	03-Feb-20	28-Feb-20	Acting Director: ITS supported by DD: SPM&E

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ISS.81- ISS.81	ISS.81: AOPO: Directorate Infrastructure and technical services (Road and stormwater): Performance indicators not well defined and measurable (COF 41)	Lack of standard operating procedures that clearly define and set out the criteria to measure the indicators. 1. Non-compliance with laws and regulations for managing programme performance information and possible inconsistencies in data collection, processing, recording and reporting, which will then increase the risk of material misstatement in the reported information. 2. Indicators are not useful and cannot be measured. The municipality may not be able to determine if their objectives were achieved.	During planning stages, the Department failed to exactly define the actual work to be performed and measured.	Management should ensure that relevant knowledge of FMPPI is applied consistently. Standard operating procedures should be developed to indicate how data will be collated, recorded and reported on.	Road and stormwater KPIs to be revised to ensure their SMARTness	03-Feb-20	28-Feb-20	Acting Director: ITS supported by DD: SPM&E
ISS.82- ISS.82	ISS.82: AOPO: Limitation - Proposed corrective measures and reasons for variances not supported (COF 36)	There is lack of proper record keeping enabling the client to submit the information within 3 working days after the request is issued. Lack of monitoring controls to ensure that the quarterly reports and the APR are supported by valid and accurate information. This is a limitation of scope on auditors work to be performed and will result in a modified audit opinion.	File for non-achievements POE was incomplete	Management should ensure that all requested information is submitted within 3 (three) working days from the date of the communication as stipulated in the engagement letter, unless a different time line is expressly agreed in writing with the auditors. Portfolio of evidence should be retained to substantiate the information disclosed in the annual performance report.	Ensure incorporation of POEs for all proposed corrective actions	03-Feb-20	3rd Quarter onwards	Acting Director: ITS supported by DD: SPM&E
ISS.83- ISS.83	ISS.83: AOPO: Measures taken to improve performance not disclosed (COF 36&38)	Lack of adequate review of the annual performance report and monitoring of actual targets versus planned targets. This is will result in a non-compliance with the Municipal Systems Act.	Measures take to improve performance were not completely disclosed.	The Accounting Officer and the PMS manager should ensure that: • Proper review of the APR is done at the end of the financial year. • Targets are compared to actual achievements throughout the year to monitor progress	Disclose all measures taken to improve performance in all reporting's	03-Feb-20	3rd Quarter onwards	Acting Director: ITS supported by DD: SPM&E
ISS.85	AOPO: Reported achievement does not agree with the underlying listings/POE (COF 25)	The above-mentioned deficiency is caused by management's lack of implementing proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support performance reporting. This has led to the non-compliance with the above-mentioned legislation	During planning stages, the Department failed to exactly define the actual work to be performed and measured, and during reporting time different POEs were submitted.	Management must implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support performance reporting.	Implement SOP for PMS information	03-Feb-20	3rd Quarter onwards	Acting Director: ITS supported by DD: SPM&E

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ISS.103- ISS.103	ISS.103: AOPO: Performance indicators not consistent (COF 42)	Lack of adequate monitoring controls to ensure that reporting schedules used for reporting are consistent with the information disclosed in the Annual Performance Report. This results in the reporting of incorrect achievements and thereby a misstatement of actual performance.	During planning stages, the Department failed to exactly define the actual work to be performed and measured, and during reporting time different POEs were submitted	Management should ensure that: 1. Controls are implemented for monitoring of reported performance information to ensure accurate and consistent reporting. The APR should be adequately reviewed against supporting schedules to ensure accuracy of the reported information. 2. Quarterly reconciliations should be performed on targets reported and the supporting schedules.	Ensure consistent PMS reporting across quarters	03-Feb-20	3rd Quarter onwards	Acting Director: ITS supported by DD: SPM&E
ISS.104- ISS.104	ISS.104: AOPO: Reported achievement is not consistent with the reported indicator and planned target (COF 42)	Lack of adequate review of the annual performance report and monitoring of actual targets versus planned targets. Reported achievement might mislead the user of performance information report and could also result in non compliance with MFMA	During planning stages, the Department failed to exactly define the actual work to be performed and measured, and during reporting time different POEs were submitted	Management should ensure that the planned targets of the indicators are consistent with the reported achievement of the indicators. The Director of Monitoring and Evaluation and PMS Manager must ensure that the unit of measurement is consistent with the planned targets and the reported actual achievement.	Implement SOP for PMS information	03-Feb-20	3rd Quarter onwards	Acting Director: ITS supported by DD: SPM&E
ISS.121- ISS.121	ISS.121: AOPO: Directorate: Electricity supply and maintenance - Indicators not measurable (COF 42)	Lack of standard operating procedures that clearly define and set out the criteria to measure the indicators. 1. Non-compliance with laws and regulations for managing programme performance information and possible inconsistencies in data collection, processing, recording and reporting, which will then increase the risk of material misstatement in the reported information. 2. Indicators are not useful and cannot be measured. The municipality may not be able to determine if their objectives were achieved.	During planning stages, the Department failed to exactly define the actual work to be performed and measured, and during reporting time different POEs were submitted	Management should ensure that relevant knowledge of FMPPI is applied consistently. Standard operating procedures should be developed to indicate how data will be collated, recorded and reported on.	Ensure that the indicator is defined in accordance with SMART criteria	03-Feb-20	28-Feb-20	Acting Director: ITS supported by DD: SPM&E

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ISS. 145	SCM - Irregularities identified relating to regulation 32 contracts	<p>The supply chain management and accounting officer did not consistently review with applicable legislation. Furthermore, management did not obtain all the relevant documents relating to the contract in order to review whether the other organ of state complied with the applicable legislation and policies when it procured the contract.</p> <p>The payments made for the awards under the above tenders are irregular along with the resulted appointment. Irregular expenditure amount recognised on the financial statements is therefore understated by R9 066 624,92. The above none compliance will be reported on the audit report.</p>	Poor contract management Lack of understanding SCM regulation 32	The CFO should implement proper monitoring controls to ensure compliance with the regulation 32 by using a compliance checklist to monitor compliance to applicable laws and regulations. The total payments of R9066624.92 made to the suppliers should be disclosed as part of irregular expenditure	The municipality will Provide training to Scm officials and committee members	03-Feb-20	Assistant director: SCM
ISS. 149	SCM - Non compliance with CIDB regulations	<p>The supply chain management and accounting officer did not consistently review the returnable tender documents by potential suppliers in order to monitor compliance with applicable legislation. The above mentioned non-compliance with the Construction Industry Development Board regulations result in an irregular expenditure due to awarding a tender to a service provider with an incorrect CIDB grading.</p>	Lack of not reviewing returnable tender documents	The CFO should implement proper monitoring controls over the evaluation of tenders to ensure compliance with applicable legislation. The total payments of R862 872 61 made to the supplier should be disclosed as part of irregular expenditure.	The management should create a checklist on how to review the tender documents to adhere to scm regulations	03-Feb-20	Assistant director: SCM

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ISS.153	SCM: None declaration of interest in the municipality (COF 56)	<p>The supply chain management and accounting officer did not consistently review and confirm the accuracy of the details captured by suppliers on the returnable tender documents by potential suppliers in order to monitor compliance with applicable legislation. This leads to potential Bid rigging as the above companies may have been favoured over other companies</p>	Lack of not reviewing returnable tender documents	<p>The CFO should implement proper monitoring controls over the evaluation of tenders such as confirming the authenticity and accuracy of certificates of membership etc. to ensure compliance with applicable legislation. Further management should Conduct CJPC searches for all its ward members on their database and 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. For those companies that are in business with the municipality, the municipality should assess if whether the members did declare their interest on the completed MBD4 forms</p>	<p>The management should create a checklist on how to review the tender documents to adhere to scm regulations</p>	03-Feb-20	on going	Assistant director: SCM
ISS.173	SCM : Contract Management - over payments made to suppliers	<p>Management did not develop compliance management tool such as checklist over contract management to monitor payments made to suppliers during the contract period. The over payments made payments made to the suppliers under the above tenders results in irregular expenditure. Irregular recognised on the financial statements is therefore understated by R16114819,68.</p>	Poor contract management and late preparation of contract management register	<p>Management should implement proper monitoring controls over contract management such as checklists/ program that tracks date when contracts lapses and payments made to suppliers to ensure that contract amounts are not exceeded. Furthermore, management should determine the total amounts that has been overpaid to suppliers since the inception of the contracts and take steps to recover the money from the responsible official/s. Management should update the irregular expenditure register with R16114819,68.</p>	<p>Management will develop compliance tool such as checklist over contract management to monitor payments made to suppliers during the contract period.</p>	03-Feb-20	on going	Assistant director: SCM

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ISS.187	SCM: Non compliance with Preferential Procurement Regulations on production & local content	<p>The supply chain management division did not specifically state on the invitation to tender or request for quotation that only locally produced goods or locally manufactured goods, meeting the stipulated minimum threshold for local production and content, will be considered.</p> <p>The payments made to the abovementioned suppliers are irregular along with the resulted appointment. Irregular expenditure amount recognised on the financial statements is therefore understated by R6835138,84.</p>	Lack of adhering to SCM regulations	<p>Management should implement proper monitoring controls to ensure compliance with the preferential procurement regulations by using a compliance checklist to monitor whether all the relevant documents has been received from the suppliers in relation to the locally produced goods or locally manufactured goods. Management should update the irregular expenditure register with R6835138,84</p>	Management should state on the advertisement/ invitation that only locally produced will be considered as per the SCM regulation	03-Feb-20	on going	Assistant director: SCM
ISS.214	SCM - 1. The winning bidder did not submit all the required documents: cluster 4	<p>The AGSA inspected the bid submitted by the winning bidder (Phiri Phiri Security). The documents listed below were not completed.</p> <ul style="list-style-type: none"> • MBD 4: declaration of interest • SCM 5: Municipal rates and charges clearance certificate • SBD6.1: preferential points claim form in terms of the preferential procurement regulation 2011 • SBD 7.1: Contract form, purchase of goods/work • SBD 8: declaration of bidder's past supply chain management practices • SBD 9: certificate of independent bid determination • Authority for signature • Lease agreement submitted had expired (attached as annexure A), SCM 5 form was not completed. <p>Furthermore the documents listed above are part of the responsiveness evaluation criteria as stipulated in the bid document. The bidder did not complete it and should have been classified as non-responsive. The process followed by the municipality of evaluating the bidder further is in contravention with Section 13 and 21 of the Municipal supply chain management regulations of Management did not exercise oversight responsibility over the internal controls to ensure compliance with SCM laws and regulations. This resulted in a non-compliance with section 13 and 21 of the Municipal Supply Chain Management Regulations. of 2005.</p>	Lack of adhering to SCM regulation The SCM committee members needs to be trained on Scm processes	<p>Management should ensure that only service providers who comply with the conditions stipulated in the bid document are evaluated further on functionality and the non-responsive tenders should be disqualified</p>	Checklist needs to be followed and the advertisement needs to be clear for the committee to understand	03-Feb-20	on going	Assistant director: SCM

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ISS.215	SCM - 2. B-BBEE Certificate submitted by the winning bidder could not be validated: cluster 2	As indicated in table 1 the winning bidder for cluster 2 should have been Triotic Protection. The appointment of KTS General Trader is therefore a contravention of the Preferential Procurement Regulations 2017. All payments made to this supplier should be disclosed as irregular. Management did not review and monitor compliance with applicable legislation in order to ensure the B-BBEE points are awarded in accordance with the regulations. The appointment of KTS General Trader is therefore a contravention of the Preferential Procurement Regulations 2017. All payments of R4 458 140,60 made to this supplier should be disclosed as irregular expenditure.	Poor implementation of Consequence management The SCM committee members needs to be trained on Scm processes	Management should implement an internal control process to verify the validity of B-BBEE points before awarding the points.	Training of personnel appointed in committees Consequence management will be implemented for lack adhering to scm regulations	03-Feb-20	on going	Assistant director: SCM CFO Accounting Officer
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<p>ISS.216</p>	<p>SCM - 2. Unfair disqualification based on returnable schedules</p>	<p>Sibongile Security services Upon inspection of the bid documents, the AGSA noted that the bidder submitted a tax clearance certificate with a verification pin confirming that the bidder is in good standing with SARS. However, the CSD report indicated that the bidder is not in good standing with SARS. As a result, the bidder was disqualified. Furthermore, MIFMA Circular 90 of January 2018 states "The proof of tax compliance status submitted by the bidder to the municipality or municipal entity must be verified via the CSD or e-Filing." The bidder was therefore unfairly disqualified. Furthermore, the AGSA inspected the bid submitted by Mokganya supply and projects (winning bidder) and noted that despite the fact that their tax clearance certificate and pin number confirmed that they are in good standing with SARS the CSD report indicated differently. However, Mokganya supply and projects was not disqualified. This is an indication of inconsistency in evaluation by the bid evaluation committee. SVA Kutana security services As part of the returnable schedules point 10 the bid specifications required bidders to complete the SCM5 form or to provide a lease agreement signed by a delegate official. Upon inspection of the bid documents, the AGSA noted that a lease agreement was signed by Mr. DJ Dyssel and a representative from the SCA Property Trust. Therefore, the bidder was unfairly disqualified from the tender evaluation process. The process followed by the municipality of unfair disqualifying bidders is in contravention of section 112 of the MIFMA and Regulation 28(1)(a) of the Municipal Supply Chain Regulations. All payments made with regard to this contract will therefore be regarded as irregular.</p>	<p>Poor implementation of Consequence Management The SCM committee members needs to be trained on Scm processes</p>	<p>Management should ensure that bids are evaluated as per the criteria published and that all bidders are evaluated consistently</p>	<p>Training of personnel appointed in committees Consequence management will be implemented for lack adhering to scm regulations</p>	<p>03-Feb-20</p>	<p>on going</p>	<p>Assistant director: SCM CFO Accounting Officer</p>
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ISS.217	SCM - 3. Validity of documents submitted by winning bidders	Bid evaluation committee did not adequately evaluate potential bidders in terms of Municipal finance management Act, and Regulation 28(1)(a) of the Municipal Supply Chain Regulations As a result of the above the bidder should have been disqualified for failure to comply with the conditions of the bid document. Therefore, the process followed by the municipality of appointing a non-responsive bidder is in contravention with section 112 of MFMA and Regulation 28(1)(a) of the Municipal Supply Chain Regulations. All payments made with regards to this contract will therefore be regarded as irregular	Poor implementation of Consequence management The SCM committee members needs to be trained on Scm processes	Management should ensure that bids are evaluated as per the criteria published and that all bidders are evaluated consistently	Training of personnel appointed in committees Consequence management will be implemented for lack adhering to scm regulations	03-Feb-20	on going	Assistant director: SCM CFO Accounting Officer
ISS.106	Debtors existence could not be confirmed(cof 26)	During the audit of receivables, it was noted that the existence of debtors could not be confirmed. Debtors did not make payments subsequent to year end 30 June 2019, furthermore there was no evidence of meter readings performed for service rendered by the municipality. The aforementioned finding resulted in overstatement of accounts receivables and impairment by R 22 562 244,67	Lack of reviewing exceptional reports to detect any discrepancies	Management should ensure that all debtors recorded in the financial statements are actual debtors of the municipality and the amount is expected to be recovered. Management should make regular follow ups with debt collectors for outcome of long overdue accounts and request reports.	Monthly review of exceptional report to identify the existence of debtors Extract the report to reconcile all the debtors and check the last payment made to check existence.	03-Feb-20	31-May-20	Assistant Director Revenue
ISS.142	Accounts Receivables- Prior period findings not adjusted (COF- 40)	Through inspection of the financial statements and testing of prior period findings, it was noted that no adjustments to accounts receivables were made and no disclosure under prior period errors was made. Overall this will result in overstatements of accounts receivables. As the misstatements are material, this will result in a modified audit opinion.	Late implementation of PAAP, which lead to not addressing all the issues raised by AG.	Management should correct the accounts receivables by adjusting as required above and disclose the adjustment in the prior period error note.	Early implementation of PAAP	28-Feb-20	31-Jul-20	Account Officers

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ISS.144	Demand/warning letter not submitted to debtors and there was no disconnection of service(During the audit of receivables debt collection, it was noted that for the accounts receivable who had accounts that were overdue for more than 90 days, the municipality did not issue demand/warning letters as required by the municipalities creditors and debt collection policy. Furthermore, it was noted that there was no disconnection for the service owed by debtors. This resulted to non-compliance to the municipality's creditors and debt collection policy and the section 62 (f) of the MFMA read together section 96 of the Municipal systems Act. The non-compliance will be reported as part of the audit report as it material.	Lack of implementing credit controls	Management should ensure that warning letters/demand letters that are in arrears for more than 90 days. Furthermore, if payment is not received after submission of warning/demand letter management must disconnect services used by debtors. The municipality should also prioritize investing in its infrastructure that will enable the municipality to better manage its debtors and revenue collection mechanisms.	the credit control will be implemented by management	on going	on going	Assistant Director Revenue
ISS.178	ISS.178-Differences noted between billing and receipts report from system to the billing and receipts reports from management rate calculation of impairment (COF 13)	During the audit of receivables impairment, the differences were noted between the billing report and receipts report for 12 months as drawn from the E-Venus to the billing and receipts report as per the management calculation of impairment. Furthermore, management did not have supporting information that was used to calculate rate of impairment. Due to the material differences noted on the input data used on the calculation for impairment, the reasonability of the impairment provision disclosed on the financial statements and the assumptions used could not be confirmed. The actual value of the misstatement is unquantifiable Management does not review supporting schedule to the AFS to ensure that the schedules are complete and accurate before submission to auditors	Lack of monthly reconciliations to detect the differences from the system to the GL	Management should revisit the calculation used for impairment and ensure that assumptions that are used in the calculation can be supported appropriate and reliable information. The necessary adjustments will need to be effected on the financial statements. Management should fill key vacant posts with experienced staff and reduce heavy reliance on consultants to perform management tasks.	To correct the prior year error management will prepare tear end reconciliation of the financial year of 2018/19 and identify all the differences	44012	43862	Assistant Director Revenue

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ISS:45	AFS not reconciling to billing reports (COF 15)	<p>Revenue from exchange and non-exchange transaction may be materially misstated as the amount per AFS do not agree to supporting schedules. As the misstatements are material, the differences may result in a modified opinion.</p> <p>Financial and performance management</p> <p>The accounting officer and management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.</p> <p>The errors in financial statements submitted is due to instability of vacancies in key positions and key officials are lacking appropriate competencies resulting in the municipality in outsourcing the preparation of annual financial statements to consultants.</p> <p>As the misstatements are material, the differences may result in a modified opinion</p>	Lack of monthly reconciliations to detect the differences from the system to the GL	<p>Management should provide the audit team with accurate and complete supporting schedules for all the items noted above that agree to the financial statements submitted for audit purposes.</p> <p>The outstanding information should be provided to the auditors or reasons indicated why it is not available.</p> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	To correct the prior year error management will prepare tear end reconciliation of the financial year of 2018/19 and identify all the differences	01-Feb-20	44012	Assistant Director Revenue
ISS: 128	Revenue recognised in incorrect accounting period	<p>During the audit of revenue, it was noted that the statements for service charges on sales of electricity, sales of water and sewerage covers a reading period from 05 June 2018 to 03 July 2018 but the whole amount was recognized as revenue for 2018/19 financial year instead of excluding the 3 days for July. Revenue from exchange transaction for sales of electricity will be overstated by amount of R65902.57. As the misstatement is material when projected, it will result in a modified opinion.</p> <p>Revenue from exchange transaction for sales of water will be overstated by amount of R3259.47. As the misstatement is material when projected, it will result in a modified opinion.</p> <p>Revenue from exchange transaction for sewerage and sanitation charge will be overstated by amount of R345.64. This will result in material misstatement when projected.</p>	Lack of not taking/ recording monthly water readings/ lack of not reviewing water readings by management	<p>Management should perform proper review of the annual financial statement and ensure that all accounts in the annual financial statement are correctly accounted for.</p> <p>Management should make proper adjustment on revenue amount recognised from exchange transaction.</p> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	To correct the prior year error management will extract metre reading reports to check the whole population and identify the prior year readings that overlapped in the audited final year and propose journal to correct the errors	01-Feb-20	43951	Assistant Director Revenue

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ISS. 160	Revenue: Reasonability of estimates is questionable. (COF 40)	During the audit of the estimate it was noted that the municipality is billing the consumers based on the estimates where there is no actual consumption for the billing period, the estimates should be based on the last three-month actual consumption of the clients, but the municipality estimates for some clients were for period of 12 Month and thus the three-month average was not used by the municipality to estimate revenue for sales of electricity water and sewerage	It is difficult to access other townships in order to take meter readings Lack of documenting estimates methodology which makes it difficult to understand how to calculate the estimates	<p>The municipality did not have proper controls to ensure that metre readings are done on the regular basis to avoid the use of estimates without the proper basis.</p> <p>The municipality's inability to invest in infrastructure development and adequately provide services to communities is hampering the municipality's ability of collecting revenue and ensuring effective debtors management.</p> <p>Revenue will be materially misstated by an amount of R 75278234.15 as a result of using estimates for service charges.</p> <p>A limitation of scope also arises due to the fact that we are unable to test the reasonability of the flat rates that are used for billing.</p> <p>As the amount is material, it will result in a modified opinion.</p>	Management will have to document the methodology on how estimates are calculated	01-Feb-20	43921	Assistant Director Revenue
ISS. 160	Interest Income: Overstatement of interest from bank accounts (Cof 46)	The errors in financial statements submitted is due to instability of vacancies in key positions and key officials are lacking appropriate competencies resulting in the municipality in outsourcing the preparation of annual financial statements to consultants. The amount disclosed as interest income from investment income is overstated by R922714.03	Late implementation of AFS Plan which leads to not reviewing AFS on time	<p>Management should correct the amount disclosed as interest such that it reflects the accurate amount.</p> <p>The outstanding information should be provided to the auditors or reasons indicated why it is not available.</p> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	Early implementation to monitor or track progress on monthly basis	01-Feb-20	43951	Assistant Director Financial Reporting

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ISS.202	Revenue - Prior period Findings not adjusted (COF 75)	<p>The errors in financial statements submitted is due to instability of vacancies in key positions and key officials are lacking appropriate competencies resulting in the municipality in outsourcing the preparation of annual financial statements to consultants.</p> <p>Inadequate skills at senior management level impacted on the effectiveness of oversight by council (including the mayor). The inadequacies in the implementation and maintenance of financial and performance management systems resulted in the MEC for Cooperative Governance, Human Settlements and Traditional Affairs implementing an intervention in terms of section 139(1)(b) of the constitution.</p> <p>Overall this will result in understatements of revenue. As the misstatements are material, this will result in a modified audit opinion</p>	Late implementation of AFS Plan which leads to not reviewing AFS on time	Management should correct the accounts receivables by adjusting as required above and disclose the adjustment in the prior period error note.	Early implementation to monitor or track progress on monthly basis	43951	Assistant Director Financial Reporting
ISS.210	Cut - off (Revenue) COAF 78	<p>Management incorrectly billed revenue in one financial period while the period per meter reading overlaps between different financial periods. This will result in revenue from exchange transaction for sales of electricity, sales of water, Refuse removal and sewerage possibly understated by amount of R45 474.82. The amount of the misstatement will be accumulated to the whole population.</p>	Management should perform proper review of the annual financial statement and ensure that all accounts in the annual financial statement are correctly accounted for. Management should also invent on ways of developing their billing system to in line with the meter reading. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks	To correct the prior year error management will extract metre reading reports to check the whole population and identify the prior year readings that overlapped in the audited final year and propose journal to correct the errors	To correct the prior year error management will extract metre reading reports to check the whole population and identify the prior year readings that overlapped in the audited final year and propose journal to correct the errors	43951	Assistant Director Revenue

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ISS.220	Revenue - Note 23 (Property rates) incorrectly casted COAF 80	The errors in financial statements submitted is due to lack of review performed on the AFS to ensure that the financial statements are fairly presented and accurate before they are submitted to the relevant users. This results in an overstatement of property rates by R1 439786.00 and the misstatement will be reported as such in the audit report.	Lack of reviewing annual financial statements to detect errors	Management should perform proper review of the annual financial statement and ensure that all disclosure items and notes are correctly accounted and casted accurately.	Early implementation of AFS PLAN	03-Feb-20	on going	Assistant Director Financial Reporting
ISS.222	Differences in calculations(Cof 82)	1. Management not taking adequate steps to ensure that the correct tariffs are used. This may result in: 1. Understatement of the revenue from water sales by R1258,65 2. Overstatement of the revenue from sewerage and sanitation by R449,02	Lack of comparing the system valuation roll against general Valuation plus supplementary valuation roll Poor referencing the system valuation roll and general(there are no similar references to compare)	Management should ensure that the tariffs per the approved tariff schedule are used are applied for the calculation of the amount to be billed to the customer for water consumption and sewerage and sanitation.	Management will reconcile the system valuation and general valuation roll	01-Feb-20	on going	Assistant Director Revenue
ISS.223	Revenue - Differences in recalculations performed (Water, Sewerage and sanitation) COF 82	1. Management not taking adequate steps to ensure that the correct tariffs are used. This may result in: 1. Understatement of the revenue from water sales by R1258,65 2. Overstatement of the revenue from sewerage and sanitation by R449,02 The chief financial officer did not submit the requested information within three days as agreed in the engagement letter. The information has not been submitted within three days due to instability of vacancies in key positions and key officials lacking appropriate competencies. The municipality heavily relies on consultants to perform management tasks This is a limitation of scope on auditors work to be performed and will result in a modified audit opinion.	Lack of comparing the system valuation roll against general Valuation plus supplementary valuation roll Poor referencing the system valuation roll and general(there are no similar references to compare) Lack of audit coordination and information was not submitted on time	Management should ensure that the tariffs per the approved tariff schedule are used are applied for the calculation of the amount to be billed to the customer for water consumption and sewerage and sanitation.	Management will reconcile the system valuation and general valuation roll	01-Feb-20	on going	Assistant Director Revenue
ISS.129	Revenue limitation of scope (RFI 127 & 149). COAF 59	The information has not been submitted within three days due to instability of vacancies in key positions and key officials lacking appropriate competencies. The municipality heavily relies on consultants to perform management tasks This is a limitation of scope on auditors work to be performed and will result in a modified audit opinion.	Lack of audit coordination and information was not submitted on time	Management should ensure that there are sufficient staff members assisting with the requested information by the auditors and should submit the information timeously. This will speed up the audit and it will result to low audit cost for the municipality. The outstanding information should be provided to the auditors or reasons indicated why it is not available. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.	CFO will assign the personnel	01-Feb-20	On going	Assistant Director Revenue

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ISS.221	Distribution losses -Unit purchased (Cof.82)	<p>Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information. Management did not perform adequate reviews on the financial statements prepared and submitted for audit. Management has over relied on using consultants.</p> <p>Units purchased as used in when calculating the for distribution losses is not complete. The calculation for distribution losses is misstated as not all units that were purchased were considered in the calculation.</p>	<p>Lack of monthly reconciliations</p> <p>No bulk meter to have actual readings of units used or sold to debtors, which lead to incorrect calculations.</p>	<p>Management should ensure that amounts disclosed as distribution losses are corrected such that they reflect the accurate amounts as per supporting documentation.</p>	<p>Management will procure bulk meters</p> <p>Re-work the calculations and adjust the AFS accordingly</p>	On-going	On-going	Assistant Director Financial Reporting
ISS. 138	Distribution Loss: Amount used as sales for water and electricity on annual financial statement does not agree to the amount as per distribution losses report (Cof40)	<p>During the audit of revenue (distribution losses), it was noted that the amount used as sales in the calculation of distribution losses does not agree to the sales amount as per the AFS.</p> <p>The values to be disclosed on the financial statements as distribution losses for sales will be misstated.</p>	<p>Lack of monthly reconciliations</p> <p>No bulk meter to have actual readings of units used or sold to debtors, which lead to incorrect calculations.</p>	<p>Management should ensure that amounts disclosed as distribution losses are corrected such that they reflect the accurate amounts as per supporting documentation.</p>	<p>Management will procure bulk meters</p> <p>Re-work the calculations and adjust the AFS accordingly</p>	On-going	On-going	Assistant Director Financial Reporting
ISS. 116	Completeness of disclosure for distribution losses	<p>As per disclosure noted on note 48 of the AFS, the disclosure for distribution losses is limited to only the units lost and the value associated with the loss has not been disclosed.</p> <p>The disclosure for distribution losses is not complete. As the municipality's losses are in excess of the norms and standards per MFMA circular 71 and are thus considered to be material, an emphasis of matter paragraph will be added as part of the audit and management report.</p>	<p>Lack of monthly reconciliations</p> <p>No bulk meter to have actual readings of units used or sold to debtors, which lead to incorrect calculations.</p>	<p>Management should ensure that amounts disclosed as distribution losses are corrected such that they include the value of losses incurred as a result of distribution losses..</p>	<p>Management will procure bulk meters</p> <p>Re-work the calculations and adjust the AFS accordingly</p>	On-going	On-going	Assistant Director Financial Reporting

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ISS.3	Information not Submitted: Top planning (COF 4)	The information has not been submitted within three days due to instability of vacancies in key positions and key officials lacking appropriate competencies. The municipality heavily relies on consultants to perform management tasks. There is also slow response in improving internal controls and risk areas by senior managers. This is a limitation of scope on auditors work to be performed and will result in a modified audit opinion.	Lack of submitting information requested	It is recommended that outstanding information should be submitted, if available, a management representation letter should be submitted to indicate the reasons for the information not being available. There is also slow response in improving internal controls and risk areas by senior managers.	The CFO will assign the personnel's who will assist the AG.	On-going	On-going	CFO
ISS.13	Scope limitation- Prepayments and prior period error audit qualification (COF 8)	The information has not been submitted within three days due to instability of vacancies in key positions and key officials lacking appropriate competencies. The municipality heavily relies on consultants to perform management tasks. There is also slow response in improving internal controls and risk areas by senior managers. This is a limitation of scope on auditors work to be performed and will result in a modified audit opinion.	Lack of submitting information requested	It is recommended that outstanding information should be submitted, if available, a management representation letter should be submitted to indicate the reasons for the information not being available	The CFO will assign the personnel's who will assist the AG.	On-going	On-going	CFO
ISS.96	Information not submitted: Execution (Grants, SCM and Receivables) (COF 23)	The chief financial officer did not submit the requested information within three days as agreed in the engagement letter. The information has not been submitted within three days due to instability of vacancies in key positions and key officials lacking appropriate competencies. The municipality heavily relies on consultants to perform management tasks. This is a limitation of scope on auditors work to be performed and will result in a modified audit opinion.	Poor audit coordination	Management should ensure that there are sufficient staff members assisting with the requested information by the auditors and should submit the information timeously. This will speed up the audit and it will result to low audit cost for the municipality. The municipality should introduce an online leave system were all leave transactions will be submitted and approved so that a record of all transactions is kept.	The CFO will assign the personnel's who will assist the AG.	On-going	On-going	CFO

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ISS.35	ISS.35: AOPO: Misrepresentation of the budgeted amounts disclosed in the APR (COF 18)	<p>During the review of the APR we noted the following presentation and disclosure issue: The budgeted amount of R225 258 000 is the total allocation which is to be split between the following indicators amongst others. However as per inspection of the APR, the budget spent per indicator is reflected as R225 258 000.</p> <p>This was due to lack of review during finalisation of APR.</p> <p>Reported information might mislead the user of performance information reported and could also result in non-compliance with MFMA</p>	<p>Non-inclusion of budget amounts per programme form the onset</p>	<p>The CFO and the PMS manager should ensure that:</p> <ul style="list-style-type: none"> The allocated budgeted amount as per the APR are aligned to the amounts as per the approved budget. The budget amount allocated per indicator should be accurately disclosed. 	<p>Ensure that all programmes during the SDBIP amendment are attached a specific budget where practicably possible</p>	03-Feb-20	28-Feb-20	Acting Director: ITS supported by DD: SPM&E
ISS.92	Overstatement of transfer of investment property (ISS.92)	<p>During the audit of investment property, it was noted that the amount as per investment property register does not agree to the amount as per the annual financial statement for period under audit.</p> <p>The amount for transfers as per the financial statements is under stated by R10060000 resulting in the overstatement of the closing balance for investment property.</p>	<p>Late implementation of AFS plan</p>	<p>Management should ensure that amount reported on the financial statements are reviewed and agreed to supporting schedules before financial statements are submitted for audit purposes</p>		03-Feb-20		
ISS.114	Provisions: Employee benefit obligation expenses not appropriately classified.	<p>During the audit of employee benefit obligation it was noted that changes in the employee benefit obligation were not appropriately classified and split in the financial statements.</p> <p>The whole change in the employee benefit was included in the finance costs instead of split between finance costs, actuarial gain and loss and current service costs:</p>	<p>Late preparations of journals, which lead to processing one journal and not classifying it properly</p>	<p>Management should ensure that they review all information presented in the financial statements before they are submitted for audit.</p>	<p>For prior year: propose a journal and correct the component. Current: Ensure that the journal processed is classified properly</p>	03-Feb-20	31-Mar-20	Assistant Director Financial Reporting
ISS.164	Consumer Deposits overstated on the AFS (COF 53)	<p>During the Audit of Consumer deposits it was noted that the Consumer deposit balance on the AFS is overstated by R19100896.60</p>	<p>Deposits were raised without cash. Raised debtors well as creditor Raised a deposit and customers didn't actually paid</p>	<p>Management should ensure that a thorough review is performed on consumer deposits listing to ensure that amounts on the listing and correcting/reconciling journals are performed where necessary at year end prior to the preparation of financial statements.</p>	<p>Reverse all those transaction or deposit that were raised without cash</p>	03-Feb-20	30-Apr-20	Assistant Director SCM

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ISS.168	PPE WIP Additions - Misstatement differences (Cof 48)	Management did not implement controls over daily and monthly processing and reconciling of transactions. Management did not ensure that the correct amounts as per the supporting invoices, payment certificates and other documents have been correctly accounted for in the work – in – progress register and the 2018/19 financial statements as per the supporting documents and supporting schedules.	Lack of monthly processing and reconciling of transactions Poor recording keeping	Management should assess the full extent of the above misstatement and make the necessary adjustments on the financial statements. The accounting officer should also ensure that the control environment is improved and ensure that reliance on the consultant is limited where possible	Monthly reconciliation to identify any differences. Correcting the prior year by re-performing the reconciliations	03-Feb-20	30-Jun-20	Assistant Director Assets
ISS.207	Depreciation and amortisation amount different to the trial balance, general ledger and financial statements (Cof 72)	During the audit of depreciation and amortisation, it was noted that there are differences in the 2018/19 and 2017/18 depreciation and amortisation amounts as per the 2018/19 trial balance, 2018/19 annual financial statements and the annual 2017/18 financial statements	Lack of monthly processing and reconciling of transactions	Management should ensure that the amounts disclosed on the AFS are corrected such that the accurate figures are disclosed. Management should ensure that reconciliations are performed for the amounts disclosed in the annual financial statements to ensure that they agree to the supporting schedules.see	Monthly reconciliation to identify any differences. Correcting the prior year by re-performing the reconciliations	03-Feb-20	30-Jun-20	Assistant Director Assets
ISS.54	Cash and Cash Equivalents: Petty Cash (COF19)	The municipality did not perform monthly reconciliations for all its bank accounts. The opening and closing balances for the cash and cash equivalents are misstated by R78 196 (17/18: R78 196).	No reconciliations prepared for petty cash, for the financial year 30 June 2019 they was no petty cash, it's a historic issue.	The accounting officer should take steps and investigate what happened to the amounts relating to the petty cash disclosed. Appropriate steps must also be taken to recover the money and effect consequence management. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks	Historic issue: have the last petty cash prepared and continue on it to clear the vote number.	03-Feb-20	30-Apr-20	

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ISS.157	<p>Bank and cash: Completeness of disclosure for bank accounts (Cof 46)</p> <p>As part of disclosure of all bank accounts that the municipality has as per Note 10, the accounts listed below as noted on the TB were not disclosed as part of Note 10 of the annual financial statements submitted for audit:</p> <p>Item Description Amount 1 Absa Bank Cheque Account: 39165020110ZZZZZZWWM 24 158,00 2 Housing Account04/11/2019 37325020210ZZZZZZWWM -140,40 24 017,60</p> <p>The disclosure as noted on the AFS is not complete as the above accounts are not disclosed</p>	<p>Lack of review to ensure that what was mapped under cash and bank is complete.</p>	<p>Management should follow up on the above account and determine what they relate to, the appropriate adjustment must be made on the AFS to ensure that the above accounts are disclosed if it is determined that the amounts relate are bank accounts. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks</p>	<p>For prior year: resolve the mapping issue and prepare reconciliations which will have POE which will be safeguarded.</p> <p>For current year: by end of march send lead sheet to avoid mapping issue and prepare monthly reconciliations</p>	<p>For prior year: 31 March 2020 For current year: On-going till 30 June 2020</p>	<p>Assistant Director Financial Reporting.</p> <p>CFO</p>
ISS.232	<p>Information not submitted - (Going concern, Subsequent event, Related parties, etc.) COF- 85</p>	<p>Lack of co-ordination during Audit. No proper document to support the information requested.</p>	<p>Management should ensure that there is proper record keeping management processes, sufficient staff members assisting with the requested information by the auditors and should submit the information timeously. This will speed up the audit and it will result to 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> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	<p>Personnel will be delegated by CFO to assist with Audit request.</p> <p>Processes of identifying going concern, subsequent event and it will be documented on the AFS.</p>	<p>31-Jul-20 30-Jun-20</p>	<p>CFO</p>

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ISS.27	Contingent liabilities are not assessed continually / Dormant Cases (COF 7)	We noted that as disclosed in note 39 of the annual financial statements the contingent liabilities are not assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become probable	Lack of monthly review of the Summons.	Management should ensure that contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become probable. Management should fill key vacant posts with people with appropriate staff and	Prepare a schedule of review of contingent liabilities.	30-Jun-20	15-Jul-20	Assistant Director Legal
ISS.68	Incorrectly classified as contingent liability (COF 22)	The matter listed on the table below was incorrectly classified as contingent liability instead of contingent asset. As per the summon Madibeng Local Municipality instituted action against Day Break Properties (Defendant) claiming that the Defendant knew or ought to have known that the price charged are Vat inclusive, and that he was not supposed to charge extra VAT of R1021137.23.	Lack of monthly review of the Summons.	The above mentioned matter should be removed from contingent liabilities and included under contingent asset. Management should fill key vacant posts with appropriate staff and reduce heavy reliance on consultants to perform management tasks	Prepare a schedule of review of contingent liabilities.	30-Jun-20	15-Jul-20	Assistant Director Legal

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ISS.177	<p>Limitation of scope Support to Local Government, Journals (Revenue, cash & Cash and accounts payable) - COF 49</p>	<p>The items listed on the table below were requested as and were not received. Details of the RFI's are as follows: RFI no Date of request RFI due date Section Information not submitted 149 07/11/19 11/11/19 Revenue - Journals Journal# 1396 R21280123.54 and supporting documentation 150 08/11/19 12/11/19 Accounts payables - Journals Journal numbers: 1380 and 1376 with supporting documentation. 151 08/11/19 12/11/19 Expenditure Item# 26 cheque number: 90064323, R366735 RTN CIVILS AND BUILDING CONSTRUCTION 153 08/11/19 12/11/19 Bank and Cash - Journals Journal numbers with supporting documentation: 1. 1355 - R -47465 259,14 2. 1355 - R -2468 405,87 3. 1355 - R -33468 219,28 4. 1355 - R4394 850,93 5. 1355 - R -22615 791,58 6. 1387 - R22615 791,58 7. 1355 - R149 836,97 8. 1387 - R-149 836,97 9. 1401 - R-1 000000,00 10. 1401 - R1932,00 11. 1402 - R18730,00 Supporting documentation for the Journals listed below is outstanding: 1. 1372 - R-31610,00 2. 1384 - R25495,60 3. 1384 - R-1088331,33 4. 1384 - R-100000,00 5. 1386 - R-5265,75 6. 1372 - R19000,00 7. 1386 - R44308,50 8. 1384 - R36331,00 9. 1372 - R20700,00 154 08/11/19 12/11/19 Support of Local government The following was requested in relation to the support initiatives that the Municipality received from various organs of the State: • Report/s clearly indicating the following for the current year under review; 1. Need analysis or assessment performed to determine gaps and areas where support is required. 2. Overall support plans developed to address the gaps or support needs identified and which clearly sets out the roles and responsibilities of various role players in terms of specific support actions required. • Any report of progress on the implementation of the planned support initiatives. 155 11/11/19 13/11/19 Fully depreciated assets b) Please provide us with the assessment reports for each of the assets indicating how the assets were assessed for impairment, the useful lives and residual values for the assets listed on Annexure A.</p>	<p>Lack of co-ordination during Audit. Late preparations of AFS.</p>	<p>Management should ensure that there is proper record keeping management processes, sufficient staff members assisting with the requested information by the auditors and should submit the information timeously. This will speed up the audit and it will result to low audit cost for the municipality. The outstanding information should be provided to the auditors or reasons indicated why it is not available. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	<p>The CFO will appoint personnel to assist with Audit. Extract the prior year journals report and file properly.</p>	<p>01-Feb-20</p>	<p>30-Apr-20</p>	<p>CFO Assistant Director : Financial Reporting</p>
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ISS.15	Employee Costs - Leave (COF 9)	This results in an improper record keeping of financial information. This will also result to the non-compliance of MFMA and the Leave management policy paragraph 15. This will result in the leave provision being overstated as at the reporting date	Lack of reconciliation which lead to difference and was not matching with payday.	Management should implement an online leave system that will allow the municipality to systematically approve all leave before it's taken. This will also eliminate the need of using hard copy documents that can easily get lost.	Preparations of monthly recons and prior year	On-going	30 June 2020	Assistant Director HR
ISS.19	Employee Cost - Payroll reports not prepared and reviewed(COF 9)	During the confirmation of the municipal processes, management confirmed that for the process of ensuring that payroll report is accurate, valid and complete is reviewed and approved by budget and treasury office, however during the confirmation of the above process it couldn't be confirmed that the payroll reports had been reviewed as there was no evidence	Monthly reconciliations were not prepared and reviewed	Municipal Manager on a monthly basis must ensure that all directorates reporting directly to him submit proof off all reviews done on all reports or schedules that must be reviewed on a monthly basis	Monthly reconciliations should be prepared to ensure that the payday and the solar are reconciled and no reconciling items are outstanding	01-Feb-20	30 June 2020	Assistant Director: Expenditure
ISS.20	Employee Costs - Minimum competencies(COF 9)	During our confirmation of the business process we could not confirm that the competency assessment for the Chief Financial officer, head of Supply Chain Management, Finance officials and Supply chain management officials for the financial year ended 30 June 2019 were conducted by accredited assessors registered with the Local Government Sector Education Training Authority (LGSETA) in terms of SAQA guidelines and NQF-registered Unit Standards and criteria	Lack of funds to take the Senior Managers to MFP school	The municipal manager should regularly monitor and review compliance with the Municipal Regulations on Minimum Competency Levels issued in terms of the Local Government: Municipal Finance Management Act, 2003.	Avail funds to take all the Senior Managers for the MFP programme to at least attained the minimum level of competency.	On-going	30 June 2020	Assistant Director HR
ISS.73	Employee Costs - Finance costs incorrectly classified(COF 24)	During the audit of employee costs, it was noted that the Finance cost of R1875000 relating to Post employment benefit for long Service Award was incorrectly classified as employee related costs.	It's the issue of mapping on case ware	The accounting officer should: Hire adequate skilled employees and review financial statements before they are submitted for audit.	The lead sheet of financial statements will send to all the Accountants and Manager to ensure that votes are mapped in the correct components.	01-Feb-20	30-Apr-20	Assistant Director Financial Reporting
ISS.74	Employee costs - Payday report does not agree to the Annual Financial Statements(COF 25)	The amounts disclosed on the financial statements for employee cost and remuneration for councillors is understated by R912462,19 and R1659,19 respectively	There was a new skills remuneration that was introduced in April that caused the understatement, which integrated in the incorrect vote.	Management should ensure that the Payday (payroll system) and the general ledger is reconciled on a monthly basis to ensure all payments are recorded. The financial statements should also be reviewed before submitted for audit. The financial statements should be adjusted to reflect the amounts as per the payday reports.	Prior year journal will be proposed to correct the error	01-Feb-20	30-Apr-20	Assistant Director Expenditure

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ISS.75	Employee Costs - Incorrect Overtime Payments(COF 25)	During the audit of overtime, it was noted that the employees listed below were not paid for the actual overtime worked as per the overtime claim form thus resulting in difference on the amount recognised as overtime the overtime payment recalculated as per the supporting documentation for overtime did not agree with the overtime payment as the payday report	Because of bellow challenges. Leave form are paid late because they are submitted late to salaries by HR.: Leave forms not submitted on time by the department heads, thus resulting in leave being captured late. HR not responding on time to request of leave.	Management should ensure that: Proper record keeping of overtime is accurate and that overtime is captured correctly on the payday system. All overtime that are approved for payment must be agreed to supporting documentation before they are loaded for payment. Must recover the monies that have been overpaid from the affected employee and/or manager.	Computerised system should be implemented	On-going	till 30 June 2020	All Directors
ISS.79	Employee Costs - Overtime not approved in advance(COF 24)	During the audit of employee cost, it was noted that the employees listed on the table below worked overtime before a pre – approval was obtained.	Lack of responding to emails when the request of leave form is requested. Supervisors not submitting leave forms on time before the employee go on leave. Low staff turnover.	Management should ensure that they implement controls to monitor overtime and to ensure compliance with the overtime policy. All the overtime that is worked needs to be pre-approved before being worked by employees. Employees that are found to have contravened this policy requirement should not be paid	Supervisors will approve leave before employees go for leave	On-going	till 30 June 2020	All Directors
ISS.119	Employee Cost - Leave not captured in the correct financial year. (COF 33)	The municipalities HR department is not capacitated with sufficiently skilled personnel that will assist with improving internal controls. The municipalities don't have proper controls to ensure that managers and supervisors request and submit leave forms on time. This may result in non-compliance with MFMA, Leave management policy paragraph 15 and Grap 19:66	Leave forms not submitted on time by the department heads, thus resulting in leave being captured late. HR not responding on time to request of leave.	Management should implement an online leave system that will allow the municipality to systematically approve all types of leave as and when they occur. This will also eliminate the need of using hard copy documents which may result in delays.	Computerised system should be implemented.	On-going	till 30 June 2020	All Directors

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ISS.125	Employee Cost and Third party payments- information not submitted.(COF 30)	<p>The information has not been submitted within three days due to instability of vacancies in key positions and key officials lacking appropriate competencies. The municipality heavily relies on consultants to perform management tasks</p> <p>This is a limitation of scope on auditors work to be performed and will result in a modified audit opinion.</p>	<p>Lack of reconciliation of third party payments, which resulted in late submission of information</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 to 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> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	<p>Monthly reconciliations of third-party payments, and prior period reconciliations for third-party and safe keep POE.</p>	On-going	<p>Until 30 June 2020</p>	All Directors
ISS.131	Employee Costs - Leave not approved in advance as per the policy.(COF 33)	<p>The municipalities don't have proper controls to ensure that managers and supervisors request and submit leave forms on time.</p> <p>This results in an improper record keeping of financial information.</p> <p>This will also result to the non-compliance of MFMA and the Leave management policy paragraph 15.</p>	<p>Leave forms not submitted on time by the department heads, thus resulting in leave being captured late.</p> <p>HR not responding on time to request of leave</p>	<p>Management should implement an online leave system that will allow the municipality to systematically approve all leave before it's taken. This will also eliminate the need of using hard copy documents that can easily get lost.</p>	<p>Computerised system should be implemented.</p>	On-going	<p>Until 30 June 2020</p>	All Directors

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ISS.132	Employee cost - Unpaid leave not deducted from salaries(COF 33)	<p>Employee cost - Unpaid leave not deducted from salaries(COF 33)</p> <p>The supervisors and managers do not return leave forms on time to the HR department to ensure that unpaid leave of employees is deducted from the salaries of employees on time.</p> <p>The municipalities don't have proper controls to ensure that managers and supervisors request and submit leave forms on time.</p> <p>This will result in non-compliance with the MFMA as it may lead to fruitless expenditure because the payment was made in vain and could have been avoided.</p> <p>This result in non-compliance with leave management policy paragraph 17.</p> <p>This may also result in the overstatement of employee cost and the leave provision</p>	<p>Because of below challenges. Leave form are paid late because they are submitted late to salaries by HR.:</p> <p>Leave forms not submitted on time by the department heads, thus resulting in leave being captured late.</p> <p>HR not responding on time to request of leave.</p>	<p>Management should implement an online leave system that will allow the municipality to systematically approve all types of leave as and when they occur. This will also eliminate the need of using hard copy documents which may result in delays. Management should deduct the unpaid leave of the employees from their salaries.</p>	Computerised system should be implemented.	On-going	All Directors															
ISS.105	Unauthorised Expenditure - No supporting documentation (COF 43)	<p>In contravention with the Public Audit Act, management failed to provide information requested by auditors for the schedule (Register) and supporting documentation to verify the Opening amount for Unauthorised expenditure within the Annual Financial Statements under audit</p> <p>This is a limitation of scope on auditors work to be performed and will result in a modified audit opinion.</p> <p>Unauthorised Expenditure 2019 2018</p> <table border="0"> <tr> <td>Opening balance</td> <td>1</td> <td>593</td> </tr> <tr> <td>593 652 097</td> <td></td> <td>1 593 652 097</td> </tr> <tr> <td>Unauthorised Expenditure</td> <td></td> <td>10 621 497</td> </tr> <tr> <td>-</td> <td></td> <td>1 593 652 097</td> </tr> <tr> <td></td> <td></td> <td>1 604 273 594</td> </tr> </table>	Opening balance	1	593	593 652 097		1 593 652 097	Unauthorised Expenditure		10 621 497	-		1 593 652 097			1 604 273 594	<p>The Unauthorised expenditure of prior years could not be retrieved to support the R 1 593 652 097, because of low staff turnover.</p>	<p>It is recommended that 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.</p>	Management will inspect the prior years folders.	03-Feb-20	30-Apr-20 CFO
Opening balance	1	593																				
593 652 097		1 593 652 097																				
Unauthorised Expenditure		10 621 497																				
-		1 593 652 097																				
		1 604 273 594																				

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ISS. 135	UJFW Expenditure - MFMA Section 32(4) report not submitted for audit. (COF 43)	UJFW Expenditure - MFMA Section 32(4) report not submitted for audit. (COF 43) In contravention with MFMA, management failed to submit a report on Unauthorised, Irregular, Fruitless and Wasteful expenditure detailing the following: any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality, whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and the steps that have been taken— (i) to recover or rectify such expenditure; and (ii) to prevent a recurrence of such expenditure	Fail to table the Unauthorised, Irregular, Fruitless and Wasteful expenditure.	Management and council should ensure that they monitor and ensure compliance to relevant legislation. A strong culture of consequence management should also be introduced and implemented to ensure that the staff within the municipality is performance driven and act in the best interest of the municipality.	Prepare a report to be tabled at council	03-Feb-20	30-Jun-20	Assistant Director SCM and Expenditure
ISS. 135	UJFW - presentation and disclosure requirement not met (COF 43)	Management did not ensure proper review and monitoring for the preparation of the Annual Financial Statement due to instability of vacancies in key positions and key officials lacking appropriate competencies. The municipality heavily relies on consultants to perform management tasks. This results in a non-compliance with the GRAP disclosure requirements and MFMA circular 68.	Lack of AFS review	Management should ensure that there the disclosure is updated such that it is in line with the requirements of MFMA circular 68.	GRAP checklist will be used to ensure that all the components are in line and ensure	03-Feb-20	30-Apr-20	CFO
ISS. 148	Fruitless and wasteful expenditure-Opening balance does not agree to prior year audited amount and the adjustment has not been included in note 40 (COF 43)	Through the inspection of the Annual financial statements for the current year under audit, Note 45 for the Fruitless and wasteful expenditure, in comparison with the 2017/18 financial audited amounts the comparative closing balance is not corresponding with the closing amount in terms of the audit amounts prior year	Omission on the side of Management by not disclosing the adjustment made.	Management should ensure that they review and monitor the preparation for unauthorised expenditure and other line items in the financial statements under review and ensure that amounts correspond to avoid double counting.	The error will be corrected on the interim financial statement.	01-Feb-20	30-Apr-20	Assistant Director Financial Reporting

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ISS.107	Items not budgeted for per the approved budget(COF 63)	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 Impairment loss/reversal of Impairments R 1 162 649 Receivables from exchange transactions R 5 217410	Lack of review of AFS to compare with the A1 schedule	The Chief Financial Officer should adequately review the annual financial statements against the supporting documents before submission for approval. The statement of comparison of budget needs to be adjusted such that it reflects the correct amounts.	Review of AFS The error will be corrected on the interim financial statement	01-Feb-20	30-Apr-20	Assistant Director Financial Reporting and Budget
ISS.112	No reasons given for Variances greater than 10% on the statement of comparison (COF 63)	During the audit of the statement of comparison of budget and actual amounts it was noted that the reasons given for the variances were incorrect as they did not truly explain the variance and there was no substantial proof given for the particular reason disclosed. Furthermore, the variance explanations are given in Appendix E to the annual financial statements and there were differences noted in amounts disclosed as per appendix E and amounts per the statement of comparison disclosed in the AFS. Consequently, there was a resultant impact on the variances disclosed and the reasons given for those variances thereon. Over reliance on consultants in the preparation of financial statements without reviewing their work performed.	Lack of annual financial statement review, to ensure that the variance had explanations.	The Chief Financial Officer should adequately review the annual financial statements against the supporting documents before submission for approval. The statement of comparison of budget needs to be adjusted such that it reflects the correct amounts.	Before being posted on the AFS, a working paper will be prepared having variances and explanations.	on-going	Till 30 June 2020	Assistant Director Budget
ISS.61	Grants not fairly presented and disclosed (COF 22)	During the audit of government grants and subsidies presentation and disclosure note 24, it was noted that the total amount of R231785726 relating to capital grants that met the conditions is understated with the Library grant amount of R1446363 which represents the total amount transferred to revenue.	Late preparations of journals, which lead to disclosing it incorrectly.	The disclosure for conditional grants needs to be corrected such that the above errors are corrected to achieve fair presentation.	Monthly reconciliation will be prepared. To avoid late preparations of AFS. Note will be corrected on the interim financial statement.	01-Feb-20	30-Apr-20	Assistant Director Financial Reporting

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ISS.62	Government Grants and subsidies not fairly disclosed on the notes to Financial statements (COF 22)	During the audit of presentation and disclosure of government grants, it was noted that the amount disclosed on note 14 (Unspent conditional grants), the unspent grant amounts for both Library grants (R456774) and Expanded public works programme (R183592) were not each disclosed separately instead they were lumped together and disclosed under Library grant.	Lack of monthly reconciliations.	The disclosure for conditional grants needs to be corrected such that the above errors are corrected to achieve fair presentation.	The grant reconciliation will be prepared on a monthly basis and reviewed. To correct the prior year management will correct by process the journal.	01-Feb-20	30-Apr-20	Assistant Director Financial Director.
ISS.65	Grants Expenditure Understated (COF 22)	During the audit of grants inspected the Grant expenditure schedule and noted that the expenditure for the Water Infrastructure Grant was erroneously recorded exclusive of VAT, which is not a true reflection of the actual expenditure spent on the grant.	Lack of monthly reconciliations.	Management should ensure that: Thorough reviews are performed on all grant reconciliations, the payments made need to be reviewed in detail.	The grant reconciliation will be prepared on a monthly basis and reviewed. To correct the prior year management will correct by process the journal.	01-Feb-20	30-Apr-20	Assistant Director Financial Director.
ISS.130	PPE WIP Transfers - Misstatement differences (Cof 32)	MIAs per point b) of the communication of audit finding, the difference misstatement below still remains: No Payee Cheque no. Certificate no. Project name Amount capitalised to work – in progress-R Amount as per the supporting documents-R Difference-R 1 Boikhutso Ba One Civil Construction 90055183 14 Upgrading of Gravel Road: Segwaelane 611 153.62 877 488,17 -266 334,55	Poor record keeping	Management should ensure that reviews are performed of the amounts capitalised by the consultants and or external service providers when capitalising work – in – progress to property, plant and equipment. Management should ensure that a reconciliation of the amounts capitalised to property, plant and equipment is performed and matched to the supporting invoices, payment certificates and other supporting documents	The reconciliation of all payments made in the 2018/19 financial year, will be performed to identify all the missing vouchers	03-Jun-20	30-Jun-20	Assistant Director Expenditure

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153. ISS. 137	PPE WIP Transfers - Duplicate payments(COF 32)	During the audit of work – in – progress transfers to property, plant and equipment, it was noted the payment certificate and invoice listed below was paid twice using different cheque numbers. No Payee Cheque no. Certificate no. Supplier type Project name Invoice Number Amount as per the supporting documents 1 Amawaka Boikanyo 90056991 5 Contractor Hebron to Madidi Water Supply Phase 8 HBR-MAD05 R1688814.89 2 Amawaka Boikanyo 90055847 5 Contractor Hebron to Madidi Water Supply Phase 8 HBR-MAD05 R1688814.89	Poor record keeping	Management should ensure that adequate reviews of the supporting documents is performed when payments by the municipality is made to external service providers. Management should ensure that a reconciliation of payments made to each external service providers is performed as and when payments are by the municipality to an external service provider.	The reconciliation of all payments made in the 2018/19 financial year, will be performed to identify all the missing vouchers	03-Jun-20	30-Jun-20	Assistant Director Expenditure
ISS. 150	Assets not assessed for impaired (COAF39)	Management did not adequately perform the assessment of impairment for all assets. The carrying amount for PPE items as disclosed on the financial statements is overstated	Late preparation of asset verification, which lead to impairing incorrectly.	Management should ensure that all assets with indications of impairment are identified during verification process and those assets recoverable amount be determined to assess and account for impairment thereof.	Management We subsequently undertook an analysis of the building and worked out that the building is to be impaired by 12,32% which works out to R 525124.30 [see attached workings]. We therefore request for an adjustment	03-Jun-20	30-Apr-20	Assistant Director Assets
ISS. 151	Completeness of disclosures for work in progress and repairs and maintenance (COAF 39)	For the Work in progress projects listed on the table below, it was noted that the was no movement in the carrying values from last year to the current year. As per GRAP 17, management needed to add as part of the PPE note separate disclosure indicating all projects that have been halted with the applicable reasons. Management also needed to assess and disclose whether the halted projects have been impaired. The required disclosure has not been added	Lack of separating repair and maintenance per assets.	Management should include a complete disclosures relating to Property, Plant and Equipment as per GRAP 17 in the Annual Financial statements. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.	Management will appoint external consultant to review the AFS. Submission to internal audit will be done and ensure that AFS are disclosed according to GRAP checklist.	03-Jun-20	30-Apr-20	Assistant Director Financial Reporting.

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ISS.206	PPE WIP opening balance negative amount (Cof 72)	<p>During the audit of the property, plant and equipment work – in – progress opening balances, it was noted that the opening balance for the project listed below was misstated by R225655,00 when it was recalculated.</p> <p>No. Vote number Project number Description Amount – WIP register 1. 2406154261511 SCM01/ CON/11/2012 CLUSTER 1- INTERNAL ROADS MAJAKANENG - R 225655,00 - R 225655,00</p>	<p>Late preparations of assets verification. Poor recording by internal staff</p>	<p>Management should ensure that there are corrected such that the amounts disclosed are accurate.</p>	<p>Management has consulting fees for all cluster 1 Roads that were captured under Majakaneng in the previous year and there for we also captured this certificate in Majakaneng and reclassified it to Segwaelane with the other previous certificates that were captured there. Therefore management agree with the audit finding and request an opportunity to adjust the WIP register so that the current year certificate in captured in Segwaelane and not reclassified there</p>	03-Jun-20	30-Apr-20	CFO
ISS.192	No disclosure on the Annual Financial Statements with regards to Intangible Assets (COAF 52)	<p>As part of the audit work performed on assets, it was noted that the municipality acquired intangible assets in the current financial period, however per inspection of the financial statements, it was noted that the municipality did not disclose the accounting policy, reconciliation of the carrying amount and other disclosure required by GRAP. The accounting officer and management of the municipality did not ensure that proper and adequately controls are in place to ensure complete, relevant and accurate information is disclosed in the notes to the financial statements supporting the information presented in the face.</p> <p>As a result, incomplete disclosures were provided for in the Annual Financial statements</p>	<p>Lack of review to ensure that all components are disclosed on the AFS.</p>	<p>It is recommended that management provide for such disclosures in the current year Annual Financial Statements.</p>	<p>Submit the AFS to Internal audit on time for review and Independ consulting company to review the AFS></p>	On-going	30-Jun-20	CFO
ISS.29	Water was not verified during inventory count (COF 21)	<p>The balance for inventory as disclosed on the AFS may be misstated by R4845511 (water) and fuel was not quantifiable.</p> <p>Lack of communication between Infrastructure and Technical Services, Public Safety, Fleet and Facilities Management and Internal Audit.</p> <p>Financial statements maybe misstated.</p>	<p>Lack of accountability by Technical and SCM unit No bulk Meters to take readings of different.</p>	<p>The Director: Infrastructure and Technical Services, Director: Public Safety, Fleet and Facilities Management must in consultation with the Manager: Supply Chain Management must ensure that the Internal Audit unit are invited when closing balances of water and fuel stock are taken to verify the accuracy of the recorded closing balances.</p>	<p>Prepare AFS plan with responsible personnel. To correct the prior year, methodology will be implemented. Technical will procure bulk meters.</p>	on-going	until 30 June 2020	<p>Director ITS CFO Assistant Manager SCM</p>

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ISS. 39	Internal control deficiency (COF 32)	<p>Lack of segregation of duties (issued inventory) The poor controls in place are due to instability of vacancies in key positions and key officials are lacking appropriate competencies resulting in theft of inventory.</p> <p>Differences in annual financial statement and consumable The errors in financial statements submitted is due to instability of vacancies in key positions and key officials are lacking appropriate competencies resulting in the municipality in outsourcing the preparation of annual financial statements to consultants.</p> <p>Lack of segregation of duties (issued inventory) This could lead to stores personnel fraudulently issuing goods to themselves and/or theft of inventory.</p> <p>Differences in annual financial statement and consumable This difference results in overstatement of inventory.</p>	<p>Lack of review of internal control. Low staff turnover on SCM unit</p>	<p>Lack of segregation of duties (issued inventory) Management should ensure that for every inventory issued there are two signatures on the bin card. The one for the stores personnel and the one for the recipient (the person issuing the goods should not be the same person receiving goods) and this should be monitored and inspected by store's manager before inventory is allowed to leave the stores.</p> <p>Differences in annual financial statement and consumable Management should provide the audit team with accurate and complete supporting schedules for all the items noted above that agree to the financial statements submitted for audit purposes. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	<p>All vacant post must be filled.</p>	<p>on-going</p>	<p>until 30 June 2020</p>	CFO
ISS. 99	Inventory Misstatements (COF 32)	<p>Inventory disclosed on the financial statements is overstated by R319 258</p> <p>There are no proper controls within inventory management thus resulting in the above errors. This was also evidenced by the fact that certain information was not submitted for inventory.</p>	<p>Lack of monthly reconciliations and not processing the journals on time.</p>	<p>Management should correct the above mentioned misstatements and also ensure that controls around inventory management are improved.</p>	<p>To correct prior year management will have to prepare a year end recon for the financial year ended 30 June 2019 and pass the journal.</p>	<p>01-Feb-20</p>	<p>30-Jun-20</p>	<p>Assistant Director SCM</p>
ISS. 100	Inventory information not submitted (COF 23)	<p>The chief financial officer did not submit the requested information within three days as agreed in the engagement letter</p> <p>The information has not been submitted within three days due to instability of vacancies in key positions and key officials lacking appropriate competencies.</p> <p>This is a limitation of scope on auditors work to be performed and will result in a modified audit opinion.</p>	<p>Lack of monthly reconciliation Poor co-ordination of submission of</p>	<p>Management should ensure that there are sufficient staff members assisting with the requested information by the auditors and should submit the information timeously. This will speed up the audit and it will result to low audit cost for the municipality. The municipality should introduce an online leave system were all leave transactions will be submitted and approved so that a record of all transactions is kept.</p>	<p>CFO will assign the personnel to assist the AG. Early implementation of AFS plan, to avoid errors in schedules and AFS.</p>	<p>03-Feb-20</p>	<p>on-going</p>	CFO

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ISS, 116	Inventory disclosure incomplete (COF 32)	Non-disclosure of consumables valuation The financial statements disclosure is not complete as the accounting policy for inventory is not does not include the cost method used for consumable stock items. Inventory disclosure is not appropriate The financial statements disclosure is not complete as the value of inventory written down was not included on the AFS.	Lack of reviewing AFS Poor implementation of AFS Plan	It is recommended that the inventory written down be disclosed separately under expenses note in the financial statement.	Early implementation of AFS plan to track progress. Implement GRAP checklist to correct the prior year financial statement management will correct the accounting policies on the AFS.	03-Feb-20		on-going	CFO
ISS, 97	Investment property - Overstatement of fair value adjustment	The balance for fairvalue adjustments is overstated and additions understated. The uncorrected misstatements will be transferred to the schedule of audit differences.	Late preparation of asset verification, which lead to incorrectly processing amount to the wrong votes.	Management should review and monitor the investment property register regularly, ensure that compliance with applicable laws and regulations in valuing the investment property. Furthermore annual financial statements should be adjusted to ensure that financial statements are fairly presented in accordance with applicable standards.	Monthly reconciliations. Review of AFS before submission.	03-Feb-20		30-Apr-20	Assistant Director Assets
ISS, 152	Overstatement of investment property closing balance	Through inspection of information submitted by the consultant e.g. (Title deed, deeds registries act 47 of 1937) there is no indication that Madibeng municipality does have legal title to the school(Klipgat) however title deed indicate that Madibeng municipality has title ownership to the land, therefore it is to our assessment that only the land does belong to Madibeng municipality except the Klipgat school, therefore building finding remains. It will be reported in the management report under other important matters.	Late preparation of asset verification,	Management should review and monitor investment property register, to ensure that the assets on investment properties are classified correctly and exist.	Management will review and monitor investment property register, to ensure that the assets that are included on investment properties are classified correctly and exist+O165:Q165	03-Feb-20		30-Apr-20	Assistant Director Assets

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ISS.226	Change in accounting policies not disclosed (COAF 76)	Management did not review and monitor the annual financial statement and the accuracy of the reported information, to ensure that financial statement and its related accounting policies are disclosed in terms of GRAP1. These will result in 2018/19 financial statements being incomplete and not fairly presented.	The AFS was not reviewed and aligned properly to the new methodology implemented.	Management should ensure that the above disclosure is added on the financial statements in order to achieve fair presentation and ensuring that they are in line with the requirements of GRAP and MFMA.	Management will ensure all the Accounting Policies are reviewed and aligned to the methodology implemented.	01-Feb-20	30-Jun-20	CFO
ISS.47	Other Financial Assets - Understatement of investments (COF 21)	Other Financial Assets in the annual financial statements are understated with R1 164 953.51. The Financial statements are not fairly presented in accordance to GRAP 1.	Lack of monthly reconciliations, and staff turnover was an issue.	Management should adjust the amounts disclosed for other financial statements for other financial assets. The adjustments should be submitted to the auditor with the related supporting documentation	To correct the prior year a year end reconciliation will be prepared and supported with POE, and appointment of Accountant will be done on the 31 March 2020.			
ISS.90	Other Financial Assets - Misclassification of Fair value Adjustment (COF 43)	The misclassification in financial statements submitted is due to instability of vacancies in key positions and key officials are lacking appropriate competencies resulting in the municipality in out-sourcing the preparation of annual financial statements to consultants.	Lack of monthly reconciliations, and staff turnover was an issue.	Management should ensure that they review and monitor items that should be disclosed in the Annual financial statements prior to submitting supporting information for audit and are in compliance with applicable legislation and standards. The adjustment processed must be submitted to auditors.	To correct the prior year a year end reconciliation will be prepared and supported with POE, and appointment of Accountant will be done on the 31 March 2020.	On-going until 15 July 2020	15-Jul-20	Assistant Director Financial Reporting
ISS.136	Other Financial Assets - Disclosure requirements of investments not met (COF 43)	During the audit of disclosure of other financial assets (Investments) we noted the following deviations: There was no narration indicating whether there are any investments pledged as collateral or security for liabilities There was no disclosure or narration regarding Council's valuation for unlisted investments A summary of investments together with the names of the institutions in which the investments are held was not disclosed The net gain or losses on financial instruments designated at fair value, amortised cost and cost was not disclosed separately, the loss on investments which was mainly recorded as interest was set of against the gain	Lack of review of AFS to check if they comply with GRAP checklist.	Management should ensure that there the disclosure is updated such that it is in line with the requirements of GRAP and MFMA 152. Management should further ensure that it reviews and monitors compliance with applicable laws and regulations.	Have GRAP checklist to ensure that all the disclosure and notes are properly disclosed. Have indecent consultant to review the AFS after year end.	on-going	until 30 June 2020	CFO

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ISS.170	Other Financial Assets - Prior period findings not adjusted (COF 64)	Overstatement of non-current financial assets for the prior year. Disclosure on the financial statements has not been corrected to reflect the correct disclosure. The interest earned is still overstated, as it includes fair value adjustment for the prior year	Late preparations of AFS. Lack of monitoring post audit action plan and no POE for the resolved issues	Management should correct the other financial assets for the current year and comparatives in the current year to ensure that it is in line with the requirements of GRAP.	Monthly monitoring of PAAP and POE filled in the CFO office. Prepare AFS plan and ensure all the deadline are meet assigned to relevant personnel. Monthly reconciliation	30-Jun-20	Assistant Director Financial Reporting
ISS.203	Differences in Finance cost (COF 66)	The amounts disclosed will result in understatement of finance cost and the gain/loss on re-measurement of the provisions as the amounts were not separately disclosed.	Late preparations of AFS. Lack of monthly reconciliations and low staff turnover	Management should correct the disclosure on the financial statements such that the correct amounts are disclosed for finance costs and the valuation gain on rehabilitation provision and employee benefit. Management should fill key vacant posts with appropriate staff and reduce heavy reliance on consultants to perform management tasks.	Monthly monitoring of PAAP and POE filled in the CFO office. Prepare AFS plan and ensure all the deadline are meet assigned to relevant personnel. Monthly reconciliation	30-Jun-20	Assistant Director Financial Reporting
ISS.195	Assets written-off (COAF 71)	A municipal council meeting, open to the public was not held to decide on reasonable grounds that the assets written off were not needed to provide the minimum level of basic municipal services and have they have also not considered the fair market value of the assets together with the economic and community value to be received in exchange for the assets. Approval of the Municipal Manager was not obtained before the assets were written off	All the Assets written-off was approved by Administrator and signed after year end, which was suppose to be a subsequent event.	It is recommended that management should ensure that disposals are made in accordance to the MFMA Act and the municipality's asset management policy	Management will document it as subsequent event on the AFS.	01-Apr-20 30-Apr-20	CFO

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ISS. 123	Duplicate payments and payments made before invoice date (Cof 34)	<p>Municipal Manager did not implement controls over daily and monthly processing and reconciling of transactions as appropriate payment controls. Management does not have a creditor's module that will assist them with accounts payable and expenditure management.</p> <p>Duplicate payments: The above-mentioned could possibly result in fruitless and wasteful expenditure as the municipality might have double paid for the same goods received or same service rendered resulting to expenditure made in vain.</p> <p>Payment date before Invoice date: The above-mentioned could possibly lead to fruitless and wasteful expenditure as the municipality might have paid for the goods or services that may have not been received</p>	<p>Management is not using creditors module. Therefore that's why we having issues of cut-off and completeness.</p>	<p>The municipality should consider procuring a system for creditors and expenditure management that will enable it to identify and avoid duplicate payments by ensuring that all payments made are matched to invoices before being made.</p> <p>The municipality should also as part of its control procedures monitor all payments that are made and ensure that the payments are supported by invoices for goods and services that have been actually received.</p>	Implementation of creditors module must be effected.	on-going	until 30 June 2020	Assistant Director Expenditure
ISS. 162	Expenditure not complete	<p>During the audit of expenditure it was noted that the transactions were omitted from the 2018/19 GL resulting in the expenditure amount on the annual financial statements not be complete.</p>	<p>Management is not using creditors module. Therefore that's why we having issues of cut-off and completeness.</p>	<p>Management should perform creditor's reconciliations for all its suppliers on a monthly basis especially for those creditors that are considered to be significant.</p> <p>The accounting officer should also consider acquiring a creditor's module that will assist with the management of creditors.</p>	Implementation of creditors module must be effected.	on-going	until 30 June 2020	CFO
ISS. 193	Incorrect classification of other expenditure as impairment loss.(COF 53)	<p>As per inspection of the financial statements Note 33, it was noted that an impairment loss totalling R637351 even though no impairment loss was realised in the current financial period.</p> <p>Per further, enquiry, it was noted that the error arose as a result of incorrect mapping of expenditure for the acquisition of diesel to impairment losses.</p> <p>overstatement of impairment losses and understatement of other expenditure</p>	<p>Lack of reviewing the AFS.</p>	<p>The financial statement items should be updated to achieve fair presentation. The amount should be removed from impairment losses and recognised as operating expenditure.</p> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks.</p>	The correction will be made on the interim financial statement	01-Feb-20	30-Apr-20	Assistant Director Financial Reporting

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ISS.227	Information not submitted: Expenditure Payments (COF 84)	The information has not been submitted within three days due to instability of vacancies in key positions and key officials lacking appropriate competencies. The municipality heavily relies on consultants to perform management tasks This is a limitation of scope on auditors work to be performed and will result in a modified audit opinion.	Lack of co-ordination of information to be submitted to AG. Poor record keeping	Management should ensure that there are sufficient staff members assisting with the requested information by the auditors and should submit the information timeously. This will speed up the audit and it will result to low audit cost for the municipality. The outstanding information should be provided to the auditors or reasons indicated why it is not available. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks	Management will verify all the 2018/19 payment vouchers and scan all the payment vouchers for the Payment vouchers missing. Management expenditure will identify them and a discussion with AG on how to treat them.	01-Feb-20	until 15 July 2020	Assistant Director Expenditure
ISS.2- ISS.2	ISS.2:AOPO: information not submitted for audit (COF 36)	The following information was requested on request for information number 41 of 2019 on the 11th of September 2019 but was not received: Budgeted amount per programme and per strategic objective. There is lack of proper record keeping enabling the client to submit the information within 3 working days after the request is issued. This is a limitation of scope on auditor's work to be performed and will result in a modified audit opinion.	Non-inclusion of budget amounts per programme from the onset	Management should ensure that there are sufficient staff members assisting with the requested information by the auditors and should submit the information timeously. This will speed up the audit and it will result to low audit cost for the municipality. The outstanding information should be provided to the auditors or reasons indicated why it is not available.	Ensure that all programmes during the SDBIP amendment are attached a specific budget where practicably possible	03-Feb-20	28-Feb-20	Acting Director: ITS supported by DD: SPM&E
ISS.6	AOPO:MFMA s71 reports not submitted to provincial treasury for 6months (COF 9)	we identified that no s71 reports were submitted for the following months: September 2018,December 2018, March 2019, April 2019, May 2019& June 2019. This has resulted in the non-compliance with the above-mentioned legislation.	Lack of closing the system on time. Lack of management monitoring the submission of s71 monthly.	The Accounting officer should exercise oversight responsible regarding compliance with all applicable legislation of the municipality	The Accounting officer will exercise oversight responsible regarding compliance with all applicable legislation of the municipality	31-Jan-20	ngoing	Accounting Officer CFO

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ISS.7	AOPO: Inconsistencies between the planned target and the reported achievement in the APR (COF 12)	During the discussion of the business processes, the following error was noted: The reported achievements as per the APR are not consistent with the indicator title and the planned target This was due to lack of review during finalisation of APR. Reported achievement might mislead the user of performance information report and could also result in non compliance with MFMA	Use of inconsistent reporting templates during the quarterly reporting	Management should ensure that the planned targets of the indicators are consistent with the reported achievement of the indicators. The Director of Monitoring and Evaluation and PMS Manager must ensure that the unit of measurement is consistent with the planned targets and the reported actual achievement	Ensure consistent reporting as of the commencement of the 2nd quarter Performance reporting	Ongoing	Ongoing	Respective Directors supported by DD: SPM&E
ISS.8	AOPO: Progress report not signed as evidence of review (COF 12)	The accounting officer or head official of an institution is accountable for establishing and maintaining the systems to manage performance information Lack of monitoring processes to ensure that the information disclosed in the monthly reports, quarterly reports and ultimately the APR is valid and accurate. Inadequate review and validation of the documents that support the reported targets will result in misstatement in APR	Inadequate review and validation of the documents that support the reported targets will result in misstatement in APR	Management should ensure all the documentation is reviewed and validated by the monitoring and evaluation directorate in order to ensure the completeness and accuracy of the reported performance information.	Implement the SOP for collating, collecting, processing reviewing and reporting on PMS information	01-Feb-20	3rd Quarter onwards	Respective Directors supported by DD: SPM&E
ISS.9	AOPO: Quarterly report do not agree with the information disclosed in the APR (COF 12)	Lack of monitoring controls to ensure the quarterly reports are consistent with the Annual Performance Report. Inconsistent reporting which might lead to material misstatement in the annual performance report and the reported data might also not be accurate.	Inconsistent reporting which might lead to material misstatement in the annual performance report and the reported data might also not be accurate	Management should ensure controls are implemented for monitoring of reported performance information to ensure accurate and consistent reporting between the quarterly reports and APR. The APR should be adequately reviewed before submission for audit and reconciled to the quarterly reports as well as the POE that informs that targets reported in the quarterly reports.	Develop and implement one reporting template to ensure consistent reporting as of the commencement of the 2nd quarter Performance reporting	01-Feb-20	3rd Quarter onwards	DD: SPM&E supported by respective Directors
ISS.32	AOPO: Number of transport facilities maintained- No plan in place to guide the operations (COF 18)	This results in: An internal control deficiency which results in the performance management systems not operating effectively. Non-compliance with MFMA section 62	No plan in place to guide the operations	The Accounting Officer and the Director: Monitoring and Evaluation should ensure that: A detailed plan is in place that informs the type of key activities to be performed per the needs of the transport facility. This will ensure that the performance management systems are operating effectively, data is collected consistently and is easy to understand and use	Development of maintenance plan for transport facilities, and adhere to it throughout the financial year.	01-Feb-20	3rd Quarter onwards	DD: SPM&E supported by respective Directors

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ISS.110	AOPO: Duplicated indicator - Number of Electricity loss reduction plan developed and submitted to Council for approval (COF 36&38)	During the audit it was noted that the following indicators were included in the amended SDBIP Number of Electricity loss reduction plan developed and submitted to Council for approval by 30 September 2018 Number of Electricity loss reduction plan developed and submitted to Council for approval by 30 June 2019	Inadequate review and validation of KPIs and the documents that support the reported targets will result in misstatement in APR	Management should ensure all the documentation is reviewed and validated by the monitoring and evaluation directorate in order to ensure the completeness and accuracy of the reported performance information	Top Layer and Departmental SDBIP to be revised to ensure appropriate definition of KPIs in a SMART manner	01-Feb-20	3rd Quarter onwards	DD: SPM&E supported by respective Directors
ISS.26	No processes to record the pre-payment (COF 9)	The accounting officer and management did not implement appropriate controls over daily and monthly processing and reconciling of transactions. The prepayments balance will be misstated due to lack of controls.	Management has no standard operating procedure in identifying pre-payment. Lack of monthly reconciliations because the pre-payment would be recognised at year end when preparing AFS.	Management should have controls that will assist with ensuring that; All pre-payments are reconciled on a monthly basis Listing of al prepayment are kept and agreed to the financial statements. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks	Management will create the standard operating procedure in identifying for pre-payment will be prepared. For prior- year the year end reconciliation will be prepared to address the completeness and occurrence of the pre-payment.	01-Feb-20	3rd Quarter onwards	DD: SPM&E supported by respective Directors

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ISS:50	Prepayments (COF 21)	<p>Lack of accountability and the absence of an ethical environment create opportunities for individuals to act in a way that is not best for the municipality resulting in financial loss for the municipality.</p> <p>The above misstatement results in overstatement of prepayments.</p>	<p>For the items listed below, it was noted that the opening balance were adjusted. However, the adjustments were not disclosed as part of the prior period error note 40.</p> <p>Statement of financial position Amount Previously reported as per published AFS (30/06/18) Corresponding amount as per the AFS submitted for the audit Difference Amount as per Prior period error note in the current AFS submitted for audit Difference</p> <p>Trade payables from non-exchange R 534051 141.54 R 662 907 017 R 128 855 875 - R 128 855 875.5</p> <p>Operating lease liabilities 80107 221 45678 536 34428 685</p> <p>0 34428 685</p> <p>Lease rentals on operating lease expense 110688 314 65055 039 45 633 275 0 45633 275</p>	<p>The accounting officer should:</p> <p>Ensure that consequence management is effected against individuals involved in making the payments for the goods and services that were never delivered.</p>	Adjust prior year note.	01-Feb-20	30-Apr-20	Assistant Director: Financial Reporting
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ISS:55	SCM (quotations) limitation of scope	<p>The chief financial officer did not submit the requested information within three days as agreed in the engagement letter.</p> <p>The information has not been submitted within three days due to instability of vacancies in key positions and key officials lacking appropriate competencies. The municipality heavily relies on consultants to perform management tasks</p> <p>This is a limitation of scope on auditors work to be performed and will result in a modified audit opinion.</p>	<p>Lack of audit co-ordinations and information was not submitted on time.</p>	<p>Management should ensure that there is proper record keeping management processes, sufficient staff members assisting with the auditors and should submit the information timeously. This will speed up the audit and it will result to 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> <p>Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks</p>	<p>CFO will assign the personnel.</p>	03-Feb-20	on going	Assistant director: SCM CFO Accounting Officer
ISS:146	SCM: Three quotations not obtained	<p>The supply chain management did not consistently review and monitor compliance with the MFMA and municipal supply chain management regulations.</p> <p>The supply chain management division did not implement a compliance checklist to ensure that suppliers have completed and submitted all the necessary quotations and tender documents.</p> <p>Furthermore, management does not have a deviations register to ensure that all deviations are approved by the accounting officer and reported to council timeously.</p>	<p>SCM process, is not centralised therefore different units prepare their own quotation sometimes do not follow SCM processes, by sourcing one quote.</p>	<p>The supply chain management and accounting officer did not consistently review and monitor compliance with applicable legislation.</p> <p>A compliance checklist should be used to monitor compliance to applicable laws and regulations. The checklist should indicate whether three quotations were received or not, state the reasons for not obtaining three quotations which must be approved by the accounting officer or delegated official.</p>	<p>Centralise SCM and ensure only three quotes are processed as payments</p> <p>Consequence management be implemented for lack of performing SCM processes</p>	01-Feb-20	on-going	Assistant director: SCM CFO Accounting Officer
ISS:70	Liabilities due relating to the employee benefit incorrectly classified	<p>This is due to lack of sufficient review of the Financial Statements prior to submission.</p> <p>This results in an overstatement of non-liabilities and an understatement of current liabilities by R 3 548 706 in the current year (2018/19) and R4078000 for prior year as already reported in the prior year audit.</p>	<p>Lack of review and late preparations of AFS</p>	<p>Management should split the employee benefit obligation into current and non-current liability on the face of the financial position.</p> <p>Management should ensure that they review adequately all information presented in the financial statements.</p>	<p>Review all the journals propped and ensure they are passed in the correct votes</p> <p>To correct prior year Management will propose a correcting journal to classify the Provision of the liability under the Current and non-current liability.</p>	01-Feb-20	30-Apr-20	Assistant Director Financial Reporting

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ISS.101	Employee benefit obligation data not corresponding to the valuation report.	The accounting officer and management did not prepare regular, accurate and complete financial information, did not ensure that the liabilities are valued accurately. The accounting officer did not ensure proper review of information from consultants. The errors in financial statements submitted is due to instability of vacancies in key positions and key officials are lacking appropriate competencies resulting in the municipality in outsourcing the preparation of annual financial statements to consultants and not appropriately reviewing the work produces by consultants. This results in a misstatement of the employee benefit obligation amount in the financial statements.	Late submission of AFS which lead to no review of AFS. Late implementation of AFS plan, which lead to disclosing a lot of errors	Management should ensure that they review data used for provisions to confirm that it corresponds to the data provided by the Municipality to the consultants before publishing in the financial statements.	Prepare interim AFS to update the statement on time by including the adjustment budget to the Interim AFS. Early implementation of AFS plan to ensure all the DRAP checklist is effected.	03-Feb-20	30-Apr-20	Assistant Director Financial Reporting
ISS.179	Receivables - Management did not follow GRAP standards	The errors in financial statements submitted is due to instability of vacancies in key positions and key officials are lacking appropriate competencies resulting in the municipality in outsourcing the preparation of annual financial statements to consultants This resulted to misrepresentation of financial statement submitted for audit.	Late submission of AFS which lead to no review of AFS.	Management should review the accounting policies to ensure that they adhered to the applicable GRAP standards.	Prepare interim AFS to update the statement on time by including the adjustment budget to the Interim AFS. Early implementation of AFS plan to ensure all the DRAP checklist is effected.	03-Feb-20	30-Apr-20	Assistant Director Financial Reporting
ISS.17	Related parties disclosure ((COF 09)	The following was noted on the disclosure of related parties per the financial statements. There is no specific note for the disclosure of the remuneration for senior management. The disclosure has been erroneously included as part of disclosure for employee cost.	Lack of annual financial statement review, to ensure that the variance had explanations.	The accounting officer should ensure that the finance department is sufficiently capacitated to assist with the timeous preparation of financial statements and reviews. Management must ensure that all information presented and disclosed in the financial statements agrees and also corresponds with supporting schedules and is in compliance with laws and regulations.	Management will have the GRAP checklist which will guide the compilation of annual financial statement. Review will be done by external consultant, to ensure that all the GRAP requirement are met.	On-going	30-Jun-20	CFO

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<p>ISS.36</p>	<p>Related Party note not disclosed and control deficiencies (COF 32)</p>	<p>Inadequate reviews performed on financial statements submitted for audit. There is lack of suitably qualified personnel in the finance department to assist with the preparation of accurate and credible financial statements. Over reliance on consultants in the preparation of financial statements without reviewing their work performed. The financial statements disclosure is not complete as the related party disclosure was not included on the AFS</p>	<p>Late submission of AFS which lead to no review of AFS.</p>	<p>It is recommended that separate disclosure of related parties is made with all the related parties as per the definition including all their transactions with the municipality and all the balances/outstanding amount due to the municipality. Management can consider making a reference to note 47 in the related party note and in the employee cost (remuneration of key personnel and councillors). There should be controls in place to identify related party, transaction between related party and municipality and that they are properly approved.</p>	<p>Prepare interim AFS to update the statement on time by including the adjustment budget to the Interim AFS.</p>	<p>03-Feb-20</p>	<p>30-Apr-20</p>	<p>Assistant Director Financial Reporting</p>
<p>ISS.127</p>	<p>Statement of Changes in Net asset - Prior period deficit incorrect (COF 21) Revenue - Interest incorrectly classified (COAF 28)</p>	<p>The errors in financial statements submitted is due to instability of vacancies in key positions and key officials are lacking appropriate competencies resulting in the municipality in outsourcing the preparation of annual financial statements to consultants Management did not adequately review the financial statements submitted for audit in order to ensure that they are in line with the GRAP requirements. The municipality has also outsourced the preparation of annual financial statements to consultants without proper supervision Revenue from exchange transaction will be overstated by amount of R 21288.43, whereas revenue from non-exchange transaction will be understated by amount of R 21288.43 as a result of interest received being incorrectly classified.</p>	<p>Late submission of AFS which lead to no review of AFS. seniors lack in reviewing financial statements regularly Lack of monitoring and reviewing monthly reconciliations</p>	<p>Management should provide the audit team with accurate and complete financial statements for the items noted above. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks. Management should perform proper review of the annual financial statement and ensure that all accounts in the annual financial statement are correctly classified. Management should go back to the debtors schedule or billing reports and identify the total amount for interest from non-exchange transaction that needs to be disclosed and adjust accordingly.</p>	<p>Prepare interim AFS to update the statement on time by including the adjustment budget to the Interim AFS. Preparations of monthly recons and and correct prior year we need to perform year end reconciliation that will identify all errors that we done and process a journal that will correct the error</p>	<p>03-Feb-20</p>	<p>30-Apr-20</p>	<p>Assistant Director Budget Assistant Director Revenue</p>

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ISS.183	Misstatements - Revenue (Remaining population) COF 70	To an overstatement of other operating revenue resulting in the misstatements of the annual financial statements for the 2018/19 financial period. The misstatement will be accumulated and assessed with other misstatements.	Lack of monitoring and reviewing monthly reconciliations	Management should ensure that amounts recorded in the GL for the above transactions are corrected such that they reflect the accurate amounts as per supporting documentation.	Preparations of monthly recons and correct prior year we need to performe year end reconciliation that will identify all errors that we done and process a journal that will correct the error	01-Feb-20	43951	Assistant Director Revenue
ISS.225	Understatement of revenue (COAF 68)	Management did not review and monitor the sales schedule on a monthly basis in order to ensure that revenue billed from month to month is consistent in order to ensure that all customers were billed for all services where applicable. Revenue and receivables recognised on the financial statements may be materially misstated for completeness.	Lack of monthly reconciliation to reconcile between the system and sales	Revenue Manager should ensure the following, to avoid the issue of zero billing and the recovery of the amount in the next financial year 2019/20: Ensure that on monthly basis all active accounts are billed based on actual readings or on reasonable estimates; Systems should be in place to ensure that fictitious accounts are identified and all services that are supposed to be paid are paid. Ensure that a reconciliation of the active accounts on the system against the monthly billing report is performed to	for prior year correction management will prepare year end reconciliation for the year 2018/19 to correct the errors			
ISS.28	VAT Receivables (COF 9)	As per inspection of the Vat reconciliation provided for the month of March 2019, no indication that reviews on the reconciliations and supporting schedules were done by management. The reconciliation and the statement are only completed electronically by management with no indications for reviews.	Late closing of the system.	Management should ensure that reconciliation are prepared and reviewed on a monthly basis along with the supporting schedules. Management should fill key vacant posts with people with appropriate staff and reduce heavy reliance on consultants to perform management tasks	On a monthly basis the system needs to be closed on the 03rd of every month.	on-going basis	till 30 June 2020	All Managers BTO
ISS.91	Late submission of VAT201	Management did not review and monitor compliance with applicable laws and regulations, as a result the municipality did not submit VAT returns on time resulting in fruitless expenditure. Management is relying on consultants in the preparation of its vat returns due to lack of suitably skilled personnel	Late closing of the system.	Management should review and monitor the compliance with applicable laws and regulations, to avoid late submission of VAT returns and occurrence of fruitless and wasteful expenditure.	On a monthly basis the system needs to be closed on the 03rd of every month.	on-going basis	till 30 June 2020	All Managers BTO

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ISS.176	Overstatement of value added tax closing amount	During the audit of value added tax, difference between amount as per the annual financial statement and amount as per vat reconciliations was noted. These will result in the overstatement of value added tax amount to the amount of R113125172.00	Lack of monthly reconciliations and not processing the journals on time.	Management should review and monitor the vat reconciliations, to ensure that vat reconciliations includes accurate and correct amount. Furthermore, management should review the annual financial statement to ensure that annual financial statement is fairly presented	Review of monthly reconciliation Monitoring of AFS plan.	01-Feb-20	30-Apr-20	Assistant Director Financial Reporting
	Subsequent events and Going Concern uncertainty	The actions by the municipality results in an adjusting event as the budget was set before 30 June 2019, and therefore the events that lead to the non-compliance took place before the reporting date. The receipt of the letter and its contents also needs to be reflected on the financial statements as a subsequent event. Management not taking adequate steps to ensure compliance with the laws and regulations applicable to the municipality	Lack of documenting the subsequent and going concern on the AFS.	Management needs to update the disclosure on the financial statements such that: - The going concern uncertainty is reflected on the financial statements, - The subsequent events disclosure is updated to reflect the contents of the latter and its impact on going concern. Management needs to ensure it provides oversight over the controls put in place to ensure compliance with laws and regulations to ensure that the controls are implemented and adhered to.	Create a standard operating procedure on how to identify the subsequent event.	01-Feb-20	31-Jul-20	CFO
ISS.1	Policies not reviewed regular (COF 8)	The municipality may potentially enforce policies that are outdated which could lead to non-compliance with the latest applicable laws and regulations.	Lack of reviewing policies and aligning the to any amendments implemented.	Management should ensure that: a policy review is performed on all existing policies and all deficiencies are corrected; policies are continually reviewed and updated; The duty of review and update policies is assigned to the respective managers.	All Directors to review their policies regularly	on-going	30-Jun-20	All Directors
ISS.189	Journals are not Complete (COF 63)	Different people being responsible for keeping track of Journals recorded. The completeness of journals provided cannot be confirmed as there are journals that seem to be missing from the list.	Lack of preparing a file on time.	Management should ensure that they reconcile the Journal list and identify any gaps to follow up regularly, and appoint one custodian who will be responsible for Journals.	To correct prior year the report of all journals processed in the 2018/19 year will be extracted and filled accordingly with supporting journals.	01-Feb-20	30-Jun-20	Assistant Director Financial Reporting





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2018/19 ANNUAL REPORT

*"Madibeng, the Prosperous Platinum
and Green Tourism City"*



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