



GA-SEGONYANA LOCAL MUNICIPALITY

2017-2018 Annual Report

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Chapter 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

The 2017/18 annual report presented here by the Ga-Segonyana Local Municipality seeks to meet the requirements as set out in the legislation such as Section 26 of the Local Government Municipal Systems Act no 32 of 2000 and Section 121 & 127 (2) of the Local Government: Municipal Finance Management Act No 56 of 2003.

The Ga-Segonyana Local Municipality’s objective is to provide quality and affordable basic services to the communities of Ga-Segonyana. The Municipality ensures that this objective be achieved through sustainable manner of good governance, equity and accountability through progressive implementation of Key policies. Ensuring that the vision of Ga-Segonyana is achieved “Progressive Sustainable development.”

The Municipality continues to encourage effective implementation of existing policies. The alignment of Local Economic Development (LED) strategy to other key policies such as IDP, National Spatial Development Perspective, the Provincial Growth Strategy and National LED Framework indicates the dedication by the municipality to improve the service delivery in Ga-Segonyana.

The rapid population growth of Ga-Segonyana and expansion of the Kuruman town has placed an immeasurable strain on Municipal Planning, provision of bulk services and reticulation. This growth is due to communities moving closer to economic activities and in search of improved social environment.

In terms of the integrated settlement profiles quoted in the Northern Cape Provincial growth and development strategy, Kuruman is classified as a regional centre with a large population, high development potential as well as high needs for infrastructural and social investments from National Government. The municipality has planned programs that will strengthen the municipal infrastructures such as Bulk Water supply, electricity, Sanitation, Housing and Roads.

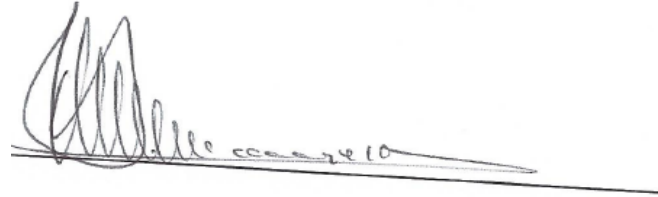
Public participation remains a crucial element in a successful political administration. The Political Administration incorporates the Batho Pele Principles in effectively facilitating an adequate public participation that is in a transparent and accountable manner.

The municipality has engaged with the public in a number of forums. The achievement of Public Participation has been through the IDP road shows that provides the communities platform to give input in the IDP document. The Ward meetings take place as required by the legislation. Ga-Segonyana local municipality has entered into several partnerships with the Mines and Several National and Provincial Departments.

Chapter 1

SMME Village funded by ASSMANG mine.

- ✚ Bulk Water Project.
- ✚ Planned Agri-Park
- ✚ The Electricity Sub-Stations in Ga-Segonyana By Eskom



Mayor

T 1.0.1

Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

The 2017/18 financial year has been one of the difficult years post local government election held in August 2016. This emanated from services delivery challenges and protests that engulfed the period prior to the elections. The mandate of the current Council is to provide effective and efficient services to all its communities. This is informed by the by the vision of the municipality which is "Progressive sustainable development. Ga-segonyana the stream of life."

The municipal performance targets are set to ensure that both individual and institutional performance is measurable. The upgrading of electrification, water and sanitation infrastructure remains the biggest challenge. The ever-increasing population or migration from neighbouring villages into the municipal areas put much strain in our infrastructure. Ga-segonyana municipality or Kuruman in particular remains the key central area in the John Taolo Gaetsewe District.

The municipality will further strengthen the workforce to ensure that services are adequately rendered. Payment of services from different households is also one the challenges, the municipal debtor's book is still above R100 million, various campaigns are conducted to encourage community members to pay for services. Skills retention is still a challenge, as we are competing with various mining houses.

The municipality has shared services with the John Taolo Gaetsewe District municipality in Internal Audit, Audit and Performance Committee and Risk Management. This is to be in compliance with the Municipal Finance Management Act, the oversight committees play a critical role in ensuring that good governance and sound financial management. Skills development is one of the priorities in strengthening the human capacity of the municipality.

In conclusion, the strong partnership amongst communities, council and administration is needed to ensure that rendering of services is rendered unhindered. We remain committed as we are at the coalface of service delivery. Collective efforts are needed to work harmoniously with all stakeholders, let us make 2018/19 another year of success for the benefit of all residents of Ga-segonyana.



MUNICIPAL MANAGER

T.1.1.1

Chapter 1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

The rural villages to the north-west of Kuruman are administered through a traditional authority system with two Traditional leaders. This area is not formalised with the result that no title deeds exist for residents. Currently no billing for services is conducted in these areas. It is crucial for the success of the project that a suitable “social contract” be put in place to ensure financial feasibility through successful cost recovery. For this purpose, all erven must have water meters (where yard / house connections are installed) and consumers must be billed towards debt collection and cost recovery. As a minimum level of township formalization services must be registered for roads and infrastructure and registered identifiable erven must be created. This will allow for the legal identification of the erven, consumers and water meters and will facilitate billing and cost recovery. Similarly, the legal ownership of infrastructure will be documented and registered by the registering of services.

Migration from the cross-border areas from the north adds significantly to the housing need and the development of water and sanitation infrastructure. Backlogs in housing must be addressed. The status of the Municipality’s Water Service’s Development Plan is that of a draft and its blue drop assessment level is 72,27%, with:

BLUE DROP ASSESSMENT RESULTS, 2012

Battharos (GLM Boreholes – Sedibeng Water)	78,23%
Mothibistad (GLM Boreholes – Sedibeng Water)	73,4%
Bankhara-Bodulong (Managed by Ga-Segonyana LM)	64,16%
Kuruman – Wrenchville (Managed by Ga-Segonyana LM)	64,16%

Refuse Removal and Waste Disposal

The Municipality remove an average of 12-ton waste per day from business premises and 18,45 ton from domestic premises.

Roads and Transportation

An existing road network are to be found throughout Ga-Segonyana Municipal area, with the state thereof ranging between very well-maintained tar roads, such as the N14, to gravel roads in the rural areas that are not in a very good condition. The N14 forms the major access road to the core of the economic development, where it crosses through Kuruman in an east/ west direction. In the centre of Kuruman the N14 conjuncts with the Hotazel/ Daniëlskuil road. (SDF, 2008) further more information can be obtained from the municipal IDP 2018/2019.

T1.2.1

Chapter 1

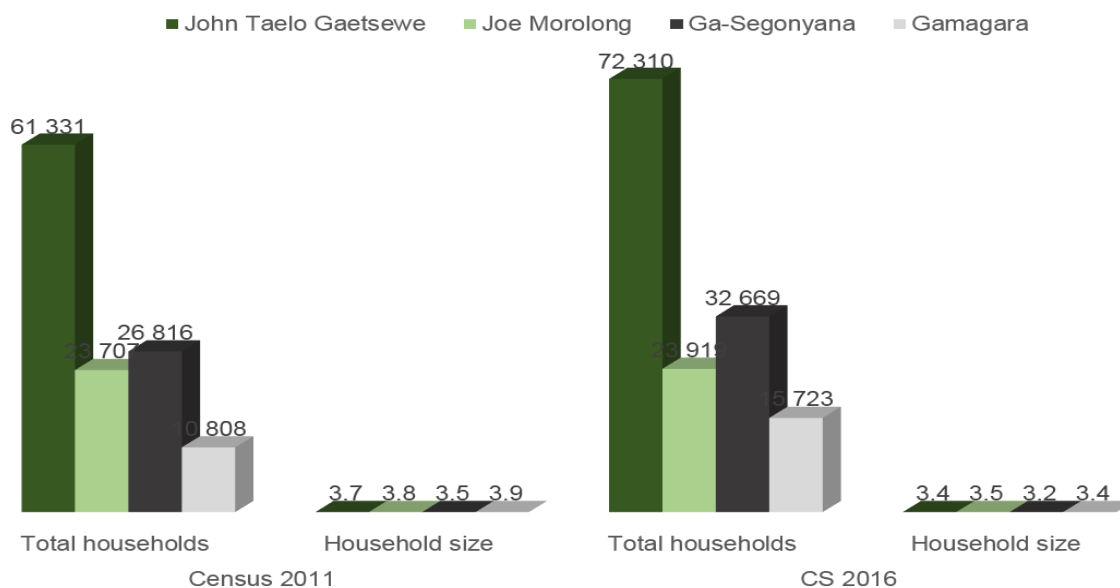
POPULATION DETAILS PROFILE FOR GA-SEONYANA LM, 2002-2012 (GLOBAL INSIGHT, 2013)

Year	Ga-Segonyana	JT Gaetsewe	Number	Average person's / household
Year 2002	73 054	193 918	18 728	3.90
Year 2012	91 395	217 400	28 322	3.23
% Change	2.27	1.15		
Race	Male	Female	Total	
African	37 692	41 858	79 550	
White	2 080	2 207	4 287	
Coloured	3 541	3 712	7 253	
Asian	215	90	305	
Total	53 528	47 867	91 395	

The population of Ga-Segonyana was predominantly Africans, representing 87.03 percent of the total population while there were only 305 Asians living in the municipality in 2012. Females living in the municipality were 10 percent more than males and constituted 52.37 percent of the total population. On average, a number of 3.23 people lived in one household in 2012.

1.2.2

POPULATION & HOUSEHOLDS



The growth in the number of households is in line with the population growth in the area. In this regard, the nature of the households accurately reflects the increased level of development: Female headed households reduced from 51,7 – 42,7% of households, which implied improved social stability, formal dwellings increased from 72,5 – 81%, which reflect better quality housing, and the percentage of households that owned their houses has increase by 4% to 65,7%.

1.2.3

Chapter 1

Human Development

Central Business District

Every community has a formal business sector, but Kuruman definitely has the largest Central Business District (CBD) which is formed alongside the N14 route, as well as Voortrekker and Livingstone Streets. Smaller secondary business areas are to be found in all the major residential areas, such as Wrenchville, Mothibistad and Bankhara Bodulong. Smaller business sectors are also to be found in the tribal areas, such as Maruping and Batlharos.

Residential Business Sector

A smaller section of businesses at homes are also to be found throughout the municipal area with more and more tuck shops, offices and residents working from home are to be found.

Informal Business Sector

The informal sector is definitely evident throughout the area, but with a concentration thereof in Livingstone and Voortrekker Streets, near the Taxi ranks which is easily accessible by all residents. In the main streets of Maruping, Kagung and Batlharos certain elements of the informal industry are also evident. (SDF, 2008)

The agriculture and transport and communication sectors employ the most people. However, the government sector, as well as the community and social services' sectors are also important contributors. However, poverty in the area is attributable to two factors, namely the high unemployment rate and the fact that it is predominantly elementary occupations that creates the available jobs.

1.2.4

Chapter 1

Level of Education

Grade / Type	Numbers
Grade 0	3 165
Grade 1 / Sub A	3 053
Grade 2 / Sub B	3 284
Grade 3 / Std 1/ABET 1Kha Ri Gude;SANLI	3 722
Grade 4 / Std 2	4 394
Grade 5 / Std 3/ABET 2	4 100
Grade 6 / Std 4	4 563
Grade 7 / Std 5/ ABET 3	4 568
Grade 8 / Std 6 / Form 1	5 990
Grade 9 / Std 7 / Form 2/ ABET 4	4 986
Grade 10 / Std 8 / Form 3	7 541
Grade 11 / Std 9 / Form 4	6 695
Grade 12 / Std 10 / Form 5	13 193
NTC I / N1/ NIC/ V Level 2	156
NTC II / N2/ NIC/ V Level 3	191
NTC III /N3/ NIC/ V Level 4	232
N4 / NTC 4	301
N5 /NTC 5	219
N6 / NTC 6	374
Certificate with less than Grade 12 / Std 10	145
Diploma with less than Grade 12 / Std 10	77
Certificate with Grade 12 / Std 10	1 169
Diploma with Grade 12 / Std 10	929
Higher Diploma	965
Post Higher Diploma Masters; Doctoral Diploma	106
Bachelor's Degree	498
Bachelor's Degree and Post graduate Diploma	145
Honours degree	267
Higher Degree Masters / PhD	91
Other	319
No schooling	6 165
Unspecified	-
Not applicable	12 048

1.2.5

Chapter 1

1.3. SERVICE DELIVERY OVERVIEW

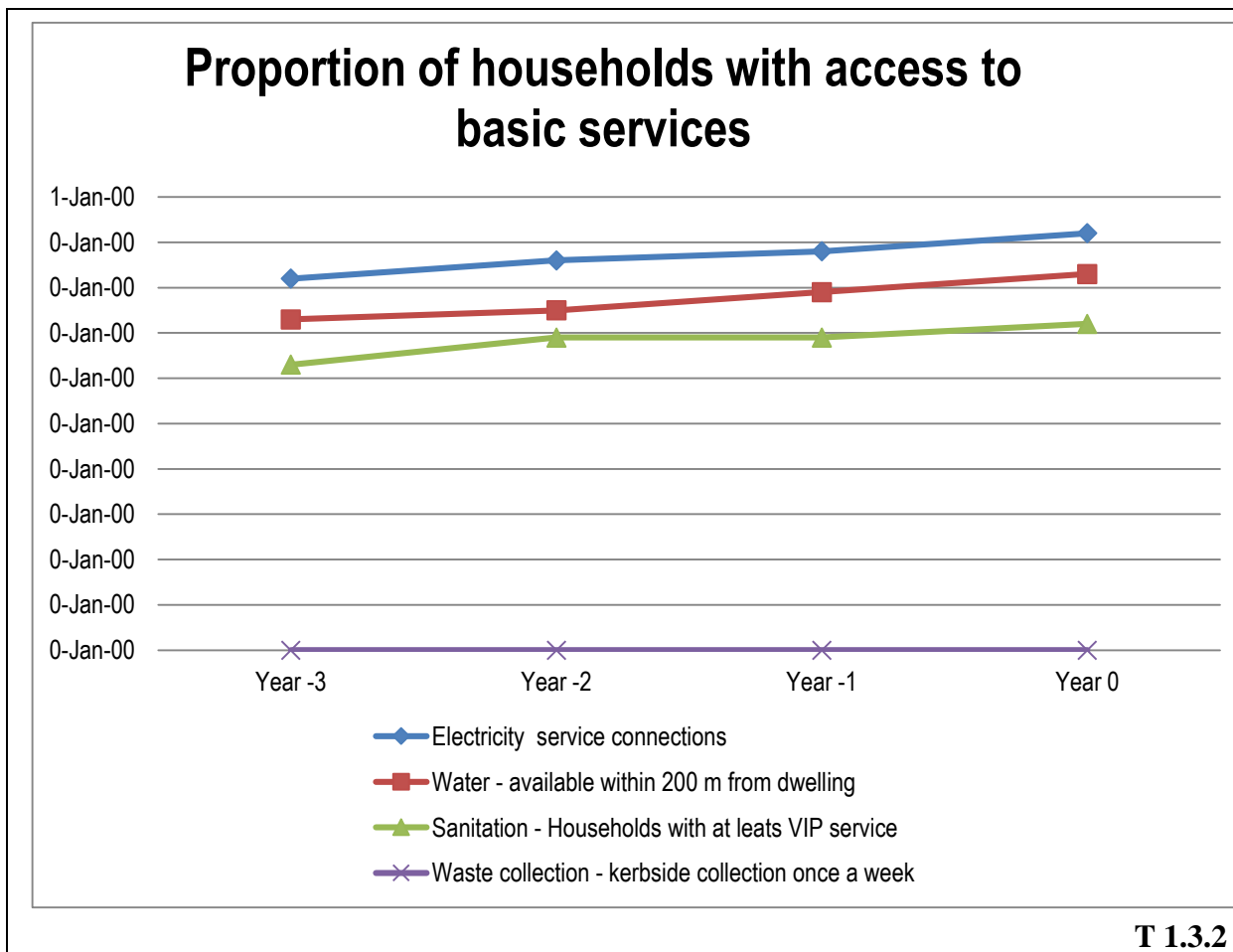
SERVICE DELIVERY INTRODUCTION

Projects funded by grants are always completed within the stipulated timeframe and budget. ESKOM is currently busy increasing its capacity in the villages, to reduce the electricity backlogs. The Municipality is currently in the process of completing the 24ml Kuruman Bulk Water Reservoir Complex. There is however a challenge of funding to complete the bulk pipeline, electrical and mechanical components of the project. The Municipality has got three-year implementation programme of roads, sanitation and water projects that are currently being rolled out across the different Wards of the Municipality. With the assistance of the Mining houses the Municipality has succeeded in addressing to a large extent the numerous potholes in the urban areas. The informal settlements are currently receiving attention from the Department of Human Settlements, to formalise and deliver basic services.

There are large backlogs in water and sanitation in the rural areas. The maintenance of gravel roads is still not receiving adequate attention. The grant funding is assisting to reduce the backlogs, but it will take a number of years to completely eradicate these backlogs due to inward migration into the Municipal Area. The retrenchments experienced in the Mining Sector have also put strain on the Municipality's ability to reduce backlogs.

T 1.3.1

Chapter 1



COMMENT ON ACCESS TO BASIC SERVICES:

The biggest shortfalls in the Municipality's efforts to deliver basic services are limited funding and the ever-increasing backlogs resulting from rapid urbanisation in mostly the settlements situated nearer to Kuruman. Urbanisation resulting from mine retrenchments and community expectations for job opportunities in this Area exacerbates the shortfalls in service delivery. The Municipality is reliant on grant funding and assistance from the Mining Houses through Social Labour Plan (SLP) funding. Most often this funding becomes limited, as it gets directed to refurbishment of the existing services as well. The other factor which limits basic service delivery is the non-payment of services by the community, resulting in the Municipality failing to generate sufficient revenue to meet the basic service delivery demands of the community.

T 1.3.3

Chapter 1

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The municipality continues to monitor its financial status and as such is showing improved financial results on an annual basis. In the 2016/17 financial year the municipality achieved a qualified audit opinion for the first time to end the ten-year drought of disclaimers. This move was widely celebrated as it marked a new era in financial governance and management. During the 2017/18 lot of efforts were made to improve the internal controls as well as implementing cost containment measures that assisted the municipality to sustain the basis service delivery to the communities. As much as there is a challenge regarding revenue collection the municipality still managed to end the financial year with over R10m in the bank account as compared to only R900k in the prior year. Furthermore, conditional grants were fully spent with savings registered and none of these grants were ever used for purposes not intended for in the 2017/18 financial year.

During the financial year under review, a number of initiatives were embarked upon to improve the financial management. These include:

1. The municipality went live on mSCOA on 1 Jul 2017 and is now fully mSCOA compliant.
2. The Policy for Infrastructure Procurement and Delivery Management was adopted by Council and implemented, to comply with Circular 77 of the MFMA.
3. Ongoing cash management: Cash balances increased from R0.9m at 30 June 2017 to R11,2m at 30 June 2018.

The municipality's current ratio was as (0.82) as compared to (0.79) in 2017. There has been a slight improvement even though the ratio indicates the liquidity problems. More cost curtailment mechanisms and better cash flow management needs to be explored and implemented to achieve an ideal ratio of 1:2. Some standard operating procedures were implemented around revenue management and lost more are still being explored to improve on completeness of revenue as well as improved reporting. MFMA Circular 64 describes revenue management as a "routine financial management function" and in municipal terms, effective revenue management means that all consumers are billed correctly for all services received and all property owners are levied the correct property rates in accordance with the Local Government Municipal Systems Act, 2000 (Act 32 of 2000) and Municipal Property Rates Act, 2004, respectively. Revenue, as a product of service delivery and the municipal valuation roll, is dependent on the extent and use of land and services provided, as well as on the municipality's ability to accurately and comprehensively identify, record and manage all its revenue sources.

Monthly reconciliations are performed between the valuation roll and the billing system, as well as regular data verification tests done to ensure consumption charges are within acceptable norms. In addition, the process of performing completeness of revenue tests for billed services has also been introduced during the year and these reconciliations will also be performed on an annual basis as from the coming financial year.

Chapter 1

FINANCIAL OVERVIEW

Statement of Financial Performance for the year ended 30 Jun 2018

The Municipality had a surplus of R12,8m for the year under review (a decrease from the previous year's R34.2m). Revenue in total increased by 1% during the year. Expenditure has increased by 6% during the year.

Impairment losses of R3.6m was recorded in the current financial showing a reduction of R12.4m from prior year (R16.5m). This was due to improved asset management mechanisms implemented, furthermore full capital asset unbundling was conducted in the prior year, resulting in benefits still being evident in the current year.

Statement of Financial Position as at 30 Jun 2018

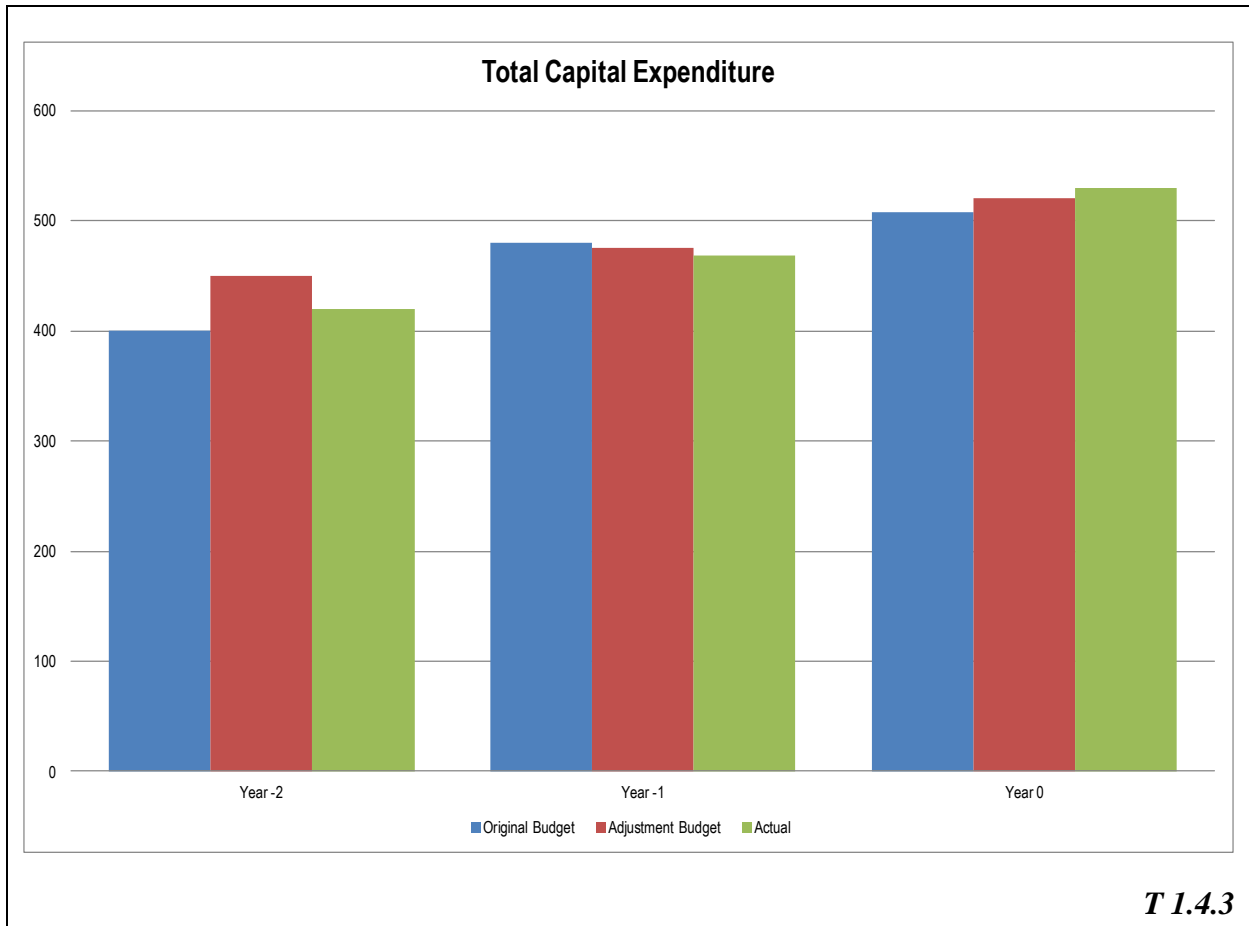
Slight reduction of current assets from 2017 to 2018 was recorded at 5%, mainly under the receivables from non-exchange transaction which reduced by over R10m. Overall assets value decreased by 1% of book value from prior year. The total asset book at 30 June 2018 was sitting at R1.360bn and 2017: R1.367bn.

Total liabilities reduced from R202m to R192.9m at 30 June 2018. The challenge is still with the Eskom bulk account that is still sitting with an outstanding amount, however an arrangement was entered into and it is being fully complied with. This is a result of non-payment of service and rates accounts by the wider consumer base of the municipality. Overall % reduction was 12%.

T1.4.1

OPERATING RATIOS	
Detail	%
Employee Costs	31%
Repairs and maintenance	4%
Finance Charges & Impairment	5%
T1.4.2	

Chapter 1

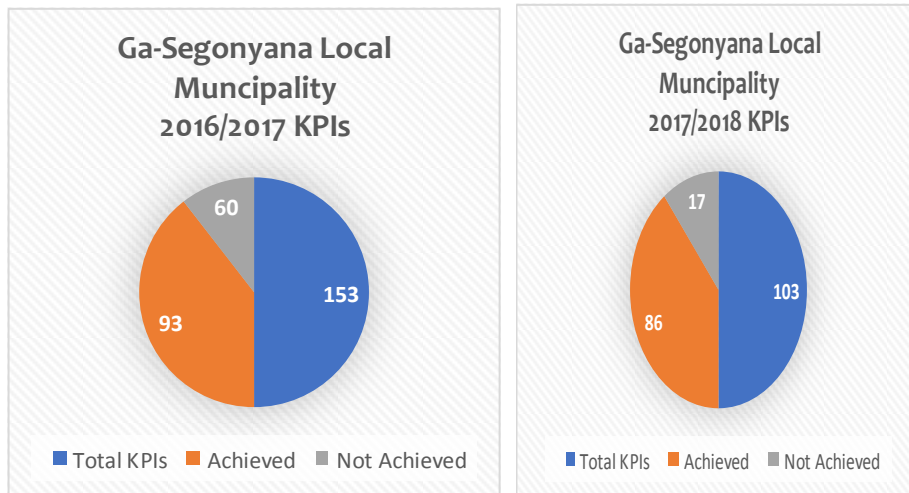


Chapter 1

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The SDBIP was approved by the Mayor on the 26th of June 2017 and an adjustment to the SDBIP was done and approved by the Mayor on the 23rd of February 2018. The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:



By the end of 2016/2017 financial year, an overall performance was at 61 %. Performance has improved by 24% in 2017/2018 financial year with 85% target met.

T 1.5.1

Chapter 1

1.6. STATUTORY ANNUAL REPORT PROCESS

COMMENT ON THE ANNUAL REPORT PROCESS:

The municipality adhered to the above-mentioned time frames. The Mayor will table the Annual Report on the 31st of January 2018.

T 1.7.1.1

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

The Constitution of the Republic of South Africa Act 108 of 1996 stipulated that public administration should adhere to a number of principles, including that:

- a) A high standard of professional ethics be promoted and maintained;
- b) Services are provided impartially, fairly, equitably and without bias;
- c) Resources are utilized efficiently, economically and effectively;
- D) People's needs be responded to;
- e) The public be encouraged to participate in policy making, and it be accountable, transparent and development-oriented. Good governance has major characteristics which are;

1. Participation by citizens
2. Rule of laws - which are fair legal frameworks that are enforced impartially
3. Transparency - decision taken and their enforcement of laws requires and their enforcement are done in a manner that follows rules and regulations and information is freely available and accessible to those who will be affected by such decision and enforcement.
4. Responsiveness - good governance requires that institutions and processes try to serve all stakeholders within a reasonable timeframe
5. Consensus oriented - good governance requires mediation of different interests in society to reach a broad consensus in society on what is in the best interest of the whole community and how this can be achieved
6. Equity and inclusiveness - this requires all groups and particularly the most vulnerable, to have opportunities to improve or maintain their well-being
7. Effectiveness and efficiency - Good governance means that processes and institutions produce results that meet that meet the needs of society while making the best use of resources at their disposal. The concept of efficiency in the next context of good governance also covers the sustainable use of natural resources and the protection of the environment.
8. Accountability - is a key requirement of good governance not only government institutions but also, the private sector and civil society organizations must be accountable to the public and to their institutional stakeholder.

In the Ga-Segonyana Local Municipality the political wing of the municipality exercises their executive and legislative powers and functions to govern the affairs of the municipality and the administrative wing is responsible for Corporate Governance as prescribed by various legislative frameworks.

T 2.0.1

Chapter 2

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Systems Act requires the municipality to clarify the roles and responsibilities of the most important role players in the municipality. Municipalities are complex institutions with wide-ranging powers and duties governed by politicians and assisted by a staff component whose main purpose it is to ensure and maintain services to the community. This goal is only achievable if there is harmonious interaction between the various role-players. They must know and understand their respective roles follow protocols and co-operate with each other but, when they fail, they should be able to correct their mistakes in terms of pre-determined processes.

The Constitution not only confers on a municipality the right to govern the affairs of the community within the municipal area, but also empowers the Municipal Council to make decisions concerning the exercise of all the powers and the performance of all the functions of the municipality. To this end the Municipal Council is clearly the principal political structure and the ultimate decision maker of the Municipality.

The Mayor is the political leader of Ga-Segonyana Local Municipality, he is responsible to enhance good governance, promote institutional pride, build external and media relations, engage with communities and facilitate the process of governing. The Mayor is responsible for monitoring the management of the municipality's administration in accordance with the directions of the municipal council. He is accountable to council and must report to council on performance and discharge of powers, functions and duties of the office. The Mayor is assisted by the Mayoral Committee. The Mayor's area of responsibility from a geographical perspective is not limited to the geographical area of the municipality. Due to the municipality's involvement in co-operative governance the Mayor's influence is much wider, e.g. the Premier's Co-ordinating Forum, SALGA, Mayoral Forum, etc.

As regards the functional area the Mayor possesses all the powers conferred by law on the office, as well as those powers that have been delegated to him/her, or can be implied, or derive from civic culture or tradition.

T 2.1.0

Chapter 2

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Ga-Segonyana Local Municipality is a Category B Municipality established in terms of section 12 notice of the Municipal Structures Act 117 of 1998.

The Constitution of the Republic of South Africa of 1996 and Municipal Structures Act of 2000 requires that every Council elects a Chairperson, who is called the Speaker. The aim of the Office of the Speaker is to structure the two functions of a Municipal Council which are the legislative function and its executive function. The Speaker presides over meetings of Council and performs the duties and exercises the powers delegated to the Speaker.

As the Mayor of Ga-Segonyana Local Municipality commits to efficient service delivery to the people of Ga-Segonyana at large. I also commit to work with the staff, trade unions through the management led by current Municipal Manager Mr Martin Tsatsimpe to ensure that we all reading from the same page in providing speedily and efficient service to our people. All councillors of Ga-Segonyana commits to delivery of their promises on services delivery. All Councillors are committed and determined to confront all challenges of Poverty, inequality and unemployment. Together moving Development Local government forward.

The duties of the Speaker include:

1. Ensuring that Council meets at least quarterly;
2. Maintaining order during meetings of Council;
3. Ensure compliance in the Council and Council committees in the line with Code of Conduct of Councillors and;
4. Ensure that Council meetings are conducted in accordance with the adopted rules and orders of the Council.

Therefore, as the elected Speaker of Ga-Segonyana Council I am committed to use this office to protect and uphold the Constitution of the Republic, we will ensure that public participation becomes one of the strategic tools we apply to reach out too many and thousands of people of Ga-Segonyana. The Speakers Office will at material times ensure good governance through political oversight functions that is efficient and effective in order to hold the administration accountable so that the elected officials can also account to their constituencies and people who voted us in to political office bearer positions.

The other key stakeholder that I am committing this office to work with closely is the labour unions recognised in this institution and the ward committees who are our eyes and ears on the ground. Together as team we will take our municipality forward and make it an employer of choice as envisioned in the 2030 plan of Government in the National Development Plan.

According to the gazette the Mayor and Speaker are full-time but the full-time position of the Speaker is subjected to change in terms of the Division of Revenue Bill. The Speaker will facilitate the nomination and process of the Executive Committee In terms of section 43 of the Local Government: Municipal Structures Act; 117/98. The procedure set out in the schedule 3 of the Structures Act applies to the election of the Executive Committee.

Chapter 2

The Speaker calls for the nomination of candidate for Executive Committee members and presides over the election of Exco in terms of the procedure of Schedule 3 of the Structures Act 117 of 1998.

MPAC must be established in terms of section 79 of the Municipal Structure Act and the Municipal Finance Management Act, Act 56 of 2003 to serve as an oversight committee to exercise oversight over the Executive obligations of Council. The purpose of establishment MPACs is to ensure that municipal resources are used efficiently and effectively. By so doing, the MPAC would help to increase council and public awareness of the financial performance issues of the municipality.

The MPAC shall comprise of councillors excluding any councillor who is serving as Mayor, Speaker, and a member of the Executive Committee. However, council may invite representatives of the community and co-opt members of the public who have expertise in relevant specific fields to assist and advice in the deliberations when the need arise. These representatives will have no voting rights as they are not elected councillors.

T 2.1.1

Chapter 2



Cllr. Neo Masegela
Mayor & PR Councillor
(ANC)

COUNCIL OF GA-SEGONYANA LOCAL MUNICIPALITY



Cllr. Tuelo Meyers
Speaker & PR Councillor
(ANC)



Cllr. Keamogetse Madikiza
Ward 8 Councillor &
Chairperson of IDP
Standing Committee
(ANC)



Cllr. Bothoiboile Modise
Ward 2 Councillor &
Chairperson of Finance
Standing Committee
(ANC)



Cllr. Neo Disipi
Ward 5 Councillor &
Chairperson of Human Resource
Standing Committee
(ANC)



Cllr. William Aucamp
Ward 1 Councillor &
Chairperson of Community
Services Committee
(DA)



Cllr. Lesangkgang Moagi
Chairperson MPAC
Ward 3 Councillor (ANC)



Cllr. Lea Nelson
PR Councillor (DA)



Cllr. Olbogeng Leserwane
PR Councillor (EFF)



Cllr. Nomsa Thupaemang
PR Councillor (COPE)



Cllr. Goitseang Assegai
PR Councillor (ANC)



Cllr. Lebogang Moseki
PR Councillor (ANC)



Cllr. Sylvia Bloem
PR Councillor (ANC)



Cllr. Barend Eiman
Ward 13 Councillor (ANC)



Cllr. Lebogang Makoke
Ward 14 Councillor (ANC)



Cllr. Goitseone Mntuyedwa
Ward 4 Councillor (ANC)



Cllr. Dineonyane Mputa
Ward 6 Councillor (ANC)



Cllr. Keolebogile Makwati
Ward 7 Councillor (ANC)



Cllr. Oldridge Mathibe
PR Councillor (DA)



Cllr. Kennetseng Kanjeruba
Ward 11 Councillor (ANC)



Cllr. Nkagiseng Ngesi
Ward 12 Councillor (ANC)



Cllr. Boratwaemang Leserwane
Ward 9 Councillor (ANC)



Cllr. Itumeleng Tshetshemeserogwe
Ward 10 Councillor (ANC)



Cllr. Malebogo Disang
PR Councillor (EFF)



Cllr. Mosamiemang Reetsang
PR Councillor (EFF)



Cllr. Matshidiso Galeboe
PR Councillor (EFF)



Cllr. Keabetswe Chweu
PR Councillor (EFF)

T 2.1.1.1

Chapter 2

POLITICAL DECISION-TAKING

The functions of the Mayor are set out in the Municipal Structures Act. The Mayor is elected by the Municipal council to co-ordinate the work of the Municipality. The Mayor is the political head of the municipality and is expected to provide the required leadership necessary to keep the municipality moving in the proper direction. The Mayor presides over meetings of the executive committee and performs functions assigned to him or her by the municipal council or the executive committee.

These duties include any ceremonial duties. The Municipal Manager is directly accountable to the Mayor. The Mayor appoints the Municipal Manager and heads of departments upon resolution of the council. One person may serve a maximum of two consecutive terms as Mayor in the same council.

The Constitution and Municipal Structures Act requires that every Council elects a Chairperson, who is called The Speaker. The aim of the Office of the Speaker is to structure the two functions of a Municipal Council, i.e. its legislative function and its executive function. The Speaker presides at meetings of the Council and performs the duties and exercises the powers delegated to the Speaker. These duties include:

1. Ensuring that Council meets at least quarterly;
2. Maintaining order during meetings; must ensure;
3. Ensuring compliance in the Council and Council committees with the Code of Conduct of Councillors; and;
4. Ensuring that Council meetings are conducted in accordance with the rules and orders of the Council.

The new system of local government represents a paradigm shift from the old system since it incorporates a vision of a developmental local government system. The Office of the Chief-Whip was established to create synergy and to maintain discipline among Councillors from various Political Parties. The Role of the Chief-Whip of the Council covers both the political and administrative domains of Council with emphasis on the political aspect.

The Chief-Whip has to ensure that relationships are constructive and focused on key issues that aimed at improving the lives of the Ga-Segonyana residence. The Chief-Whip further acts as a link between the Speaker, The Executive and the Administration. The Chief-Whip ensures that there is equitable representation in Committees of Council. The Chief-Whip of the Council also serves as the Chief-Whip of the ruling party and his responsibilities include the managements of the whippers of the ANC. It is also his responsibility to chair the Caucus and ensure that members of the Party speak with one voice.

T 2.1.2

Chapter 2

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Municipal Manager

When examining the role and responsibilities of a Municipal Manager it is important to make a distinction between those powers that are vested in the Municipal Manager and those that imposed on the municipality as an entity, but the due to the nature of the responsibility, the onus is with the Municipal Manager to ensure implementation, subject to the policy directions of Council. An example is the obligation on the municipality to maximize the efficiency of communication and decision making within the administration (s 51(j) of the Systems Act).

Section 51(i) of the Systems Act states that the municipality must organize its administration in a manner that enables it to hold the Municipal Manager accountable for the overall performance of the municipality.

This has two consequences:

1. The Council must have the tools to hold the Municipal Manager accountable, i.e. to demand explanation and to review his or her performance.
2. The Municipal Manager must have the tools to answer to that accountability, i.e. the administration must be managed in such a way that it enables the municipal manager to account for the performance of the entire administration.

Contracts and terms of reference

The three internal documents that, to a large extent, determine what is expected from a Municipal Manager

1. Performance agreement, concluded each year by the Municipal Manager and the Mayor on behalf of the municipality (s 57(1) of the Systems Act); S 57(1) Systems Act
2. The employment contract, which must include 'details of duties' (s 57(3) of the Systems Act); and S57 (3) Systems Act
3. The Municipal Manager's terms of reference (s 53 of the Systems Act).

All of the above have been done accordingly and the Municipal Manager has concluded performance agreements with Directors reporting directly to him as per the legislation.

Performance agreement

The performance agreement must include the performance objectives and targets that the Municipal Manager must reach, together with the time frames. These are based on the municipality's integrated development plan (IDP). A system for the evaluation of the Municipal Manager's performance together with the consequences of unsatisfactory

Chapter 2

performance must also appear in the agreement. It is within the Council's discretion to determine which consequences apply to substandard performance.

S57 Municipal Systems Act - Employment contract

The employment contract is for a fixed term and must include a provision for cancellation of the contract in the case of non-compliance with the employment contract itself. No Municipal Manager can be appointed without him or her signing the performance agreement. This does not mean that the employment contract and the performance agreement must be concluded at the same time. The performance agreement is separate from the employment contract and must be concluded within a reasonable time after the appointment of a municipal manager. This means that municipalities are not legally bound to wait until the IDP process has resulted in the formulation of key performance

indicators, strategies and targets before appointing a Municipal Manager. The employment contract can be concluded before then, provided that it caters for the consequences of substandard performance in terms of the performance agreement.

The employment contract must, where applicable, provide for cancellation of the contract in reaction to substandard performance in terms of the performance agreement. S 57 Systems Act

Responsive administration

The Municipal Manager plays a specific role, assigned to him by the Systems Act. It states that the Municipal Manager must ensure that the municipal administration is responsive to the needs of the local community to participate in the affairs of the municipality.

The Systems Act envisages a Municipal Manager who ensures that the administration is open to, and facilitates the input of local communities and residents in municipal affairs. The Municipal Manager is accountable to 'the municipality' (s 51(i)), which consists of the political structures, the administration and the community (s 2(b)). Therefore, the Systems Act also envisages a role for the community and for the administration in holding the municipal manager accountable for the performance of the administration. This should not be interpreted as a right for 'the community' or 'the administration' to interfere with the Municipal Manager's functioning or to call the Municipal Manager to book. However, it does entitle the community and the administration to a Municipal Manager's office that is transparent, answers queries and engages with the municipal administration and the larger local community. For example, the transparency requirement is reflected in section 58 where the municipality is instructed to publish the salary scales and benefits of the Municipal Manager and Senior Managers reporting directly to him

Chapter 2

The Municipal Manager has to exercise responsibilities subject to the policy directions of the Council. The Systems Act makes the Municipal Manager responsible for the appointment of staff subject to the policy directions of the Council (s 55(1)) and the Employment Equity Act 55 of 1998. It is submitted that the executive committee or the executive mayor determines the policy direction on staff appointments. However, the Systems Act vests the responsibility for individual appointments in the Municipal Manager. He or she has the discretion to take these decisions, provided that they take place within the framework of the said policy. These provisions do not apply to managers who are directly accountable to the Municipal Manager.

Senior management

The Council must appoint the managers, referred to above, after consultation with the municipal manager (s 56 of the Systems Act). The Municipal Manager negotiates performance contracts (s 57 of the Systems Act) with new appointees. This represents a balance between the Council's interest in appointing a senior management team to drive its IDP goals and the municipal manager's interest in having an opportunity to influence appointments and subsequently formalizing what is expected of the new manager in a performance agreement.

Code of Conduct

The Municipal Manager must ensure that each staff member receives a copy of the Code of Conduct for staff members and that the Code of Conduct is explained to staff members who cannot read S 70 Systems Act

Finances

As accounting officer, the Municipal Manager is responsible for all income and expenditure, all assets and discharge of liabilities of the municipality and the compliance with the municipal finance management legislation. The Accounting Officer must provide guidance and advice on the compliance with the MFMA to the political structures, political office-bearers and officials of the municipality and to any municipal entity under the sole or shared control of the municipality. Fiduciary responsibilities of accounting officers The Accounting Officer of a municipality must act with integrity and in the best interest of the municipality in managing its financial affairs

The Municipality has got four (4) Directorates and are as follows;

1. Corporate Services
2. Community Services
3. Budget and Treasury Office/Finance
4. Infrastructure Services and the Office of the Municipal Manager

T 2.2.1

Chapter 2

GA-SEGONYANA LOCAL MUNICIPALITY MANAGERS



Edward Ntefang
Municipal Manager



Martin Tsatsimpe
Director Corporate Services



Pabalelo Sampson
Director Community Services



Kagiso Noke
Chief Financial Officer



Hendrik Smit
Director Infrastructure
Services

The former Director of Corporate Services Mr Martin Tsatsimpe was appointed as the new Municipal Manager as from October 2017.

T 2.2.2

Chapter 2

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

DISTRICT INTERGOVERNMENTAL STRUCTURES

The role of a district intergovernmental forum is to serve as a consultative forum for the district municipality and the local municipalities in the district to discuss and consult each other on matters of mutual interest, including—

- a) Draft national and provincial policy and legislation relating to matters affecting local government interests in the district;
- b) The implementation of national and provincial policy and legislation with respect to such matters in the district;
- c) Matters arising in the Premier’s intergovernmental forum affecting the district;
- d) Mutual support in terms of section 88 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);
- e) The provision of services in the district;
- f) Coherent planning and development in the district;
- g) The co-ordination and alignment of the strategic and performance plans and priorities, objectives and strategies of the municipalities in the district; and
- h) Any other matters of strategic importance which affect the interests of the municipalities in the district.

A District intergovernmental forum may refer a matter arising in the forum to—

- a) The Premier’s intergovernmental forum; or
- b) Any other provincial intergovernmental forum established in terms of section

T 2.3.1

Chapter 2

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The municipality involve or communicate with our communities in its affairs by means of public advertisement (in local newspapers and local radio station) of the Integrated Development Plan and Service Delivery and Budget Implementation Plan, as well as its performance plans with specific reference to the Annual Report. The municipality also advertise the activities of the Oversight Report and invite participation from the communities.

The community also participate through the structures of the IDP Representative Forum and the IDP/Budget community consultative roadshows that we conduct annually. The IDP Rep Forums are held four times per annum, IDP/Budget community consultation road shows two times per annum. The purpose of these meetings is to involve community in the Review of IDP and to come up with the issues relating to service delivery. All Councillors, Management, Directors of sector departments, Traditional Leaders, Community Based Organisations (CBO), Non-Government Organisation (NGO's), Faith Based Organisation, Ward Committee Secretaries, Community Development Workers (CDW's) and Advocacy Groups forms part of the IDP Rep Forum. And all the community members form part of the IDP/Budget community consultative meetings. Politicians and managers also conduct public engagement session when new or reviewed by-laws, policies, strategic or sector plans and strategies are considered.

T 2.4.1

Chapter 2

Public Meetings						
Community Meeting	Date of events	Number of Participating Municipal Councilors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Ward 2 Ward 3 Ward 4 Ward 6 Ward 8 Ward 9 Ward 10 Ward 11 Ward 13	Dates were not specified	1 1 1 1 1 1 1 1 1	0 0 0 0 0 0 0 0 0	No attendance registers	Yes Yes Yes Yes Yes Yes Yes Yes Yes	No feedback given to the community
Ward 4	23-Oct-17	1	1	162	Yes	No feedback given to the community
Ward 6	15-Nov-17	1	0	No attendance register		No feedback given to the community
Ward 7	26-Oct-17	1	0	110	Yes	26 October 2017- Councillor was informing the community about the progress of the high school project; electricity in fields.
Ward 8	8-Nov-17	1	0	No attendance register	Yes	No feedback given to the community
Ward 10	11-Oct-17	1	0	No attendance register	Yes	No feedback given to the community
Ward 11	10-Oct-17	1	0	17	Yes	No feedback given to the community
Ward 13	27-Nov-17	1	0	No attendance register	Yes	The Councillor informed the community about the toilets project.

Chapter 2

Public Meetings						
Community Meeting	Date of events	Number of Participating Municipal Councilors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Ward 14	12-Oct-17	1	0	No attendance register	Yes	No feedback given to the community
Ward 2	19-Feb-18	1	0	403	Yes	No feedback given to the community
Ward 3	05-Feb-18	1	0	No attendance register	Yes	No feedback given to the community
Ward 6	08-Feb-18	1	0	73	Yes	No feedback given to the community
Ward 11	08-Feb-18	1	0	106	Yes	08 February 2018- The Councillor introduced the company that will head the R6 Million project of sanitation
Ward 3	02-Jun-18	1	0	No attendance register	Yes	No feedback given to the community
Ward 5	05-Jun-18	1	0	No attendance register	Yes	No feedback given to the community
Ward 13	03-Jun-18	1	0	No attendance register	Yes	No feedback given to the community

T 2.4.2

2.5 IDP PARTICIPATION AND ALIGNMENT

Chapter 2

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* <i>Section 26 Municipal Systems Act 2000</i>	T 2.5.1

Chapter 2

2.6 RISK MANAGEMENT

RISK MANAGEMENT

Risk Management is an essential part of effective corporate governance and it is management's responsibility. Implementation of risk management processes is one of the key tools in ensuring acceleration of service delivery and improvement of quality of lives. We do not seek to identify all risk faced by the municipality. The focus was only on those risks which were highlighted during risk assessment sessions by the participants.

Each risk identified has root cause, consequence of the risk, risk exposure, current controls processes in place to mitigate the risk, and risk owner. The following top five are taken from the Strategic Risk Register and have selected based on the ratings from the Risk Assessment Methodology.

Top five risks to the municipality

1. Accountability over IT
2. Loss of income
3. Non-adherence to the SD framework
4. Disasters
5. Ageing infrastructure; - Electricity, - Sewerage, - Water, - Storm and Roads, - Vehicles.

Risk has been identified and assessed, actions plans have been developed to further mitigate risks, the real risk management is to implement these action plans and embed management of risks into day-to-day activities of the municipality.

T 2.6.1

Chapter 2

2.7 BY-LAWS

By-laws Introduced during 2017/2018					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
None	10 by-laws submitted to council for approval: 1. Street regulation 2. Parking by-law 3.Noise abatement ad Prevention of nuisance by-law 4.Public Transport by-law 5. Refuse removal by-law 6. Water Services by-law 7. Emergency services by-law 8. Informal Trading By-law 9. Building regulation 10. Law enforcement	None	None	No	None

T 2.7.1

COMMENT ON BY-LAWS:

All the by-laws were submitted at the Magistrate Court for fines to be approved. We are still waiting for the Magistrate to approve the fines, thereafter they will be gazetted and publicised.

T 2.7.1.1

Chapter 2

2.8 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	03 July 2017
All current budget-related policies	Yes	03 July 2017
The previous annual report (Year - 1)	Yes	28-Feb-18
The annual report (Year 0) published/to be published	Yes	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	05-Jul-17
<i>T 2.8.1</i>		

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

Supply chain management contracts above a prescribed value published on Treasury's website. Collaboration on publication of these will be discussed and implemented with the different units.

T 2.10.1.1

Chapter 3

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

The Municipality implemented grant funded service delivery projects across various Wards in the Financial 2019/2020017/'18. Paved internal roads were completed in Seoding (1,35km), Magojaneng (2,550km) and Bankhara-Bodulong (1,3km). A 1,055km paved road has been commenced with in Ncweng, and is still under construction. A total of 734 VIP units were also provided in Magojaneng, Gasebolao, Kagung and Thamoeanche. A total of 1016 households were provided with access to basic water (200m radius standpipes) in Mokalamosesane and Seven Miles. Infill's and total new connections were provided in Bankhara-Bodulong, Mapoteng, Batlharos, Lokaleng, Geelboom, Sloja, Ncweng, Pietbos and Gamopedi. A Community hall refurbishment at Ncweng funded by ASSMANG Blackrock was completed, including a new hall Seven Miles funded by MIG.

T 3.0.1

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

INTRODUCTION TO BASIC SERVICES

There are major shortfalls on all basic services, namely: Water, Sanitation, Electricity and Roads. The major challenge is the availability of funding and the constant influx of people into the Municipality. Water is being provided at the RDP Standard of 200m radius, subject to the availability of water sources. Sanitation is being provided by means of VIP toilets. Electricity provision is being undertaken by ESKOM for the rural areas, while Wrenchville, Kuruman and Bankhara-Bodulong are provided by the Municipality. As far as roads are concerned, surfaced access roads and bus routes are being developed by the Municipality. The Municipality is also maintaining the existing gravel roads in the villages, but does not have much success due to financial constraints. Grant funding remains the only source of funding for the delivery of basic services.

T3.1.0

Chapter 3

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

The Municipality is the Water Service Authority (WSA) for the entire Municipal Area. It serves as the water service provider for Kuruman, Wrenchville and Bankhara-Bodulong. The rural areas, including Mothibistad, are serviced by Sedibeng Water as the appointed Water Service Provider for Ga-Segonyana Local Municipality. The Municipality depends entirely on underground water sources for its domestic, agricultural and commercial consumption. To date a total of 23369 rural households have benefitted from the supply of water services. The Municipality's blue drop status is at 73%.

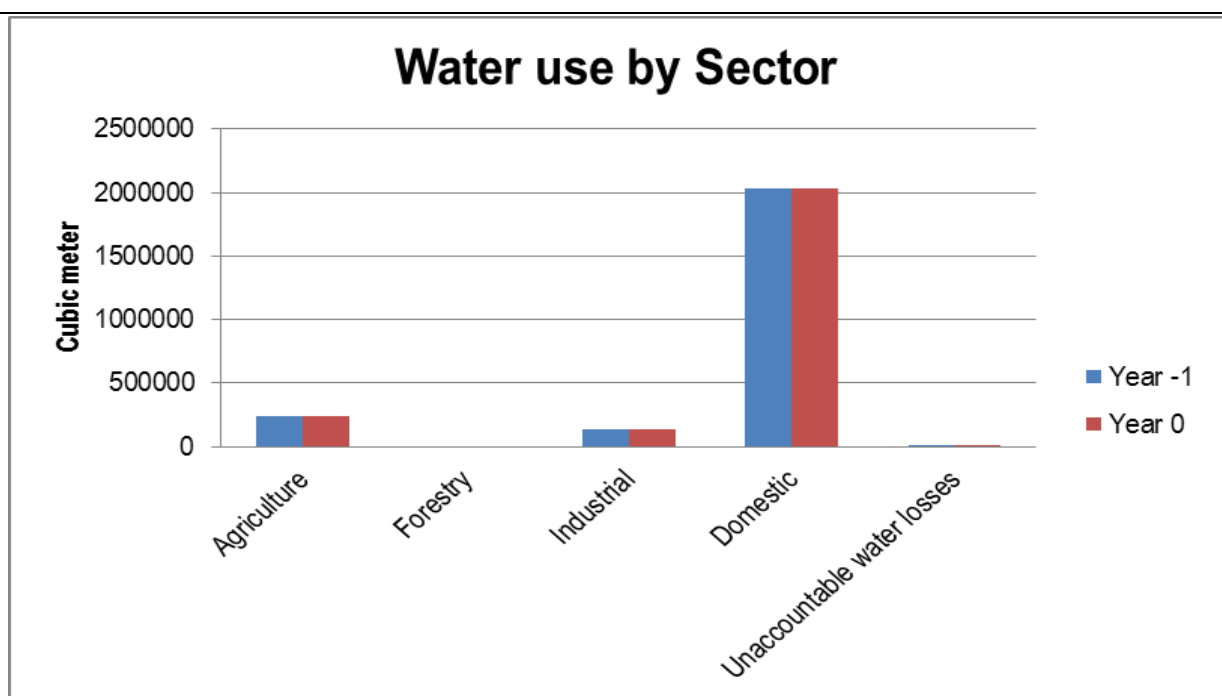
T 3.1.1

Total Use of Water by Sector (cubic meters)

	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2016/2017	241955	0	136955	2032186	10
2017/2018	241955	0	136955	2032186	12

T 3.1.2

Water use by Sector



T 3.1.2.1

Chapter 3

Water Service Delivery Levels				
Description	2014/2015	2015/2016	2016/2017	Households 2017/2018
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
Water: (above min level)				
Piped water inside dwelling	5	6	6	6
Piped water inside yard (but not in dwelling)	5	6	6	6
Using public tap (within 200m from dwelling)	8	9	10	10
Other water supply (within 200m)	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	19	21	22	22
<i>Minimum Service Level and Above Percentage</i>	71%	73%	71%	65%
Water: (below min level)				
Using public tap (more than 200m from dwelling)	8	8	9	10
Other water supply (more than 200m from dwelling)	–	–	–	–
No water supply				2
<i>Below Minimum Service Level sub-total</i>	8	8	9	12
<i>Below Minimum Service Level Percentage</i>	29%	27%	29%	35%
Total number of households*	26	29	31	35
* To include informal settlements				T 3.1.3

COMMENT ON WATER USE BY SECTOR:

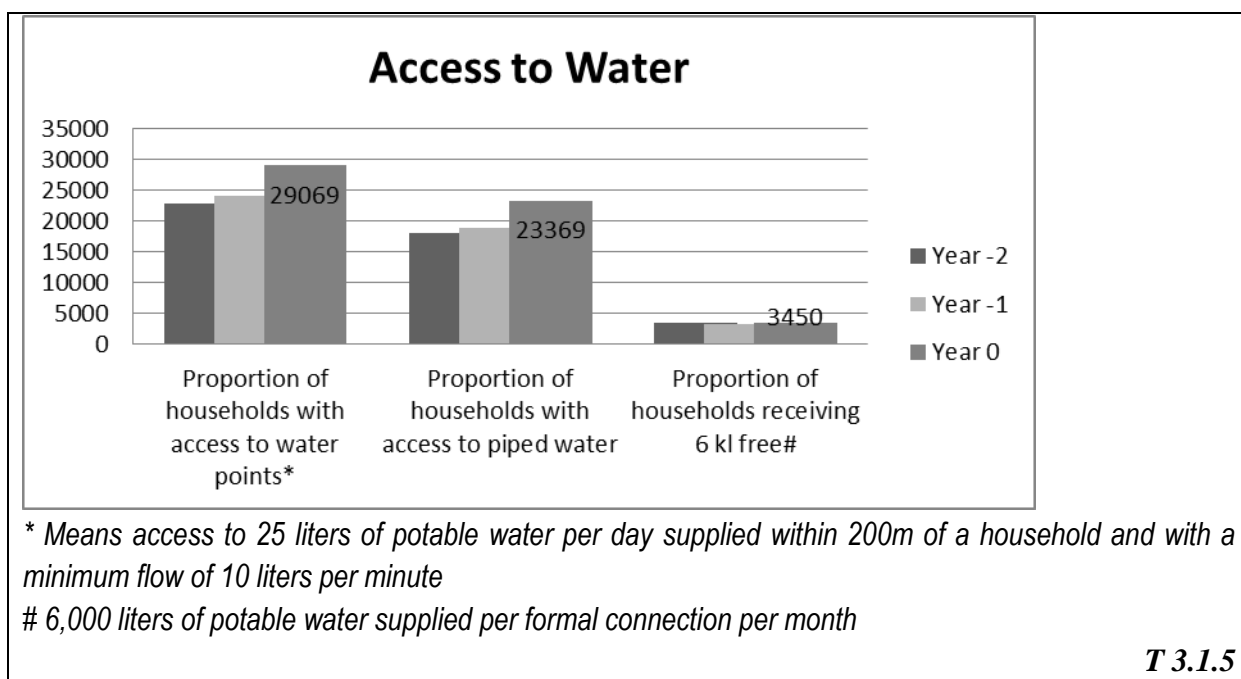
The Municipality is the main supplier of water for domestic and industrial use. This excludes people who get water supply through boreholes in their premises and the provision of water for agricultural use by the Department of Agriculture. As small percentage of agricultural small holdings in Kuruman get their water supply from the Municipality. Water produced and sold is significantly affected by the extreme losses as a result of the damage to the Kuruman Reservoir. However, the Municipality is currently constructing a new 24megalitre water reservoir to reduce the water losses. Despite this challenge, the Municipality has been able to supply water consistently to all the concerned sectors for consumption. The Municipality also experiences losses or unaccounted for water through the illegal extraction from fire hydrants and illegal water connections.

T 3.1.3.1

Chapter 3

Households - Water Service Delivery Levels below the minimum						
Description	2014/2015	2015/2016	2016/2017	2017/2018		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	1	1	27	23	23	23
Households below minimum service level	1	1	2	3	3	3
Proportion of households below minimum service level	100%	100%	7%	11%	11%	11%
Informal Settlements						
Total households	1	1	2	3	3	3
Households its below minimum service level	1	1	2	3	3	3
Proportion of households its below minimum service level	100%	100%	100%	100%	100%	100%

T 3.1.4



T 3.1.5

Chapter 3

Water Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2016/2017		2017/2018			/	2020/2021	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Basic Service Delivery and Infrastructure Development									
Households without minimum water supply	Additional Households provided with minimum water supply during the year (Number of households (HHs) without supply at year end)	8599 additional HHs (8599 HHs outstanding)	8771 additional HHs (8771 HHs outstanding)	8599 additional HHs (8599 HHs outstanding)	7583 additional HHs (7583 HHs outstanding)	7583 additional HHs (7583 HHs outstanding)	9648 additional HHs (9648 HHs outstanding)	10612 additional HHs (10612 HHs outstanding)	11674 additional HHs (11674 HHs outstanding)
Improve reliability of water supply	Reduce the number of interruptions (Ints) in supply of one hour or more compared to the baseline of 2016/2017 (xxx interruptions of one hour or more during the yr.)	T20% (30 Ints)	A20% (30 Ints)	T20% (30 Ints)	T20% (30 Ints)	A20% (30 Ints)	T30% (35 Ints)	T40% (40 Ints)	T45% (50 Ints)
Improve water conservation	Reduce unaccountable water levels compared to the baseline of 2016/2017	T12% (4187503 KLs)	A48% (2270449 KLs)	T12% (4187503 KLs)	T12% (4187503 KLs)	A48% (4187503 KLs)	T12% (2270449 KLs)	T12% (2270449 KLs)	T12% (2270449 KLs)
<p><i>Note: This statement should include no more than the top four priority service objectives, including milestones that relate to the blue water drop status as set out by the Water Affairs department. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the 2016/2017 Budget/IDP round; *'Current Year' refers to the targets set in the 2017/2018 Budget/IDP round. *'Following Year' refers to the targets set in the 2018/2019 Budget/IDP round. Note that all targets in the IDP must be fundable within approved 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.</i></p>									

T 3.1.6

Chapter 3

Employees: Water Services					
Job Level	2016/2017	2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	16	5	16	5	100%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	3	1	3	1	100%
13 - 15	1	0	1	0	0%
16 - 18	1	0	1	0	0%
19 - 20	0	0	0	0	0%
Total	21	6	21	6	100%

T3.1.7

Financial Performance 2017/2018: Water Services					
					R'000
Details	2016/2017	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees	27950441	9658955	10443465	10443465	8%
Repairs and Maintenance	20997297	18960045	20500000	20500000	8%
Other	465 953	107 504	425 642	465 953	0%
Total Operational Expenditure	0	28619000	30943465	30943465	0%
Net Operational Expenditure	0	28619000	30943465	30943465	8%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.1.8

Chapter 3

Capital Expenditure 2017/2018: Water Services					
R' 000					
Capital Projects	2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	35000000	0	33826650	117334980%	
Magojaneng water supply extension	373010	-373010	0	0%	
Garuele water supply phase 2	375654	-375654	0		
Seoding water supply extension	294150		294150.78		
Construction of Seven Miles Bulk water supply phase 2	22823979	-464262	22359717	-2%	22359717
Mapoteng water network extensions	499528	-12748	486780	-3%	
Mokalamosesane bulk water supply	9934409	1151195	11085603	10%	19257272
Ditshoswaneng water extension network: phase 2	227460	-11126	216334	-5%	5268600
WSOS	471810	85606	557416	15%	12523205
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.)</i>					T 3.1.9

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

The Municipality endeavours to provide a basic level of access to water for its residents at the RDP Standard of 200m radius. In other circumstances residents have been able to make use of the services of Sedibeng Water to attain yard and ultimately house connections. The biggest challenge in water provision is the ever-increasing backlogs, which result from the illegal occupation and allocation of stands in the rural areas. This makes it difficult for the Municipality to plan for the complete eradication of water backlogs in the Municipality.

T 3.1.10

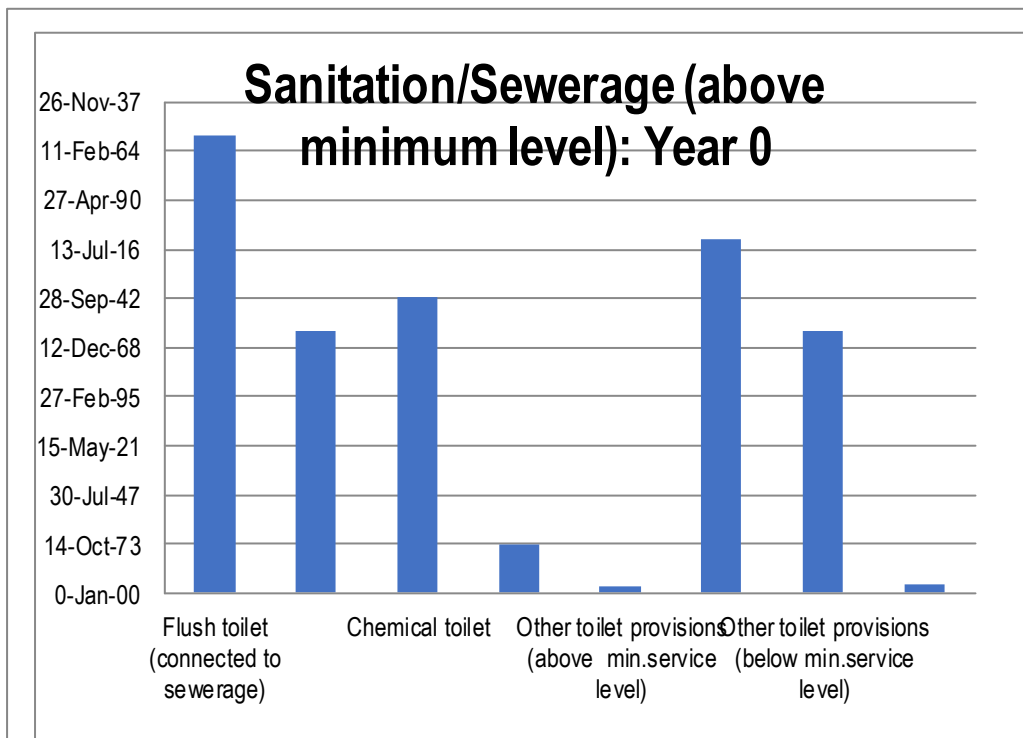
Chapter 3

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

In its efforts to eradicate sanitation backlogs, the Municipality has embarked on a three-year programme with the appointment of a dedicated service provider. This makes it easier to deliver the construction of VIP units across the Municipality. Out of the existing Municipal settlements, Wrenchville, Mothibistad, Kuruman and parts of Bankhara-Bodulong have access to full water borne sanitation. The rest of the settlements in the Municipality are receiving VIP sanitation.

T 3.2.1



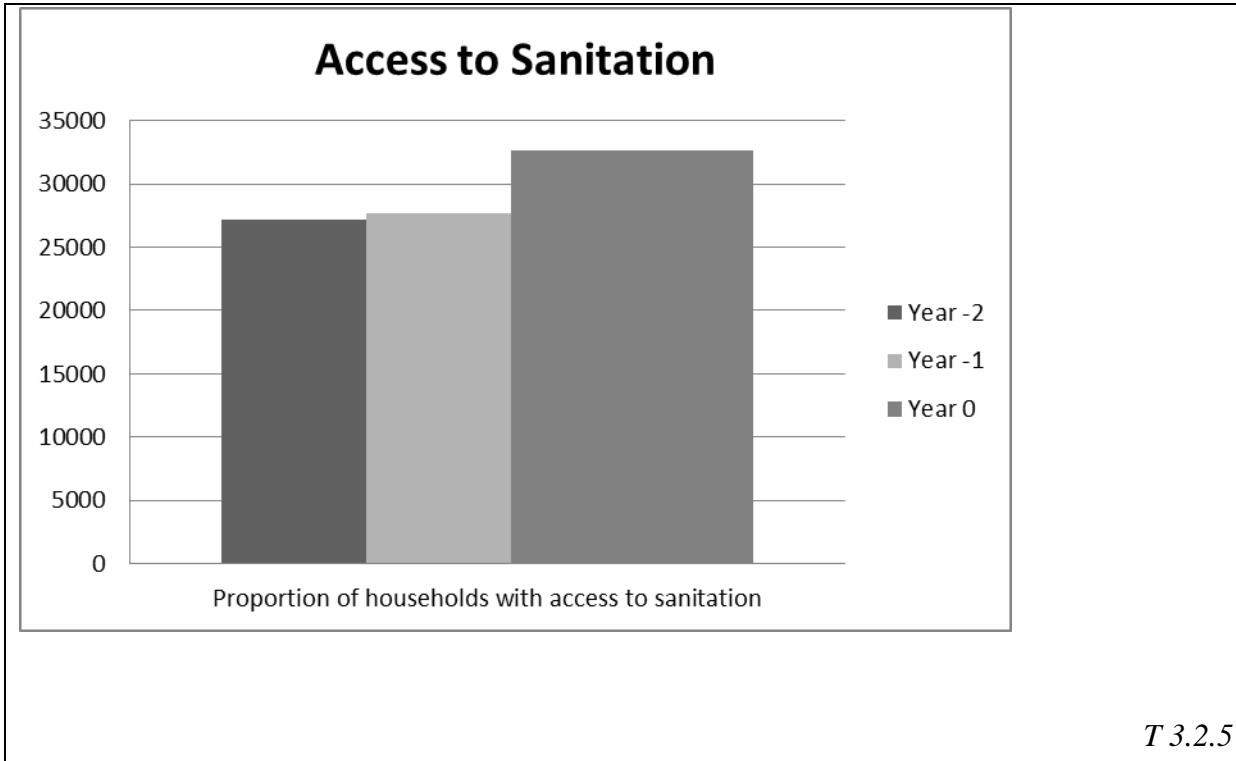
T 3.2.2

Chapter 3

Sanitation Service Delivery Levels				
Description	2014/2015	2015/2016	2016/2017	*Households 2017/2018
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
<u>Sanitation/sewerage: (above minimum level)</u>				
Flush toilet (connected to sewerage)	9	9	9	10
Flush toilet (with septic tank)	–	–	–	–
Chemical toilet	–	–	–	–
Pit toilet (ventilated)	–	1	2	2
Other toilet provisions (above mi. Service level)	–	–	–	–
<i>Minimum Service Level and Above</i>				
<i>sub-total</i>	9	11	11	11
<i>Percentage</i>	100.0%	100.0%	100.0%	75.6%
<u>Sanitation/sewerage: (below minimum level)</u>				
Bucket toilet	–	–	–	–
Other toilet provisions (below mi. Service level)	–	–	–	–
No toilet provisions	–	–	–	4
<i>Below Minimum Service Level sub-total</i>				
<i>total</i>	–	–	–	4
<i>Percentage</i>	0.0%	0.0%	0.0%	24.4%
Total households	9	11	11	15
*Total number of households including informal settlements				T 3.2.3

Households - Sanitation Service Delivery Levels below the minimum						
Description	2014/2015	2015/2016	2016/2017	2017/2018		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	9	9	10	10	10	10
Households below minimum service level	–	–	–	–	–	–
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	17	18	18	23	23	23
Households its below minimum service level	2	2	2	4	4	4
Proportion of households its below minimum service level	13%	13%	13%	15%	15%	15%
						T 3.2.4

Chapter 3



Chapter 3

Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2016/2017		2017/2018			2018/2019	2020/2021	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)		*Previous Year (v)	*Current Year (vi)		*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Basic Service Delivery and Infrastructure									
<i>Provision of toilets within standard</i>	Additional Households (HHs) provided with minimum sanitation during the year (Number of HHs remaining without minimum sanitation at year end)	1148 additional HHs (7765 HHs remaining)	1148 additional HHs (6617 HHs remaining)	1148 additional HHs (6617 HHs remaining)	734 additional HHs (5428 HHs remaining)	734 HHs (5428 HHs remaining)	1212 additional HHs (4215 HHs remaining)	1212 additional HHs (3003 HHs remaining)	1236 additional HHs (1767 HHs remaining)
									T 3.2.6

Chapter 3

Employees: Sanitation Services					
Job Level	2016/2017	2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	28	5	16	5	100%
4 - 6	0	0	0	0	0%
7 - 9	1	0	0	0	0%
10 - 12	3	1	3	1	100%
13 - 15	1	0	1	0	0%
16 - 18	1	0	1	0	0%
19 - 20	0	0	0	0	0%
Total	34	6	21	6	100%

T 3.2.7

Financial Performance 2017/2018: Sanitation Services					
					R'000
Details	2016/2017	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		6282000	22594000	22594000	0%
Expenditure:					
Employees	3521308	2010240	7247342	7247342	72%
Repairs and Maintenance	2460590	421760	15346170	15346170	0%
Other	123 738	27 116	127 528	123 738	0%
Total Operational Expenditure	5981898	5960352	954674	10154596	41%
Net Operational Expenditure	5981898	15506748	654674	18180978	15%

T 3.2.8

Chapter 3

Capital Expenditure 2017/2018: Sanitation Services					
R' 000					
Capital Projects	2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	14361058	0	12456681	-15%	
Rural Sanitation programme	14361058	0	12456681	-15%	12456681
T 3.2.9					

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The Municipality has enrolled on the rural sanitation programme funded by MIG amounting to R212m for a period of 5 years, of which the implementation commenced in 2015. To date a total of 2828 units have been delivered, with an expenditure of R42,2m. The existing Kuruman Waste Water Treatment Works and the Mothibistad Oxidation Ponds have currently reached capacity due to the growth of both areas. The upgrading and refurbishment of the Kuruman Waste Water Treatment Works and Mothibistad Oxidation Ponds is scheduled to commence in the 2018/'19 financial year. The business plan has been approved.

T 3.2.10

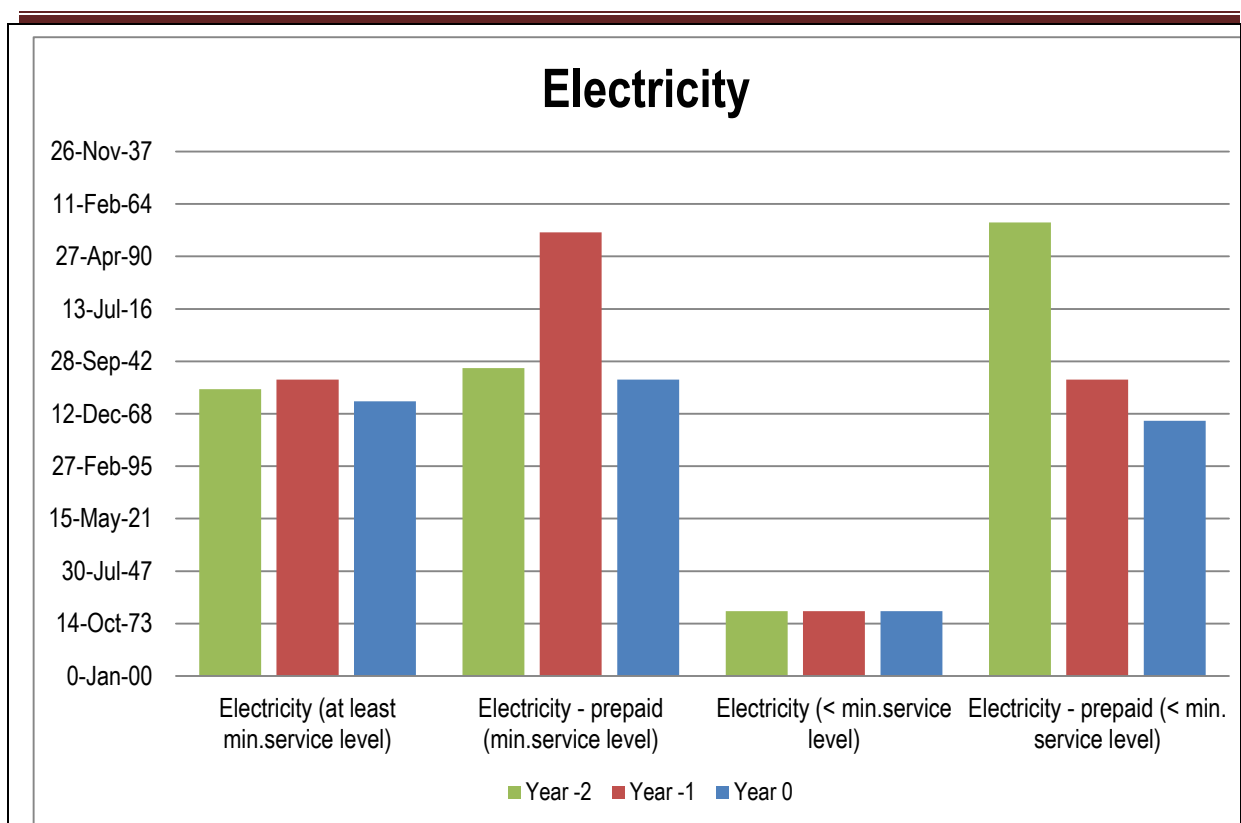
3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

The Municipality is the electricity provider for Kuruman, Wrenchville and Bankhara-Bodulong. The rural areas including Mothibistad are being serviced and provided by ESKOM. The Municipality has submitted business plans for the upgrading of bulk electrical infrastructure and network in order to meet the electricity demands. The Municipality has submitted applications to ESKOM for the electrification of infill's and extensions in the rural areas, to address the backlogs resulting from the growth of the villages. ESKOM is currently in the process of upgrading the Mothibistad Substation. The Department of Energy is funding the upgrading of Moffat Substation, which is the main substation that will feed the electrification of Bankhara-Bodulong and Wrenchville.

T 3.3.1

Chapter 3



T 3.3.2

Electricity Service Delivery Levels				
Description	Households			
	2014/2015	2015/2016	2016/2017	2017/2018
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Energy: (above minimum level)</u>				
Electricity (at least min.service level)	16	19	24	23
Electricity - prepaid (min.service level)	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	16	19	24	23
<i>Minimum Service Level and Above Percentage</i>	100.0%	100.0%	100.0%	100.0%
<u>Energy: (below minimum level)</u>				
Electricity (< min.service level)	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-
Other energy sources	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-
<i>Below Minimum Service Level Percentage</i>	0.0%	0.0%	0.0%	0.0%
Total number of households	16	19	24	23

T 3.3.3

Chapter 3

Households - Electricity Service Delivery Levels below the minimum						
Description	2014/2015	2015/2016	2016/2017	2017/2018		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	16	19	24	23	23	23
Households below minimum service level	-	-	-	-	-	-
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	2	2	2	2	2	2
Households its below minimum service level	-	-	-	-	-	-
Proportion of households its below minimum service level	0%	0%	0%	0%	0%	0%
						T 3.3.4

Chapter 3

Electricity Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2016/2017		2017/2018			2018/2019	2020/2021	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Basic Service Delivery and Infrastructure Development									
<i>Provision of minimum supply of electricity</i>	Additional households (HHs) provided with minimum supply during the year (Number of HHs below minimum supply level)	4658 additional HHs	4658 additional HHs	4658 additional HHs	844 additional HHs	844 additional HHs	3724 additional HHs	3724 additional HHs	4469 additional HHs
									<i>T 3.3.5</i>

Chapter 3

Employees: Electricity Services					
Job Level	2016/2017	2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	13	2	13	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	2	0%
10 - 12	4	0	4	0	0%
13 - 15	1	0	1	0	0%
16 - 18	1	0	1	0	0%
19 - 20	0	0	0	0	0%
Total	19	2	19	2	100%

T 3.3.6

Financial Performance 2017/2018: Electricity Services					
					R'000
Details	2016/2017	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	140 619 062	90281000	86104000	86104000	0%
Expenditure:					
Employees	4862749	5116802	5375957	5375957	5%
Repairs and Maintenance	4965737	78765198	81849537	81849537	0%
Other	10 604 862	267 996	1 032 996	10 604 862	0%
Total Operational Expenditure	9828486	83882000	87225000	87225000	0%
Net Operational Expenditure	9828486	0	0	0	0%

T 3.3.7

Chapter 3

Capital Expenditure 2017/2018: Electricity Services					
R' 000					
Capital Projects	2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	5000000	5000000	5000000	0%	
Upgrading of Moffat substation	5000000	5000000	5000000	0%	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

T 3.3.8

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The Municipality's electrical infrastructure is under significant pressure. There is limited funding to address the challenges of ageing electrical infrastructure and network. The Municipality has lost significant investment opportunities as a result of the unavailability of bulk infrastructure. The Municipal operational budget is unable to cover upgrading requirements, and has been spent on the acquisition of items such as transformers and cables to address short term challenges of periodic cut-offs which are a consequence of the ageing infrastructure. Mining houses are not coming forth with funding to assist the Municipality to upgrade its infrastructure and to address the electricity demand challenges. To date, only a meagre R5m has been received from Department of Energy to undertake minor maintenance works on Moffat substation.

T 3.3.9

Chapter 3

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

Household refuse collection is done weekly in Kuruman town , Mothibistad and Wrenchville. Business refuse collection is done on daily basis from Monday to achieve according to the National standard for weekly Refuse Collection from every household by 2018.

Major successes achieved and challenges faced in 2017/2018.

Successes

- 1 Donation of 210 empty drums to be converted into street bins. They are painted and branded with (# Keep Ga-Segonyana Clean)
- 2 Weekly Clean-up and awareness campaigns
- 3 The installation of information boards with directional arrows to show residents where the landfill site is situated.
- 4 The municipality is registered with SAWIC and is currently reporting on monthly basis

Challenges

- 1 Limited street bins in Kuruman town to control litter
- 2 Obsolete machinery that break now and then and affects the service delivery negatively.
- 3 Increased illegal dumping.
- 4 Recycling not done as a result of lack of electricity for the storage of recyclables at the buy back centre
- 5 Due to congestion in town, streets cleaning is only done during the night and the challenge of non-functional streets lights makes the work ineffective and inefficient
- 6 Weighbridge in the landfill site upgrade is not functional and the municipality uses estimates for the waste that is disposed of.

Top 3 service delivery priorities and the impact you have had on them during the year.

The section is short staffed and as a result, street cleaning overtime is worked every weekend throughout the year thus causing financial implications. Obsolete machinery for waste collection break now and then and has negative impact on service delivery

Chapter 3

Measures taken to improve performance and the major efficiencies achieved by your service during the year.

1. 210 litre drums to be converted into street bins to control littering
2. Installation of information boards with directional arrows to indicate where the landfill site is situated (waste minimization)
3. Weekly household refuse collection is done without any backlog

How the municipality identifies and responds to those communities that are living in poverty and are deficient in this basic service.

The municipality is rendering free basic services to communities that are living in poverty and their names are put in the indigent registers so that the municipality can receive an equitable share grant to enable smooth service delivery.

Tsalanyang Waste Management and Security JV. (Landfill site operation and management) is responsible for rendering refuse services within the municipality.

T 3.4.1

Solid Waste Service Delivery Levels				
Description	Households			
	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Solid Waste Removal: (Minimum level)</u>				
Removed at least once a week	14 184	13 317	13 447	14 951
<i>Minimum Service Level and Above sub-total</i>	14 184	13 317	13 447	14 951
<i>Minimum Service Level and Above percentage</i>	39.1%	37.6%	37.8%	40.4%
<u>Solid Waste Removal: (Below minimum level)</u>				
Removed less frequently than once a week	120	120	120	120
Using communal refuse dump	1 064	1 064	1 064	1 064
Using own refuse dump	17 131	17 131	17 131	17 131
Other rubbish disposal	2 144	2 144	2 144	2 144
No rubbish disposal	1 643	1 643	1 643	1 643
<i>Below Minimum Service Level sub-total</i>	22 102	22 102	22 102	22 102
<i>Below Minimum Service Level</i>	60.9%	62.4%	62.2%	59.6%

Chapter 3

<i>percentage</i>				
Total number of households	36 286	35 419	35 549	37 053
<i>T 3.4.2</i>				

Households - Solid Waste Service Delivery Levels below the minimum Households						
Description	2014/2015	2015/2016	2016/2017	2017/2018		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	14 184	13 317	13 447	–	–	14 951
Households below minimum service level	444	406	407			407
Proportion of households below minimum service level	3%	3%	3%			3%
Informal Settlements						
Total households	22 102	22 102	22 102	–	–	22 102
Households below minimum service level	22 102	22 102	22 102	–	–	22 102
Proportion of households to below minimum service level	100%	100%	100%			100%
<i>T 3.4.3</i>						

Chapter 3

Waste Management Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2016/2017		2017/2018			2018/2019	2020/2021	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Basic Service Delivery and Infrastructure Development									
<i>Provision of weekly collection service per household (HH)</i>	Weekly collection per household for (Kuruman, Mothibistad and Wrenchville)	12 480 households	13447 households	12 480 households	12 480 households	14951 households	12 480 households	12480	14960 households
<i>Future capacity of existing and earmarked (approved use and in council possession) waste disposal sites</i>	The amount of spare capacity available in terms of the number of years capacity available at the current rate of landfill usage	T0 years of unused landfill capacity available	A0 years of unused landfill capacity available	T1 years of unused landfill capacity available	T1 years of unused landfill capacity available	A1 years of unused landfill capacity available	T2 years of unused landfill capacity available	T5 years of unused landfill capacity available	T5 years of unused landfill capacity available
<i>Proportion of waste that is recycled</i>	Volumes of waste recycled as a percentage of total volume of waste disposed of at landfill sites.	Recycling not done due to lack of electricity	Recycling not done due to lack of electricity	Recycling not done due to lack of electricity	Recycling not done due to lack of electricity	Recycling not done due to lack of electricity	Recycling not done due to lack of electricity	Recycling not done due to lack of electricity	5 tons of waste to be recycled once the by-back centre is electrified
<i>Proportion of landfill sites in compliance with the Environmental Conservation Act 1989.</i>	X% of landfill sites by volume that are being managed in compliance with the Environmental Conservation Act 1989.	1 licensed landfill	1 licensed landfill	1 licensed landfill	1 licensed landfill	1 licensed landfill	1 sites compliant	1 sites compliant	1 landfill site identified between Mapoteng and Disthoswaneng

T 3.4.4

Chapter 3

Employees: Solid Waste Management Services					
Job Level	2016/2017	2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	45	45	45	2	4%
4 - 6	1	1	1	0	0%
7 - 9	6	6	6	2	33%
10 - 12	2	2	2	0	0%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	55	55	55	4	7%
					T3.4.5

Financial Performance Year 0: Solid Waste Management Services					
					R'000
Details	2016/17	2017/201/			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	34 050 000		34 050 000	
Expenditure:					
Employees	6 748 641	R9 789 448.00	15486 636	R 9 035 917.96	-8%
Repairs and Maintenance	1 160 731	R 13 064.00	1 362 336	R 163 273.36	92%
Other	7 428 389	R 113 012.00	317 880	R 156 066.13	28%
Total Operational Expenditure	46 636 508	R 9 915 524.00	17 790 856	R 9 355 257.45	-6%
Net Operational Expenditure	0	R 9 915 524.00	17 790 856	R 9 355 257.45	-6%
					T 3.4.6

Chapter 3

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

No capital projects for the previous financial year (2017/2018).

T 3.4.7

3.5 HOUSING

INTRODUCTION TO HOUSING

Housing backlogs are a moving target that is driven largely by people's socio-economic aspirations. Housing backlogs are significantly impacted by the Municipality's spatial structure. The vastness of the Municipal Area has put pressure on the main service centre which is Kuruman, to house hundreds of people that have over recent years migrated from their historical and traditional settlements situated furthest from Kuruman. The settlement patterns of the Municipality are characterised by small pockets of villages that are often far from basic services and provide a challenge in responding to housing needs in terms of the Breaking New Ground Policy Framework. For this purpose, the in-situ housing delivery programme has been adopted, as it permits the construction of houses for beneficiaries in the villages with little risk of displacement of the beneficiaries. This allows the Municipality to eradicate mud houses and other informal structures, restoring our people's dignity. The fact that the Provincial Department of Human Settlements has taken over the implementation of projects has proven to be a challenge. Our role is currently only limited to beneficiary administration. This restricts the Municipality from having full control over the delivery of housing. Delays in the payment of contractor's claims have also impacted negatively on the delivery process. This results in a slow delivery of houses and often leads to the abandonment of sites by contractors.

T 3.5.1

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
2014/2015	25269	8875	35.1%
2015/2016	25774	9052	35.1%
2016/2017	26290	9234	35.1%
2017/2018	26816	9418	35.1%

T 3.5.2

Chapter 3

Housing Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2017/2018		2018/2019			2019/2020	2020/2021	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Basic Service Delivery and Infrastructure Development									
<i>Provision for housing for all households</i>	Additional houses provided during the year (Houses required at year end)	200 additional houses (5550 houses required)	79 additional houses (5471 houses required)	200 additional houses (5471 houses required)	300 additional houses (5171 houses required)	300 additional houses (5171 houses required)	300 additional houses (4871 houses required)	300 additional houses (4571 houses required)	300 additional houses (4271 houses required)
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the 2016/2017 Budget/IDP round; *'Current Year' refers to the targets set in the 2017/2018 Budget/IDP round. *'Following Year' refers to the targets set in the 2018/2019 Budget/IDP round. Note that all targets in the IDP must be fundable within approved 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.</i></p>									

T3.5.3

Chapter 3

Employees: Housing Services					
Job Level	2016/2017	2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	1	0	1	0	0%
7 - 9	2	1	2	0	0%
10 - 12	3	1	3	0	0%
13 - 15	2	0	2	0	0%
16 - 18	1	0	1	0	0%
19 - 20	0	0	0	0	0%
Total	9	2	9	0	0%
					T 3.5.4

Financial Performance Year 2017/2018: Housing Services					
Details	2016/2017	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	3205173	262307	3448039	7%
Repairs and Maintenance	0	66590	11590	28326	-135%
Other	0	0	0	0	0%
Total Operational Expenditure	0	3271763	273897	3476365	6%
Net Operational Expenditure	0	3271763	273897	3476365	6%
					T 3.5.5

Chapter 3

Capital Expenditure 2017/2018: Housing Services						R' 000
Capital Projects	2017/2018					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	12400000	0	12400000	0%		
Bankhara-Bodulong 200	12400000	0	12400000	0%		

T 3.5.6

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

Overall performance has largely been impacted by the total seizure and implementation of housing projects by Department of Human Settlements. It's therefore impossible to plan any project as we are fully dependent on their delivery schedule and funding of projects, including the appointments of service providers. The Municipality therefore does not have information on budget, expenditure and progress of projects on site. The table 3.5.6, where this information is required has therefore been omitted from this section of the report.

T 3.5.7

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

Free Basic Services to Low Income Households										
	Number of households									
	Total	Households earning less than R4,120 per month								
		Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
			Access	%	Access	%	Access	%	Access	%
2015/2016	9,900	3,500	3,500	100%	1,250	36%	2,005	57%	289	8%
2016/2017	10,300	3,048	3,048	100%	1,359	45%	2,010	66%	318	10%
2017/2018	11,900	3,213	3,213	100%	1,368	43%	2,105	66%	365	11%

T 3.6.1

Chapter 3

Financial Performance Year 2017/2018: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2018-2019	2017/2018			
	Actual	Budget	Adjustment to Budget	Actual	Variance to Budget
Water		500 000		202 747	40%
Waste Water (Sanitation)		500 000		159 698	32%
Electricity		2 247 102		361 806	16%
Waste Management (Solid Waste)		500 000		329 566	66%
Total		3 747 102		1 053 817	28%

T 3.6.2

Chapter 3

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

The free basic services and indigent support are funded through the equitable share grant. Increase in emerging informal settlements puts more pressure on the municipality and this will warrant more equitable share allocation towards the municipality.

We have quarterly indigent registration whereby we go to each and every ward in our municipality to register all the households that qualify for indigent.

The program is only kick starting in the second term due to lack of resources on the municipality's part.

Invitations are being handed out to all stakeholders with regard to the registration of indigent.

Support for indigent is being provided for electricity, water, sewerage and refuse removal for pensioners, unemployed and child headed households.

Currently there is no support for those affected by the shortfall in basic service provision. The municipality is still looking at ways to support those residents in villages who do not get the benefit for Refuse removal and Sanitation. Like hiring a service provider to collect refuse for those households in villages who are indigent.

The subsidy paid will only be applicable in respect of sewerage, water, electricity and refuse charges with the provision that the subsidy cannot be guaranteed up front as it will be funded with a grant from the National Government to the Municipality. Therefore, should no grant or a reduced grant be received from the National Government, then no or fewer consumers will receive a subsidy in part or in whole in respect of certain services.

In respect of water, a 100% subsidy up to 6 kl per household per month will apply; however, if consumption exceeds 6 kl per metering period (month) the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 6 kl. In respect of electricity, a 100% subsidy up to 50 kWh per household per month will apply.

In respect of sewerage charges and charges for household refuse removal, the relief granted shall not be less than a rebate of 100% on the monthly amount billed for the service concerned. Currently there is no support for those affected by the shortfall in basic service provision. The municipality is still looking at ways to support those residents in villages who do not get the benefit for Refuse removal and Sanitation. Like hiring a service provider to collect refuse for those households in villages who are indigent. The subsidy paid will only be applicable in respect of sewerage, water, electricity and refuse charges with the provision that the subsidy cannot be guaranteed up front as it will be funded with a grant from the National Government to the Municipality.

T 3.6.3

Chapter 3

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

Therefore, should no grant or a reduced grant be received from the National Government, then no or fewer consumers will receive a subsidy in part or in whole in respect of certain services.

In respect of water, a 100% subsidy up to 6 kl per household per month will apply; however, if consumption exceeds 6 kl per metering period (month) the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 6 kl.

In respect of electricity, a 100% subsidy up to 50 kWh per household per month will apply.

In respect of sewerage charges and charges for household refuse removal, the relief granted shall not be less than a rebate of 100% on the monthly amount billed for the service concerned

2017/18 Grant allocation: R3 747 102

2017/18 Actual Expenditure: R1 053 516

There are currently no programs in place to improve levels of self-sufficiency however Ward Councillors are encouraged to inform individuals who have been on the indigent register for a long time to apply for contract workers positions and EPWP/LED projects to assist in poverty alleviation that will result in the indigent graduating from this dependency.

T 3.6.4

Chapter 3

COMPONENT B: ROAD TRANSPORT

3.7 ROADS

INTRODUCTION TO ROADS

The majority of the Municipal roads in the rural areas are gravel which requires upgrading to paved or surfaced roads. Existing surfaced roads in Kuruman, Mothibistad and Wrenchville have aged and require resealing and patching. Some existing gravel or collector roads in Ga-Segonyana are in a constant need of maintenance due the high volumes of traffic and the damage caused by storm water runoff. The riding quality deteriorates rapidly and requires regular grading and re-gravelling. This high maintenance activities impact heavily on the Municipal operating budget. The Municipality is currently embarking on a rural roads programme with an intention to pave the existing gravel roads. To date, a total of 31,7km of paved and surfaced roads have been completed through this programme.

T 3.7.1

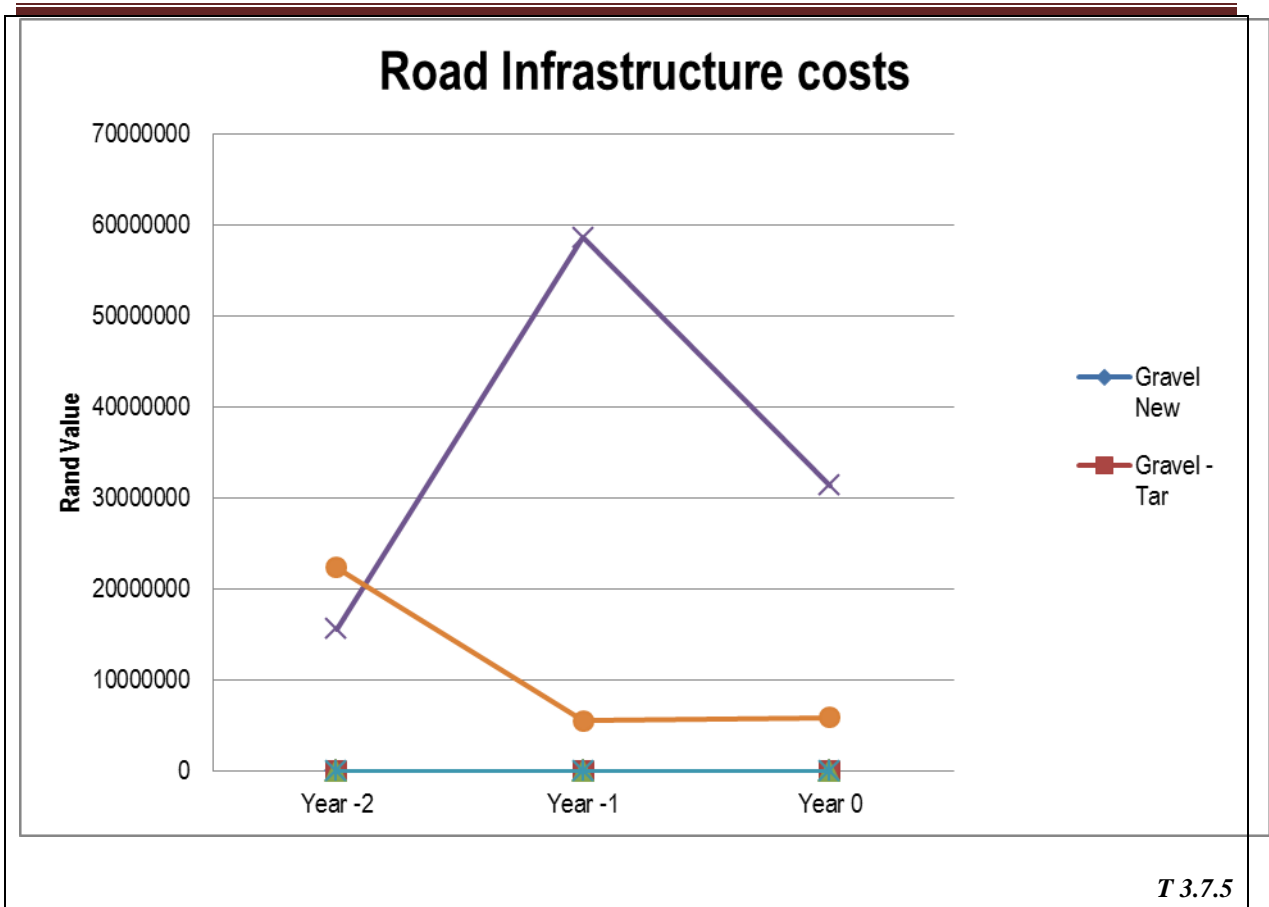
Gravel Road Infrastructure					Kilometres
	Total gravel roads	New gravel roads constructed	Gravel roads surfaced	Gravel roads paved	Gravel roads graded/maintained
2015/2016	721	1,2	4,2	4,2	0
2016/2017	721	1,2	10,9	10,9	9,5
2017/2018	721	1,2	0	6 255	6
					T 3.7.2

Chapter 3

Tarred Road Infrastructure					Kilometres
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2015/2016	98	14	25	18	120
2016/2017	114	20	30	15	140
2017/2018	0	0	7	7	2,9
					T 3.7.3

Cost of Construction/Maintenance						R' 000
	Gravel			Surfaced & Paved		
	New	Gravel - Tar	Maintained	New	Re-worked	Maintained
2015/2016	0	0	0	15600000	0	22372152.6
2016/2017	0	0	0	58601107.28	0	5565720
2017/2018	0	0	0	31373969.99	0	5939803
						T 3.7.4

Chapter 3



Chapter 3

Road Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2016/2017		2017/2018		2018/2019	2020/2021		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Basic Service Delivery and Infrastructure Development									
<i>Elimination of gravel roads in townships</i>	Kilometres of gravel roads tarred (Kilometres of gravel road remaining)	4,2 kms gravel roads tarred (706 gravel roads remaining)	10,9 kms gravel roads tarred (685 kms gravel roads remaining)	4,2 kms gravel roads tarred (706 kms gravel roads remaining)	00 kms gravel roads tarred (685 kms gravel roads remaining)	00 kms gravel roads tarred (685 kms gravel roads remaining)	41km (685 kms gravel roads remaining)	7 kms gravel roads tarred (644 kms gravel roads remaining)	7 kms gravel roads tarred (637 kms gravel roads remaining)
<i>Development of municipal roads as required</i>	41 kms of municipal roads developed	4,2 kms	10,9 kms	4,2 kms	0	0	41 kms	7 kms	7 kms
									T 3.7.6

Chapter 3

Employees: Road Services					
Job Level	2016/2017	2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	0	0	0	0%
4 - 6	26	1	0	1	0%
7 - 9	3	0	0	0	0%
10 - 12	3	0	0	0	0%
13 - 15	1	0	0	0	0%
16 - 18	1	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	35	1	0	1	100%
					T 3.7.7

Financial Performance 2017/2018: Road Services					
R'000					
Details	2016/2017	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	20020000	17791000	17791000	0%
Expenditure:					
Employees	2795041	13413000	11851000	11851000	-13%
Repairs and Maintenance	20997297	6606000	5940000	5940000	0%
Other	7 428 389	20 020 393	17 790 856	10 337 862	0%
Total Operational Expenditure	23792338	20020000	17791000	17791000	-13%
Net Operational Expenditure	23792338	2229000		15562000	86%
					T 3.7.8

Chapter 3

Capital Expenditure 2017/2018: Road Services					
R' 000					
Capital Projects	2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	31373970	0	31373970	0%	
Magojaneng Gravel - Paved	12921166		12921166	0%	12921166
Seoding Gravel - Paved	6951330		6951330	0%	6951330
Bankhara-Bodulong Gravel - Paved	5831021		5831021	0%	5831021
Ncweng Gravel - Paved	5670453		5670453	0%	5670453
T 3.7.9					

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The Municipality has so far been addressing the roads backlog with the grant funding from MIG mainly focusing in the rural areas. The mining houses have also assisted the municipality significantly with regards to the eradication of potholes in the Municipal area. The district Municipality has also embarked on a programme of assisting the locals with the ROADS Assets Management Plan to manage the roads assets in order.

T 3.7.10

Chapter 3

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

The competitive advantage that Ga-Segonyana has in comparison to the other two Local Municipalities in the District, is the vast tracts of land under the ownership of the Municipality which allows for planning and integration of settlements through the spatial planning instruments of the Municipality. Since the adoption of the SDF, Council has been engaged in a process of advancing land development initiatives that are coherent with the SDF, namely in the integration of Wrenchville, Mothibistad and Kuruman through the Galowe 5223 Development, the strengthening of the main public transport corridors (D325 & D300) and the reinforcement of the Main Road Corridor with the approval of commercial developments on Erf 5041 (Oasis Casino) and Erf 5247 (Ellecon Developments). Investors and developers alike have responded positively to this progressive and vigilant approach to development by the Municipality through the upgrading of the properties situated along the Main Road. We have noted with pleasure the newly developed Ford dealership, the upgrading of the KFC, the office developments, changing of facades and the development of a pedestrian and cycling pathway from the corner of De Jager and Main Streets, stretching to Wrenchville. This auger well for a town needing revitalisation and Council is leading this by its commitment to advancing land development. Main Road is earmarked as a corridor in the SDF, where commercial developments should be strengthened.

The Municipality continues to battle illegal land use activities, namely manifesting itself in: Illegal street trading, illegal car washes, illegal seasonal traders in perishables, illegal guesthouses and overnight accommodation including unauthorised building works. Despite the above challenges, the Municipality continues to create an enabling environment for LED to flourish by recently approving the construction of an SMME Hub on Erf 809, Kuruman. This exciting new project is being wholly funded and implemented by ASSMANG Khumani Mine in partnership with the Municipality. It stems from the Social Labour Plan commitments of the current cycle, which the mine is obliged to complete.

T 3.10

Chapter 3

3.10 PLANNING

INTRODUCTION TO PLANNING

Ga-Segonyana Local Municipality is part of the District Municipal Planning Tribunal. The district and its three local municipalities (Ga-Segonyana LM which is part) have resolved to form a Municipal Planning Tribunal for the district municipal area in line with Section 34 (2) of the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013). The District Municipal Planning Tribunal (DMPT) has been established to assist the local municipalities in deciding on development applications. Each local municipality has appeals tribunal i.e. its Council. The service level agreement was signed on the 18 September 2015 and published on Kathu Gazette (16 April 2016). The DMPT was published on the 25 April 2016 on Northern Cape Provincial Gazette (Vol. No. 2007) and Kathu Gazette on the 16 April 2016. The table below captures the constitution of the DMPT.

Section 35 (3) of the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) requires that a municipality must, in order to determine land use and land development applications in its area, categorise development applications to be considered by the authorised official and those to be referred to the Municipal Planning Tribunal.

T 3.10.1

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018
Planning application received	0	0	5	6	0	0
Determination made in year of receipt	0	0	5	6	0	0
Determination made in following year	0	0	0	0	0	0
Applications withdrawn	0	0	0	0	0	0
Applications outstanding at year end	0	0	0	2	0	0

T 3.10.2

Chapter 3

Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2016/2017		2017/2018		2018/2019	2020/2021		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Spatial Development									
<i>Determine planning application within a reasonable timescale</i>	Approval or rejection of all build environment applications within 12 weeks	Determination within 12 weeks	Determination within 12 weeks	Determination within 12 weeks	Determination within 12 weeks	Determination within 12 weeks	Determination within 11 weeks	Determination within 12 weeks	Determination within 12 weeks
	Reduction in planning decisions overturned	3 planning decisions overturned	3 planning decisions overturned	5% planning decisions overturned	5% planning decisions overturned	5 planning decisions overturned	4% planning decisions overturned	No planning decisions overturned	No planning decisions overturned
T 3.10.3									

Chapter 3

Employees: Planning Services					
Job Level	2016/2017	2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	1	0	1	0	0%
7 - 9	1	1	1	0	0%
10 - 12	3	0	3	0	0%
13 - 15	2	0	2	0	0%
16 - 18	1	0	1	0	0%
19 - 20	0	0	0	0	0%
Total	8	0	8	0	0%
T 3.10.4					

Financial Performance 2017/2018: Planning Services					
R'000					
Details	2016/2017	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	16448000	13035000	13035000	0%
Expenditure:	0				
Employees	3448039	5263360	4953300	4953300	-6%
Repairs and Maintenance	5628632	11184640	8081700	8081700	-38%
Other	18 490 639	15 928 998	17 190 167	31 715 273	0%
Total Operational Expenditure	9076671	16448000	13035000	13035000	-26%
Net Operational Expenditure	9076671	0	0	0	0%
T 3.10.5					

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COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

Physical Planning is not allocated any funding for capital projects. The Municipality is only playing an administrative function in the coordination and facilitation of land development projects. The challenge for physical planning remains the unsystematic allocations of land in the traditional areas, which create service delivery backlogs for the Municipality. The Municipality is currently compiling the Spatial Development Framework which will be linked to a capital investment framework for the basic service delivery

T 3.10.6

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

Ga-Segonyana Local Municipality is one of the three Local Municipalities that make up the John Taolo Gaetsewe District. The economy is mainly based on Mining and Agricultural activities. The Ga-Segonyana Local Municipality is situated on the Namaqua route, forming part of the main route between Gauteng and Namibia and Cape Town via Upington.

The Municipality is an Administrative Capital of the District, given its centrality to accessible transport routes, amenities and also housing most government and some private sector administrative offices. This has also contributed in the influx of people from the neighbouring municipalities, especially Joe Morolong Local Municipality and even outside the district in pursuit of economic opportunities. Ga-Segonyana Local is positioned as a preferred services centre, both for commercial and residential for the Mining Corridor.

The Local Economic Development Unit of the Municipality focuses on the three service delivery sections, which includes Small, Medium & Micro Enterprises Development, Tourism Development and Business Licensing and Regulation. The Unit is structured to respond to the issues impacting on economic activities but also provides for a conducive environment where economic development can happen through stakeholder relations and ensuring for governance and regulations through municipal by laws and legislative framework.

Over the previous year, the municipality has aggressively implemented existing policies in order to have maximum impact in its service delivery programmes. The alignment of the LED Strategy to other key policies such as the IDP, National Spatial Development Perspective, the

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Provincial Growth strategy and National LED Framework has allowed the LED services within the municipality to start making critical in routes and find expression in the other work of the municipality but also in clarifying what the role of Local Economic Development is, within a municipal context. This is obviously an area of growth given lessons learnt and potential for great improvement in services provision

T 3.11.1

COMMENT ON LOCAL JOB OPPORTUNITIES:

Taking into cognisance the Life span of iron ore and manganese mining which are also dependent on the global commodity price, it can be drawn that the opportunities for employment will not be forever and will always be limited and dependent on the spread of the mineral deposits on the geological belt. The demand however for steel products which is a key component in the construction industry assures some need for minerals which in turn secures job opportunities. The approval of new mining licenses in the district also demonstrates the continued impact of mining as a job creation sector.

It is however important that the revenue/income and benefit created by mining activities be utilized to strengthen and expand the local Municipality in terms of **Agriculture & Agro processing, Tourism and Manufacturing.**

The mining sector increased sharply during 2010-2015, the economy showed an increase in output, which was as a result of the high iron ore prices.

- between 2015-2020, the mining activity is expected to increase at decreasing rate, thereafter during it is expected to slow down during 2020-2030.
- During 2030-2035 it is expected that the mining activity to decline sharply until it reach its end of life span.
- As studies have shown that the manganese Mines still have a 200 years life span which will still contribute significantly to the GDP of Ga-Segonyana.
- the agricultural sector showed experienced slow growth between 2010-2015, from 2018-2025 the sector is expected to grow more rapid as the Agri Park in the area will boost agriculture related activities.

The influx of people into Ga-Segonyana municipality from neighbouring municipalities and even outside the district is a great opportunity for Tourism and related goods and services sector. The LED Strategy adopted by Council continues to address issues of traveller experience for both intra and inter travelling prospects, central to this is the infrastructure development related to Tourism. The upkeep and general

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maintenance of Points of Interest and Heritage sites is key but also important aspect to the Travellers experience. Coordination and proper regulation of the Hospitality sector including but not limited to the overnight establishment is also key to the tourism sector revival plan. Efforts are at high level in developing a heritage route for the district, Ga-Segonyana Local Municipality is central to this development as a number of points of interest sites for the route are in the jurisdiction of the municipality.

Some policy documents are being studied, but also benchmarking with the view to develop some incentive policies for the Informal trading sector. This will also assist in regulating informal trading but also ensuring that the trade is in line with municipal regulations and that the sector contributes meaningfully to the local economy.

T 3.11.2

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
Year -2	9	254
2016/2017	8	114
2017/2018	11	437

* - Expanded Public Works Programme

T 3.11.3

Employees: Local Economic Development Services					
Job Level	2016/2017	2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	2	0	2	0	0%
10 - 12	1	0	1	0	0%
13 - 15	1	0	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	4	0	4	0	0%

T 3.11.4

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COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE

OVERALL:

Local Economic Development as an area of work for the municipality remains an area of growth and great potential, given the necessary collaborations and partnering for both public and private bodies. Statistics and forecast of the economic activity in the region already indicate the need for diversifying economic base, as the predominant activity which is mining would not be forever. All mines have a life span.

The Development of the SMME Village which is a partnership between the Municipality and Khumani is soon to be completed and handed over to the Municipality. There have been some few meetings in the year to advance the start of the Agri Hub for the district which will be located in the jurisdiction of the municipality, at least the processing division of the whole hub system. The establishment of a One Stop Shop for SMME's – Business Hub, a joint project by SIOC cdt and the Municipality will soon start as the process was just delayed by the necessary approvals by the SIOC cdt Board. Although the two projects have been discussed and planned for in the reporting year, they will only start in the next financial year of 2018/2019.

All these are efforts to try and explore other economic activities which have a potential for mass participation and benefit. The LED unit supported by other divisions of the municipality including Technical - Land Use and through the guidance of the Municipal Manager's Office, continues working at unlocking some of these opportunities to further enhance the economy of the municipality but also in exploring revenue streams

The desirable success of the LED unit's work relies mostly on the potential and ability in forging strategic relations with stakeholders so as to advance the programmes. In the reporting year the unit continued working well with most sector departments especially the Department of Economic Development and Tourism in the province as they continue to provide support and build capacity of the unit to fully undertake planned activities.

The relationships with the private sector continuing to be work in progress, natural tensions arise as the relationship is imbalanced by the responsibility of the municipality in ensuring compliance and regulations, however work continues well in some areas whilst others need some attention in order to have greater Impact.

The surroundings mines continue to play a meaningful in the economic development of the region, through their social labour plans they continue to engage the municipality in various

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programmes, including but not limited to supporting SMME's with training, enterprise development and other forms of support, co-funding some of the municipal projects and contributing to infrastructure development of the local municipality and the district. The LED Unit has a permanent seat in the planning meetings including the future forum of most mines, where opportunity is given to participate and contribute to the development discussions of the district through SLP and Non SLPs Initiatives.

In relation to the service delivery objectives as per budget, LED remains above average with the deliverables. The three strategic areas dealing with Tourism Development and support, SMME support and Business Licensing in the SDBIP forms part of our reporting and on the reporting year of 2017/18, the unit performed well with only two areas needing some attention.

- Tourism development 4 instead of 5 (Tourism Awareness)
- Incentive Policy for SMME's which has not been finalised at the end of the year under reporting.

It is important for renewed attempts at strengthening relations with private sector going forward but also in ensuring that the necessary regulatory frameworks are been adhered to without any compromise as the municipality strive towards enhancement of economic activities.

The other area which requires some attention in regulating informal trade especially in town in line with our town development plans and also in educating our communities about the sporadic trade and the negative impact it has on the Business Districts in town especially the Central Business District. There is already a policy framework in place, benchmarking with other municipalities, this will be processed through the necessary process, right up to Municipal Council approving and resolving.

The plans going forward having engaged the SMME sector is also in assisting with coordination of Business Development and Stakeholder relations, a lot of consultative meetings held in the year has flagged the importance of having a coordinating body with the assistance of the municipality so as to control and allow for fair and equitable space for all those with competing interests. The resuscitation of the LED Forum at the level of the local municipality becomes key but also in crafting a district forum where all business entities and forums can be coordinated from.

Tourism as a sector needs some reviving but also in partnering with private sector as the drivers to achieve the objectives shared in the IDP. Kuruman as the Main town and

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surrounding settlements have a huge potential in the tourism space given the number of points of interests, including heritage sites – the activities that should form part of the calendar, including but not limited to Jazz Festivals, Kuruman Show and other events which may add to the traveller’s experience both at home and those interfacing with our town on transit. A heritage Route is been developed to highlight the Heritage of the region and also to attract more time spend for travellers, going through our municipality and district. Plans are at an advance stage given the number of meetings held and commitments, this will be further reported on in the 2018/19 report.

T 3.11.5

COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

The municipality has 8 libraries and the following key areas were implemented, provision of;

- 1 Statistic collection
- 2 Holiday programmes per quarter for all libraries
- 3 Awareness campaigns per quarter for all libraries

Achievements

- 1 Membership and circulation of library materials has positively improved
- 2 Provision of free internet services to communities
- 3 Information sharing through awareness and holiday programmes

Challenges

1. Lack of resources
2. Insufficient funding
3. Vacant posts not filled

T3.12.1

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Financial Performance Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R'000					
Details	2016/2017	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	R 1 821 000.00	R 1 821 000.00	1 868 004	R 1 821 000.00	0%
Expenditure:					
Employees	R 1 292 000.00	R 882 000.00	5 859 601	R 2 785 364.54	68%
Repairs and Maintenance	R 244 431.00	R 417 992.00	316 196	R 115 656.66	-261%
Other	R 2 928 889.20	R 521 028.00	367 372	R 111 528.06	-367%
Total Operational Expenditure	R 4 465 320.20	R 1 821 020.00	6 543 169	R 3 012 549.26	40%
Net Operational Expenditure	R 2 644 320.20	R 20.00	6 543 169	R 1 191 549.26	100%
					<i>T 3.12.2</i>

COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

OVERALL:

Provide library services to 8 libraries in the entire Ga-Segonyana jurisdiction. The municipality is funded by department of sports arts and culture. The budget is R1.8 Million. Based on the service delivery, revenue and stats reports on the services provided to our communities, libraries services and functions are delivered.

T 3.12.3

Chapter 3

3.13 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

Currently four (4) cemeteries are maintained by the municipality which are in Kuruman old, Mothibistad, Seodin and Wrenchville. The community in the rest of the incorporated areas in the Ga-Segonyana Local Municipality area utilises the cemeteries in the nearest vicinity.

The service delivery priorities are to provide and maintain cemeteries, to continuously update and keep record of cemeteries registers. Another priority is to maintain and upgrade the existing equipment, vehicles and procedures to ensure a quality service to the community.

T 3.13.1

SERVICE STATISTICS FOR CEMETORIES & CREMATORIUMS

Number of burials	Total	Paid	Free
Kuruman	02	02	-
Mothibistad	55	33	22
Wrenchville	37	24	13
Seodin	13	13	-

T 3.13.2

Chapter 3

Employees: Cemeteries					
Task Level	2016/2017	2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	13	13	13	7	54%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	1	1	1	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	14	14	14	7	54%
T 3.13.3					

2017/2018: Cemeteries and Crematoriums					
					R'000
Details	2016/2017	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue			240 012		
Expenditure:					
Employees		R 1 678 796.00	1 486 232	R 1 368 241.18	-23%
Repairs and Maintenance		R 1 404.00	80 004	R 11 227.23	87%
Other		R 118 004.00	64 996	R 52 418.87	-125%
Total Operational Expenditure		R 1 798 204.00	1 631 232	R 1 431 887.28	-26%
Net Operational Expenditure	0	R 1 798 204.00	1 631 232	R 1 431 887.28	-26%
T 3.13.4					

Chapter 3

COMPONENT G: SECURITY AND SAFETY

This component includes: fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

INTRODUCTION TO SECURITY & SAFETY

This component is focused in Safety and Security relating to the protection of council employees, councillors, visitors, suppliers and clients. Other objectives of the component include protection of municipal assets and equipment.

The community safety is critical to ensure safety of members of the public. The security committee needs to be established as a matter of urgency to deal mainly with security policies to address crime related activities, information security, screening and vetting of personnel employed in key positions, exit interview with employees who are resigning from the Municipality and to monitor movements of municipal assets within and outside the boundaries of the Municipality.

This is also mandated by the National Safety Strategy that devolved within the three tiers of government, which was confirmed by the Provincial State Security Agency during presentation that was conducted by their representatives.

T 3.14

Chapter 3

3.20 TRAFFIC

INTRODUCTION TO TRAFFIC

Top 3 service level priorities

1. Law enforcement
2. Testing for learners and drivers licence
3. testing vehicles for roadworthiness

Challenges:

Still shortage of examiners for drivers licene and vehicles

Improvements:

All traffic officers needs to undergo training for examiners of licences and vehicles

T 3.14.1

Traffic Service Data					
	Details	2016/2017	2017/2018		2018/2019
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of drivers' licence applications	1196	1516	1516	1600
2	Number of summonses issued	3493	3371	3371	3500
3	Number of learner's licence applications	6594	6026	6026	6600
4	Number of road worthy applications	2113	1870	1870	1870

T 3.14.2

Chapter 3

Employees: Traffic Officers					
Job Level	2016/2017	2017/2018			
Traffic Officers	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Traffic Officer	1	0	1	0	
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	1	1	1	0	0%
10 - 12	2	0	2	0	0%
13 - 15	22	22	22	1	5%
16 - 18	0	0	0	0	0%
19 - 20	5	1	1	1	100%
Total	31	24	27	2	8%
					<i>T 3.14.3</i>

COMMENT ON THE PERFORMANCE OF POLICE OVERALL:

No capital projects for 2017/18 financial year.

T 3.14.4

3.15 FIRE

INTRODUCTION TO FIRE SERVICES

Ga-Segonyana Local Municipality provides ad-hoc (07:30 – 16:30 - weekdays) Fire and Rescue Services to 33 community (villages) areas and also into cross borders of Joe Morolong Local Municipal jurisdiction. Two officials are on standby after hours (16:30 – 07:30), weekends and holidays to render these services whenever the call of duty arises. The municipality performs firefighting in respect of permanent structures, informal settlements, rubbish, vehicles, veldt and electrical related fires. The department also attends to vehicle accidents, hazardous material incidents and rescue services.

The staff component of the fire department is fourteen (14) of which three (3) are permanent and eleven (11) temporary employees.

The service is based on three pillars:

Firefighting and Rescue operations

Administration

Fire safety and Prevention

T 3.15.1

Chapter 3

Fire Service Data					
	Details	2016/2017	2017/2018		2018/2019
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	86	40	169	120
2	Total of other incidents attended in the year	105	40	34	30
3	Average turnout time - urban areas	0	0	0	1
4	Average turnout time - rural areas	1	0	1	1
5	Fire fighters in post at year end	3	6	3	6
6	Total fire appliances at year end	1	1	1	1
7	Average number of appliances off the road during the year	1	1	1	1
					<i>T 3.15.2</i>

Concerning T3.15.2

Ga-Segonyana Local Municipality's Fire Department wishes to abide to the SANS 10090 of 2003 and that is the reason the municipality had submitted a cost business plan to MIG for funding, to achieve its objectives as according to Law. The department is having one (1) Fire truck (Fire appliances) off the road due to mechanical faults.

T

3.15.2.1

Chapter 3

Employees: Fire Services					
Tasks Level	2016/2017	2017/2018			
Fire Fighters Administrators	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Chief Fire Officer & Deputy					
0 - 3	11	11	11	0	0%
4 - 6	3	6	3	3	50%
7 - 9	0	3	0	3	100%
10 - 12	0	0	0	0	0%
13 - 15	0	1	0	1	100%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	14	21	14	7	33%
<i>T 3.15.3</i>					

Financial Performance 2017/2018: Fire Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	60 132	0	0
Expenditure:					
Fire fighters					
Other employees		R 987 470.00	987 469	R 1 062 096.39	7%
Repairs and Maintenance		R 16 504.00	59 996	R121 821.65	86%
Other		R59 996.00	16 504	R 1 921.45	-3022%
Total Operational Expenditure	0	R 1 063 970.00	1 063 969	R1 185 839.49	10%
Net Operational Expenditure	0	R 1 063 970.00	1 063 969	R1 185 839.49	10%
<i>T 3.15.4</i>					

Chapter 3

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

The Municipality had submitted a costed business plan to establish a fully flashed fire station to MIG for funding and this plan is also in line with the municipal Integrated Development Plan. This plan is dependable on MIG for funding and therefore the Municipal wishes to implement this plan over a three-year municipal budget period, which is 2018/ 2019, 2019/ 2020 and 2020/ 2021.

The priority to obtain funds for this project (Fire Station) that will serve the greater Ga-Segonyana Local Municipal Jurisdiction Community will be beneficial to the municipality and the community.

T 3.15.5

3.16 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

The disaster management function is part of the emergency services division and report to the director community services.

Priorities:

Disaster management and social relief on affected families due to fire, severe weather conditions etc., Disaster prevention and Disaster Awareness

Implementation of municipal by-law on public nuisances and animal licensing.

T 3.16.1

Chapter 3

SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

House Fires	26	
Building Fires	7	
Informal Settlement Fires	13	
Veldt Fires	99	
Rubbish Fires	9	
Electrical related Fires		9
Motor Vehicle Fires	4	
Tree Fire	1	
Thatch roof Fire		1
Motor Vehicle Accidents		18
Disaster Assessments	16	
Total	203	

T 3.16.2

Employees: Disaster Management					
Task Level	2016/2017	2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	0	3	0	
4 - 6	0	0	0	0	
7 - 9	0	0	0	0	
10 - 12	1	1	1	0	0%
13 - 15	0	1	0	1	100%
16 - 18	0	0	0	0	
19 - 20	0	0	0	0	
Total	1	1	4	1	100%

T 3.16.3

Chapter 3

Financial Performance 2017/2018 Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R'000					
Details	2016/2017	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	54 996	0	0%
Expenditure:					
Employees	0	R 584 863.00	584 863	R 522 262.30	-12%
Repairs and Maintenance	0	R 5 296.00	149 996	R 5 262.47	-1%
Other	0	R149 996.00	5 296	R 30 000.00	-400%
Total Operational Expenditure	0	R740 155.00	740 155	R 557 524.77	-33%
Net Operational Expenditure	0	R740 155.00	740 155	R 557 524.77	-33%
T 3.16.4					

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL:

Ga-Segonyana Local Municipality had approved the Disaster Management Plan that was drafted by John Taolo Gaetsewe District Municipality for its entire jurisdiction. The Disaster Management reports to the Director Community Services and of which this function also assist with fire prevention, safety inspections and responding to all kinds of emergencies.

T 3.16.5

Chapter 3

COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

INTRODUCTION TO SPORT AND RECREATION

The Municipal financial constraints posed challenges in full implementation of the maintenance of the municipal Sport and Recreational facilities. The municipality is having four stadiums to maintain, namely Wrenchville, Mothibistad, Batlharos and Bankhara.

Service delivery matters:

Maintaining the grass areas by cutting and irrigating the lawns.

Rental of the stadiums for sports activities and festivals.

Measures taken to improve performance and the major efficiencies achieved by services during the year:

Fixing ablution facilities of Mothibistad, Bankhara and Wrenchville Stadiums.

The major challenges are the vandalism of sports and recreational facilities.

Support the different sport committees in our communities.

T 3.17

Chapter 3

Employees: Parks and Recreation					
Tasks Level	2016/2017	2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	37	37	32	5	14%
4 - 6	2	5	2	3	60%
7 - 9	0	0	0	0	0%
10 - 12	2	2	2	0	0%
13 - 15	0	2	0	2	100%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	41	46	36	10	22%
<i>T 3.17.1</i>					

Financial Performance Year 0: Sport and Recreation					
R'000					
Details	2016/2017	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	2 206 461	1 532 000	921 996	1 969 042	0%
Expenditure:					
Employees	7 981 712	R 4 566 889.00	R 6 754 603	R 4 308 718.14	-6%
Repairs and Maintenance	265 999	R 51 050.00	R 350 000	R 42 904.37	-19%
Other	465 401	R 159 992.00	R 71 942	R 142 420.84	-12%
Total Operational Expenditure	9 704 619	R 4 777 931.00	R 7 360 531	R 4 494 043.35	-6%
Net Operational Expenditure	9 704 619	R 4 777 931.00	R 7 360 531	R 4 494 043.35	-6%
<i>T 3.17.2</i>					

Chapter 3

COMMENT ON THE PERFORMANCE OF PARKS AND RECREATION OVERALL:

The Department of Environmental Affairs funded Batlharos and Gamopedi Greening projects (Parks) for an amount of 12 Million Rand and these projects was due for completion by December 2017. The delay of completing and handing over the projects which escalates into the projects coming to a standstill and necessitated the Department of Environmental Affairs to serve a notice on the implementer to expedite the work. As a result, several postponement agreements were entered into with the implementer, but the postponements did not assist the department and the Municipality as the parks is not in a good condition (vandalized). By end of the municipal financial year the projects remained incomplete.

T 317.3.

3.18 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The department is referred to as the Budget and Treasury Office in terms of the MFMA and is headed by the Chief Financial Officer. The BTO, comprises of four units namely, Revenue and Debt Collection, Supply Chain Management, Budget and Asset Management as well as Expenditure management. Each unit is headed by manager who reports directly to the CFO.

The following main services are rendered by the department (with an indication of main activities and/or achievements for the year): Asset Management Completion of full asset verification (including condition assessment). Asset register module of the Munsoft financial system implemented in preparation for mSCOA implementation on 1 July 2017.

Budget and Financial Reporting

Financial Statements finalised and submitted as required. Monthly and quarterly reports submitted in line with legislative deadlines. All financial policies reviewed.

Expenditure Management, including the rendering of a payroll function

Expenditure management is an ongoing function with the aim of improving creditor's efficiency by ensuring all creditors are paid within 30 days. Achieving this milestone has been a challenged due to the municipality still struggling with revenue collection. A single pay-roll function is rendered where employees are paid via EFT's on a monthly basis. All statutory deductions are paid over to the relevant bodies within the prescribed timeframes.

In terms of Section 32(4) of the MFMA, it is required that the accounting officer of a municipality promptly inform the mayor, MEC for local government in the province and the Auditor-General in writing, of –

Chapter 3

- a) Any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality;
- b) Whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and
- c) The steps that have been taken –
- i. To recover or rectify such expenditure; and
 - ii. To prevent a recurrence of such expenditure.

All irregular expenditures were reported to Council and it was referred to MPAC for investigation. The Council resolved to write off the expenditure in terms of Circular 68 of the MFMA as the investigation did not discover any financial losses to the municipality. No financial losses were suffered by the municipality and it was found that no official acted deliberately and not in good faith in the execution of their duties, therefore no official is liable in law for the expenditure

T 3.18.1

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	2016/2017		2017/2018			Year 1	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	R 31 171 638	0%	R 36 250 313		0%	R 45 986 200	0%
Electricity - B	R0	0%	R 43 963 426		0%	R 31 888 000	0%
Electricity - C	R0	0%	R 1 029 892		0%	R 1 300 000	0%
Water - B	R0	0%	R 18 020 000		0%	R 19 101 000	0%
Water - C	R0	0%	R0		0%	R0	0%
Sanitation	R 13 140 784	0%	R 15 065 430		0%	R 8 778 650	0%
Refuse	R 8 376 712	0%	R 9 541 046		0%	R 10 056 146	0%
Other	R 31 171	0%	R 36 250 313]	0%	R 45 986 200	0%

Chapter 3

638							
<i>B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.</i>							<i>T 3.18.2</i>

Chapter 3

Employees: Financial Services					
Job Level	2016/2017	2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	2	2	2	2	4%
7 - 9	21	21	21	21	43%
10 - 12	14	14	14	14	29%
13 - 15	10	10	10	10	20%
16 - 18	1	1	1	1	2%
19 - 20	1	1	1	1	2%
Total	49	49	49	49	100%
T 3.18.3					
Financial Performance Year 0: Financial Services					
R'000					
Details	2016/2017	2017/2018			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	R 298 914 181.00	R 319 288 090.00	R 319 147 691.00	R 304 595 892.00	-0.05
Expenditure:					
Employees	R 105 110 774.00	R 118 007 048.00	R 111 549 276.00	R 111 685 510.00	-0.06
Repairs and Maintenance	R 28 703 283.00	R 43 996 248.00	R 43 793 164.00	R 19 116 285.00	-1.30
Other	R 224 122 998.00	R 152 074 380.00	R 156 815 170.00	R 261 518 681.00	0.42
Total Operational Expenditure	R 357 937 055.00	R 314 077 676.00	R 312 157 610.00	R 392 320 476.00	0.20
Net Operational Expenditure	R 59 022 874.00	-R 5 210 414.00	-R 6 990 081.00	R 87 724 584.00	1.06
T 3.18.4					

Chapter 3

Capital Expenditure Year 0: Financial Services					
R' 000					
Capital Projects	2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	R 127 434 800.00	R 144 230 949.00	R 102 928 180.00	-R 0.24	
Project A	R 2 073 800.00	R 2 202 800.00	R 161 013.00	-R 11.88	R 280.00
Project B	R 50 000.00	R 50 000.00	R 0.00	R 0.00	R 150.00
Project C	R 38 890 975.00	R 37 689 455.87	R 36 119 329.00	-R 0.08	R 320.00
Project D	R 86 420 025.00	R 104 288 693.13	R 66 647 838.00	-R 0.30	R 90.00
					T 3.18.5

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

The Budget and Treasury Office performed well in achieving 93% of its pre-determined objectives. Where targets were not achieved reasons explaining non-performance were reported as well remedial actions.

T 3.18.6

Chapter 3

3.19 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The Human Resources Management Unit objective is to provide services in an efficient and effective manner in the areas of Personnel Management and Administration; Labour Relations; Skills Development and Training; Health and Safety; Employment Equity; Recruitment and Selection.

The challenge in the overall performance is the staff compliment to effectively achieve our overall goal in that each office consists of one person except in the Administration section which has three (3) employees. However, the work volume and capacity consist of two (2) temporary employees with only one (1) full time employee.

T 3.19.1

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

No	Title	No.	Category of Contact	Task Level
1	Manager: Human Resources	1	Full-Time	T14
2	Labour Relations Specialist	2	Full-Time	T14
3	Skills Development Facilitator	3	Full-Time	T13
4	Health and Safety Officer	4	Full-Time	T11
5	Human Resources Officer	5	Full-Time	T08
6	HR Temporary Staff	6	Temporary	N/A

T 3.19.

Chapter 3

Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0
4 – 6	0	0	0	0	0
7 – 9	1	1	1	0	0
10 – 12	0	3	0	3	1
13 – 15	2	2	2	0	0
16 – 18	0	0	0	0	0
19 – 20	0	0	0	0	0
Total	3	6	3	0	0

T3.19.4

Financial Performance Year 0: Human Resource Services					
					R'000
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	120	125	100	95	-31.58%
Expenditure:					
Employees	125	244	250	248	1.61%
Repairs and Maintenance	25	244	250	248	1.61%
Other	45	244	250	248	1.61%
Total Operational Expenditure	195	732	750	744	1.61%
Net Operational Expenditure	75	607	650	649	6.47%

T 3.19.5

Chapter 3

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES

OVERALL:

The Unit consists of four (4) areas of operation which is Recruitment and Selection, Training and Development, Labour Relations, Human Resources Administration, Health and Safety, and Organizational Development.

We are operating with small team of employees to serve the overall organization. There is a need for development in terms of tools of trade in that currently the office is sharing storage of files in the Registry office – leave and personal files are stored in the strong room and controlled by Registry staff. The year of 2017/18 has been a good year in that the Municipality managed to employ new employees in critical positions like that of the Chief Financial Officer and Manager: Records.

T 3.19.6

3.20 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The Municipality had a few wins in the 2017-18 financial year.

For some of our priorities, we increased our internet speed for users to 10mbps, updated our firewall, and implemented off-site backups for the most crucial data.

We still have a long way to go, and we plan in the financial year of 2018-19 to: Change out-dated cabling; Increase data security; Improve data backups; Upgrade our server room infrastructure; Address our IT skills gaps and have a functional ICT Steering Committee

T 3.20.1

Chapter 3

Employees: ICT Services					
Job Level	2016/2017	2017/2018			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	
4 - 6	0	0	0	0	
7 - 9	1	1	1	0	0%
10 - 12	2	2	2	0	0%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	
19 - 20	0	0	0	0	
Total	4	4	4	0	0%

T3.20.2

<p>COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:</p> <p>No capital projects carried out.</p> <p><i>T3.20.5</i></p>

Chapter 4

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

INTRODUCTION

The Organizational Development process and filling of positions had been going fairly well in that positions that became vacant had been filled within six (6) months of becoming vacant. There had been some delays in completing other positions due to budget constraints; however, critical positions had been filled to ensure that there is delivery of services especially in core services departments like Infrastructure and Community Services.

Support Functionaries like Finance and Corporate Services were also not ignored whereas it took some time to fill the position of Chief Financial Officer in the 2016/17 Financial Year.

T 4.0.1

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2016/2017	2017/2018			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	11	11	11	0	%
Waste Water (Sanitation)	13	13	10	3	%
Electricity	16	16	14	2	%
Waste Management	51	51	50	1	%
Roads	16	16	15	1	%
Sport and Recreation	33	33	32	1	%
Totals	0	0	0	0	–

T 4.1.1

Chapter 4

Vacancy Rate: 2017/2018			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0
CFO	1	0	0
Other S57 Managers (excluding Finance Posts)	10	1	10
Other S57 Managers (Finance posts)	3	1	33
Police officers	12	3	25
Fire fighters	20	3	15
Senior management: Levels 13-15 (excluding Finance Posts)	25	5	20
Senior management: Levels 13-15 (Finance posts)	6	2	33
Highly skilled supervision: levels 9-12 (excluding Finance posts)	35	8	23
Highly skilled supervision: levels 9-12 (Finance posts)	8	1	13
Total	121	24	20
			<i>T 4.1.2</i>

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2015/2016	17	10	1
2016/2017	10	8	1
2017/2018	0	0	
			<i>T 4.1.3</i>

Chapter 4

COMMENT ON VACANCIES AND TURNOVER:

The staff turnover at the high-level position has been very low and the position of Chief Financial Officer was filled on the 01 June 2017. The contracts of the position of Director Community Services and Corporate Services ended on the 31 January 2018 and 30 September 2017 respectively.

Most of the vacancies are at a lower and middle level which we can easily fill through the normal internal advertisement. The positions highly above are currently nearing a stage of been shortlisted and will be filled prior to December 2018.

T 4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipality is reviewing the organizational structure annually to aligning it with the IDP review in order to provide an effective and efficient workforce to further align it with our institutional arrangements to our strategy to ensure quality service delivery. Policies are reviewed regularly to align with Collective Agreements and any Legislative changes taking place at Provincial and National Level.

T 4.2.0

Chapter 4

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action	N/A		Using provisions of the EEA
2	Attraction and Retention	100%	100%	Approved 2012
3	Code of Conduct for employees	100%	100%	Using Schedule 2 of MSA
4	Delegations, Authorisation & Responsibility	100%	100%	Reviewed 2012
5	Disciplinary Code and Procedures	100%	100%	Collective Agreement 1/02/2018
6	Essential Services	N/A		Negotiations in progress with Unions
7	Employee Assistance / Wellness	100%	100%	Approved 30/03/2016
8	Employment Equity	100%	100%	Using provisions of the EEA
9	Incapacity: Due to ill Health	N/A		Approved 29/06/2017
10	Grievance Procedures	100%	100%	Collective Agreement
11	HIV/Aids	N/A		
12	Human Resource and Development	100%	100%	Approved 29/03/2018
13	Information Technology	100%	100%	Approved 29/06/2017
14	Job Evaluation	100%	100%	Approved 30/06/2015
15	Leave	100%	100%	Reviewed 29/06/2017
16	Occupational Health and Safety	100%	100%	Reviewed 29/06/2017
17	Official Housing	100%	100%	Collective Agreement
18	Official Journeys (Travel and Subsistence)	100%	100%	Reviewed 30/03/ 2018
19	Incapacity: Due to poor performance	N/A		Approved 29/06/2017
20	Official Working Hours and Overtime	100%	100%	Approved 27/05/2015
21	Organisational Rights	100%	100%	Collective Agreement
22	Payroll Deductions	100%	100%	Provisions of the BCEA
23	Performance Management and Development	100%	100%	Reviewed 29/06/2017

Chapter 4

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
24	Recruitment, Selection and Appointments	100%	100%	Approved 30/05/2016
25	Remuneration Scales and Allowances	100%	100%	Collective Agreement
26	Resettlement	100%	100%	Provided for in Recruitment Policy
27	Sexual Harassment	100%	100%	Approved 30/03/2016
28	Skills Development	100%	100%	Using provisions of the SDA
29	Smoking	100%	100%	Approved 30/06/2016
30	Special Skills	100%	100%	Provided for in Skills Retention Policy
31	Anti -Fraud and Anti-Corruption	N/A		Approved 29/06/2017
32	Uniforms and Protective Clothing	100%	100%	Provided for in the Health & Safety Policy
33	Other: Dress Code			Approved 30/03/2016

T 4.2.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	60	5	0	12	60
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
Total	60	5	0	12	60

T 4.3.1

Chapter 4

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Fire Fighter	Unauthorised use of property	15/01/2018	Pending	N/A
General Worker	Theft	15/01/2018	Pending	N/A
General Worker	Theft	2018/06/02	Final Written Warning	18/06/2018
Chief Traffic Officer	Dereliction of duty	2018/05/05	Not yet charged	N/A
				<i>T 4.3.2</i>

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
There were no Disciplinary Action Taken Cases of Financial Misconduct for the 2017/2018 Financial Year.			
			<i>T 4.3.3</i>

<p>COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT: There were no Disciplinary Action Taken Cases of Financial Misconduct for the 2017/2018 Financial Year.</p> <p style="text-align: right;"><i>T 4.3.4</i></p>

Chapter 4

4.4 PERFORMANCE REWARDS

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	0	0	0	0
	Male	0	0	0	0
Skilled (Levels 3-5)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled production (levels 6-8)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled supervision (levels 9-12)	Female	0	0	0	0
	Male	0	0	0	0
Senior management (Levels 13-15)	Female	0	0	0	0
	Male	0	0	0	0
MM and S57	Female	0	0	0	0
	Male	0	0	0	0
Total		0	0	0	0
					Yes/No
T 4.4.1					

COMMENT ON PERFORMANCE REWARDS:

Performance reward will only be implemented after conducting performance evaluation at a level of Municipal Manager and Directors.

T 4.4.1.1

Chapter 4

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Capacity Development is done through legislative arrangement of Workplace Skills Plan to meet Skills Development Act requirements.

T 4.5.0

Chapter 4

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0
MM and s57	Female		0	0	0	0	0		0	0				
	Male		0	1	1	0	0		0	0		1	1	
Councillors, senior officials and managers	Female		1	3	0	0	0		0	0		3		
	Male		2	3	0	2	0		1	0		4		
Technicians and associate professionals*	Female		0	0	0	0	0		0	0				
	Male		0	0	0	4	0		2	0		2		
Professionals	Female		1	1	0	0	0		0	0		1		
	Male		0	0	0	0	0		0	0		2	2	
Sub total	Female		0	0	0	0	0		0	0		4		
	Male			0	0	0	0		0	0		9	3	
Total		0	4	8	1	6	0	0	0	3	0	0	26	6

Chapter 4

INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

The application of sound financial management principles is for the compilation of financial statements of Ga-Segonyana Local Municipality is essential and critical to ensure that the municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities, this remains the ultimate goal.

The challenge is to do more with the available resources. The need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms is vital. Debt Collection from consumer debtors still remains a challenge for the municipality.

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

The Annual Financial Statements of Ga-Segonyana Local Municipality were presented on the basis of Generally Recognised Accounting Practices, Municipal Finance Management Act and its circulars as well as all other applicable legislation. An accrual basis of accounting has been adopted by Council for the period ending 30 June 2018.

The municipality's revenue increased from R429m to R433m, this increase is attributed to increase in revenue from exchange transactions of 0.64% as well non-exchange revenue increase of 1.077%. The reported surplus at the end of the period was R39m as compared to R37m in the 2016/17 financial year. It should be noted that the municipality is still struggling with collection from service consumers and thereby making it difficult to service Eskom and Water Boards debts.

The municipality's net assets at 30 June was R1,171bn, and its total liabilities were R197m. The municipality only had R11,9m as its cash backed reserves as compared to total accumulated reserves of R1.bn.

T 5.1.0

Chapter 5

Description	2017-2018										2018-2019				
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final 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	13	14	15
Financial Performance															
Property rates	39	–	39			39	38								
Service charges	130 255	(3 975)	126 280			126 280	140 661								
Investment revenue	7 300	800	1 900			1 900	2 156								
Transfers recognised – operational	134 546	16 731	151 277			151 277	232 798								
Other own revenue	20 876	(4 380)	22 695			22 695	20 195								
Total Revenue (excluding capital transfers and contributions)	332 052	9 175	341 227	–		341 227	314 029								
Employee costs	111 675	(1 854)	109 821			109 821	119 647								
Remuneration of councillors	8 458	729	9 187			9 187	9 361								
Debt impairment	537	(18)	518			518	8 702								
Depreciation & asset impairment	36 201	–	36 201			36 201	57 180								
Finance charges	2 813	3 695	6 508			6 508	8 701								
Materials and bulk purchases	74 786	26 573	101 360			101 360	99 088								
Transfers and grants	–	70	70			70	70								
Other expenditure	96 027	3 405	99 433			99 433	77 791								
Total Expenditure	330 499	32 600	363 098	–	–	363 098	380 540								
Surplus/(Deficit)	1 553	35 256	35 845	–	–	35 845	38 529								
Transfers recognised - capital	94 211	(16 731)	77 480	–	–	77 480	120 392								
Contributions recognised - capital & contributed assets			–			–									

Chapter 5

Description R thousands	2017-2018										2018-2019				
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Surplus/(Deficit) after capital transfers & contributions															
Share of surplus/ (deficit) of associate			-			-									
Surplus/(Deficit) for the year															
Capital expenditure & funds sources															
Capital expenditure															
Transfers recognised - capital	94 211	(16 731)	77 480			77 480									
Public contributions & donations			-			-									
Borrowing			-			-									
Internally generated funds			-			-									
Total sources of capital funds															
Cash flows															
Net cash from (used) operating			-			-									
Net cash from (used) investing			-			-									
Net cash from (used) financing			-			-									
Cash/cash equivalents at the year end															

T 5.1.1

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Performance of Operational Services R '000						
Description	2016/2017	2017/2018		2017/2018 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water		28 619	28	28 535	-0.29%	99.90%
Waste Water (Sanitation)		6 282	30 038	18 161	65.41%	-65.40%
Electricity		83 882	4 498	88 380	5.09%	94.91%
Waste Management		–	–	–		
Housing		–	–	–	0.00%	0.00%
Component A: sub-total	–	118 783	34 564	135 076	12.06%	74.41%
Waste Water (Stormwater Drainage)		13 806	11 944	12 009	-14.96%	0.54%
Roads		20 020	16 492	16 205	-23.54%	-1.77%
Transport						
Component B: sub-total	–	33 826	28 436	28 214	(0)	
Planning		18 428	15 861	13 763	-33.90%	-15.24%
Local Economic Development						
Component B: sub-total	–	18 428	15 861	13 763		
Planning (Strategic & Regulatory)						
Local Economic Development						
Component C: sub-total	–	–	–	–		
Community & Social Services		9 807	8 346	7 312	-34.12%	-14.14%
Environmental Protection						
Health						
Security and Safety		2 251	1 071	1 077	-109.01%	0.56%
Sport and Recreation		8 727	6 861	6 528	-33.69%	-5.10%
Corporate Policy Offices and Other		141 089	246 798	126 835	-11.24%	-94.58%
Component D: sub-total	–	161 874	263 076	141 752	(0)	(0)
Total Expenditure	–	332 911	341 937	318 805	(0)	(0)

In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. **T 5.1.2**

Chapter 5

COMMENT ON FINANCIAL PERFORMANCE:

Revenue:

Service charges

The original budget was reduced, municipality adopted prudent approach in estimating expected revenues, and the expected revenues were revised downwards during the adjustment.

License and permits

There was an increase in income from license and permits which are granted to small businesses as well as the hawkers.

Other income

Income received on meter tempering charges as well as income received on donations of assets. etc.

Interest received on investment

This is interest received on grant monies, long term financial asset (Rand Merchant Bank)

Property rates

The original budget was reduced, municipality adopted conservative approach

Penalties imposed

This is the amount charged for final demand and disconnection of service. The budget was revised upwards and the actual received exceeded the expected budgeted amount, and this is because of increase in the number of defaulting consumers.

Fine, penalties and forfeits

The original budget was reduced, the municipality considered the fact that the service providers contract on traffic cameras was coming to an end.

T5.1.3

Chapter 5

5.2 GRANTS

Grant Performance							R' 000
Description	2016/2017	2017/2018			2017/2018 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
<u>Operating Transfers and Grants</u>							
National Government:	181 915	228 757	228 757	232 798	(0)	(0)	
Equitable share	117 413	129 580	129 580	135 442	0%	0%	
Municipal Systems Improvement	174		–	–			
Department of Water Affairs	3 724	35 000	35 000	35 000	0%	0%	
Levy replacement	–		–	–			
Other transfers/grants [MIG]	43 628	54 211	54 211	54 211	0%	0%	
Other transfers/grants [INEP]	2 000	5 000	5 000	5 000	0%	0%	
Other transfers/grants [RBIG]	12 167		–	–			
Other transfers/grants [FMG]	1 810	2 145	2 145	2 145	0%	0%	
Other transfers/grants [EPWP]	1 000	1 000	1 000	1 000	0%	0%	
Provincial Government:	2 208	1 821	–	1 821	–	–	
Health subsidy							
Housing							
Ambulance subsidy							
Sports and Recreation	2 208	1 821		1 821	0%	0%	
Other transfers/grants [MIG]							
District Municipality:	–	–	–	–			
<i>[insert description]</i>							
Other grant providers:	–	–	–	–			
<i>[insert description]</i>							

Chapter 5

Grant Performance						
						R' 000
Description	2016/2017	2017/2018			2017/2018 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Total Operating Transfers and Grants	184 123	231 593	229 772	231 593		

T 5.2.1

Chapter 5

COMMENT ON OPERATING TRANSFERS AND GRANTS:

The municipality has spent 100% of all its operating and capital allocations of the Municipal Infrastructure Grant (MIG), INEP and Water Services Infrastructure grants (WSIG) for improvements of service delivery to the community. All Capital Projects funded through Grants were completed as at 30 June 2018.

The municipality has spent 100% of its Finance Management Grant (FMG) for the Remuneration of 6 Interns, Revising and Updating of SCM Standard Operating Procedure Manuals, Maintenance of Financial Management System, Annual Financial Statements and audit turn around support and Training and Development of officials within the Budget and Treasury Office. There was no allocation for the Municipal Systems Improvement Grant (MSIG) for the period under review.

The Municipality has spent all of its Expanded Public Works Program (EPWP) on labor intensive programs. This grant was used to fund short to medium term employment to alleviate poverty to residents within the John Taolo Gaetsewe Region (JTG) residents. Library grant was fully spent on running costs of the library as well as special projects and programs as outlined in the business plan approved by the Provincial Department of Sports, Arts and Culture.

T 5.2.2

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

There were no grants received from other sources other than those gazetted in the DORA.

T 5.2.3

Chapter 5

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Asset management is a systematic process of deploying, operating, maintaining, upgrading, and disposing of assets cost-effectively. Effective management of infrastructure assets and other assets is central to the municipality providing an acceptable standard of services to the community. Infrastructure impacts on the quality of the living environment and opportunities to prosper. Not only is there a requirement to be effective, but the manner in which the municipality discharges its responsibilities as a public entity is also important.

The Municipal Manager as the Accounting Officer is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets. The Municipality has adopted the Asset Management Policy as stated in MFMA Section 63. This policy is compliant to all applicable GRAP standards and it guides the daily handling and management of the municipal assets.

T 5.3.1

Chapter 5

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2017/2018				
Asset 1				
Name	MOKALAMOSANE BULK WATER SUPPLY			
Description	WATER SUPPLY INFRASTRUCTURE			
Asset Type	INFRASTRUCTURE			
Key Staff Involved	WATER TREATMENT STAFF			
Staff Responsibilities	MAINTENANCE			
Asset Value	Year -3	Year -2	Year -1	Year 0
				9 552 707
Capital Implications	WATER SERVICES INFRASTRUCTURE			
Future Purpose of Asset	SUPPLY OF WATER TO MOKALAMOSANE			
Describe Key Issues	INSUFFICIENT MAINTENANCE DUE TO NEGATIVE CASH FLOWS			
Policies in Place to Manage Asset	ASSET MANAGEMENT POLICY			
Asset 2				
Name	UPGRADE OF ROADS IN MAGOJANENG- WARD 5			
Description	UPGRADE OF EXISTING INTERNAL ROADS			
Asset Type	ROAD INFRASTRUCTURE			
Key Staff Involved	ROADS AND STORMWATER OFFICIALS			
Staff Responsibilities	MAINTENANCE			
Asset Value	Year -3	Year -2	Year -1	Year 0
				10 687 002
Capital Implications	MUNICIPAL INFRASTRUCTURE GRANTS			
Future Purpose of Asset	ACCESS TO THE VILLAGE			
Describe Key Issues	INSUFFICIENT MAINTENANCE DUE TO NEGATIVE CASH FLOWS			
Policies in Place to Manage Asset	MAINTENANCE OF ROADS AND STORMWATER			
Asset 3				
Name	BANKHARA INTERNAL ROADS			
Description	UPGRADE OF EXISTING INTERNAL ROADS			
Asset Type	ROADS INFRASTRUCTURE			
Key Staff Involved	ROADS AND STORMWATER OFFICIALS			
Staff Responsibilities	MAINTENANCE OF ROADS AND			

Chapter 5

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED 2017/2018				
	STORMWATER			
	Year -3	Year -2	Year -1	Year 0
Asset Value				7 407 544.33
Capital Implications	MUNICIPAL INFRASTRUCTURE GRANTS			
Future Purpose of Asset	ACCESS TO VILLAGE			
Describe Key Issues	INSUFFICIENT MAINTENANCE DUE TO NEGATIVE CASH FLOWS			
Policies in Place to Manage Asset	ASSET MANAGEMENT POLICY			
				T5.3. 2

COMMENT ON ASSET MANAGEMENT:

Total Capital Expenditure for the 2017/18 financial period amounted to R73.7m against budgeted expenditure of R90,9m. Total Capital expenditure amounted to 20% of total expenditure in the 2017/18 financial period.

T 5.3.3

Repair and Maintenance Expenditure: 2017/2018				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	7 238	11 880	8 092	3 788
				T 5.3.4

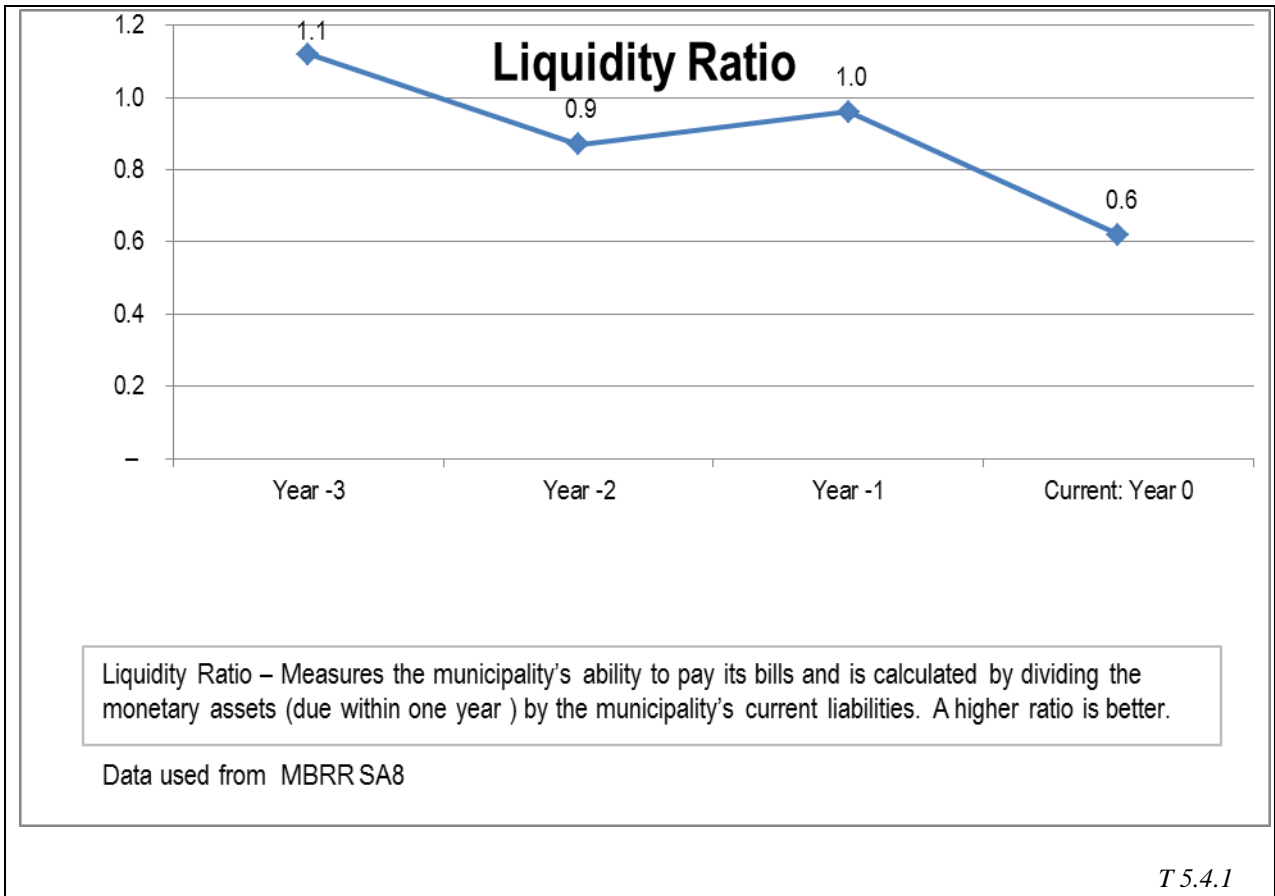
COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

Repairs and maintenance accounted for 3% of total operating expenditure. This is just 1% below the budgeted R11.8m target. This is mainly caused by new assets being created and renewed and further due to low cash situations encountered by the municipality.

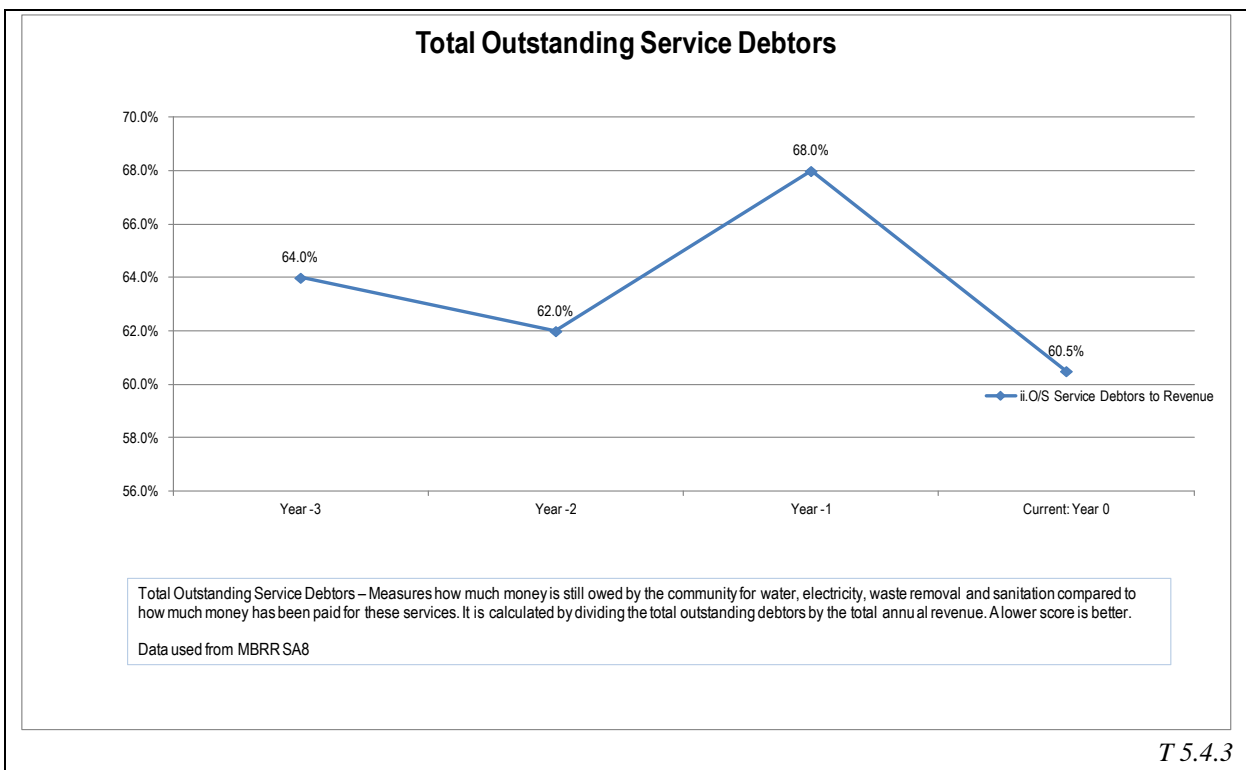
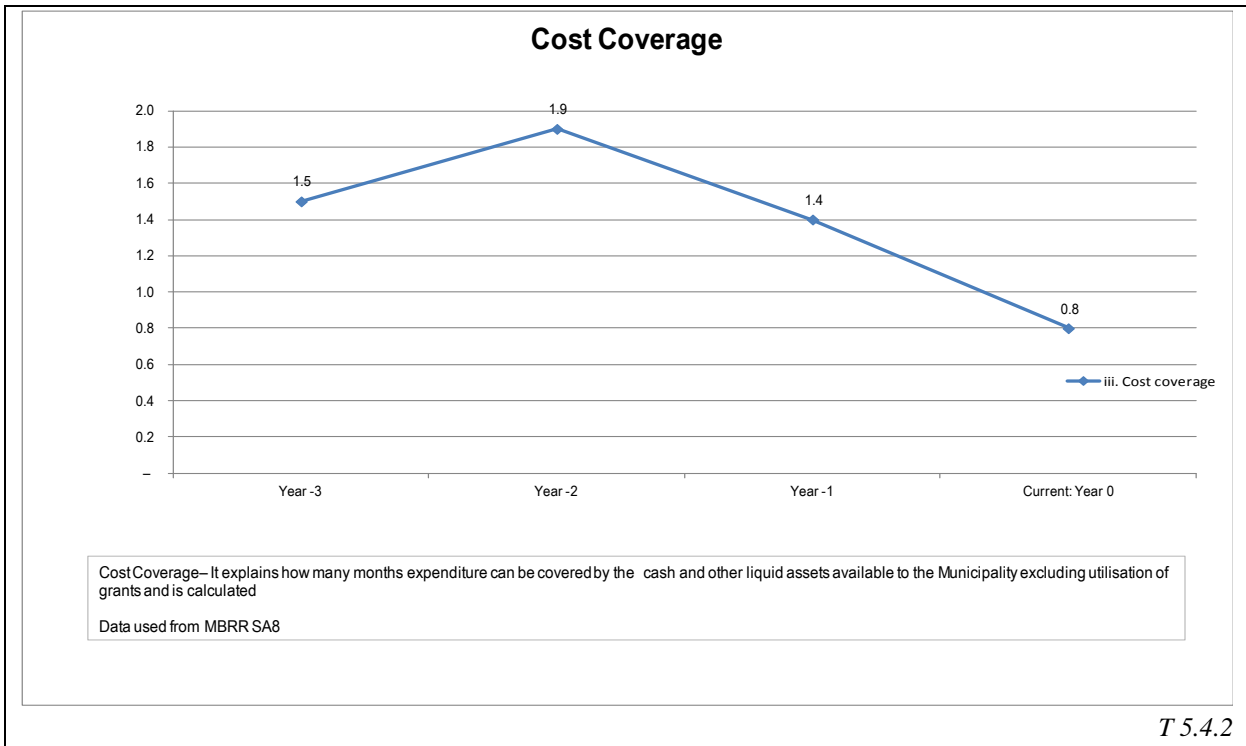
T 5.3.4.1

Chapter 5

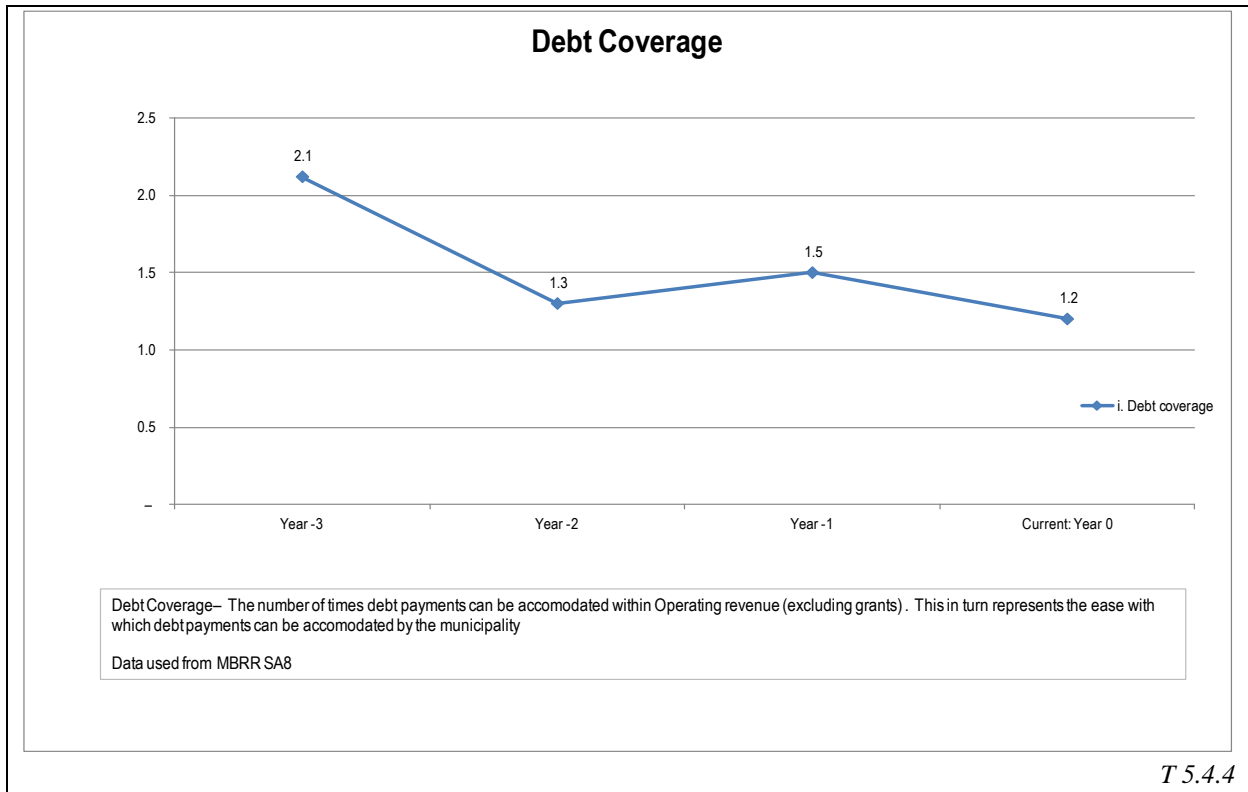
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS



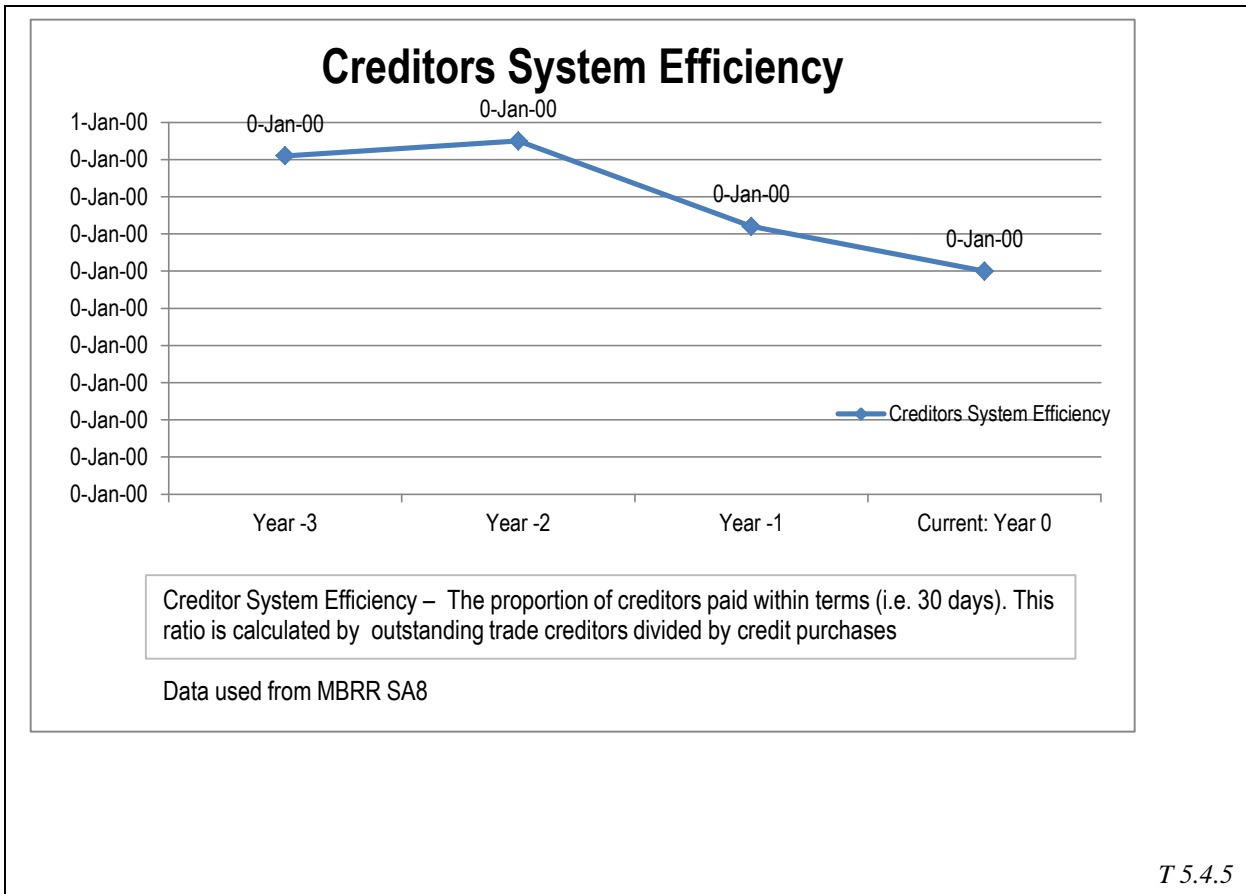
Chapter 5



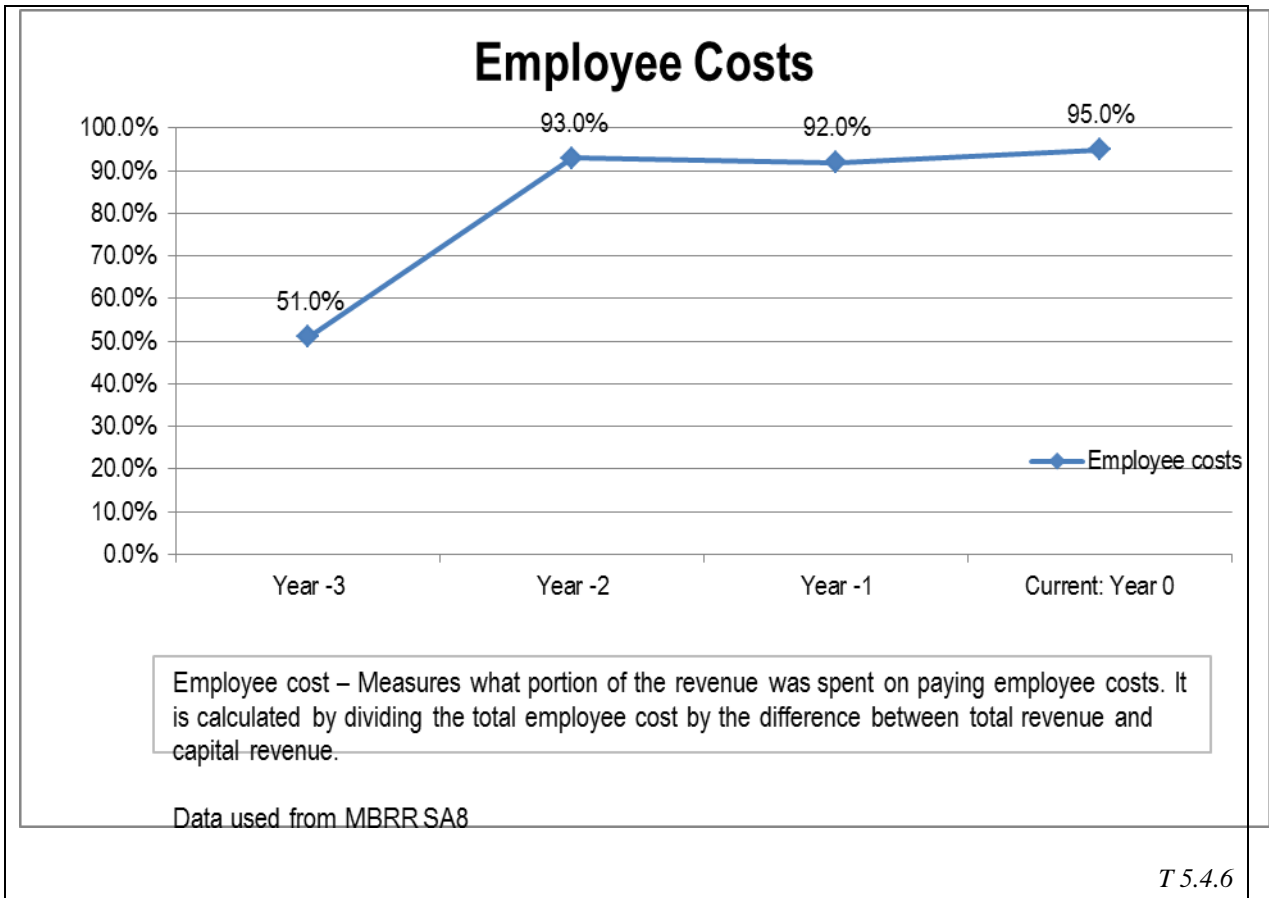
Chapter 5



Chapter 5



Chapter 5



Chapter 5

COMMENT ON FINANCIAL RATIOS:

1. Liquidity Ratios

As at 30 June 2018 the Municipality's current assets were in excess of its current liabilities by a negative R16, 5m. This indicates that the Municipality is in financial distress and need to implement cost containment measures to reduce debt and further to enhance its revenue mechanisms.

2. Cost Coverage Ratio

The ratio shows a slight improvement from the prior year's however still shows a cause for concern. This could be as a result of improved cash flows of R10m from prior year of R0,9m.

3. Total Outstanding Service Days

The increase in the number of household indigents is an indication of the slow or declining economic growth in the region, job losses and socio-economic factors such as child headed households etc. Even though a credit control policy exists, application to all municipal boundaries is impractical in areas such as Mothibistad. Great length and more creative and stringent ways need to be explored to improve the situation.

4. Debt Coverage Ratio

There has been a slight improvement in this ratio however more work needs to be done in the area of revenue enhancement and eventually debt collection.

5. Creditors System Efficiency

Positive outlook in the forecast due to improved operating processes in creditors payments. Also, as compared to prior year, improved accrual system reflects more accurately the creditors outstanding as at 30 June 2018.

6. Employee Costs Ratio

The revenue coverage on employee costs has increase by 4% from the prior year (26%) to 30% in the 2017/18 financial year. The increase is attributed to new positions filled against low revenue increases. T5.4.7

Chapter 5

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

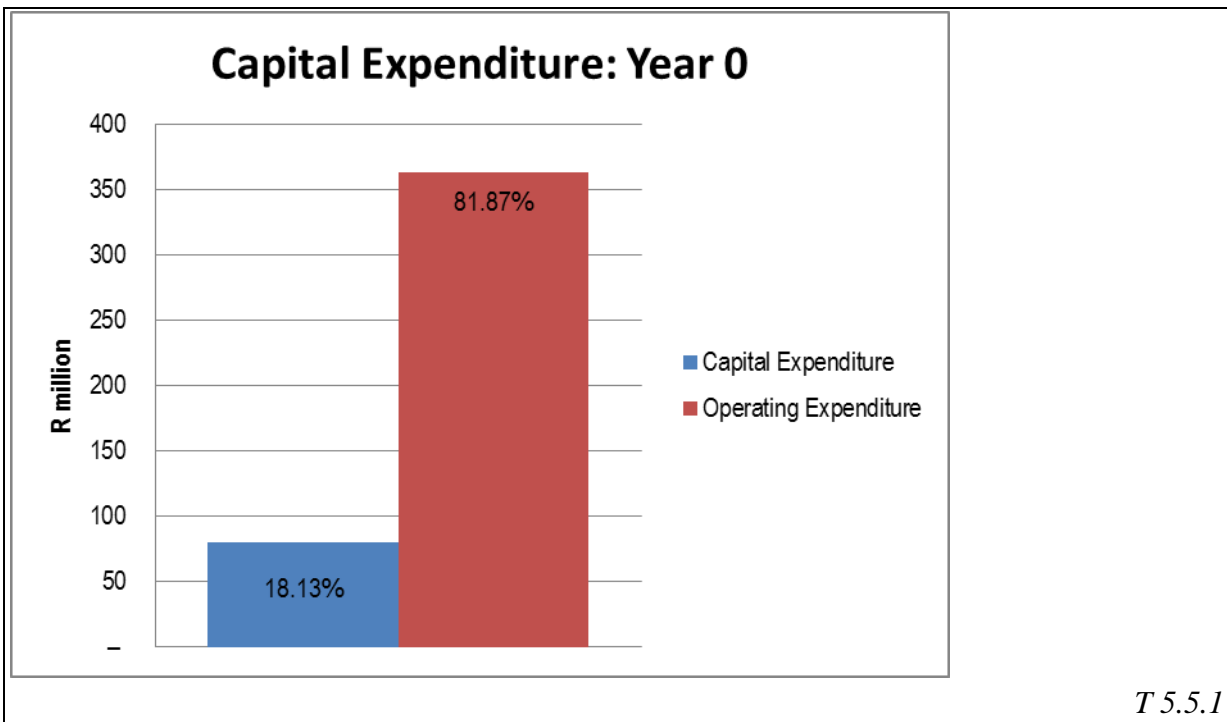
INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

The original budget was approved at R95,2m that was to be funded through 99% of national grants allocation and only 1% internal funding. The adjustment budget saw a reallocation to internal funding of R13m, 15% from the original budget. This was due to reallocation of MIG funding to outer years.

Grant funding was from Municipal Infrastructure grants (R54,2M), WSIG (35,0m) INEP (R5m) for the 2017/18 financial year. By 30 June 2018, grants allocation was fully spent and projects completed. Capital expenditure amounted to 18.13% against total expenditure.

T 5.5.0

5.5 CAPITAL EXPENDITURE



Chapter 5

5.6 SOURCES OF FINANCE

COMMENT ON SOURCES OF FUNDING:

The Municipality did not obtain any new debt to finance capital expenditure in the current year. Conditional grants were fully utilized for purposes intended.

T 5.6.1.1

Capital Expenditure - Funding Sources: 2016/2017 to 2017/2018							
Details		2016/2017	2017/2018				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	3542	0	0	0		
	Public contributions and donations	248	0	0	5 852		
	Grants and subsidies	3451			231258		
	Other	2451					
Total		9692	0	0	237110	0.00%	
<i>Percentage of finance</i>							
	External loans	36.5%			0.0%		
	Public contributions and donations	2.6%			2.5%		
	Grants and subsidies	35.6%			97.5%		
	Other	25.3%			0.0%		
Capital expenditure							
	Water and sanitation	1845	4300	4250		-1.16%	-100.00%
	Electricity	1562	2400	2480		3.33%	-100.00%
	Housing	1243	2700	2800		3.70%	-100.00%
	Roads and storm water	1352	1500	1400		-6.67%	-100.00%
	Other	3690	3500	3450		-1.43%	-100.00%
Total		9692	14400	14380	0	-2.22%	-500.00%
<i>Percentage of expenditure</i>							

Chapter 5

	Water and sanitation	19.0%	29.9%	29.6%		52.4%	20.0%
	Electricity	16.1%	16.7%	17.2%		-150.1%	20.0%
	Housing	12.8%	18.8%	19.5%		-166.8%	20.0%
	Roads and storm water	13.9%	10.4%	9.7%		300.2%	20.0%
	Other	38.1%	24.3%	24.0%		64.3%	20.0%
<i>T 5.6.1</i>							

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECT

Capital Expenditure of 5 largest projects*					
Name of Project	Current: 2017/2018			Variance: Current 2017/2018	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
A – Construction of Seven Miles water supply phase 2-WSIG	23 696 103.00	464 262.09	20 695 833.38	0.13%	1%
B – Upgrading of gravel internal road to paved road in Magojaneng – MIG	12 275 107.71	0.00	12 410 107.69	-0.01%	1%
C – Rural Sanitation Programme - MIG	8 361 057 .59	6 000 000.00	14 359 434.696	-0.72%	0.28%
D – Mokalamosesane bulk water supply - WSIG	9 934 408.73	1 151 194.54	10 793 019.23	-0.09%	0.88%
E - Upgrading of gravel internal road to paved road in Magojaneng – MIG	6 603 763.82	0.00	6 694 215.14	-0.01%	1%
* Projects with the highest capital expenditure in 2017/2018					
Name of Project – A	– Construction of Seven Miles water supply phase 2-WSIG				

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Capital Expenditure of 5 largest projects*					
Name of Project	Current: 2017/2018			Variance: Current 2017/2018	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Objective of Project	To provide Seven Miles with a water source which will meet the demand for the village, with a bulk; water supply system and storage facilities and also the internal reticulation network to comply with the RDP standard				
Delays	Insufficient capacity from Eskom to supply the boreholes				
Future Challenges	Vandalism of stand pipes, Illegal connection, Systematic allocation lands				
Anticipated citizen benefits	Water supply to the community				
Name of Project - B	Upgrading of gravel internal road to paved road in Magojaneng – MIG				
Objective of Project	To eradicate access and mobility to enhance the living standards from gravel to paved roads of the local residence affected				
Delays	Shortage of water during the compaction processes, removal of pegs by the community, community removing the stones on the stabilize road affect the quality of the road				
Future Challenges	Residents affected by flood due to the flatness of the area				
Anticipated citizen benefits					
Name of Project - C	Rural Sanitation Programme – MIG				
Objective of Project	To provide better access to basic sanitation facilities to our community				
Delays	Beneficiary list from the community and hard rock in some villages				
Future Challenges	Emptying of the pits by the Municipality due to shortages of resources				
Anticipated citizen benefits					
Name of Project - D	Mokalamosesane bulk water supply –WSIG				
Objective of Project	To provide Mokalamosesane with a water source which will meet the				

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Capital Expenditure of 5 largest projects*					
Name of Project	Current: 2017/2018			Variance: Current 2017/2018	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
	demand for the village, with a bulk; water supply system and storage facilities and also the internal reticulation network to comply with the RDP standard				
Delays	Insufficient capacity from Eskom to supply the boreholes				
Future Challenges	Vandalism of stand pipes, Illegal connection, Systematic allocation lands				
Anticipated citizen benefits					
Name of Project - E	Upgrading of gravel internal road to paved road in Magojaneng – MIG				
Objective of Project	To eradicate access and mobility to enhance the living standards from gravel to paved roads of the local residence affected				
Delays	Shortage of water during the compaction processes, removal of pegs by the community, community removing the stones on the stabilize road affect the quality of the road				
Future Challenges	Residents affected by flood due to the flatness of the area				
Anticipated citizen benefits					
<i>T 5.7.1</i>					

Chapter 5

COMMENT ON CAPITAL PROJECTS:

The Municipality implemented two new projects being Upgrading gravel internal road to paved road in Bankhara Bodulong and Neweng, the contractor started late with the construction due to community unrest, Nomination of Subcontractor and CLO. Problems were also encountered on both projects which prompted the Municipality to move some funds to other projects in other to avoid non-spending on both projects. The process of adjusting the budget was implemented during the Municipal budget adjustment in January 2018

T 5.7.1.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The Municipality experiences a huge backlog on the provision of basic infrastructure due to migration into our Municipal area by people losing their jobs at the mines, and influx of people wanting to come to closer to town to deemed job opportunity. This takes place in an uncontrolled environment where informal settlement mushroom overnight into our Municipality.

There are no budget provisions to attend to basic infrastructure as funding must be sourced by grant funding and in takes time to plan and source such funding. The disaggregation of families causes an even larger increase in number of people needing basic services.

The Municipality is left at a disadvantage in that the equitable share, and available funding has got no chance to keep up maintenance and provision of infrastructure. Lack of funding also impact negatively on the provision of free basic services to the deserving communities

T 5.8.1

Chapter 5

Service Backlogs as at 30 June Year 0				
	Households (HHs)			
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water		%	7583	20%
Sanitation		%	5428	23%
Electricity		%	4658	20%
Waste management		%		%
Housing		%	2537	10,8%
				<i>T 5.8.2</i>

Chapter 5

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjust- ments Budget	
Infrastructure - Road transport				%	%	
Upgrading of gravel internal road to paved road in Ncweng	5 368 930.31		3 890 575.52	%	%	
Upgrading of gravel internal road to paved road in Seoding RDP	6 603 763.82		6 694 215.14			
Upgrading of gravel internal road to paved road in Magojaneng	12 275 107.71		12 410 107.69	%	%	
Upgrading of gravel internal road to paved road in Bankhara Bodulong	11 831 020.68	6 000 000.00	8 435 380.31			
Infrastructure – Electricity				%	%	
Bankhara Bodulonginfills and upgrading of moffart substation	5 000 000.00		5 000 000.00	%	%	
Transmission & Reticulation				%	%	
Street Lighting				%	%	
Infrastructure – Water				%	%	
Construction of Seven Miles bulk water supply phase 2	22 823 978.73	-464 262.09	21 678 899.18	%	%	
Mapoteng water network Extentions	499 527.83	-12 748.28	490 263.48	%	%	
Mokalamosesane bulk water supply	9 934 408.73	1 151 194.54	10 793 019.23	%	%	
Ditshoswaneng water supply	216 334.04		218 231.69			
Infrastructure – Sanitation				%	%	
Rural sanitation programme – lined double pit structure	8 361 057.59	6 000 000.00	14 359 434.68	%	%	
Sewerage purification				%	%	
Infrastructure – Other				%	%	
Construction of seven Miles community hall	7 347 179.73		7 017 940.07	%	%	
Transportation				%	%	
Gas				%	%	
				%	%	
Total				%	%	

T 5.8.3

Chapter 5

COMMENT ON BACKLOGS:

MIG constructed 1 community hall and upgraded above gravel road to paved road and reduce sanitation backlog at 700 units. The Municipality implemented two new projects being Upgrading gravel internal road to paved road in Bankhara-Bodulong and Neweng, the contractor started late with the construction due to community unrest, Nomination of Subcontractor and CLO. Problems were also encountered on both projects which prompted the Municipality to move some funds to other projects in order to avoid non-spending on both projects. The process of adjusting the budget was implemented during the Municipal budget adjustment in January 2018

T 5.8.4

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

The introduction of the strict cash management regime in the previous financial year was maintained, even after the cash balances improved, to ensure a culture of cost curtailment. The budget approved for the 2018/2019 – 2020/2021 years retained the focus on cash availability and possible new cash streams. Medium term projections show that the municipality should be able to maintain a surplus of R2,3m and R1.46m respectively over the outer years of the MTRET

T5.9

Chapter 5

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2016/2017	Current: 2017/2018		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other				191 927
Government – operating				126 040
Government – capital				71 014
Interest				7 792
Dividends				
Payments				
Suppliers and employees				(295 853)
Finance charges				(5 642)
Transfers and Grants				(9)
NET CASH FROM/(USED) OPERATING ACTIVITIES	–	–	–	95 269
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors				(151)
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets				(81 998)
NET CASH FROM/(USED) INVESTING ACTIVITIES	–	–	–	(82 148)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
Payments				

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Cash Flow Outcomes				
				R'000
Description	2016/2017	Current: 2017/2018		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Repayment of borrowing				(5 899)
NET CASH FROM/(USED) FINANCING ACTIVITIES	–	–	–	(5 899)
NET INCREASE/ (DECREASE) IN CASH HELD	–	–	–	7 222
Cash/cash equivalents at the year begin:				3 841
Cash/cash equivalents at the year-end:		–	–	11 063
<i>Source: MBRR A7</i>				<i>T 5.9.1</i>

COMMENT ON CASH FLOW OUTCOMES:

The net cash available at the end of the reporting period shows an increase of R10.9m from last year's R0.9m. This is a positive outlook as it shows the municipality is somewhat liquid as compared to the prior period. The increase however in the net cash flow from operating activities still indicates that the municipality did not manage to curb its employees and suppliers' obligations.

T 5.9.1.1

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

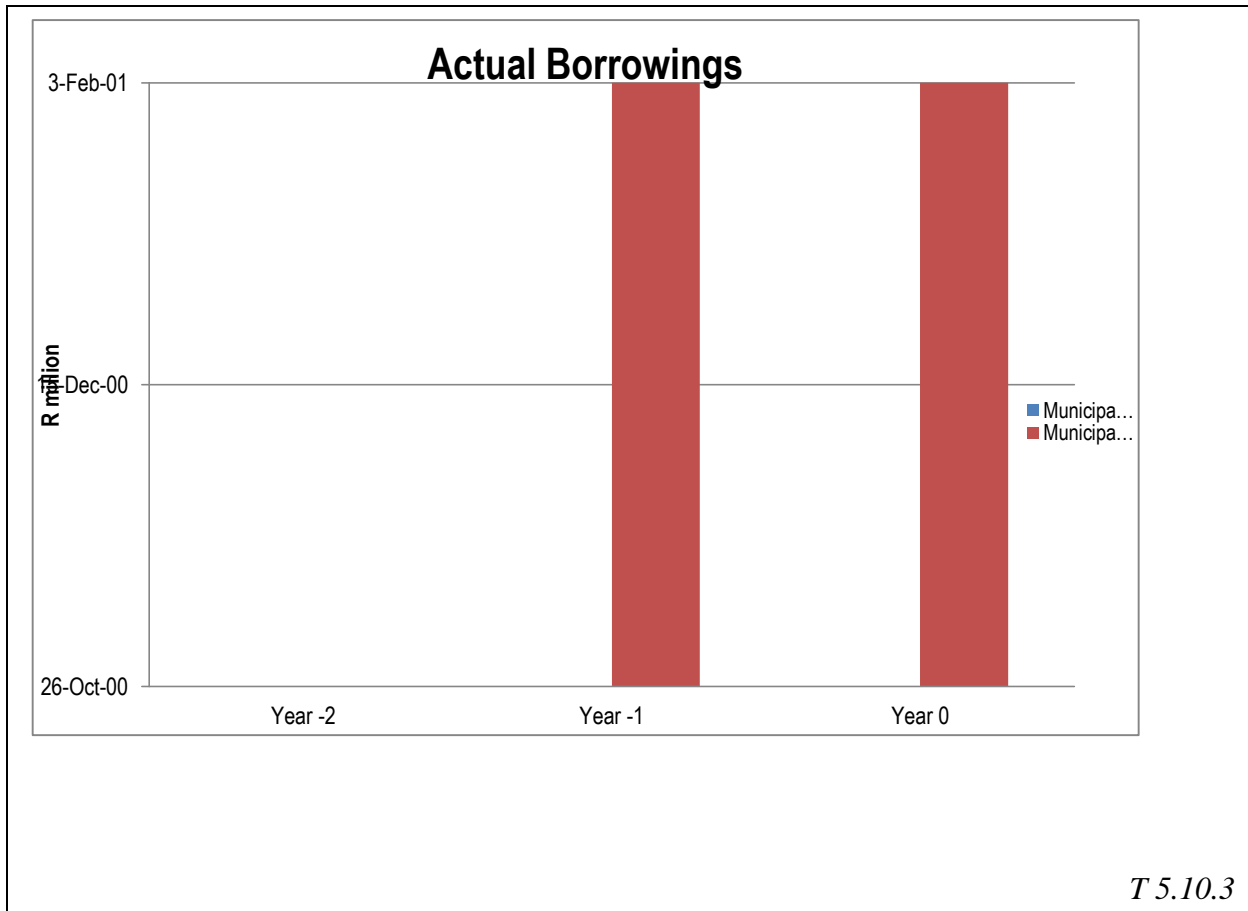
New finance lease was entered into in the current financial year to acquire municipal vehicles. Summary of actual borrowings is depicted below:

T 5.10.1

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Actual Borrowings: 2015/2016 to 2017/2018			
	R' 000		
Instrument	2015/2016	2016/2017	2017/2018
Municipality			
Long-Term Loans (annuity/reducing balance)		12757	14668
Long-Term Loans (non-annuity)		3599	6666
Local registered stock			
Instalment Credit			
Financial Leases		4416	3 831
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	0	20 772	25 165
			<i>T 5.10.2</i>

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COMMENT ON BORROWING AND INVESTMENTS:

The MFMA specifies that borrowing can only be utilized to fund capital or refinancing of borrowing in certain conditions. Ga-Segonyana Local Municipality engages in a number of financing arrangements to minimize its interest rate costs and risk. The municipality invests money that is not immediately required and thus complying with Section 13(1) (b) of the MFMA. Ga-Segonyana Local Municipality should maintain adequate monies at hand to meet the daily cash requirements of the municipality while maximizing the amount available for investment. The municipality has entered into a finance lease agreement on fleet. The acquired fleet is used purely for service delivery.

T 5.10.4

Chapter 5

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

The Municipality did not enter into any Public Private Partnership in the 2017/18 Financial Year.

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

MFMA S110-120; SCM Regulations 2005; and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

STAFFING IN THE SCM UNIT

Currently the SCM unit has the following composition:

Manager SCM	x1
Procurement Officer	x1
Assistance Procurement Officer	x2
Senior Stores Clerk	x1
Stores Clerk	x1
Stores Admin	x1

MINIMUM COMPETENCY REGULATIONS REQUIREMENTS

The minimum competency levels as prescribed by legislation is conformed to by the unit. Officials within the Unit have attained minimum competency levels. Even though the unit meets the minimum levels of competency there are challenges encountered by the unit.

Even though the SCM unit has obtained minimum levels of competency, the officials need on regular basis to attend courses on the ever-changing environment. This is for refreshment reasons.

The level of Irregular expenditure is at levels unacceptable. Though in certain instances the expenditure comes about not as a result of the unit, but the levels are high. Majority of the expenditure in the current year were as a result of past awarded bids whose payments were

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only realized and made in the current year. Such expenditure has been escalated to MPAC (Municipal Public Accounts Committee) for investigation through Council. A bulk of the irregular expenditure was a result of the non-existence of the bid specification committee, which since been established. Members are appointed on an ad hoc basis, depending on the nature of the contract.

The municipality has developed a mechanism to curb the occurrence of these irregular expenditure, through the implementation of supply chain checklist.

Other reason for the irregular expenditure was due to the non- conformance with the CIDB oriented projects, where bids were not registered on the CIDB website. The contracts are currently registered on the website, and the municipality is complaint to this effect.

BID COMMITTEES

The municipality has three functional Bid Committees, these committees comprises of various municipal officials and no non-official sits or is appointed in any of the committees. The SIPDM policy however came into effect through National Treasury's Circular 77 however regulates the inclusion of Infrastructure specialists in the bid committees however on a specialist advisory basis. Committee composition is in line with National Treasury's SCM regulations 27,28 and 29. The municipality has also developed a system where all bid committee meetings records are scanned and saved on the municipal server, as a back up to the hard copy records. Committee members are appointed by the Municipal Manager and they all report functionally to the Accounting Officer.

The bid committees are as follows:

1. Bid Specifications Committee, Members are appointed on an adhoc basis depending on the area of specialization; however the committee is chaired by the SCM Manager.
2. Bid Evaluation Committee. Members are appointed by the Accounting Officer.
3. Bid Adjudication Committee, chaired by the Chief Financial Officer and composition is as per the regulations.

The following records are scanned and saved:

- Invitation to Bid (Copy of an Advert)
- Bid specification Minutes
- Bid Evaluation Minutes
- Bid Adjudication Minutes
- Letter of Offer
- Letter of Acceptance
- Service Level Agreement

Other than the irregular expenditure, the municipality still relies on the use of consultants to execute some of its duties.

Committees meet on as an when required basis.

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SUPPLY CHAIN MANAGEMENT POLICY

The municipality annually reviews its SCM policy, the current SCM Policy was reviewed during the third quarter as part of the Budget related policies review. Council further adopted the policy Standard for Infrastructure Procurement and Delivery Management as guided by MFMA circular.

CENTRAL SUPPLIER DATABASE

National Treasury SCM issued an instruction No 4 of 2016/17, that prescribed the utilization of the Central Supplier Database. The effective date took place from 1 May 2016 unfortunately, GSLM supply chain team were trained by Treasury on the eve of the implementation date and gradually started implementing CSD from July however full implementation was only implemented from April.

The content of the instruction was as follows:

Suppliers of the department or public entities are registered on the CSD before any procurement related activity commences; The CSD be utilized as the single source and only list of prospective suppliers for the respective department or public entity; Designated officials are appointed and authorized to access the CSD as prescribed by National Treasury As per above, GSLM supply chain staff were trained on the 9th May 2017, and thereafter start to utilize CSD as from June 2017, Although the Logistic Team are utilizing the Suppliers from CSD, they are still accepting the service provider outside the database but request to register on the CSD within 2 days before the order could be issued.

REPORTING OF THE SUPPLY CHAIN MANAGEMENT UNIT

The SCM reports are tabled quarterly to Council as per the regulation 6(3). Furthermore, the deviations, unauthorized, irregular, fruitless and wasteful expenditure reports are subsequently table before MPAC for investigation as well as to the Provincial Treasury and the Auditor General.

T 5.12.1

Chapter 5

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

The Accounting Standards Board (the Board) is required in terms of the Public Finance Management Act, Act No. 1 of 1999, as amended (PFMA), to determine generally recognized accounting practice referred to as Standards of Generally Recognized Accounting Practice (GRAP).

Financial statements should be described as complying with Standards of GRAP only if they comply with all the requirements of each applicable Standard of GRAP and any related Interpretations of the Standards of GRAP.

Ga-Segonyana Local Municipality prepares its financial statements in full compliance to all the following GRAP Standards which is a prerequisite for financial statement preparations for the 2017/18 financial year.

T 5.13.1

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2016/2017

6.1 AUDIT ACTION PLAN 2017/2018

Audit Finding	COMPONENT	PROCEDURES	DEPARTMENT	MUNICIPAL OFFICIAL	DUE DATE	TARGETED PERIOD				
						Apr	May	Jun	Jul	Aug
CURRENT ASSETS										
2	Receivables	Prepare debtors age analysis by consumer type and service type on a monthly basis	BTO	Manager Revenue	30-Jun-19					
		Payment history of debtors (per urban area & consumer type)		Manager Revenue	30-Jun-19					
		Obtain and review indigent register		Manager Revenue	31-Mar-19					
		Reconciliation between age analysis report & GL								
		Review negative balances on age analysis and reclassify to creditors								
		Calculate debtors' fair value								
		July payment report		Manager Revenue	31-Jul-19					
		Impairment calculation		Manager Revenue	15-Jul-19					

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Audit Finding	COMPONENT	PROCEDURES	DEPARTMENT	MUNICIPAL OFFICIAL	DUE DATE	TARGETED PERIOD				
						Apr	May	Jun	Jul	Aug
CURRENT ASSETS										
		Calculate debt impairment for current year								
4	Bank and cash	Monthly bank reconciliations	BTO	Manager Revenue	30-Jun-19					
		Review reconciling items and update Cash book			15-Jul-19					
		Daily cash ups								
		Reconciliation of cash up reports and bank statements								
		Reconciliation of GL accounts to statements								
REVENUE										
21	Property rates	Year-end Reconciliation (Valuation roll vs billing report)	BTO	Manager Revenue	15-Jul-19					
		Income forgone - Year-end Reconciliation (Valuation roll vs billing report)								
		Check rates used								

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Audit Finding	COMPONENT	PROCEDURES	DEPARTMENT	MUNICIPAL OFFICIAL	DUE DATE	TARGETED PERIOD					
						Apr	May	Jun	Jul	Aug	
CURRENT ASSETS											
		Billing vs GL reconciliations									
		Rebilling as per GV & SV									
22	Service charges	Review rates used									
		Billing vs GL									
		Recalculate billing									
		Review meter readings									
		Review rebates used									
		Verify completeness of meters per VR									
		Review rates used									
		Billing vs GL									
		Recalculate billing									
		Check rebates accuracy									
				Review rates used							
				Schedule of prepaid electricity purchases for the year							
		Calculate prepaid electricity accrual									
		Billing vs GL									
		Recalculate billing									

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Audit Finding	COMPONENT	PROCEDURES	DEPARTMENT	MUNICIPAL OFFICIAL	DUE DATE	TARGETED PERIOD				
						Apr	May	Jun	Jul	Aug
CURRENT ASSETS										
		Review rates used Billing vs GL Recalculate billing Check rebates accuracy								
INTERNAL AUDIT & AUDIT COMMITTEE										
59	Independent review of year-end processes by internal audit	Review	Internal Audit	Municipal Manager	30-Jun-19					
60	Audit committee review	AFS submission two days before audit committee meeting	Internal Audit	Municipal Manager	5-Aug-19					
AUDITOR GENERAL CORRESPONDENCE										
61	Letter to be sent	AFS review before submission	BTO	CFO	15-Aug-19					
ANNUAL FINANCIAL STATEMENTS										
62	Annual financial statements	Preparation of CaseWare AFS	Budget	CFO	15-Jul-19				31-Jul-18	

 Audit support post submission

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Audit Finding	COMPONENT	PROCEDURES	DEPARTMENT	MUNICIPAL OFFICIAL	DUE DATE	TARGETED PERIOD				
						Apr	May	Jun	Jul	Aug
CURRENT ASSETS										
	2nd Quarter draft AFS deadline									
	3rd Quarter draft AFS deadline									
	Year end AFS submission deadline									

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COMPONENT B: AUDITOR-GENERAL OPINION 2017/2018 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT 2017/2018

1. Report of the auditor-general to the Northern Cape Provincial Legislature and the council on Ga-Segonyana Local Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Ga-Segonyana Local Municipality set out on pages 215 to 294, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Ga-Segonyana Local Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (DoRA).

Basis for qualified opinion

Receivables from exchange transactions

3. I was unable to obtain sufficient appropriate audit evidence to confirm the allowance for impairment and balance of receivables from exchange transactions. I was unable to confirm the balance disclosed by alternative means. Consequently, I was unable to determine whether any further adjustments to receivables from exchange transactions stated at R43 370 073 in note 6 to the financial statements were necessary.

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Receivables from non-exchange transactions

4. The municipality did not have adequate systems in place to account for property rates and fines and penalties and forfeits in accordance with GRAP 23, *Revenue from non-exchange transactions*, which resulted in receivables from non-exchange transactions, property rates and fines penalties and forfeits being overstated by R2 627 491. In addition, I was unable to obtain sufficient appropriate audit evidence to confirm the allowance for impairment and balance of receivables from non-exchange transactions. I was unable to confirm the balance disclosed by alternative means. Consequently, I was unable to determine whether any further adjustments to Consumer debtors – Rates stated at R18 422 620 in note 4 the financial statements were necessary.

Revenue from exchange transactions

5. The municipality did not have adequate systems in place to account for revenue from exchange transactions in accordance with GRAP 9, *Revenue from exchange transactions*, which resulted in sale of stands, service charges and receivables from exchange transactions being overstated by R3 078 957. In addition, I was unable to obtain sufficient appropriate audit evidence, due to an inadequate management, accounting and information system to account for revenue from exchange transactions and the filing system not functioning effectively. I was unable to confirm these amounts disclosed by alternative means. Consequently, I was unable to determine whether any adjustment relating to the licenses and permits, rental of facilities and service charges stated at R148 106 851 in the financial statements was necessary.

Revenue from non-exchange transactions

6. During 2017, the municipality did not have adequate systems in place to account for property rates in accordance with GRAP 23, *Revenue from non-exchange transactions*, which resulted in property rates being understated by R1 312 223. In addition, I was unable to obtain sufficient appropriate audit evidence, due to an inadequate management, accounting and information system to account for property rates and the filing system not functioning effectively. I was unable to confirm these amounts disclosed by alternative means. Consequently, I was unable to determine whether any adjustment relating to property rates and fines, penalties and forfeits for the prior year stated at R46 375 982 in the financial statements was necessary.

Cash and cash equivalents

7. I was unable to obtain sufficient appropriate audit evidence for cash and cash equivalents due to the status of the accounting records. The municipality did not have adequate systems of internal control for the recording of all transactions and events and could not

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reconcile the transactions and events to the financial statements. I could not confirm cash and cash equivalents, and the resultant impact on revenue, by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to cash and cash equivalents stated at R11 688 188 in the financial statements as numerous receipts of cash could not be traced to the accounting records indicating the existence of a possible fraud risk.

Context for the opinion

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

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Material uncertainty relating to going concern

11. I draw attention to the matter below. My opinion is not modified in respect of this matter.
12. As stated in note 44, numerous matters indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

Material losses

14. As disclosed in note 48 to the financial statements, material electricity losses to the amount of R16 382 794 (2016-17: R17 257 740) were incurred which represents 21.94% (2016-17: 23.05%) of total electricity purchased.
15. As disclosed in note 48 to the financial statements, material water losses to the amount of R17 000 137 (2016-17: R14 301 840) were incurred which represents 68.00% (2016-17:65.23%) of total water input.

Restatement of corresponding figures

16. As disclosed in note 52 to the financial statements, the corresponding figures for 30 June 2017 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2018.

Other matter

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

Unaudited disclosure notes

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

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Unaudited supplementary schedules

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

Responsibilities of the accounting officer for the financial statements

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

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

22. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
23. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

24. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I was

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engaged to perform procedures to raise findings but not to gather evidence to express assurance.

25. 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 2018:

Development priorities	Pages in the annual performance report
KPA 2 – Basic Service Delivery and Infrastructure Development	199-204

KPA 2 – Basic Service Delivery and Infrastructure Development

Various indicators

26. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of the indicators listed below and I could therefore not determine if reported measures taken to improve performance should have been included in the annual performance report. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements and the measures taken by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements and measures taken to improve performance in the annual performance report of the indicators listed below:

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Indicator no	Indicator description	Planned target	Reported achievement
KPI 15	Number of residential sites developed by end of June 2018	60 residential sites developed by end of June 2018	221 residential sites developed
KPI 17	Number of KM of access roads surfaced/paved by June 2018	4.955km of access road surfaced/paved by June 2018	3.8km of access road surfaced/paved
KPI 40	Number of households in wards 1, 3 and 13 with access to minimum standard of refuse removal by end of June 2018	12 480 of households in wards 1, 3 and 13 with access to minimum standard of refuse removal by end of June 2018	14 951 households in wards 1, 3 and 13 with access to minimum standard of refuse removal
KPI 43	Number of security risk assessments conducted by June 2018	4 security risk assessments conducted by June 2018	4 security risk assessment conducted

Various indicators

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

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Indicator number	Indicator description	Reported achievement	Audited value
KPI 16	Number of KM of tarred roads resealed by end of June 2018	7.29km of tarred road resealed	4.46km of tarred road resealed
KPI 19	Number of new households provided with access to basic level of sanitation by the end of June 2018	724 new households provided with access to basic level of sanitation	585 new households provided with access to basic level of sanitation

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Various Indicators

28. The targets for the indicators approved in the service delivery and budget implementation plan (SDBIP) listed below were not consistent with the reported targets in the annual performance report and were changed without obtaining the necessary approval:

Indicator number	Indicator description	Initial Target	Revised Target
KPI 34	Number of fire inspections conducted by June 2018	10 fire inspections conducted	8 fire inspections conducted by June 2018
KPI 35	Number of fire prevention awareness campaigns held by June 2018	4 Number of fire prevention awareness campaigns	4 Number of fire prevention awareness campaigns by June 2018

KPI 27 – Average turnaround time for assessment of building plans (30 days) by end of June 2018

29. I was unable to obtain sufficient appropriate audit evidence for the reported achievement and I could not determine if reported measures taken to improve performance should have been included in the report. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement and the measures taken to improve performance by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement and the reported measures taken to improve performance reported in the annual report. In addition, the systems and processes that enable reliable reporting of achievement against the indicator were not adequately designed and the indicator and target approved in the SDBIP were not consistent with the reported indicator and target in the annual performance report. It was changed without obtaining the necessary approval.

KPI 28 – Average turnaround time for building inspections conducted (72hrs) by end of June 2018

30. I was unable to obtain sufficient appropriate audit evidence for the reported achievement as well as the reported measures taken to improve performance. This was due to limitations placed on the scope of my work. I was unable to confirm the reported

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achievement and the measures taken to improve performance by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement and the reported measures taken to improve performance reported in the annual report. In addition, the planned indicator was “Average turnaround time for building inspections conducted (72hrs) by end of June 2018”, but the reported achievement referred to was “Report on average turnaround time for building inspections conducted 72 hours”.

Other matters

31. I draw attention to the matters below.

Achievement of planned targets

32. Refer to the annual performance report on pages 196 to 213 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 26-30 of this report.

Adjustment of material misstatements

33. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 2 – Basic Service Delivery and Infrastructure Development. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

34. 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.

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

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Annual financial statements and annual reports

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

Expenditure management

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

38. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R41 225 363, as disclosed in note 45 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

39. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R5 188 914, as disclosed in note 46 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by overdue accounts resulting in interest and penalties.

40. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by the contravention of the supply chain management (SCM) requirements.

Revenue management

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

Asset management

42. An effective system of internal control for assets including a complete asset register was not in place, as required by section 63(2)(c) of the MFMA.

Strategic planning and performance management

43. The performance management system and related controls were inadequate as it did not describe how the performance review, reporting and improvement processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1).

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Procurement and contract management

44. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c).
45. Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2). Similar non-compliance was also reported in the prior year. Similar non-compliance was also reported in the prior year
46. 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. Similar non-compliance was also reported in the prior year.
47. Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A).
48. Awards were made to providers who were in the service of other state institutions or whose directors, principal shareholders were in the service of other state institutions, in contravention of MFMA 112(j) and SCM regulation 44.
49. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of the code of conduct for staff members issued in terms of the Municipal Systems Act.

Human resource management

50. 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 Municipal Systems Act.

Other information

51. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.

Chapter 6

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

Internal control deficiencies

55. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
56. The municipality did not have sufficient monitoring controls, exercise oversight responsibility and did not implement effective human resource management to ensure adherence to the internal policies and procedures at a programme level and for purposes of taking corrective action. This is evident from material misstatement identified in the financial statements; supporting evidence not submitted for auditing purposes, findings on performance information and non-compliance with relevant laws and regulations that were identified during the audit process.
57. Action plans to address prior year audit findings were not monitored by the leadership of the municipality resulting in the reoccurrence of material misstatements in the annual financial statements and supporting evidence not submitted for audit purposes.
58. Management did not establish an information technology governance framework that supported and enabled the business, delivered value and improved performance.

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59. Management failed to monitor and review the financial statements and performance information to ensure the achievement of the fair presentation and this resulted in material misstatement on the annual financial statements.
60. Management did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.
61. Management did not design and implement formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information.
62. Leadership does not act on a timeous basis to internal audit's recommendations or reports thereby impacting their effectiveness as an assurance provider to the leadership of the municipality.

Other reports

63. 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.
64. The Directorate for Priority Crime Investigation (Hawks) are investigating allegations of irregularities in the supply chain management processes applied by the municipality. These proceedings were in progress at the date of this report.

Kimberley

24 January 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Chapter 6

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:

identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control

evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer

conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ga-Segonyana Local Municipality ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease continuing as a going concern

evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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Communication with those charged with governance

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

GLOSSARY

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are “ <i>what we use to do the work</i> ”. They include finances, personnel, equipment and buildings.

GLOSSARY

Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
Service Delivery Budget Implementation	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery

GLOSSARY

Plan	targets and performance indicators must also be included.
Vote:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a “vote” as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

APPENDICES

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APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councilor's, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
1. N G Masegela	FT	Chairperson Exco	ANC	100%	100%
2. T E Meyers	FT	Chairperson Council	ANC	89%	11%
3. E. B Modise	PT	Chairperson Finance Standing Committee	Ward Cllr	100%	100%
4. L Moagi	PT	Chairperson MPAC	Ward 3/ ANC	78%	22%
5. G. N Mntuyedwa	PT	Member Corporate Service Standing Committee	Ward 4/ ANC	100%	100%
6. N. G Disipi	PT	Chairperson Corporate Services	Ward 5/ ANC	100%	100%
7. N. S Bloem	PT	Member Finance Standing Committee	ANC	89%	11%
8. D. T Mpata	PT	Member Corporate Service Standing Committee	Ward 6/ ANC	89%	11%
9. K. R Makwati	PT	Member IDP Standing Committee	Ward 7/ ANC	89%	11%
10. K. B Madikiza	PT	Chairperson IDP Standing Committee	Ward 8/ ANC	100%	100%
11. E. B Leserwane	PT	Member Community Services Standing Committee	Ward 9/ ANC	100%	100%
12. I Tshetshemeserogwe	PT	Member Community Services Standing Committee	Ward 10/ ANC	100%	100%
13. K P Kanjeruba	PT	Member IDP Standing Committee	Ward 11/ ANC	100%	100%
14. N G Ngesi	PT	Member Community Services Standing Committee	Ward 12/ ANC	89%	11%

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Councilor's, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
15. B A Eiman	PT	Member Finance Standing Committee	Ward 13/ ANC	89%	11%
16. L N Makoke	PT	Member Finance Standing Committee	Ward 14/ ANC	100%	100%
17. L. C Moseki	PT	Member IDP Standing Committee	ANC	100%	100%
18. G C Assegai	PT	Member Corporate Services Standing Committee	ANC	78%	22%
19. N G Thupaemang	PT	Member Finance Standing Committee	COPE	78%	22%
20. O D Mathibe	PT	Member Corporate Services Standing Committee	DA	78%	22%
21. L R Nelson	PT	Member IDP Standing Committee	DA	100%	100%
22. W. A . S Aucamp	PT	Chairperson Community Services Standing Committee	DA	89%	11%
23. O. A Leserwane	PT	Member Corporate Service Standing Committee	EFF	78%	22%
24. M. F Disang	PT	Member IDP Standing Committee	EFF	56%	44%
25. M. G Reetsang	PT	Member Finance Standing Committee	EFF	78%	22%
26. M. P Galeboe	PT	Member Community Services Standing Committee	EFF	78%	22%
27. K. H Chweu	PT	Member Corporate Service Standing Committee	EFF	67%	27%
<i>Note: * Councillors appointed on a proportional basis do not have wards allocated to them</i>					<i>T A</i>

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APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
IDP Standing Committee	Land use, town planning, housing and infrastructure is implemented accordingly
Corporate Service Standing Committee	Human Resources, Municipal Administration, Public Participation and Governance Committee
Finance Standing Committee	Finance, Audit, Tender and Local Economic Planning Committee
Community Services Standing Committee	Municipal Health, Emergency Services, Community Safety and Social Services

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APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Municipal Manager	Mr. M. Tsatsimpe
Office of the Municipal Manager	
Performance Management System Manager	Ms. M. Pilane
Integrated Development Plan Manager	Mrs. T.Teise
Finance Department	
Chief Financial Officer	Mr. K. Noke
Deputy Finance Officer	Mrs. T.Jarvis
Financial Services Manager	Mr. T. Sehloho
Budget Manager	Ms. D. Pelele
Supply Chain Management Manager	Mr. T. Sechogela
Corporate Services	
Acting Director/s of Corporate Services	Mr. O. Lencoe Mr. C. Pule
Deputy Admin Manager & Legal Service	Mr. C. Pule
Human Resources Manager	Mr. M. Gaselebelwe
Labour Relations Manager	Mr. O. Lencoe
Office of the Mayor's Manager	Mr. H. Diseko
Information Technology Manager	Mr. M. Segoje
Records Manager	Mr. G. Motlhoiwa
Community Services	
Director of Community Services	Mrs. P. Sampson
Deputy Manager Community Services	Mr. I. Mabejane
Chief Traffic	Mr. L. Lungile
Chief Librarian	Mrs. M. Moetsi
Waste Management Manager	Mr. A. Keetile
Infrastructure Services	
Infrastructure Services	Mr. H. Smit
Deputy Technical Manager	Mrs. M. Manhe
Seniour Town Planner	Mr. B. Choche
Project Management Unit Manager	Mrs. G. Monchwe
<i>T C</i>	

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APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes/No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	No	N/A
Building regulations	Yes	N/A
Child care facilities	No	N/A
Electricity	Yes	N/A
Firefighting services	Yes	N/A
Local tourism	Yes	N/A
Municipal airstrip	Yes	N/A
Municipal planning	Yes	N/A
Municipal health services	No	Department of Health
Municipal public transport	No	N/A
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	Department of Public Works
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	N/A
Stormwater management systems in built-up areas	Yes	N/A
Trading regulations	No	N/A
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	N/A
Beaches and amusement facilities	No	N/A
Billboards and the display of advertisements in public places	Yes	N/A
Cemeteries, funeral parlours and crematoria	Yes	N/A
Cleansing	Yes	N/A
Control of public nuisances	Yes	N/A
Control of undertakings that sell liquor to the public	No	N/A
Facilities for the accommodation, care and burial of animals	No	N/A
Fencing and fences	Yes	N/A

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Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes/No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Licensing of dogs	No	N/A
Licensing and control of undertakings that sell food to the public	Yes	N/A
Local amenities	Yes	N/A
Local sport facilities	Yes	N/A
Markets	No	N/A
Municipal abattoirs	No	N/A
Municipal parks and recreation	Yes	N/A
Municipal roads	Yes	N/A
Noise pollution	Yes	N/A
Pounds	Yes	N/A
Public places	Yes	N/A
Refuse removal, refuse dumps and solid waste disposal	Yes	N/A
Street trading	Yes	N/A
Street lighting	Yes	N/A
Traffic and parking	Yes	N/A
<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>		<i>T D</i>

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APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Cllr W A S Aucamp, C J Judels, H M Fourie, A J Nieuwoudt, D J Brewis, E F Jeppe, L J Shuda, C Kruger, M E Kotze, S V Manong, N Du Toit	Yes	5	5	0
2	Cllr B E Modise, K L Metlhe, P P Mokwena, T R Melokwe, I S Lesley, K G Khoabani, P P Bogodile, M L Tamose, T G Keaikitse, S K Lesley, K Z Selobilwe	Yes	4	9	5
3	Cllr L F Moagi, G G bashi, R J Moipolai, K C Monnachwene, M L Kgaje, L L Sebolai, K G April, G R Motshabi, L P Gaetsewe, P I Mothupi	Yes	5	8	3
4	Cllr G N Mntuyedwa, B R mokwene, M M Nchompe, S G Keetile, T Dickson, B S Tamose, S M Gaobitse, K N Mokgothu, K R Pilane, K Seochwareng	Yes	6	9	3
5	Cllr N G Disipi, D A Mosikatse, G E Bok, K S Melato, B J Seema, T T Morwalela, K V Secwaise, L W Sehako, O	Yes	4	5	1

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Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Tshwene,S M Matlhole,T R Baithei				
6	Cllr D T Mpata,K Adams,P L Kuriti,K G Boihang,K H Mogatliwe,K Setungwana,K Chipandula,M Olepeng,K S Dada,O Moholoeng,G C Mokubung	Yes	3	6	3
7	Cllr K R Makwati,E Mothobi,G A Mothelesi,I Nero,T stefanas,P Rahman,L Goilwe,S Seleke,K G Olepeng,P Tshekoeng,S P Otlhopile	Yes	6	7	1
8	Cllr K B Madikiza,K C Jarvis,K Kgape,P Kopano,K Taunyane,N Baleka,N B Mosikatse,D A Bodike,K M Lefupa,L Jonathan,M Sebuasengwe	Yes	7	10	3
9	Cllr E B Leserwane,A Gaetsewe,P I Bosiamang,M I Makwase,L Makibi,T R Jackson,M Tshekedi,B Mereyotlhe,K L Gaetsosiwe,A Mocumi,B Morolong	Yes	6	7	1

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Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
10	Cllr I T Tshetshemeserogwe, P T Matsipane, T Motlatsi, P Pule, M Nkadimang, T Yster, K Itumeleng, S R Gabanangata, M Kega, P Modungwe, G Medupe	Yes	5	8	3
11	Cllr K F Kanjeruba, T S Gabaya, L Mabejane, T Booyesen, A Morapedi, M Moriri, M M Free, M Ncobo, L Keepi, G Motsamai, K Nels	Yes	5	8	3
12	Cllr N G Ngesi, I A Tlhapile, G J Petrus, M M Mohule, B P Bloedpad, N E Walaza, B J Kaketso, M G Duna, M M Mojewu, K M Potele, G Kgatwe	Yes	4	5	1
13	Cllr A B Eiman, B Monchwe, S Itumeleng, B R Mogiba, O E Thubisi, P A Seohela, M Valela, G Mokgothu, L V Morwagae, G C Deli, R Brink	Yes	4	9	5
14	Cllr L N Makoke, K Mokgothu, T Polelo, K Mothobi, K Sekobe, S Heyns, N potelo, B Messutti, M Thamage, B Mokgalaje, K Polelo	Yes	6	7	1
					<i>T E</i>

APPENDICES

APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in 2017/2018 (Full List at Appendix O)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
12	Construction of Seven Miles Bulk water supply phase 2	2017/06/08	2018/04/30	12400936
6	Mokalamosesane bulk water supply	2016/07/20	2017/05/12	19257272
1	Kuruman Bulk Water Reservoir Complex	2013/09/04	2017/10/30	13000000
8&9	Maruping/Batlharos: External and Water distribution: Phase Two	2015/05/14	2016/11/11	49406360
7&2	Rural sanitation programme: Bankhara Bodulong and Ward 7	2016/07/07	2017/07/13	87333876
8 & 10	Vergenoeg-Batlharos: Upgrading of link road to bituminous standard phase 2	2015/09/03	2016/09/08	18972296
8,9 & 10	Vergenoeg-Maruping: Upgrading of link road to bituminous standard phase 2	2016/04/05	2017/07/20	21185576
<i>T F1</i>				

Basic Service Provision					
Detail	Water	Sanitation	Electricity	Refuse	Housing
Households with minimum service delivery	26816	4568	26816	0	X
Households without minimum service delivery	2300	2000	2300	2300	
Total Households*					
Houses completed in year	X				
Shortfall in Housing units					
<i>*Including informal settlements</i>					<i>T F.2</i>

APPENDICES

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2017/201

Municipal Audit Committee Recommendations	
Date of Committee	Committee recommendations during Year 0
27/07/2017	Billing-Bankhara. A plan must be in place that will outline how the process of billing will unfold. Evidence should be kept and necessary submissions to the Accounting Officer and Council should be made for approval.
27/07/2017	A consolidated plan for compiling the annual financial statements and performance report should be developed.
27/07/2017	Employee deductions/Sundry debtors: The money owed to the municipality be recovered by end of August, in line with the policies of the municipality. A communique should be sent to employees to inform that the municipality will deduct the amounts owing to submit a list of all employees owing the municipality, detailing the amount and the type of income (traffic fines, services account, fruitless & wasteful expenditure).
27/07/2017	Q4 Performance report: Management should ensure that reported achievements are supported by portfolio of evidence.
27/07/2017	Unauthorized, irregular, fruitless and wasteful expenditure:
27/07/2017	Unauthorized, irregular, fruitless and wasteful expenditure: Invoices for accommodation should be requested from the service providers and those resolved should be removed from the irregular expenditure register
27/07/2017	Unauthorized, irregular, fruitless and wasteful expenditure: The CFO should look into the reasons why payments were made without an invoice and if all payments relate to accommodation.
27/07/2017	Unauthorized, irregular, fruitless and wasteful expenditures to indicate on the register which can be recovered and which cannot, compile a list and submit to the MM and MPAC for investigation & recommendation to Council.
27/07/2017	Unauthorized, irregular, fruitless and wasteful expenditure: The R89 million on irregular expenditure should be investigated before Council writes it off, thereafter it should be submitted to National Treasury to condone the write off.
27/07/2017	The Fruitless & Wasteful expenditure for 2017 of R2.2 million should be investigated, CFO together with other HOD's should take a view on whether to engage National Treasury for assistance on the write off of the interest charged. CFO should look into what was committed in terms of Eskom payments for the next couple of months, see if its practical and enter into a new settlement agreement if it's not.
27/07/2017	Fruitless & wasteful expenditure should be dealt with monthly, at the management meetings.

APPENDICES

Municipal Audit Committee Recommendations	
Date of Committee	Committee recommendations during Year 0
27/07/2017	Cashflow projection should be compiled to monitor cashflow.
27/07/2017	Compliance checklist to be prepared by the legal unit to monitor key compliance.
18/08/2017	18/08/2017
18/08/2017	Accounting policy in the AFS should agree with the municipal policy and ensure disclosure in terms of the policy.
25/10/2017	CFO to guide and assist MPAC on the process. Internal audit may also be invited to the meetings of MPAC
25/10/2017	MM to ensure that the audit action plan is signed off by the CFO as confirmation that it has been completed
25/10/2017	Performance should be reported cumulatively per quarter and also indicate the quarterly and yearly targets. The report should further include the reasons and interventions for not achieving targets. Targets that relates to compliance should be reflected separately in the report and indicate management's action plans in place for correcting the non-compliance.
25/10/2017	Senior management should ensure that the recommendation of internal audit are being implemented.
12/02/2018	Management to revisit the adjustment budget and ensure that the reasons provided are justifiable. Management to populate the numbers as per the treasury template, e.g. audited figures and actual figures.
17/05/2018	Irregular expenditure related to acting allowance: Management to engage with the office of the MEC and request a letter in response to the submission by the municipality.
17/05/2018	Irregular expenditure: Management to implement the disciplinary process in line with the municipality's policy.
21/06/2018	SOP's be developed for the budget preparation and submit to the MM.
21/06/2018	Strategic objectives in the register should be linked to the referencing on the IDP.

VOLUME II

APPENDIX H: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX H (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
						R' 000
Vote Description	2016/2017	Current: 2017/2018			2017/2018 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - EXECUTIVE & COUNCIL		6 300 000	6 300 000	5 886 000	7%	7%
Vote 2 - FINANCE AND ADMINISTRATION		52 549 092	53 123 000	49 409 000	6%	7%
Vote 3 - COMMUNITY AND SOCIAL SERVICES		2 311 008	5 323 000	6 797 000	-194%	-28%
Vote 4 - SPORTS & RECREATION		1 531 992	922 000	799 000	48%	13%
Vote 5 - PUBLIC SAFETY		69 996	60 000	56 000	20%	7%
Vote 6 - PLANNING AND DEVELOPMENT		16 448 256	13 035 000	12 953 000	21%	1%
Vote 7 - ROAD TRANSPORT		60 347 400	42 906 000	41 324 000	32%	4%
Vote 8 - ENVIRONMENTAL PROTECTION		60 000	67 000	60 000	0%	10%
Vote 9 - ENERGY SOURCES		135 619 056	136 419 000	131 101 000	3%	4%
Vote 10 - WATER MANAGEMENT		89 529 996	89 840 000	87 208 000	3%	3%
Vote 11 - WASTE WATER MANAGEMENT		22 385 592	36 617 000	34 505 000	-54%	6%
Vote 12 - WASTE MANAGEMENT		34 049 988	34 050 000	37 514 000	-10%	-10%
Vote 13 - OTHER		60 000	45 000	41 000	32%	9%
Vote 14 - [NAME OF VOTE 14]		0				
Vote 15 - [NAME OF VOTE 15]		0				
Total Revenue by Vote	-	421 262	418 707	407 653	(0)	0

APPENDICES

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3

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APPENDIX H (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
R '000						
Description	2016/2017	2017/2018			2017/2018 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	36 250	39 075	39 075	38 408	-2%	-2%
Service charges - electricity revenue	82 232	90 281	86 104	90 135	0%	4%
Service charges - water revenue	17 473	18 602	18 740	20 380	9%	8%
Service charges - sanitation revenue	15 134	12 322	12 386	13 349	8%	7%
Service charges - refuse revenue	7 921	9 050	9 050	13 314	32%	32%
Service charges – other	–	–	–	–		
Rental of facilities and equipment	1 926	2 205	1 120	527	-319%	-113%
Interest earned - external investments	176	1 100	1 900	2 156	49%	12%
Interest earned - outstanding debtors	5 902	6 200	6 200	5 617	-10%	-10%
Dividends received	–	–	–	–		
Fines, penalties and forfeits	9 740	1 285	1 292	341	-277%	-279%
Licences and permits	5 051	4 261	4 554	4 574	7%	0%
Agency services	–	–	–	–		
Transfers and subsidies	123 106	134 546	151 277	155 114	13%	2%
Other revenue	23 001	13 125	9 529	10 736	-22%	11%
Gains on disposal of PPE	–	–	–	–		
Gains on disposal	–	–	–	–		

APPENDICES

Revenue Collection Performance by Source						
R '000						
Description	2016/2017	2017/2018			2017/2018 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
of PPE Environmental Protection						
Total Revenue (excluding capital transfers and contributions)	327 911	332 051	341 227	354 650	6.37%	3.78%
<p><i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i></p>						

T K.2

APPENDICES

APPENDIX I: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant	0	0	0	0%		
Public Transport Infrastructure and Systems Grant	0	0	0			
WSIG	35000	35000	35000	0%	0%	
FMG	2145	2145	2145	0%	0%	
EPWP	1000	1000	1000	0%	0%	
OTHERS	2500	2500	2500	0%	0%	
Total						

* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.

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APPENDIX J: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

APPENDIX J (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*								R '000
Description	2016/2017	2017/2018			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
Infrastructure – Total	–	82 371	37 219	77 515	–	–	–	
Infrastructure: Road transport - Total	–	33 460		29 908	–	–	–	
<i>Roads, Pavements & Bridges</i>		33 460	30 424	29 908				
<i>Storm water</i>								
Infrastructure: Electricity - Total	–	5 000	5 000	5 000	–	–	–	
<i>Generation</i>								
<i>Transmission & Reticulation</i>		5 000	5 000	5 000				
<i>Street Lighting</i>								
Infrastructure: Water - Total	–	35 310	31 990	29 172	–	–	–	
<i>Dams & Reservoirs</i>								
<i>Water purification</i>								
<i>Reticulation</i>		35 310	31 990	29 172				
Infrastructure: Sanitation - Total	–	8 231	229	8 231	–	–	–	
<i>Reticulation</i>								
<i>Sewerage purification</i>		8 231	229	8 231				
Infrastructure: Other - Total	–	370		5 204	–	–	–	
<i>Waste Management</i>								
<i>Transportation</i>								
<i>Gas</i>								
<i>Other</i>		370	275	5 204				

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Capital Expenditure - New Assets Programme*								R '000
Description	2016/2017	2017/2018			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Community – Total	–	3 250		2 520	–	–	–	
Parks & gardens		240	103	15				
Sportsfields & stadia								
Swimming pools								
Community halls		3 010	2 631	2 505				
Libraries								
Recreational facilities								
Fire, safety & emergency								
Security and policing								
Buses								
Clinics								
Museums & Art Galleries								
Cemeteries								
Social rental housing								
Other								

Table continued next page

Table continued from previous page

Capital Expenditure - New Assets Programme*								R '000
Description	2016/2017	2017/2018			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
Heritage assets - Total	–	–		–	–	–	–	
Buildings								
Other								
Investment properties - Total	–	–		–	–	–	–	
Housing development								
Other								
Other assets	0	0		5	–	–	–	
General vehicles								

APPENDICES

Capital Expenditure - New Assets Programme*							
Description	R '000						
	2016/2017	2017/2018			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other	300	275	5 143	5 204			
<u>Agricultural assets</u>	–	–		–	–	–	–
<i>List sub-class</i>							
<u>Biological assets</u>	–	–		–	–	–	–
<i>List sub-class</i>							
<u>Intangibles</u>	–	–		–	–	–	–
Computers - software & programming							
Other (<i>list sub-class</i>)							
Total Capital Expenditure on new assets	0	36 710		32 433	–	–	–
<u>Specialised vehicles</u>	–	–		–	–	–	–
Refuse							
Fire							
Conservancy							
Ambulances							

* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

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APPENDIX K – CAPITAL PROGRAMME BY PROJECT 2017/2018

Capital Programme by Project: 2017/2018					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
R' 000					
Water					
Construction of Seven Miles Bulk water supply phase 2	82	85	92	8%	11%
Mapoteng water network extention	11600390	499528	11100862	96%	-4%
Mokalamosesane bulk water supply	8360000	0	8360000	100%	0%
Ditshoswaneng water extensions phase 2	5268600	227460	5041140	95%	-5%
Ga-Sebolao water supply phase 2 (Retention)	0	178100	178100	0%	100%
Refurbishment programme	12051395	471810	12523205	96%	4%
Maruping/Batlharos: External and internal water distribution phase 1	6833838	-265121	6568717	104%	-4%
Sanitation/Sewerage					
Rural sanitation programme	8786187	0	8786187	100%	0%
Bankhara Bodulong sanitation programme	8733876	0	8733876	100%	0%
Electricity					
Upgrading of Moffat substation	3000000	500000	3500000	86%	14%
"Project B"	85	90	95	5%	11%
Housing					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Refuse removal					
				0%	0%
				0%	0%
Stormwater					
Vergenoeg-Batlharos: Upgrading of link road to bituminous standard phase 2	8659744	-2791721	5868023	148%	-48%
Vergenoeg-Maruping: Upgrading of link road to bituminous standard phase 2	13594300	3274849	16869149	81%	19%
Upgrading of Mandela drive to Mothibistad road	4606298	4012714	8619012	53%	47%
Economic development					
"Project A"	82	85	92	8%	11%

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Capital Programme by Project: 2017/2018					R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
"Project B"	85	90	95	5%	11%
Sports, Arts & Culture					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Environment					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Health					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Safety and Security					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
ICT and Other					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%

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APPENDIX L – CAPITAL PROGRAMME BY PROJECT BY WARD 2017/2018

Capital Programme by Project by Ward: 2017/2018			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
Water			
Construction of Seven Miles Bulk water supply phase 2	12		
Mapoteng water network extention	4		
Mokalamosesane bulk water supply	6 & 12		
Ditshoswaneng water extensions phase 2	4		
Ga-Sebolao water supply phase 2 (Retention)	8		
Refurbishment programme	1, 2 & 13		
Maruping/Batlharos: External and internal water distribution phase 1	8, 9, 12 & 14		
Sanitation/Sewerage			
Rural sanitation programme	3, 4 & 5		
Bankhara Bodulong sanitation programme	2		
Electricity			
Upgrading of Moffat substation	1		
Stormwater			
Vergenoeg-Batlharos: Upgrading of link road to bituminous standard phase 2	8 & 10		
Vergenoeg-Maruping: Upgrading of link road to bituminous standard phase 2	8, 9 & 14		
Upgrading of Mandela drive to Mothibistad road	12		
			<i>LO</i>

APPENDICES

Ga-Segonyana Local Municipality Annual Performance Report 2017/2018 KPA 1: Municipal Transformation and Institutional Development											
Development priorities	Strategic goals	Key Performance Indicator	2016/2017 actual performance	Annual Target	Actual Performance	Annual Budget	Expenditure	Challenges	Corrective Measures	Portfolio of Evidence	PMS Comment
											not provide draft policies as part of evidence
Human Resource Management		KPI 6 Number of Policies submitted to council for approval by end of June 2018	8 policies submitted to council by June 2017	6 policies submitted to council for approval by end of June 2018	6 policies submitted to council for approval by end of June 2018	Operational	Operational	None	None	6 policies and council resolution	Target achieved. Relevant POE was submitted.
	To Attract, develop and retain human capital	KPI 7 Number of Labour Forum meetings held by June 2018	4 labour forum meeting held by June 2017	4 Labour Forum meetings held by June 2018	2 Labour Forum meetings held by June 2018	Operational	Operational	None	None	Minutes, Agenda and attendance register	Target achieved. Relevant POE was submitted.
Human Resource Management		KPI 8 Number of reports on disciplinary cases finalised internally within 90 days submitted to the Accounting Officer by end of June 2018	4 reports on disciplinary cases finalised internally within 90 days and submitted to the Accounting Officer by June 2017	4 reports on disciplinary cases finalised internally within 90 days and submitted to the Accounting Officer by end of June 2018	4 reports on disciplinary cases finalised internally within 90 days and submitted to the Accounting Officer by end of June 2018	operational	Operational	None	None	4 reports on disciplinary cases finalised internally within 90 days and submitted to the Accounting Officer by June 2017	Target achieved. Relevant POE was submitted.
		KPI 9 Number of reports on grievance cases finalised within 30 working days submitted to the Accounting Officer by June 2018	4 reports on grievance cases finalised within 30 working days submitted to the Accounting Officer by June 2017	4 reports on grievance cases finalised within 30 working days submitted to the Accounting Officer by June 2018	4 reports on grievance cases finalised within 30 working days submitted to the Accounting Officer by June 2018	Operational	Operational	None	None	4 reports on grievance cases finalised within 30 working days submitted to the Accounting Officer	Target achieved. Relevant POE was submitted.
Human Resource Management		KPI 10 Number of Evacuation drill conducted by June 2018	None	2 evacuation drill conducted by June 2018	2 evacuation drill conducted by June 2018	Operational	Operational	None	None	2 reports on number of evacuation drills conducted	Target achieved. Relevant POE was submitted.
Skills Development		KPI 11 Workplace Skills Plans	Workplace Skills Plans	Workplace Skills Plans developed	Workplace Skills Plans developed	Operational	Operational	None	None	Workplace Skills Plans developed	Target achieved.

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Ga-Segonyana Local Municipality Annual Performance Report 2017/2018 KPA 1: Municipal Transformation and Institutional Development											
Development priorities	Strategic goals	Key Performance Indicator	2016/2017 actual performance	Annual Target	Actual Performance	Annual Budget	Expenditure	Challenges	Corrective Measures	Portfolio of Evidence	PMS Comment
	To Attract, develop and retain human capital	developed and submitted to the Department of Labour and LGSETA by end of April 2018	developed and submitted to the Department of Labour and LGSETA by end of April 2017	and submitted to the Department of Labour and LGSETA by end of April 2018	and submitted to the Department of Labour and LGSETA by end of April 2018					and acknowledgement letter	Relevant POE was submitted.
Contract Management		KPI 12 Number of contracts signed for rental properties by June 2018	New	50 Contracts signed for rental properties by June 2018	27 Contracts signed for rental properties by June 2018	Operational	Operational			Copies of signed contracts	Target not achieved, due to insufficient evidence.
Records Management		KPI 13 File plan reviewed by June 2018	New	File plan reviewed by June 2018	Draft File plan reviewed by June 2018	Operational	Operational	None	None	Copy of the reviewed file plan	Target achieved. Relevant POE was submitted.
Litigations		KPI 14 Reports on number of litigations attended to submitted to the Accounting officer	New	2 reports on number of litigations submitted to the Accounting Officer	2 reports on number of litigations submitted to the Accounting Officer	Operational	Operational	None	None	2 reports on number of litigations attended to submitted to the Accounting Officer	Target achieved. Relevant POE was submitted.

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**Ga-Segonyana Local Municipality
Annual Performance Report 2017/2018
KPA 2: Basic Service Delivery and Infrastructure Development**

Development priorities	Strategic goals	Key Performance Indicator	2016/2017 Actual Performance	Annual Target	Actual Performance	Annual Budget	Expenditure	Challenges	Corrective Measures	Portfolio of Evidence	PMS Comment
Land Site Development	To Develop and maintain infrastructure and community services	KPI 15 Number of residential sites developed by end of June 2018	60 residential sites developed (service with water, sanitation connection) by end of June 2017	60 residential sites developed by end of June 2018	221 sites	R 2 500 000.00		None	None	General plans.	Target achieved, however due to municipal financial constraints, the sites could not be serviced with water, sanitation and connection.
Road management and maintenance		KPI 16 Number KM of tarred roads resealed by end of June 2018	1 km of tarred road resealed by end of June 2017	3km of tarred road resealed by end of June 2018	7.29km of tarred road resealed	(R 1 000 000.00 municipality) (R3 000 000 Mines)	R256 364.96	None	None	A detailed report of number of KM of tarred roads resealed with photographs	Target was over achieved due to additional funding from the mines
		KPI 17 Number of KM of access road surfaced/paved by June 2018	6.45km of access road surfaced/paved by June 2017	4.955 km of access road surfaced/paved by June 2018	3.8 km of access road surfaced/paved	R 30 096 822.52	R35 453 866.77	Ncweng and bankhara challenges	Bankhara, Councillors had a meeting with the community and a project Steering committee was appointed which unblocked the progress of the Projects Ncweng the contactor sourced material from a neighbouring village	A detailed report on KM of access road surfaced/paved and practical completion and photographs	Target not achieved.
		KPI 18 Number of reports for new households provided with full water borne by June 2018	10 households provided with full water borne by June 2017	4 reports on number of new households provided with full water borne by June 2018	4 reports on number of new households provided with water borne (4 households were connected)	Operational	Operational	None	None	4 reports on number of households provides with water borne submitted	Target achieved. Households are connected as per application received. If there are no applications for a quarter there won't be any connections
Access to basic level of water		KPI 19 Number of new households provided with access to basic level of sanitation	886 new households provided with access to basic level of	700 new households provided with access to basic level of sanitation by	540 new households provided with access to basic level of sanitation	R 14 361 057.59	R14 359 434. 69	We cannot get the happy letters due to the foreman who resigned and he	Target achieved. POE cannot be submitted at this stage due to workers not being	Happy letters happy letters of households provided with access to basic	Target not achieved due to insufficient evidence

APPENDICES

**Ga-Segonyana Local Municipality
Annual Performance Report 2017/2018
KPA 2: Basic Service Delivery and Infrastructure Development**

Development priorities	Strategic goals	Key Performance Indicator	2016/2017 Actual Performance	Annual Target	Actual Performance	Annual Budget	Expenditure	Challenges	Corrective Measures	Portfolio of Evidence	PMS Comment
	To Develop and maintain infrastructure and community services	by the end of June 2018	sanitation by end of June 2017	end of June 2018				doesn't want to release happy letters because the contractor still owes him	paid by the contractor. Evidence will be submitted as soon as the workers are paid by the contractor	level of sanitation	
Quality Water Management		KPI 20 Laboratory Reports on of general sampling of effluent at waste water treatment plant conducted by June 2018	12 laboratory reports on effluent at waste water treatment plants conducted by June 2017	10 laboratory reports on effluent at waste water treatment plants conducted by June 2018	10 laboratory reports on effluent at waste water treatment plants conducted	R 320 000.00	R115 180.00	None	None	10 Laboratory Reports	Target achieved. Relevant evidence submitted.
Quality Water Management	To Develop and maintain infrastructure and community services	KPI 21 Laboratory reports for water quality samples taken at source at point of use by end of June 2018	12 laboratory reports for quality samples taken at source at point of use by end of June 2017	11 laboratory reports for water quality samples taken at source at point of use by end of June 2018	11 laboratory reports for water quality samples taken at source at point of use	R0.00	0.00	None	None	11 Laboratory reports	Target achieved. Relevant evidence submitted
		KPI 22 Number of sites/households with access to basic level of water provided for the financial year	New	517 sites/households with access to basic level of water provided for the financial year	1862 sites/households with access to basic level of water provided	R33 630 515	R 33 826 650.20	None	None	Report on number of sites/households with access to basic level of water provided for the financial year	Target achieved. Relevant evidence submitted
Electricity Connections		KPI 23 Number of households provided with basic level electricity connections (Eskom and municipality)	New	1 report on number of households provided with electricity connections	1 report on number of households provided with electricity connections (10 connections by the municipality and 494 by Eskom)	R98 000 (Eskom) R2 500 000 (municipality)	R 2500 000.00	None	None	Report on number of households provided with electricity connections	Target achieved. Relevant evidence submitted

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**Ga-Segonyana Local Municipality
Annual Performance Report 2017/2018
KPA 2: Basic Service Delivery and Infrastructure Development**

Development priorities	Strategic goals	Key Performance Indicator	2016/2017 Actual Performance	Annual Target	Actual Performance	Annual Budget	Expenditure	Challenges	Corrective Measures	Portfolio of Evidence	PMS Comment
Quality Water Management	To Develop and maintain infrastructure and community services	KPI 24 A Number of reports on new yard connections done by the Municipality by June 2018	New	2 reports on number of yard connections done by municipality by June 2018	2 reports on yard connections done by the municipality (3-yard connections by municipality)	Operational	Operational	None	None	Copy of the report on yard connections done by the municipality	Target achieved. Relevant evidence submitted
Quality Water Management		KPI 24 B Number of reports on new yard connections done by Sedibeng and by June 2018	New	2 reports on number of yard connections done by Sedibeng by June 201	2 reports on yard connections done by Sedibeng (52 connections by Sedibeng)	Operational	Operational	None	None	Copy of the report on yard connections done by Sedibeng Water	Target achieved. Relevant evidence submitted
Quality Water Management		KPI 25 Number of water maintenance reports by Sedibeng submitted to the Accounting Officer by June 2018	New	2 water maintenance reports by Sedibeng submitted to the Accounting Officer by June 2018	2 reports on water Maintenance	Operational	Operational	None	None	2 copies of water maintenance reports by Sedibeng submitted to the Accounting officer	Target achieved. Relevant evidence submitted
Building plan inspection and directorate	To Develop and maintain infrastructure and community services	KPI 26 Reports on building contraventions notices served by June 2018	56 building contraventions attended to within 6 weeks of detections	1 report on building contravention notices served by June 2018	15 contravention notices served. (1 report on building contraventions)	Operational	Operational	None	None	Copy of the report and notices served	Target achieved. Relevant evidence was submitted
Building plan inspection and directorate		KPI 27 Average turnaround time for assessment of building plans (30 days)	100% (building plans assessed within 30 days from receipts of application and payment to finalisation of assessment)	(building plans assessed within 30 days from receipts)	19 building plans assessed within 30 days	Operational	Operational			Copy of a report on number of building plans assessed within 30 days	Target achieved. Relevant evidence was submitted
Building plan inspection and directorate		KPI 28 Average turnaround time for building inspections conducted (72hrs)	18 building inspections conducted within 32 working hours	Report on average turnaround time for building inspections conducted within 72 hours	Report on average turnaround time for building inspections conducted 72 hours	Operational	Operational	Evidence provided is insufficient	Due to the reporting template, we will introduce a new column for time	Copy of a report on average turnaround time for building inspections conducted within	The target not achieved due to insufficient evidence. Performance in not fully effective

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**Ga-Segonyana Local Municipality
Annual Performance Report 2017/2018
KPA 2: Basic Service Delivery and Infrastructure Development**

Development priorities	Strategic goals	Key Performance Indicator	2016/2017 Actual Performance	Annual Target	Actual Performance	Annual Budget	Expenditure	Challenges	Corrective Measures	Portfolio of Evidence	PMS Comment
										72 hours	
Building plan inspection and directorate	To Develop and maintain infrastructure and community services	KPI 29 Number of audits conducted on outdoor advertising	1 audit conducted on outdoor advertising	1 report of audit conducted on outdoor advertising	1 report of audit conducted on outdoor advertising (33)	Operational	Operational	None	None	A copy of an audit report on outdoor advertising conducted	Target achieved. Relevant evidence submitted.
Human Settlement		KPI 30 Report on number in-situ houses constructed	31 in-situ houses constructed	Report on in-situ houses constructed	Report on in-situ houses constructed	R17 000 000.00	R16 570 563.88	The Department of COGSTA is responsible for the implementation and project management of in-situ houses	Improve communication with COGHSTA in 2018/2019 financial year in order to source information when required.	Housing report and proof of payment to contractors	Target not achieved
Maintenance/ Development of Municipal Buildings		KPI 31 Construction of 595 m2 seven miles community hall by June 2018	Appointment of a service e provider	Construction of 595 m2 seven miles community hall by June 2018	m2 seven miles community hall constructed by June 2018	R3 010 384.00 MIG Funds R 1 505 555.54 Municipality R2 500 000.00 Last Year roll over	R7 017 940 .07	None	None	Completion certificate	Target achieved. Relevant evidence was submitted
Disaster Management		KPI 32 Number of Disaster assessment conducted by June 2018	60 Disaster inspections conducted by June 2017	40 Disaster assessments conducted by June 2018	69 disaster assessment conducted by June 2018	Operational	Operational	None	None	Disaster Assessment forms	Target achieved. Relevant evidence was submitted
Disaster Management		KPI 33 Number of disaster prevention awareness campaigns held by June 2018	4 prevention disaster awareness campaigns held by June 2017	4 prevention disaster awareness campaigns held by June 2018	5 campaigns held	Operational	Operational	The awareness campaign held were wrongfully conducted internally instead of externally		Agenda, attendance register	Target achieved. Relevant evidence was submitted
Fire Service Management		KPI 34 Number of fire inspections conducted by June 2018	8 fire inspection conducted	8 fire inspection conducted	8 fire inspection conducted	Operational	Operational	None	None	Fire Inspections report	Target achieved. Relevant evidence was submitted

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**Ga-Segonyana Local Municipality
Annual Performance Report 2017/2018
KPA 2: Basic Service Delivery and Infrastructure Development**

Development priorities	Strategic goals	Key Performance Indicator	2016/2017 Actual Performance	Annual Target	Actual Performance	Annual Budget	Expenditure	Challenges	Corrective Measures	Portfolio of Evidence	PMS Comment
Fire Service Management		KPI 35 Number of fire prevention awareness campaigns held by June 2018	8 Number of fire prevention awareness campaigns	4 Number of fire prevention awareness campaigns	4 fire prevention awareness campaigns held	Operational	Operational			Agenda, attendance registers	Target achieved. Relevant evidence was submitted
		KPI 36 Number of library campaigns conducted by end of June 2018	32 library campaigns conducted by end of June 2017	4 library campaigns conducted at 8 libraries	5 library campaigns held	R20 000.00 (140 000)	R90 936 96	None	none	Agenda, attendance registers	Target achieved. Relevant evidence was submitted
Community Services		KPI 37 Number of library holiday programmes held by June 2018	40 holiday programmes	4 holiday programmes held by June 2018	16 holiday programmes held			None	none	attendance registers, pictures and programmes	Target achieved. Relevant evidence was submitted
Road and Safety		KPI 38 Number of road blocks conducted by end of June 2018	12 road blocks conducted by end of June 2017	12 road blocks conducted by end of June 2018	26 road blocks conducted	Operational	Operational	None	None	Warrants and road block schedules	Target not achieved
Community service		KPI 39 Number of reports on maintenance of sports grounds by end of June 2018	4 reports on activities on maintenance of sports grounds by end of June 2017	4 reports on maintenance of sports grounds by end of June 2018	3 reports on maintenance of sports ground submitted	Operational	Operational	1 report was not developed because the officer responsible for parks resigned during the financial year.	An official was appointed on an acting basis for parks and sports grounds.	3 report on number on maintenance of sports grounds	Target not achieved due to insufficient evidence
Refuse Removal	To Develop and maintain infrastructure and community services	KPI 40 Number of households in wards 1, 3 and 13 with access to minimum standard of refuse removal by end of June 2018	14000 of households in wards 1, 3 and 13 with access to minimum standard of refuse removal by end of June 2017	12480 of households in wards 1, 3 and 13 with access to minimum standard of refuse removal by end of June 2018	14951 households in wards 1, 3 and 13 with access to minimum standard of refuse removal	Operational	Operational	None	None	Control levies sheets and reports on refuse removal	Target achieved. Relevant evidence was submitted
Community services		KPI 41 Number of waste awareness campaigns held	4 waste awareness campaigns	4 waste awareness campaigns held by June 2018	6 waste awareness campaigns held	Operational	Operational	None	None	Invitations, agendas, attendance	Target achieved. Relevant evidence was submitted

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**Ga-Segonyana Local Municipality
Annual Performance Report 2017/2018
KPA 2: Basic Service Delivery and Infrastructure Development**

Development priorities	Strategic goals	Key Performance Indicator	2016/2017 Actual Performance	Annual Target	Actual Performance	Annual Budget	Expenditure	Challenges	Corrective Measures	Portfolio of Evidence	PMS Comment
Community services	To Develop and maintain infrastructure and community services	by June 2018	held by June 2017								
		KPI 42 Number of clean-up campaigns conducted by June 2018	4 clean-up campaigns conducted by June 2017	4 clean-up campaigns conducted by June 2018	14 clean up campaigns conducted	Operational	Operational	None	None	Public notices and attendance register	Target achieved. Relevant evidence was submitted
		KPI 43 Number of security risk assessments conducted by June 2018	4 security risk assessments conducted by June 2017	4 security risk assessments conducted by June 2018	4 security risk assessment conducted	Operational	Operational	None	None	4 Security risk assessment reports	Target achieved. Relevant evidence was submitted
KPI 44 Reports on number of summons issued by June 2018		New	2 reports on number of summons issued	2 reports	Operational	Operational	None	None	2 reports on number of summons issued	Target achieved. Relevant evidence was submitted	
KPI 45 Reports on the 12% of revenue generated from licencing by June 2018		New	2 reports on 12 % revenue generated from licencing	2 reports	Operational	Operational	None	None	2 copies of the reports on the 12% of revenue generated from licencing	Target achieved. Relevant evidence was submitted.	
Traffic and licencing											

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Ga-Segonyana Local Municipality Annual Performance Report 2017/2018 KPA 3: Financial Viability and Accountability											
Development priorities	Strategic goals	Key Performance Indicator	2016/2017 Actual Performance	Annual Target	Actual Performance	Annual Budget	Expenditure	Challenges	Corrective Measures	Portfolio of Evidence	PMS Comment
Financial viability and Accountability	To enhance revenue and financial management	KPI 46 Reports on number of asset verifications conducted by June 2018	2 reports on asset verifications by June 2017	2 reports on asset verifications conducted by June 2018	2 reports on asset verification conducted	R600 000	R750 000.00	None	None	2 reports on asset verifications	Target achieved. Relevant evidence was submitted
		KPI 47 Number of asset reconciliations reports submitted to the Municipal Manager by end of June 2018	12 asset reconciliations reports submitted to the Municipal Manager by end of June 2017	12 asset reconciliations reports submitted to the Municipal Manager by end of June 2018	12 asset reconciliation report	Operational	Operational	None	None	12 asset reconciliations reports submitted to the Municipal Manager	Target achieved. Relevant evidence was submitted
		KPI 48 Number of progress reports on the implementation of issues raised by AG submitted to Council by the end of June 2018	2 progress reports on the implementation of issues raised by AG submitted to Council by the end of June 2017	2 progress reports on the implementation of issues raised by AG submitted to Council by the end of June 2018	2 reports (Action plan) and council resolutions	R200 000	R200 000.00	None	None	2 progress reports on the implementation of issues raised by AG and council resolution	Target achieved. Relevant evidence was submitted
		KPI 49 Number of Section (71) reports submitted to the Mayor and Provincial Treasury by end June 2018	12 Section (71) reports submitted to the Mayor and Provincial Treasury by end June 2017	12 Section (71) reports submitted to the Mayor and Provincial Treasury by end June 2018	12 section 71 reports	Operational	Operational	None	None	12 Section (71) reports and acknowledgement letters from the Mayor and PT	Target achieved. Relevant evidence was submitted
		KPI 50 Annual financial Statements submitted to the Auditor General by end of August 2017	Annual financial Statements submitted to the Auditor General by end of August 2016	Annual financial Statements submitted to the Auditor General by end of August 2017	AFS submitted	R5 000 000	R8050 000.00	None	None	A copy of the Annual Financial Statement Acknowledgement letter from the Auditor General	Target achieved. Relevant evidence was submitted
		KPI 51 2018/2019 budget submitted to Council for approval by end of May 2018	2016/2017 budget submitted to Council for approval by end of May 2017	2017/2018 budget submitted to Council for approval by end of May 2018	2017/2018 budget submitted to Council for approval by end of May 2018	Operational	Operational	None	None	2018/2019 budget and council resolution	Target achieved. Relevant evidence was submitted
		KPI 52 2017/2018 adjustment budget submitted to council for approval by end of February 2018	2016/2017 adjustment budget submitted to council for approval by end of February 2017	2017/2018 adjustment budget submitted to council for approval by end of February 2018	2017/2018 adjustment budget submitted to council for approval by end of February 2018	Operational	Operational	None	None	2017/2018 adjustment budget and council resolution	Target achieved. Relevant evidence was submitted

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Ga-Segonyana Local Municipality Annual Performance Report 2017/2018 KPA 3: Financial Viability and Accountability											
Development priorities	Strategic goals	Key Performance Indicator	2016/2017 Actual Performance	Annual Target	Actual Performance	Annual Budget	Expenditure	Challenges	Corrective Measures	Portfolio of Evidence	PMS Comment
			February 2017		of February 2018						
Financial viability and Accountability	To enhance revenue and financial management	KPI 53 2018/2019 draft budget tabled to council by end of March 2018	2016/2017 draft budget tabled to council by end of March 2016	2017/2018 draft budget tabled to council by end of March 2018	2017/2018 draft budget tabled	Operational	Operational	None	None	2018/2019 draft budget and council resolution	Target achieved. Relevant evidence was submitted
		KPI 54 Number of performance and budget reports (s52d) submitted to council by June 2018	4 performance and budget reports (s52d) submitted to council by June 2017	4 performance and budget reports (s52d) submitted to council by June 2018	4 section 52 d submitted to council	Operational	Operational	None	None	performance and budget reports (s52d) and council resolution	Target achieved. Relevant evidence was submitted
		KPI 55 Number of quarterly financial statements submitted to the Audit Committee by end of June 2018	4 quarterly financial statements submitted to the Audit committee by end of June 2017	4 quarterly financial statements submitted to the Audit committee by end of June 2018	4 financial statements submitted to the audit committee	R400 000	Operational	None	None	4 quarterly financial statements and an acknowledgement letter from the Performance Audit Committee Chairperson	Target achieved. Relevant evidence was submitted
		KPI 56 Number of grants reconciliation reports submitted to the CFO by June 2018	12 grants reconciliation reports submitted	6 grants reconciliation reports submitted to the CFO by June 2018	6 grants reconciliation	Operational	Operational	None	None	6 copies of grants reconciliation report submitted to the CFO	Target achieved. Relevant evidence was submitted
		KPI 57 Bank reconciliation reports submitted to the CFO by June 2018	12 bank reconciliation reports submitted	6 bank reconciliation reports submitted to the CFO by June 2018	6 bank reconciliations	Operational	Operational	None	None	6 copies of bank reconciliation report submitted to the CFO	Target achieved. Relevant evidence was submitted
		KPI 58 Number of creditors reconciliation reports submitted to the CFO by June 2018	12 creditors reconciliation report submitted	6 creditors reconciliation reports submitted to the CFO by June 2018	6 creditors reconciliation reports	Operational	Operational	None	None	6 copies of creditors reconciliation report submitted to the CFO	Target achieved. Relevant evidence was submitted
		KPI 59 Number of debtor's reconciliation reports submitted to the CFO and Accounting Officer by June 2018	New KPI	6 debt reconciliation reports submitted to the CFO and Accounting Officer	6 debt reconciliation	Operational	Operational	None	None	Copies of 6 debt reconciliation reports submitted to the CFO and accounting officer	Target achieved. Relevant evidence was submitted
		KPI 60 Number of reviewed and adopted financial/budget	New KPI	13 reviewed and budgeted related policies by June 2018	15 policies reviewed	Operational	Operational	None	None	Copies of 13 reviewed and budgeted related policies	Target achieved. Relevant evidence was submitted

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Ga-Segonyana Local Municipality Annual Performance Report 2017/2018 KPA 3: Financial Viability and Accountability											
Development priorities	Strategic goals	Key Performance Indicator	2016/2017 Actual Performance	Annual Target	Actual Performance	Annual Budget	Expenditure	Challenges	Corrective Measures	Portfolio of Evidence	PMS Comment
		related policies by end of June 2018									
Financial viability and Accountability	To enhance revenue and financial management	KPI 61 Number of reports submitted to council on compliance with Municipal Property Rates Act (MPRA) by June 2018	New KPI	1 report submitted to council on compliance with Municipal Property Rates Act (MPRA) by June 2018	1 report submitted to council	Operational	Operational	None	None	Copy of a report submitted to council on compliance with Municipal Property Rates Act (MPRA) and council resolution	Target achieved. Relevant evidence was submitted
		KPI 62 Number of quarterly reports on the implementation of the revenue enhancement strategy submitted to council by June 2018	New KPI	1 Report on the implementation of the revenue enhancement strategy submitted to council	1 report on the implementation of the revenue enhancement strategy submitted to council	Operational	Operational	None	None	Copy of a report on the implementation of the revenue enhancement strategy submitted to council and council resolution	Target achieved. Relevant evidence was submitted
		KPI 63 69% of budgeted revenue for property rates collected by June 2018	New KPI	69% of budgeted revenue for property rates collected by June 2018	69% of budgeted revenue for property rates collected by June 2018	Operational	Operational	None	None	Age analysis of debt on property rates	Target achieved. Relevant evidence was submitted
		KPI 64 Number of supplementary evaluations conducted by end of June 2018	New KPI	1 supplementary evaluation conducted by end of June 2018	1 supplementary evaluation conducted	Operational	Operational	None	None	Certified supplementary valuation roll	Target Achieved. POE in a soft copy.
		KPI 65 88% of revenue collection for total billing by June 2018	99% of revenue collection for total billing by June 2018	88 % of revenue collected by June 2018	88% of revenue collected	Operational	Operational	None	None	Debtors age analysis	Target achieved, revenue is at 88%
		KPI 66 Number of reports on bad debts written off submitted to council by June 2018	New KPI	1 report on bad debts written off submitted to council by end of June 2018	1 report on bad debts written off submitted to council	Operational	Operational	None	None	Council resolution and a list of bad debts written off	Target achieved. Relevant evidence was submitted
		KPI 67 Number of campaigns on the registration of indigents conducted by June 2018	New KPI	1 campaign on registration of indigent conducted by June 2018	1 campaign conducted	Operational	Operational	Insufficient evidence was submitted.	To ensure corporation between internal staff and ward committee	Copy of indigent register and campaigns report	Target not achieved due to insufficient evidence. Attendance

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Ga-Segonyana Local Municipality Annual Performance Report 2017/2018 KPA 3: Financial Viability and Accountability											
Development priorities	Strategic goals	Key Performance Indicator	2016/2017 Actual Performance	Annual Target	Actual Performance	Annual Budget	Expenditure	Challenges	Corrective Measures	Portfolio of Evidence	PMS Comment
									members prior to meeting		registers were not submitted
Financial viability and Accountability	To enhance revenue and financial management	KPI 68 Number of reports on deviations register presented to council for condonation by June 2018	New KPI	1 quarterly report on deviations submitted to council	1 quarterly report on deviations submitted to council	Operational	Operational	None	none	Council resolution and deviation report	Target achieved. Relevant evidence was submitted
		KPI 69 Number of reports submitted to council on management of UIF unauthorised, irregular and fruitless and wasteful expenditure and subsequent reporting per MFMA s32	New KPI	1 report on management of UIF unauthorised, irregular and fruitless and wasteful expenditure and subsequent reporting per MFMA s32	1 report on management of UIF unauthorised, irregular and fruitless and wasteful expenditure and subsequent reporting per MFMA s32	Operational	Operational	None	None	Council resolution and a report on management of UIF unauthorised, irregular and fruitless and wasteful expenditure and subsequent reporting per MFMA s32	Target achieved. Relevant evidence was submitted
		KPI 70 Number of debtor's reconciliation reports submitted to the CFO by June 2018	New KPI	6 debt reconciliation reports submitted to the accounting officer		Operational	Operational			Copies of 6 debt reconciliation reports submitted to the accounting officer	KPI 59. This KPI was mistakenly repeated.
		KPI 71 Reports on SCM compliant creditors paid within 30 days by June 2018	New KPI	1 report on SCM compliant creditors paid within 30 days by June 2018	1 report on SCM compliant	Operational	Operational	Delays from departments to approve payments	To develop a payment, register to maintain and monitor the register on a weekly plan	Register book and 1 report on SCM compliant creditors paid within 30 days	Target not achieved due to insufficient evidence. No register book and creditors are not paid within 30 days
		KPI 72 Reports on Payroll reconciliations performed by 30 June 2018	New KPI	1 Report on payroll reconciliations submitted to the CFO	3 reports on payroll reconciliations submitted to the CFO by 30 June 2018	Operational	Operational	None	None	Signed payroll reconciliations submitted to the CFO	Target achieved. Relevant evidence was submitted
		KPI 73 Number of Vat returns submitted to SARS by June 2018	New KPI	Number of VAT returns submitted to SARS by 25 of every month by	12 VAT returns submitted	Operational	Operational	None	None	VAT Returns submitted to SARS	Target achieved. Relevant evidence was submitted

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Ga-Segonyana Local Municipality Annual Performance Report 2017/2018 KPA 3: Financial Viability and Accountability											
Development priorities	Strategic goals	Key Performance Indicator	2016/2017 Actual Performance	Annual Target	Actual Performance	Annual Budget	Expenditure	Challenges	Corrective Measures	Portfolio of Evidence	PMS Comment
				June 2018							

Ga-Segonyana Local Municipality Annual Performance Report 2017/2018 KPA 4: Local Economic Development											
Development priorities	Strategic goals	Key Performance Indicator	2016/2017 Actual Performance	Annual Target	Actual Performance	Annual Budget	Expenditure	Challenges	Corrective Measures	Portfolio of Evidence	PMS Comment
Promote SMME	Create a conducive environment for prosperous business investment	KPI 74 Number of tourism awareness campaigns held by June 2018	4 tourism awareness campaigns held by June 2017 (required Standards for business)	5 tourism awareness campaigns held by June 2018	4 tourism awareness campaigns held by June 2018	R200 000	R17 338.09	Lack of participation from private entities	Establishment of a local tourism forum and proper coordination of the tourism awareness campaigns	Programmes and Attendance registers	Annual Target not achieved
		KPI 75 Number of informal/formal business compliance inspections conducted by June 2018	60 small business compliance inspections conducted by June 2017	60 informal/formal business compliance inspections conducted by June 2018	119 informal/formal business compliance inspections conducted	Operational	Operational	None	None	Inspection registers	Target Achieved. The inspection register used was changed in the 4 th quarter to provide more information.
		KPI 76 Number of reports on events held at community halls and revenue generated by end of June 2018	4 quarterly reports	2 reports on events held at community halls and revenue generated	2 reports on events held at community halls and revenue generated	Operational	Operational	None	None	Copies of reports on events held at community halls and revenue generated	Target achieved. Relevant evidence submitted.
		KPI 77 Number of LED related policies submitted to council for approval by September 2018	2 (Incentive policy, SMME support policy) LED related policies submitted to council for approval by end of September 2017	1 (Incentive policy, SMME support policy)	Nothing was reported.	Operational	Operational	Failure to have a consolidated draft in time as per benchmarking with other municipalities.	Draft policies are in place. The plan is to get council approval by 2 nd quarter 2018/2019.	None	Target not achieved, no evidence provided.
Local economic development		KPI 78 Number of Jobs created through municipal capital projects by June 2018	496 Jobs created through municipal capital projects by June 2017	496 Jobs created through municipal capital projects by June 2018	221 employment contracts (437 reported number of jobs created)	R1 000 000.00	R886 816 .00	Not all jobs created through municipal capital projects are reported. Only jobs created by capital	Public works is in the process of organising a workshop for all municipal directors	Labour sheets from contractors and contract of employment	Target not achieved due to insufficient evidence.

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**Ga-Segonyana Local Municipality
Annual Performance Report 2017/2018
KPA 4: Local Economic Development**

Development priorities	Strategic goals	Key Performance Indicator	2016/2017 Actual Performance	Annual Target	Actual Performance	Annual Budget	Expenditure	Challenges	Corrective Measures	Portfolio of Evidence	PMS Comment
								projects from Infrastructure Service Department and general workers from community service department was reported	on how to report job creation.		
Promote SMMEs	Create a conducive environment for prosperous business investment	KPI 79 Number of SMME training held by June 2018	4 SMME training held by June 2017	4 SMME training held by June 2018	5 SMME training held by June 2018	Operational	Operational			Programme and attendance registers	Target achieved. Relevant evidence submitted
		KPI 80 Number of reports on visitors and revenue generated from 1 st eye and caravan park by June 2018	4 reports on number of visitors and revenue generated from 1 st eye	4 reports on number of visitors and revenue generated from 1 st eye and caravan park by June 2018	4 reports on number of visitors and revenue generated from 1 st eye and caravan park by June 2018	Operational	Operational	None	None	4 reports on number of visitors and revenue generated from 1 st eye and caravan park	Target achieved. Relevant evidence was submitted

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**Ga-Segonyana Local Municipality
Annual Performance Report 2017/2018
KPA 5: Good Governance and Public Participation**

Development priorities	Strategic goals	Key Performance Indicator	2016/2017 Actual Performance	Annual Target	Actual Performance	Annual Budget	Expenditure	Challenges	Corrective Measures	Portfolio of Evidence	PMS Comment
Promote Good governance and public participation	To Foster participative cohesion and collaboration	KPI 81 Communication strategy developed and approved by June 2018	Communication strategy developed by September 2017	Communication strategy approved by June 2018	Communication strategy approved by June 2018	Operational	Operational	None	None	The reviewed Communication Strategy Council resolution	Target achieved. Relevant evidence was submitted
		KPI 82 Number of internal newsletters developed by end of June 2018	4 internal newsletters developed by end of June 2018	4 internal newsletters developed by end of June 2018	4 internal newsletters developed by end of June 2018	Operational	Operational	none	None	4 copies of internal newsletters and distribution list to all departments	Target achieved. Relevant evidence was submitted
		KPI 83 Number of external newsletters developed by end of September 2017	None	2 external newsletters developed by end of September 2017	Nothing was reported.	R65 000.00	0.00	External newsletters could not be published due to delays of SCM processes.	SCM manager to finalise SCM processes	2 copies of external newsletters and a distribution list	Target not achieved, no evidence provided.
		KPI 84 Number of media releases by end of June 2016	40 media releases by end of June 2018	40 media releases by end of June 2018	78 media release by end of June 2018	Operational	Operational			Copies of letterhead and media statement	Target achieved. Relevant evidence attached
		KPI 85 Public Participation Strategy developed and approved by end of December 2018	None	Public Participation Strategy developed and approved by end of June 2018	Public Participation Strategy developed and approved by end of June 2018	Operational	Operational	None	None	Approved Public Participation Strategy and Council Resolution	Target achieved. Relevant evidence submitted.
		KPI 86 Number of Imbizo's held by bend of June 2018	1 Imbizo held	1 Imbizo held by end of June 2018	Nothing was reported.	Operational	Operational	Poor performance and absenteeism of manager from political office	For the Mayor to ensure and take responsibility and will facilitate the implementation.	Programme and attendance registers	Target not achieved, no evidence was provided.
		KPI 87 Number of special programmes reports submitted to the Mayor by June 2018	4 special programmes	4 special programmes report submitted to the Mayor by June 2018	4 special programmes report submitted to the Mayor by June 2018	R600 000.00	R167 041 .76	None	None	4 reports on special programmes submitted to the mayor (attendance registers)	Target achieved. Relevant evidence submitted

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**Ga-Segonyana Local Municipality
Annual Performance Report 2017/2018
KPA 5: Good Governance and Public Participation**

Development priorities	Strategic goals	Key Performance Indicator	2016/2017 Actual Performance	Annual Target	Actual Performance	Annual Budget	Expenditure	Challenges	Corrective Measures	Portfolio of Evidence	PMS Comment
Promote Good governance and public participation	To Foster participative cohesion and collaboration To Foster participative cohesion and collaboration	KPI 88 Number of reports on 14 functional ward committee submitted to the Speaker by end of June 2018	4 reports on functional ward committee	4 reports on functional ward committee submitted to the Speaker by end of June 2018	4 reports on functional ward committee submitted to the Speaker by end of June 2018	R1 680 000.00	R1 459 000.00	Ward committee members could not provide sufficient evidence in the 1 st quarter	Ward committee members who could not submit info/evidence requested were not paid their stipend. To organise a training for ward committee members on the importance of keeping records	4 reports on 14 functional ward committees submitted to the speaker	Target not achieved. Not all 14 wards were fully functionally during the financial year under review.
		KPI 89 Number of Council meetings held by end of June 2018	4 council meetings held	4 council meetings held by June 2018	4 council meetings held by June 2018	Operational	Operational	None	None	Council minutes and attendance register	Target achieved. Relevant evidence submitted
		KPI 90 Number of by-laws gazetted and submitted to council for approval by end of June 2018	15 By-Laws Submitted to council for approval by June 2017	6 By-Laws Submitted to council for approval by June 2018	9 by-laws submitted to council for approval	R3 000 00.00	R2 530 610.93	None	None	Copies of by-laws, Council resolutions, attendance register for public participation, acknowledgement letter	Target achieved. Relevant evidence submitted
		KPI 91 Number of Audit Committee reports submitted to council by end of June 2018	4 Audit committee reports submitted to council	4 Audit committee reports submitted to council by end of June 2018	3 Audit committee reports submitted to council by end of June 2018	Operational	Operational	The 1 st quarter report was done but was not submitted and presented to council.	Management ensures that all the 3 outstanding reports were submitted and presenting by the audit chair to council.	Copies of 3 Audit committee reports submitted to council	Target not achieved, due to insufficient evidence.
		KPI 92 Final IDP submitted and approved by council by the end of May 2018	Final IDP submitted and approved of May 2018	Final IDP submitted and approved by council by the end of May 2018	Final IDP submitted and approved by council by the end of May 2018			None	None	Council Resolution	Target achieved.
		KPI 93 Draft IDP tabled to council by end of March 2018	Draft IDP tabled to council by end of March 2017	Draft IDP tabled to council by end of March 2018	Draft IDP tabled to council by end of March 2018	R540 000.00	R 120 891.31	None	None	Draft IDP Council Resolution and Minutes	Target achieved.

APPENDICES

**Ga-Segonyana Local Municipality
Annual Performance Report 2017/2018
KPA 5: Good Governance and Public Participation**

Development priorities	Strategic goals	Key Performance Indicator	2016/2017 Actual Performance	Annual Target	Actual Performance	Annual Budget	Expenditure	Challenges	Corrective Measures	Portfolio of Evidence	PMS Comment
Promote Good governance and public participation	To Foster participative cohesion and collaboration	KPI 94 Number of IDP Rep forum meetings held by June 2018	2 IDP rep forums held	4 IDP Rep forums meetings held by June 2018	4 IDP Rep forums meetings held by June 2018			None	None	Minutes and attendance register	Target achieved.
		KPI 95 Number of steering committee meetings held by June 2018	2 IDP Steering committee meetings held	2 IDP steering committee meetings held by June 2018	4 IDP steering committee meetings held by June 2018	Operational	Operational	None	None	Minutes and attendance register	Target achieved.
		KPI 96 IDP/PMS/Budget process plan approved by council by end of June 2018	IDP/PMS/Budget process plan approved by council by end of June 2017	IDP/PMS/Budget process plan approved by council by end of June 2018	Nothing was reported.	Operational	Operational	A target was wrongfully set in the 4 th quarter. This KPI is applicable in the 1 st quarter for 2018/2019 financial year	The process plan will be submitted to council in the next financial year.	NONE	Target not achieved
		KPI 97 Final Annual Report submitted to council by end of January 2018	Approved 2015/2016 Annual Report	Final Annual Report submitted to council by end of January 2018	Final Annual Report submitted to council by end of January 2018	Operational	Operational	None	None	Council Resolution	Target achieved. Relevant evidence submitted.
		KPI 98 Individual Performance Assessments conducted with senior managers by June 2018	None	1 performance assessments conducted with senior managers by June 2018	Performance assessments for 1 st and 2 nd quarter was conducted in the 3 rd quarter	Operational	Operational	None	None	Score sheets signed by MM. Assessment report	Target achieved. Relevant evidence submitted.
		KPI 99 Performance agreements signed by senior managers by June 2017	5 performance agreements	Performance agreements signed by senior managers by June 2017	5 Performance agreements signed by senior managers by June 2017	Operational	Operational	None	None	Signed agreements	Target achieved. Relevant evidence submitted.
		KPI 100 Section 72 Report submitted to the Mayor by January 2018	1 section 72 Report	Section 72 Report submitted to the Mayor by January 2018	Section 72 Report submitted to the Mayor by January 2018	Operational	Operational	None	None	Council Minutes. Letter of acknowledgement from Mayor	Target achieved. Relevant evidence submitted.

APPENDICES

**Ga-Segonyana Local Municipality
Annual Performance Report 2017/2018
KPA 5: Good Governance and Public Participation**

Development priorities	Strategic goals	Key Performance Indicator	2016/2017 Actual Performance	Annual Target	Actual Performance	Annual Budget	Expenditure	Challenges	Corrective Measures	Portfolio of Evidence	PMS Comment
Promote Good governance and public participation	To Foster participative cohesion and collaboration	KPI 101 Number of Quarterly Performance Reports submitted to the to the Accounting Officer	2016/2017 Quarterly Performance Reports	2017/2018 quarterly performance reports	2017/2018 quarterly performance reports	Operational	Operational	None	None	2016/2017 quarterly performance reports	Target achieved. Relevant evidence submitted.
		KPI 102 2018/2019 Top Layer SDBIP developed and Approved by the Mayor by June 2018	2017/2018 Top Layer Service Delivery Budget and Implementation Plan	2018/2019 Top Layer SDBIP Approved by the Accounting Officer and the Executive Mayor	2018/2019 Top Layer SDBIP Approved by the Accounting Officer and the Executive Mayor	Operational	Operational	None	None	2017/2018 Top Layer SDBIP Approved by the Mayor	Target achieved. Relevant evidence submitted.
		KPI 103 2017/2018 Top layer SDBIP reviewed and approved by council by January 2018	2016/2017 revised Top layer SDBIP	2017/2018 revised Top layer SDBIP Approved by the Accounting Officer, the Executive Mayor and Council	2017/2018 revised Top layer SDBIP Approved by the Accounting Officer, the Executive Mayor and Council	Operational	Operational	None	None	Copy of 2017/2018 Top layer SDBIP reviewed and approved by council by January 2018	Target achieved.

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS



GA SEGONYANA LOCAL MUNICIPALITY

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

General Information

Legal form of entity South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act No. 117 of 1998)

Mayoral committee

Mayor Masegela N.G.

Councillors

Name

Meyers T.E. (Speaker)

Assegaal G.C.

Aucamp W.A.S.

Bloem S.N.

Chweu K.H.

Disang M.F.

Dispi N.G.

Eiman B.A.

Galeboe M.P.

Kanjeruba K.F.

Leserwane E.B.

Leserwane O.A.

Madikiza Selepe K.B.

Makoke L.N.

Makwati K.R.

Mathibe O.D.

Mntuyedwa G.N.

Moagi L.

Modise E.B.

Moseki L.C.

Mpata D.T.

Nelson L.R.

Ngesi N.G.

Reetsang M.G.

Thupaemang N.G.

Tshetshemeserogwe I.

Chief Financial Officer (CFO) K. Noke

Accounting Officer E. Ntefang

Term ended 30 September 2017

Accounting Officer M. Tsatsimpe

Appointed 1 October 2017

Registered office Corner Voortrekker and School Street
Kuruman

Business address Corner Voortrekker and School Street
Kuruman

Postal address Private Bag X1522
Kuruman
8460

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

General Information

Bankers	FNB
Auditors	Auditor General (South Africa)
Jurisdiction	The Ga-segonyana Local Municipality includes the following areas: Kuruman, Bankhara, Mothibistad, Magojaneng, Obama Hill, Ditshoswaneng, Mpoteng, Seoding, Mokalamosesane, Gamopedi, Ncweng, Galotolo, Pietbos, Sloja, Lokaleng, Geelboom, Sedibeng, Batlharos, Gasehubane, Garuele, Gasebolao, Maruping, Vergenoeg, Kagung, Lohattha, Seven Miles, Thamonyanche, Wrenchville, Promise Land and Thuli Madonsela.
Relevant Legislation	Constitution of the Republic of South Africa (Act No. 108 of 1996) Municipal Finance Management Act (Act 56 of 2003) Division of Revenue Act The Income Tax Act (Act No. 58 of 1962) Value Added Tax Act (Act No. 117 of 1998) Municipal Structures Act (Act No. 32 of 2000) Water Service Act (Act No.108 of 1997) Housing Act (Act No. 107 of 1997) Municipal Property Rates Act (Act No. 6 of 2004) Electricity Act (Act No. 41 of 1987) Skills Development Levies Act (Act No. 9 of 1999) Employment Equity Act (Act No. 55 of 1998) Unemployment Insurance Act (Act No. 30 of 1966) Basic Conditions of Employment Act (Act No. 75 of 1997) Municipal System Amendment Act (Act No. 7 of 2011) Municipal Planning and Performance Management Regulations Municipal Supply Chain Management Regulations Municipal Collective Agreements Municipal Budget and Reporting Regulations MFMA Circulars and Regulations

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Index

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

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ACIP	Accelerated Community Infrastructure Program
ASB	Accounting Standards Board
DBSA	Development Bank of South Africa
DME	Department of Minerals and Energy Grant
DWAF	Department of Water Affairs
EPWP	Expanded Public Works
FMG	Financial Management Grant
GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act (Act 56 of 2003)
MIG	Municipal Infrastructure Grant (Previously CMIP)
MWIG	Municipal Water Infrastructure Grant
WSIG	Water Services Infrastructure Grant
PAYE	Pay As You Earn
RHIG	Rural Housing Infrastructure Grant
SARS	South African Revenue Services
SDL	Skills Development Levies
UIF	Unemployment Insurance Fund

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the 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 year then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

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

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

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

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

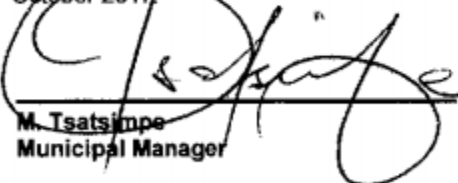
The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, he is satisfied that the municipality has adequate resources to continue in operational existence for the foreseeable future.

Although the Accounting Officer is primarily responsible for the financial affairs of the municipality, the annual financial statements are supported by the municipality's external auditors.

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

The annual financial statements set out on pages 7 to 81, which have been prepared on the going concern basis, were approved by the Accounting Officer on 30 June 2018.

There was a change in leadership of the municipality during the financial year as the Municipal Manager was appointed in October 2017.


M. Tsatsimpe
Municipal Manager

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Audit Committee Report

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

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet at least 4 times per annum as per its approved terms of reference. During the current year 8 meetings were held.

Name of member	Number of meetings attended	Notes
Ms L. Dhlamini (Chairperson)	7	3 year term appointed as Chairperson
Mr S. Simelane	4	3 year term appointed as member
Mr A. Ngobeni	2	3 year term appointed as member
Mr F. Buys	4	3 year term appointed as member
Mr R. Tshimomola	6	3 year term appointed as member

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The committee has performed the following key responsibilities:

- Adopted the audit and risk management charter and proposed approved to council;
- Reconfirm the appropriateness of the internal audit charter and methodology;
- Recommended the risk management strategy and policy to council, due to the slow implementation thereof alternative mechanisms were followed by the internal audit manager and a risk register was considered and recommended for approval to council;
- Approved the internal audit plan for the financial year and monitored to the implementation of the plan;
- Evaluated the findings raised by internal and external audit and made recommendations on addressing those matters;
- Performed a review of financial information submitted to the committee and commented specifically on concerns raised based on year-to-date information and accuracy of projections;
- Requested management to reporting on pending litigation, possible contingent liabilities and significant risks;
- Requested management to address the perceived lack of discipline and called specific officials to account for the progress on the audit action plan;
- Liaised with the Auditor-General on matters relating to communication with those charged with governance.

The effectiveness of internal control

The system of controls should be designed to provide cost-effective assurance that assets are safeguarded, liabilities and working capital are efficiently managed and compliance with appropriate laws and regulations achieved.

The following issues are highlighted by the Audit and Performance Committee as points of concern:

- Insufficient preventative control measures and ineffective monitoring of controls.
- Non adherence to policies and procedures.
- Repeat internal audit findings (performance management and MFMA Compliance audit.
- Repeat external audit findings
- No consequence management and ineffective oversight structures

Internal audit

The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

Auditor-General of South Africa

The Audit Committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Chairperson of the Audit Committee

Ga Segonyana Local Municipality
Annual Financial Statements for the year ended 30 June 2018

Audit Committee Report

Date: _____

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

	Note(s)	2018 R	2017 Restated* R
Assets			
Current Assets			
Inventories	3	53,804,637	55,468,013
Receivables from non-exchange transactions	4	19,738,879	21,639,101
VAT	5	17,189,868	15,309,553
Receivables from exchange transactions	6	46,119,454	20,113,789
Cash and cash equivalents	7	11,688,188	990,123
		148,541,026	113,520,579
Non-Current Assets			
Investment property	8	6,756,100	6,756,100
Property, plant and equipment	9	1,256,171,559	1,234,780,436
Intangible assets	10	350,553	573,105
Heritage assets	11	1,655,642	1,655,642
		1,264,933,854	1,243,765,283
Total Assets		1,413,474,880	1,357,285,862
Liabilities			
Current Liabilities			
Other financial liabilities	12	7,451,010	6,666,473
Finance lease obligation	13	4,773,650	1,597,114
Payables from exchange transactions	14	125,667,955	121,946,728
Consumer deposits	15	5,334,319	4,202,439
Employee benefit obligations	16	1,618,925	1,399,725
Unspent conditional grants and receipts	17	1,699,569	18,492,566
		146,545,428	154,305,045
Non-Current Liabilities			
Other financial liabilities	12	13,158,864	14,667,776
Finance lease obligation	13	7,442,049	2,819,011
Employee benefit obligations	16	25,352,432	23,424,176
Provisions	18	12,891,497	4,870,377
		58,844,842	45,781,340
Total Liabilities		205,390,270	200,086,385
Net Assets		1,208,084,610	1,157,199,477
Reserves			
Revaluation reserve	19	14,835,415	14,835,415
Accumulated surplus		1,193,249,195	1,142,364,062
TOTAL NET ASSETS		1,208,084,610	1,157,199,477

* See Note 52

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Performance

	Note(s)	2018 R	2017 Restated* R
REVENUE			
Revenue from exchange transactions			
Sale of stands		864,010	8,347,818
Service charges	21	140,660,584	122,671,589
Rental of facilities	22	1,688,622	1,926,041
Interest on outstanding receivables		5,616,813	5,901,682
Licences and permits		5,757,645	5,050,505
Other revenue		2,561,479	14,962,597
Interest on investments	24	2,155,587	176,099
Total revenue from exchange transactions		159,304,740	159,036,331
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	38,408,384	36,636,136
Transfer revenue			
Government grants and subsidies realised	26	232,798,246	226,228,557
Public contributions and donations	27	2,789,054	699,022
Fines, penalties and forfeits		1,120,100	9,739,846
Total revenue from non-exchange transactions		275,115,784	273,303,561
Total revenue	20	434,420,524	432,339,892
EXPENDITURE			
Employee related costs	28	(119,647,195)	(103,870,213)
Remuneration of councillors	29	(9,361,617)	(7,815,297)
Depreciation and amortisation	30	(53,492,011)	(55,514,544)
Impairment loss	31	(3,688,386)	(16,541,727)
Finance costs	32	(22,977,435)	(2,763,397)
Debtors impairment - Gain/(loss)	33	20,144,431	(19,147,662)
Bad debts written-off	34	(8,701,574)	-
Bulk purchases	36	(99,087,945)	(96,152,230)
Contracted services	37	(11,441,002)	(8,421,950)
General expenses	38	(72,287,821)	(89,887,833)
Total expenditure		(380,540,555)	(400,114,853)
Operating surplus		53,879,969	32,225,039
Loss on disposal of assets		(709,270)	(920,923)
Actuarial gains	16	526,317	1,720,891
		(182,953)	799,968
SURPLUS FOR THE YEAR		53,697,016	33,025,007

* See Note 52

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Changes in Net Assets

	Revaluation reserve R	Accumulated surplus R	Total net assets R
Opening balance as previously reported	20,487,531	1,113,202,087	1,133,689,618
Adjustments			
Prior year adjustments	-	(3,863,032)	(3,863,032)
Balance at 01 July 2016 as restated*	20,487,531	1,109,339,055	1,129,826,586
Changes in net assets			
Surplus for 12 months ended 30 June	-	33,025,007	33,025,007
Other changes	349,884	-	349,884
Derecognition of revaluation on transfer of land	(6,002,000)	-	(6,002,000)
Total changes	(5,652,116)	33,025,007	27,372,891
Opening balance as previously reported	14,835,415	1,092,202,114	1,107,037,529
Adjustments			
Prior year adjustments	-	47,350,065	47,350,065
Restated* Balance at 01 July 2017 as restated*	14,835,415	1,139,552,179	1,154,387,594
Changes in net assets			
Surplus for the year ended 30 June	-	53,697,016	53,697,016
Total changes	-	53,697,016	53,697,016
Balance at 30 June 2018	14,835,415	1,193,249,195	1,208,084,610

Note(s)

19

* See Note 52

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Cash Flow Statement

	Note(s)	2018 R	2017 Restated* R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services		184,494,315	160,411,551
Grants		219,914,402	235,809,907
Interest on investments		2,155,587	176,099
		<u>406,564,304</u>	<u>396,397,557</u>
Payments			
Employee costs		(126,620,077)	(111,685,507)
Suppliers		(182,799,750)	(176,433,946)
Finance costs		(14,956,314)	(2,763,397)
		<u>(324,376,141)</u>	<u>(290,882,850)</u>
Net cash flows from operating activities	39	82,188,163	105,514,707
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	9	(79,150,053)	(109,697,591)
Proceeds from sale of property, plant and equipment	9	666,592	6,213,773
Purchase of intangible assets	10	(134,561)	(400,000)
Proceeds from sale of intangible assets	10	52,727	138,526
Net cash flows from investing activities		(78,565,295)	(103,745,292)
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in other financial liabilities		(724,375)	(2,527,619)
Finance lease payments		7,799,572	1,215,960
Net cash flows from financing activities		7,075,197	(1,311,659)
Net increase/(decrease) in cash and cash equivalents		10,698,065	457,756
Cash and cash equivalents at the beginning of the year		990,123	532,367
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	11,688,188	990,123

* See Note 52

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Actual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
STATEMENT OF FINANCIAL PERFORMANCE						
REVENUE						
Revenue from exchange transactions						
Sale of stands	10,000,000	(3,000,000)	7,000,000	864,010	(6,135,990)	1
Service charges	130,254,952	(3,975,308)	126,279,644	140,660,584	14,380,940	2
Rental of facilities	2,205,000	(1,085,000)	1,120,000	1,688,622	568,622	
Interest on outstanding receivables	6,200,004	-	6,200,004	5,616,813	(583,191)	
Licences and permits	4,261,100	293,000	4,554,100	5,757,645	1,203,545	3
Other revenue	3,124,797	(595,601)	2,529,196	2,561,479	32,283	
Interest on investments	1,100,000	800,000	1,900,000	2,155,587	255,587	
Total revenue from exchange transactions	157,145,853	(7,562,909)	149,582,944	159,304,740	9,721,796	
Revenue from non-exchange transactions						
Property rates	39,074,688	-	39,074,688	38,408,384	(666,304)	
Government grants and subsidies realised	228,757,000	(36)	228,756,964	232,798,246	4,041,282	4
Public contributions and donations	-	-	-	2,789,054	2,789,054	5
Fines, Penalties and Forfeits	1,284,885	7,199	1,292,084	1,120,100	(171,984)	
Total revenue from non-exchange transactions	269,116,573	7,163	269,123,736	275,115,784	5,992,048	
Total revenue	426,262,426	(7,555,746)	418,706,680	434,420,524	15,713,844	
EXPENDITURE						
Employee related costs	(111,675,161)	1,854,084	(109,821,077)	(119,647,195)	(9,826,118)	6
Remuneration of councillors	(8,457,660)	(728,900)	(9,186,560)	(9,361,617)	(175,057)	
Depreciation and amortisation	(36,201,480)	-	(36,201,480)	(53,492,011)	(17,290,531)	7
Impairment loss	-	-	-	(3,688,386)	(3,688,386)	8
Finance costs	(2,813,257)	(3,694,999)	(6,508,256)	(22,977,435)	(16,469,179)	9
Debt Impairment	-	(61,368)	(61,368)	20,144,431	20,205,799	10
Collection costs	(536,952)	18,606	(518,346)	(8,701,574)	(8,183,228)	
Repairs and maintenance	(7,238,000)	(4,642,128)	(11,880,128)	(14,152,378)	(2,272,250)	11
Bulk purchases	(74,786,868)	(26,573,349)	(101,360,217)	(99,087,945)	2,272,272	12
Contracted services	(37,440,000)	(14,597,184)	(52,037,184)	(11,441,002)	40,596,182	13
General expenses	(51,349,200)	15,825,548	(35,523,652)	(58,135,443)	(22,611,791)	14
Total expenditure	(330,498,578)	(32,599,690)	(363,098,268)	(380,540,555)	(17,442,287)	
Operating surplus	95,763,848	(40,155,436)	55,608,412	53,879,969	759,352,667	
Gain on disposal of assets	-	-	-	(709,270)	(709,270)	
Actuarial gains/losses	-	-	-	526,317	526,317	
	-	-	-	(182,953)	(182,953)	
SURPLUS FOR THE YEAR	95,763,848	(40,155,436)	55,608,412	53,697,016	(1,911,396)	

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Position						
Assets						
Current Assets						
Inventories	18,039,723	15,008,490	33,048,213	53,804,637	20,756,424	15
Receivables from non-exchange transactions	29,459,373	12,865,893	42,325,266	19,738,879	(22,586,387)	16
Receivables from exchange transactions	40,917,531	(11,813,475)	29,104,056	46,119,454	17,015,398	17
VAT	-	-	-	17,189,868	17,189,868	18
Cash and cash equivalents	-	2,606,206	2,606,206	11,688,188	9,081,982	19
	88,416,627	18,667,114	107,083,741	148,541,026	41,457,285	
Non-Current Assets						
Investment property	6,961,100	-	6,961,100	6,756,100	(205,000)	
Property, plant and equipment	1,141,205,939	129,141,265	1,270,347,204	1,256,171,559	(14,175,645)	20
Intangible assets	538,962	34,143	573,105	350,553	(222,552)	
Heritage assets	1,650,000	5,642	1,655,642	1,655,642	-	
Loan receivables	49,388	(49,388)	-	-	-	
	1,150,405,389	129,131,662	1,279,537,051	1,264,933,854	(14,603,197)	
Total Assets	1,238,822,016	147,798,776	1,386,620,792	1,413,474,880	26,854,088	
Liabilities						
Current Liabilities						
Other financial liabilities	5,947,531	-	5,947,531	7,451,010	1,503,479	21
Finance lease obligation	-	-	-	4,773,650	4,773,650	22
Payables from exchange transactions	18,156,756	65,000,000	83,156,756	125,667,949	42,511,193	23
Consumer deposits	3,781,051	-	3,781,051	5,334,319	1,553,268	
Employee benefit obligations	-	-	-	1,618,925	1,618,925	24
Unspent conditional grants and receipts	-	-	-	1,699,569	1,699,569	25
	27,885,338	65,000,000	92,885,338	146,545,422	53,660,084	
Non-Current Liabilities						
Other financial liabilities	20,452,746	(20,452,746)	-	13,158,864	13,158,864	26
Finance lease obligation	-	-	-	7,442,049	7,442,049	27
Employee benefit obligations	-	-	-	25,352,432	25,352,432	28
Provisions	530,000	(530,000)	-	12,891,497	12,891,497	29
	20,982,746	(20,982,746)	-	58,844,842	58,844,842	
Total Liabilities	48,868,084	44,017,254	92,885,338	205,390,264	112,504,926	
Net Assets	1,189,953,932	103,781,522	1,293,735,454	1,208,084,616	(85,650,838)	

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	-	-	-	14,835,415	14,835,415	30
Accumulated surplus	1,188,798,707	48,046,624	1,236,845,331	1,193,249,204	(43,596,127)	31
Total Net Assets	1,188,798,707	48,046,624	1,236,845,331	1,208,084,619	(28,760,712)	

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Sale of stands

1) The decrease was due to a decrease in sale of stands as compared to prior year.

Service charges

2). Service charges increased by R14million due to increase in tariffs and also a slight increase in consumers.

Licences and permits

3) Licences and permits increased due to an increase in customers as well as charges.

Government grants and subsidies realised

4) Government grants were above budget due to increase in equitable share as well as realisation of income for conditions met for most grants.

Public contributions and donations

5) There was an increase in donations from mines for repairs and maintenance of road infrastructure.

Employee related costs

6) Employee costs increased due to increase in salaries and wages of 7% as well as overtime payments due to high call out to repair water infrastructure

Depreciation and amortisation

7) Depreciation increased due to increase in assets in the current year as well as gains of assets that were added after the physical verification.

Impairment

8) Impairment increased as it was not budgeted for.

Finance costs

9) Finance costs increased due to increased in finance costs of Landfill rehabilitation costs which increased by R8million as well as new Finance leases

Debt impairment

10) There was a substantial change in debt impairment due to restatement of prior year provision which resulted in a decrease in provision.

Repairs and maintenance

11) Repairs and maintenance increased slightly as compared to budget due to aging infrastructure which is constantly under maintenance.

Bulk purchases

12) Bulk purchases increased due to increase in price for both water and electricity.

Contracted services

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

13) Contracted services changed substantially due to reclassifications which were moved from contracted services to other expenses.

General expenses.

14) General expenses increased due to increases in costs from suppliers.

Inventory

15) Inventory increased due to reclassification of land under property, plant and equipment to inventory.

Receivables from non-exchange transactions

16) Receivables from non-exchange transactions reduced due to write-off of traffic fines balances.

Receivables from exchange transactions

17) Receivables from exchange transactions increased due to impairment reversal after restatement of debtors impairment.

VAT

18) VAT changed substantially as it was not budgeted for and also there was restatement of error after correcting the prior year misstatements. There was also a 1% change from 14% to 15%.

Cash and cash equivalents

19) The cash and cash equivalents of the municipality increased due to improvement in cash flow management

Property, plant and equipment

20) Property, plant and equipment increased due to additional assets bought or constructed in the current year as projects are completed as well as asset gains brought into the books after the physical verification exercise.

21) This balance is composed of loans from DBSA as well as loan owing to National treasury for Equitable share withheld..

22) Finance lease obligation increased due to additional lease from Afrent.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Annual Financial Statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the municipality. All figures are rounded off 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:

1.3.1 Trade receivables and allowance for doubtful debts

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

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. On debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence that the debtors are impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.3.2 Allowance for slow moving, damaged and obsolete stock

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

1.3.3 Fair value estimation

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.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

1.3.4 Impairment testing

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

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 including production estimates, supply demand and interest.

1.3.5 Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in the notes to the Annual Financial Statements.

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

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

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

1.3.6 Useful lives of assets

The municipality's management determines the estimated useful lives and related depreciation charges for assets. This estimate is based on public sector industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used at the end of their useful lives, and in what condition they will be at that time.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

1.3.7 Post retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in the Notes to the Annual Financial Statements.

The municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

1.3.8 Effective interest rate

Where interest rates are not specified in the transactions handled by the municipality, particularly with respect to finance leases the municipality used the prime interest rate to discount future cash flows.

1.3.9 Allowance for doubtful debts

On debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence that the debtors are impaired.

The impairment for trade receivables and loans receivables is calculated based on the grading of individual debtors according to their payment history. An accumulation of arrear balances is an indicator of debtor delinquency. Such debtors are provided for as they are considered to be impaired due to uncertainty surrounding the recoverability of the outstanding amounts. Debtors are graded on the following basis:

Grade A

Trade receivables are not impaired for customers with accounts that are not in arrears.

Grade B

Customers with a payment history but with balances outstanding in excess of 90 days, the balance in excess of 90 days is impaired in full.

Grade C

Customers without payment history are considered to be delinquent and the outstanding balances are impaired in full.

Government debtors

Government debtors are not impaired as the government generally has a history of meeting its obligations.

1.4 Investment property

1.4.1 Initial Recognition

Investment property is property (land or buildings) held to earn rentals or for capital appreciation or both, rather than for:

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

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.4 Investment property (continued)

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

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

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

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

1.4.2 Subsequent Measurement

Subsequent to initial measurement investment property is measured at fair value in line with the asset management policy of the municipality on the municipal property rates Act cycle.

The fair value of investment property reflects market conditions at the reporting date.

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

The nature OR type of properties classified as held for strategic purposes are as follows:

1.4.3 Derecognition

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

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

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

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

Major 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 carried at cost less accumulated depreciation and any impairment losses except for Investment properties and buildings which are carried at revalued amount being the fair value at the date of revaluation.

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

Item	Depreciation method	Average useful life
Land		Infinity
Furniture and fixtures	Straight line	3-15 years
Infrastructure		
- Sewer pump station	Straight line	15-60 years
- Solid waste disposal	Straight line	3-9 years
- Electricity network	Straight line	3-20 years
- LV network	Straight line	10-50 years
- Distribution network	Straight line	2- 30 years
- Bridges	Straight line	30-80 years
- Bulk supply	Straight line	50-100 years
- MV network	Straight line	15-60 years
- Road structures	Straight line	5-55 years
- Airport structures	Straight line	20-60 years
- Collection and reticulation network	Straight line	50 years
- Borehole	Straight line	3-100 years
- Distribution reticulation network	Straight line	5-60 years
- Storage	Straight line	10-15 years
- Stormwater	Straight line	10-60 years
- Road traffic management	Straight line	10-40 years
- Waste water treatment	Straight line	15-60 years
- Water network	Straight line	20 years
- Water pipes	Straight line	20 years
- Water pump	Straight line	5-100 years
- Water storage	Straight line	3-20 years
Community Assets		
- Buildings	Straight line	100 years
Other property, plant and equipment		
- Furniture and equipment	Straight line	5-10 years
- Motor vehicles	Straight line	5-15 years
- Office equipment	Straight line	3-10 years
- Plant equipment	Straight line	4-15 years
- Computer equipment	Straight line	1-5 years
Landfill site	Straight line	17 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life, residual value and depreciation method of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

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

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.5 Property, plant and equipment (continued)

The depreciation charge for each period is recognised in surplus or deficit.

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.

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 a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

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

If the related asset is measured using the revaluation model:

- (a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
 - an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- (b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
- (c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.7 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

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

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.7 Intangible assets (continued)

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Item	Amortisation method	Average useful life
Computer software	Straight line	3 to 5 years

Intangible assets are derecognised:

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

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

1.8 Heritage assets

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

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

Class of heritage assets means a grouping of heritage assets of a similar nature or function in a municipality's operations that is shown as a single item for the purpose of disclosure in the Annual Financial Statements.

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

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

1.8.1 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.

1.8.2 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.

1.8.3 Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost.

1.8.4 Impairment

The municipality assess its heritage assets at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

1.9 Financial instruments

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

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.9 Financial instruments (continued)

1.9.2 Initial recognition

The municipality recognises a financial asset or a financial liability in its Statement of Financial Position when the municipality becomes a party to the contractual provisions of the instrument.

1.9.3 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.

1.9.4 Subsequent measurement of financial assets and financial liabilities

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

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

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

1.9.5 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 entity 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 municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on municipality-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, the municipality 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.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

1.9.6 Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the Municipality reclassifies the instrument from cost to fair value.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.9 Financial instruments (continued)

1.9.7 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.

1.9.8 Impairment and uncollectibility of financial assets

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

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

1.9.9 Derecognition

1.9.9.1 Financial assets

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.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

1.9.9.2 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.

The difference between the carrying amount of a financial liability and the consideration paid is recognised in surplus or deficit.

1.9.10 Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

1.9.11 Cash and Cash Equivalents

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1.9 Financial instruments (continued)

Cash and cash equivalents comprise cash on hand, demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.10 Tax

VAT

The municipality pays Value Added Tax (VAT) to South African Revenue Service on a payment basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991), however the municipality accounts for VAT on an accrual basis.

1.11 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.

1.11.1 Finance leases - lessee

Initial recognition

Finance leases are recognised as assets and liabilities in the Statement of Financial Position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Subsequent measurement

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

1.12 Inventories

1.12.1 Initial recognition

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

1.12.2 Subsequent measurement

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 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.

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Accounting Policies

1.12 Inventories (continued)

1.12.3 Derecognition

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

1.13 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

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

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

[Specify judgements made]

1.13.1 Identification

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

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

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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Accounting Policies

1.13 Impairment of cash-generating assets (continued)

1.13.2 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.

1.13.3 Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

1.13.4 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.

1.14 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

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Accounting Policies

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

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

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

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

[Specify judgements made]

1.14.1 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 entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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Accounting Policies

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

1.14.2 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:

1.14.3 Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized 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.

1.14.4 Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

1.14.5 Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

1.14.6 Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.15 Employee benefits

Employee benefits are all forms of consideration given by a municipality in exchange for service rendered by employees.

APPENDICES

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Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.15 Employee benefits (continued)

1.15.1 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.

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 municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality 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 municipality 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 municipality has no realistic alternative but to make the payments.

1.15.2 Post-employment benefits: Defined contribution plans

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

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

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, a municipality 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 contribution in the cost of an asset.

1.16 Provisions and contingencies

1.16.1 Initial Recognition

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate reflects current market assessments of the time value of money and the risks specific to the liability.

1.16.2 Subsequent measurement

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.

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Accounting Policies

1.17 Revenue from exchange transactions (continued)

1.17.4 Interest

Interest revenue is recognised on a time proportion basis.

1.18 Revenue from non-exchange transactions

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

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.

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

The municipality's main source of revenue from non-exchange transactions income include property rates, government grants and subsidies, public contributions, donations, fines and penalties.

1.18.1 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.

1.18.2 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.

1.18.3 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. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

Ga Segonyana Local Municipality

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Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

1.18.4 Government grants, Public contributions and donations

Transfer revenue include government grants, subsidies, public contributions, donations, fines, penalties and forfeits. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. Apart from services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

1.18.5 Fines

Fines are economic benefits or service potential received or receivable by municipality, as determined by a court of other law enforcement body, as a consequence of the breach of laws or regulations. Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

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

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.18.6 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 and the fair value of the assets can be measured reliably.

1.19 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.

1.20 Comparative figures

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

1.21 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22 Fruitless and wasteful expenditure

Fruitless and wasteful 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.

1.23 Irregular expenditure

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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1.23 Irregular expenditure (continued)

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

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

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

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

1.24 Budget information

Municipality is subject to budgetary limits in the form of an approved and an adjustment budget which is given effect through council.

General purpose financial reporting by the municipality provides information on whether resources were obtained and used in accordance with the approved budget.

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

The approved budget covers the fiscal period from 01/07/2017 to 30/06/2018.

The annual financial statements and the approved 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.

Comparative information is not required.

Material differences between the original budget and final budget as well as between the final budget and the actual are explained in the Annual Financial Statements. Deviations are regarded as material when they are greater than or equal to 10%. Deviations between approved budget and final budgets as well as deviations between final budget and actual, are regarded as material differences

1.25 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 Annual Financial Statements are authorised for issue. Two types of events can be identified:

-those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date)

-those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date). There were no significant post balance sheet events that affected the Annual Financial Statements as at

30 June 2018.

1.26 Expenditure

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets.

An expense is recognised in the municipality's Statement of Financial Performance when, and only when, the following criteria are satisfied:

Ga Segonyana Local Municipality

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1.26 Expenditure (continued)

- The cost or value may involve estimation. Where an item possesses the essential characteristics of an expense but fails to meet the criteria for recognition it is disclosed in the note; and
- All expenditure has been dealt with in terms of the above definition and recognition criteria.

Where an outflow of economic benefits does not result in future benefits, it is disclosed as fruitless and wasteful expenditure. The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense. Where future economic benefits are consumed immediately or soon after acquisition, for example, repairs and maintenance expenditure, bulk purchases and general expenses, the expense is recognised in the reporting period in which the acquisition of the future economic benefit occurs. Where future economic benefits are expected to be consumed over several reporting periods e.g. non-current assets, expenses (depreciation) is allocated systematically to the reporting period during which the future economic benefits are expected to be consumed; where expenditure produces no future economic benefits e.g. fines paid, an expense is recognised immediately; and where a liability is incurred without the recognition of an asset an expense is recognised simultaneously with the recognition of the liability.

Generally, expenses are accounted for on an accrual basis at fair value. Under the accrual basis of accounting expenses are recognised when incurred usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for. 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.

Major expenses include:

- Write downs of inventory and decreases in fair values of financial instruments classified as held at fair value.
- Losses on the disposal of non-current assets are reported separately from expenses in the Statement of Financial Performance.
- Repairs and maintenance - inclusive of repairs and maintenance to buildings, infrastructure assets, motor vehicles and sports and recreational facilities;
- Bulk purchases - expenditure on the procurement of bulk electricity;
- Contracted services – included are debt collection costs, data cleansing costs, service level agreement costs, property valuation roll and asset register verification costs, software support costs and security services costs.
- Transfers and grants which relate to expenditure pertaining to free basic services; and
- General expenses which constitute several expense items which are not individually significant.
- Employee cost - relating to cost associated with employee contracts.
- Depreciation - Cost associated with the amortisation of property, plant and equipment..

Ga Segonyana Local Municipality

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Notes to the Annual Financial Statements

	2018 R	2017 R
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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
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2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 34: Separate Financial Statements	01 April 2019	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	01 April 2019	The impact of the amendment is not material.
• GRAP 36: Investments in Associates and Joint Ventures	01 April 2019	The impact of the amendment is not material.
• GRAP 37: Joint Arrangements	01 April 2019	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	01 April 2019	The impact of the amendment is not material.
• GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact
• GRAP 18 (as amended 2016): Segment Reporting	01 April 2019	Unlikely there will be a material impact
• GRAP 20: Related parties	01 April 2019	Unlikely there will be a material impact
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	Unlikely there will be a material impact
• GRAP 108: Statutory Receivables	01 April 2019	Unlikely there will be a material impact
• GRAP 109: Accounting by Principals and Agents	01 April 2019	Unlikely there will be a material impact
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2019	Unlikely there will be a material impact
• IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	Unlikely there will be a material impact

Directive 5: determining the grap reporting framework

The effective date of the amendment is for years beginning on or after 01 April 2008.

The municipality expects to adopt the amendment for the first time in the 2008 annual financial statements.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
3. Inventories		
Other inventories held for sale (land)	52,540,329	53,426,368
Consumable stores	1,219,479	1,992,614
Water	44,829	58,800
	<u>53,804,637</u>	<u>55,477,782</u>
Inventories (write-downs)	-	(9,769)
	<u>53,804,637</u>	<u>55,468,013</u>
4. Receivables from non-exchange transactions		
Fines	1,238,230	12,041,148
Motor vehicle and housing loans	61,070	88,337
Other receivables from non-exchange revenue	16,959	98,313
Consumer debtors - Rates	18,422,620	9,411,303
	<u>19,738,879</u>	<u>21,639,101</u>
Included in receivables from non-exchange transactions are balances owing from property rates as follows:		
Current (0 - 30 days)	10,058	8
31 - 60 days	571,388	512,725
61 - 90 days	427,300	417,405
91 - 120 days	274,597	343,428
121 - 365 days	1,411,742	1,905,104
> 365 days	24,019,830	29,046,596
	<u>26,714,915</u>	<u>32,225,266</u>
Less: Allowance for impairment	(8,292,295)	(22,813,963)
	<u>18,422,620</u>	<u>9,411,303</u>
Fines		
Gross fines	9,339,884	21,933,772
Write-off	(8,101,654)	(9,892,624)
	<u>1,238,230</u>	<u>12,041,148</u>

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are past due but not impaired have been assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Based on the assessment conducted by the municipality, the quality of these debtors is considered to be satisfactory.

Receivables from non-exchange transactions past due but not impaired

The ageing of amounts past due but not impaired is as follows:

1 month past due	7,034,925	471,335
2 months past due	3,060,376	398,209
3 months past due	2,071,500	18,438,334

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
5. VAT		
VAT	17,189,868	15,309,553
Amounts outstanding from SARS at year end	10,488,898	11,521,669
VAT on accrual basis	6,700,970	3,787,884
	17,189,868	15,309,553
6. Receivables from exchange transactions		
Gross balances		
Electricity	12,621,512	10,107,953
Water	4,113,157	7,589,682
Sewerage	31,085,257	15,065,430
Refuse	10,855,057	9,541,046
Unallocated deposits	2,749,381	-
Sundry debtors	23,729,070	26,567,562
	85,153,434	68,871,673
Less: Allowance for impairment		
Less: Allowance for impairment	(39,033,980)	(48,757,884)
Net balance	46,119,454	20,113,789
Sundry debtors includes interest on overdue service charges accounts.		
Electricity		
Current (0 -30 days)	2,264,327	4,395,850
31 - 60 days	779,768	2,069,033
61 - 90 days	619,790	500,980
91 - 120 days	531,337	409,772
121 - 365 days	1,985,889	1,103,968
> 365 days	6,440,401	1,628,350
	12,621,512	10,107,953
Water		
Current (0 -30 days)	1,609,851	3,238,242
31 - 60 days	521,673	753,379
61 - 90 days	530,274	453,974
91 - 120 days	483,434	243,867
121 - 365 days	967,925	1,248,444
> 365 days	-	1,651,776
	4,113,157	7,589,682
Sewerage		
Current (0 -30 days)	1,033,752	950,271
31 - 60 days	642,056	614,689
61 - 90 days	518,575	458,791
91 - 120 days	490,173	356,031
121 - 365 days	2,326,483	1,838,164
> 365 days	26,074,218	10,847,484
	31,085,257	15,065,430

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
6. Receivables from exchange transactions (continued)		
Refuse		
Current (0 -30 days)	571,444	529,317
31 - 60 days	384,380	345,265
61 - 90 days	306,625	251,244
91 - 120 days	270,517	216,999
121 - 365 days	1,457,055	1,126,693
> 365 days	7,865,036	7,071,528
	10,855,057	9,541,046
Other (specify)		
Current (0 -30 days)	1,780,610	1,119,091
31 - 60 days	421,601	923,583
61 - 90 days	-	649,628
91 - 120 days	-	445,704
121 - 365 days	129,845	3,174,152
> 365 days	21,397,014	20,255,404
	23,729,070	26,567,562
Reconciliation of allowance for impairment		
Balance at beginning of the year	(48,659,525)	(34,079,022)
Contributions to allowance	9,625,545	(14,678,862)
	(39,033,980)	(48,757,884)
Credit quality of consumer debtors		
The credit quality of receivables from exchange transactions that are past due but not impaired have been assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.		
Based on the assessment conducted by the municipality, the quality of these debtors is considered to be satisfactory.		
Consumer debtors past due but not impaired		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	7,734,125	10,232,771
2 months past due	3,225,856	4,705,949
3 months past due	2,364,123	2,314,617
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	6,050	6,050
Other cash and cash equivalents	11,682,138	984,073
	11,688,188	990,123

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
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7. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Petty cash float	-	-	6,050	6,050
FNB CHEQUE ACC - 62649722883	1,110,259	1,325,409	2,016,116	862,486
FNB CHEQUE ACC - 62652542632	128,643	123,581	128,643	50,707
FNB 7 DAY CALL ACC 74690806392	4,795,448	18,265,143	4,795,448	51,604
FNB CALL ACCOUNT	5,028,796	3,894,739	5,028,796	19,276
Total	11,063,146	23,608,872	11,975,053	990,123

8. Investment property

	Cost / Valuation	Carrying value	Cost / Valuation	Carrying value
Investment property	6,756,100	6,756,100	6,756,100	6,756,100

Reconciliation of investment property - 2018

	Opening balance	Total
Investment property	6,756,100	6,756,100

Reconciliation of investment property - 2017

	Opening balance	Total
Investment property	6,961,100	6,756,100

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.

Details of valuation

Investment property is reviewed by a professional valuer once every 4 years in line with the statutory requirements of the Municipal Property Rates Act (Chapter 6 of 2004). The last external valuation was done by an independent professional valuer on 1 July 2014. The valuation which conforms to international valuation standards is arrived at by reference to market evidence of transaction prices for similar properties.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

9. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	19,962,100	-	19,962,100	19,962,100	-	19,962,100
Buildings	136,414,384	(47,448,457)	88,965,927	130,876,764	(42,002,654)	88,874,110
Plant and machinery	3,260,385	(1,935,129)	1,325,256	3,897,014	(2,326,362)	1,570,652
Furniture and fixtures	5,018,289	(3,730,566)	1,287,723	4,959,852	(3,858,906)	1,100,946
Motor vehicles	21,453,322	(8,375,991)	13,077,331	10,649,078	(7,945,897)	2,703,181
Office equipment	12,757,583	(8,130,680)	4,626,903	13,353,566	(7,062,048)	6,291,518
Infrastructure	1,758,952,700	(632,030,135)	1,126,922,565	1,699,440,312	(585,210,586)	1,114,229,726
Emergency equipment	33,309	(29,555)	3,754	121,069	(72,866)	48,203
Total	1,957,852,072	(701,680,513)	1,256,171,559	1,883,259,755	(648,479,319)	1,234,780,436

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Transfers	Depreciation on disposal	Depreciation	Impairment loss	Impairment reversal	Total
Land	19,962,100	-	-	-	-	-	-	-	19,962,100
Buildings	88,874,110	5,930,690	-	(393,070)	-	(2,887,645)	(2,651,195)	93,037	88,965,927
Plant and machinery	1,570,652	298,230	(934,858)	-	737,837	(276,209)	(70,396)	-	1,325,256
Furniture and fixtures	1,100,946	628,541	(575,120)	-	491,659	(341,229)	(18,525)	451	1,287,723
Motor vehicles	2,703,181	11,692,765	(888,520)	-	786,905	(909,957)	(307,043)	-	13,077,331
Office equipment	6,291,518	1,086,438	(1,682,421)	-	1,426,325	(2,415,814)	(79,143)	-	4,626,903
Infrastructure	1,114,229,726	59,512,389	-	-	-	(46,340,765)	(562,048)	83,263	1,126,922,565
Emergency equipment	48,203	-	(87,760)	-	59,361	(16,014)	(36)	-	3,754
	1,234,780,436	79,150,053	(4,166,679)	(393,070)	3,502,087	(53,187,633)	(3,688,386)	176,751	1,256,171,559

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers	Depreciation on disposal	Depreciation	Impairment loss	Impairment reversal	Total
Land	23,841,100	-	-	(3,879,000)	-	-	-	-	19,962,100
Buildings	101,080,505	577,825	(3,208,880)	-	288,726	(2,811,598)	(7,052,468)	-	88,874,110
Plant and machinery	1,950,923	99,148	(421,992)	-	320,132	(373,492)	(4,067)	-	1,570,652
Furniture and fixtures	1,533,849	204,987	(503,490)	-	378,910	(493,419)	(19,891)	-	1,100,946
Motor vehicles	3,792,347	-	(611,135)	-	494,272	(972,303)	-	-	2,703,181
Office equipment	6,049,206	3,029,134	(2,355,529)	-	2,071,315	(2,428,585)	(74,023)	-	6,291,518
Infrastructure	1,063,372,207	108,384,621	-	-	-	(48,136,453)	(9,390,649)	-	1,114,229,726
Emergency equipment	83,987	-	(33,670)	-	24,595	(26,081)	(628)	-	48,203
	1,201,704,124	112,295,715	(7,134,696)	(3,879,000)	3,577,950	(55,241,931)	(16,541,726)	-	1,234,780,436

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
9. Property, plant and equipment (continued)		
Compensation received for losses on property, plant and equipment – included in operating profit.		
Assets subject to finance lease (Net carrying amount)		
Office Equipment	3,226,051	3,798,421
Motor vehicles	10,365,525	341,453
	<u>13,591,576</u>	<u>4,139,874</u>
Revaluations		
The effective date of the revaluations was 01 July 2014. Revaluations were performed by independent valuer, TT Property Consultants [Property valuers], are not connected to the municipality.		
Investment property are re-valued independently every 4 years.		
The valuation was performed using the discounted cash flow approach.		
These assumptions were based on current market conditions.		
Property, plant and equipment in the process of being constructed or developed		
Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Infrastructure	121,834,747	98,953,384

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
9. Property, plant and equipment (continued)		
Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
MIG 1317: Vergenoeg-Maruping: Upgrading link road to bituminous standard (Phase 2) Constant damages to the road due to residents perpetual behaviour of driving in the road even before all works are completed has delayed the completion period of the project	-	18,075,379
Construction of Mapoteng water network extensions During the geophysical and geohydrological study, it was realised that the entire area of Mapoteng does not have sufficient water, two sites from Ditshoswaneng and Sweethome were recently identified with sufficient water, but the pipeline distance was not earmarked in the business plan. The decision with DWS was that an application for source development be submitted for funding, a short term solution was to refurbish and utilize the existing borehole that was stopped in 2009. Testing was done and recommendation to pump 5l/s for 12hrs in order to get enough water for the next 12 months or more hence the revised completion date was made for extension of reticulation and standpipes	-	11,095,707
Construction of Mokalamosesane bulk water supply augmentation phase 2 Intervention from the political office is required to address the nominations of the local laborers	-	7,729,495
Bankhara Bodulong: Construction of lined double pit sanitation toilets Delay due to delivery of material which were damaged and signing of the happy letters due to unavailability of some of the beneficiaries, Miscalculation by Consultant in including their fees on the of Construction cost, as a result number of units increased from 380- 496.	-	8,733,876
Bankara boudolong roads Delay due to delivery of material which were damaged and signing of the happy letters due to unavailability of some of the beneficiaries, Miscalculation by Consultant in including their fees on the of Construction cost, as a result number of units increased from 380- 496.	8,435,380	-
Bankhara Ncweng road Delay due to delivery of material which were damaged and signing of the happy letters due to unavailability of some of the beneficiaries, Miscalculation by Consultant in including their fees on the of Construction cost, as a result number of units increased from 380- 496.	3,890,576	-
	12,325,956	45,634,457
Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)		
MIG 1318: Vergenoeg-Batlharos: Upgrading link road to Bituminous standard (Phase 2) The project was not completed within the allocated time due to the project being put on hold for local election processes due to lots of community unrest, was later reestablished on 05 September 2016 with the revised completion of 17 May 2017. There were also delays due to late payment of contractor hence the project was completed July 2017	-	20,415,122
Kuruman Bulk Water This project was halted as funds were not available to continue with the project. This project was funded by RBIG and the mines are going to fund the project going forward.	56,217,012	-
	56,217,012	20,415,122

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

9. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2018

	Included within Infrastructure	Included within Community	Total
Opening balance	139,827,366	392,086	140,219,452
Additions/capital expenditure	58,119,519	-	58,119,519
Transferred to completed items	(76,112,238)	(392,086)	(76,504,324)
	121,834,647	-	121,834,647

Reconciliation of Work-in-Progress 2017

	Included within Infrastructure	Included within Community	Total
Opening balance	141,026,281	-	141,026,281
Additions/capital expenditure	97,754,469	392,086	98,146,555
Transferred to completed items	(98,953,384)	-	(98,953,384)
	139,827,366	392,086	140,219,452

Expenditure incurred to repair and maintain property, plant and equipment

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.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,038,666	(688,113)	350,553	2,059,582	(1,486,477)	573,105

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	573,105	134,561	(52,727)	(304,386)	350,553

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	584,243	400,000	(138,526)	(272,612)	573,105

11. Heritage assets

	2018			2017		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral chain	5,642	-	5,642	5,642	-	5,642
The Eye	1,650,000	-	1,650,000	1,650,000	-	1,650,000
Total	1,655,642	-	1,655,642	1,655,642	-	1,655,642

Reconciliation of heritage assets 2018

	Opening balance	Total
Mayoral chain	5,642	5,642
The Eye	1,650,000	1,650,000
	1,655,642	1,655,642

Reconciliation of heritage assets 2017

	Opening balance	Total
Mayoral chain	5,642	5,642
The Eye	1,650,000	1,650,000
	1,655,642	1,655,642

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

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.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

11. Heritage assets (continued)

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.

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

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 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.

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

12. Other financial liabilities

At amortised cost

DBSA Bank loan

2018	2017
R	R
16,355,874	21,334,249

The Borrower shall cede to the DBSA, security in the form of a cession over its income stream, covering the instalments outstanding, plus interest and collection charges outstanding, at any time during the term of the loan

The borrower hereby agrees to create and deposit at a recognised commercial bank, an amount equal to two instalments over a period of one year of the respective loan period.

This amount is to be ceded to the DBSA as security for the loan

Equitable share withheld

4,254,000 -

This was paid in three equal instalments ending July 2018.

20,609,874 21,334,249

Total other financial liabilities

20,609,874 21,334,249

Non-current liabilities

At amortised cost

13,158,864 14,667,776

Current liabilities

At amortised cost

7,451,010 6,666,473

Defaults and breaches

The loans below were in default as a result of not meeting capital repayment requirements as per the contractual arrangements. This was due to cash flow timing delays. The default was rectified before annual financial statements were authorised for issue.

Contract number	Loan number	Start date	Planned end date	Loan term (Years)	Interest rate per annum
61000505	102274/2	2006/03/01	2026/02/28	20	8.4
61003307	13891/201	2001/12/20	2023/06/30	20	10.7
61000632	102568/2	2007/11/19	2027/12/31	20	5.0
61000357	101738/2	2005/03/24	2025/06/30	20	9.3
61001387	11099/102	1998/04/24	2018/06/30	20	15.0
61000038	100234/1	2003/08/07	2024/12/31	20	11.5

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

12. Other financial liabilities (continued)

Maturity analysis

At 30 June 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
DBSA Bank loan	7,451,010	8,904,864	-	-
Equitable share withheld	-	4,254,000	-	-

At 30 June 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
DBSA Bank loan	6,666,473	14,667,776	-	-
Equitable share withheld	-	-	-	-

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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

13. Finance lease obligation

Minimum lease payments due

- within one year	9,707,356	2,496,537
- in second to fifth year inclusive	11,345,344	3,584,265
	<u>21,052,700</u>	<u>6,080,802</u>
less: future finance charges	(8,837,001)	(1,664,677)
Present value of minimum lease payments	<u>12,215,699</u>	<u>4,416,125</u>

Present value of minimum lease payments due

- within one year	4,773,650	1,597,114
- in second to fifth year inclusive	7,442,049	2,819,011
	<u>12,215,699</u>	<u>4,416,125</u>

Non-current liabilities	7,442,049	2,819,011
Current liabilities	4,773,650	1,597,114
	<u>12,215,699</u>	<u>4,416,125</u>

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

The average lease term was 2-5 years and the average effective borrowing rate was 26% (2017: 26%).

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

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 9.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
14. Payables from exchange transactions		
Trade payables	83,390,389	95,247,988
Accruals	6,718,262	-
Unallocated deposits	947,393	-
Retention monies	12,394,997	14,423,003
Sale of stands	9,588,264	2,333,120
Sundry payables	2,617,685	1,930,088
Debtors with credit balances	2,092,317	206,579
Employee costs accrual	5,892,002	5,438,944
Group life insurance	2,026,646	2,367,008
	125,667,955	121,946,728
15. Consumer deposits		
Service accounts	3,903,569	3,683,443
Housing rental	1,430,750	518,996
	5,334,319	4,202,439

Consumer deposits represent amounts received in advance and held as surety for service accounts and other services.

16. Employee benefit obligations

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

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(26,971,357)	(24,823,901)
Non-current liabilities	(25,352,432)	(23,424,176)
Current liabilities	(1,618,925)	(1,399,725)
	(26,971,357)	(24,823,901)

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member is entitled to continue as a member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2018 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Long service award

The members of the long service award are made up as follows:

Eligible employees at the beginning of the period	315	315
New entries	10	16
Exits	(17)	(16)
	308	315

Movements in the present value of the defined benefit obligations were as follows:

Ga Segonyana Local Municipality

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	2018 R	2017 R
16. Employee benefit obligations (continued)		
Opening balance	4,353,215	3,989,044
Actuarial loss	114,663	(332,577)
Total annual expense	395,035	696,748
	4,862,913	4,353,215

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	541,141	546,035
Interest cost	350,152	329,143
Actuarial (gains) losses	114,663	(178,430)
Expected employer benefit vesting	(496,258)	(332,577)
	509,698	364,171

Movements in the present value of the defined benefit obligation were as follows:

Assumptions used at the reporting date:

Discount rates used	8.63 %	8.52 %
General salary inflation rate	6.22 %	6.34 %
Expected rate of return on reimbursement rights	2.27 %	2.05 %
Average retirement age	65	65

The basis used to determine the overall expected rate of return on assets is as follows:

A discount rate of 8.63% per annum has been used. The first step in the derivation of this yield is to calculate the liability-weighted average of the yields corresponding to the actual terms until payment of long service awards, for each employee. The 8.63% is then derived as the liability-weighted average of the yields derived in the first step. The corresponding liability-weighted index-linked yield is 2.77%. These rates do not reflect any adjustment for taxation. These rates were deducted from the interest rate data obtained from the JSE after the market close on 29 June 2018.

Sensitivity analysis

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	968,100	823,100
Effect on defined benefit obligation	5,215,000	4,547,000

The history of experienced adjustments is as follows:

	2018 R	2017 R	2016 R	2015 R	2014 R
Defined benefit obligation	4,862,913	4,353,215	3,989,044	3,488,880	3,027,002
Surplus (deficit)	(4,862,913)	(4,353,215)	(3,989,044)	(3,488,880)	(3,027,002)
Experience adjustments on plan liabilities	193,943	76,211	209,294	86,911	130,911

Post employment medical aid subsidy

The members of the post-employment health care benefit plan are made up as follows:

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	2018 R	2017 R
16. Employee benefit obligations (continued)		
Heading		
In-service members	189	195
In-service non-members	119	120
Continuation members	26	24
	334	339

Movements in the present value of the defined benefit obligations were as follows:

Opening balance	20,470,686	20,143,908
Actuarial gain	(640,980)	(1,899,321)
Total annual expense	2,278,738	2,226,099
	22,108,444	20,470,686

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	1,276,818	1,202,549
Interest cost	1,905,387	1,846,198
Actuarial (gains) losses	(640,980)	(1,899,321)
Expected employer benefit vesting	(903,467)	(822,648)
	1,637,758	326,778

Movements in the present value of the defined benefit obligation were as follows:

Assumptions used at the reporting date:

Discount rates used	9.46 %	9.51 %
Health care cost inflation rate	7.32 %	7.81 %
Net-of-health-care-cost-inflation discount rate	1.99 %	1.58 %
Maximum subsidy inflation rate	5.12 %	5.48 %
Net-of-maximum-subsidy-inflation discount rate	4.13 %	3.82 %
Average retirement age	65	65

The basis used to determine the overall expected rate of return on assets is as follows:

A discount rate of 9.46% per annum has been used. The corresponding index-linked yield at this term is 2.97%. These rates do not reflect any adjustment for taxation. These rates were deducted from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 29 June 2018.

These rates were calculated using a liability-weighted average of the yields for the three components of the liability. Each component's fixed-interest and index-linked yields were taken from the respective bond yield curves at that component's duration, using an iterative process (because the yields depend on the liability, which in turn depends on the yields).

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.

Health Care Cost Inflation Rate of 7.32% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 5.82%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 1.99% which derives from $((1+9.46\%)/(1+7.32\%))-1$.

The expected inflation assumption of 5.82% was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the liabilities (2.97%) and those of fixed interest bonds (9.46%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%). This was therefore determined as follows: $((1+9.46\%-0.50\%)/(1+2.97\%))-1$.

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	2018 R	2017 R
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16. Employee benefit obligations (continued)

Sensitivity analysis

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	3,397,500	2,864,300
Effect on defined benefit obligation	23,468,000	20,229,000

The history of experienced adjustments is as follows:

	2018 R	2017 R	2016 R	2015 R	2014 R
Defined benefit obligation	22,108,000	20,471,000	20,144,000	20,080,000	20,911,000
Surplus (deficit)	(22,108,000)	(20,471,000)	(20,144,000)	(20,080,000)	(20,911,000)
Experience adjustments on plan liabilities	604,000	418,000	(237,000)	(2,306,000)	1,475,000

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant	-	7,893,313
Library Grant	-	948,593
Finance Management Grant	-	98,000
EPWP Grant	113,300	116
INEP Grant	1,032	818,940
RBIG Grant	22,184	4,522,184
ACIP Grant	8,902	261,070
Rural Housing Infrastructure Grant	-	70
Water Services Infrastructure Grant	1,554,151	3,950,280
	1,699,569	18,492,566

18. Provisions

Reconciliation of provisions - 2018

	Opening Balance	Change in discount factor	Reduction due to re- measurement	Total
Provision for rehabilitation of landfill sites	4,870,378	485,133	7,535,986	12,891,497

Reconciliation of provisions - 2017

	Opening Balance	Change in discount factor	Reduction due to re- measurement	Total
Provision for rehabilitation of landfill sites	9,860,959	441,151	(5,431,733)	4,870,377

The municipality has an obligation to rehabilitate the landfill sites of Ga Segonyana.

The environmental rehabilitation provision represents the estimated costs to rehabilitate and close existing waste landfill sites. The provision is recognised at the present value of the expenditure expected to settle the obligation.

Ga Segonyana Local Municipality

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2018	2017
R	R

18. Provisions (continued)

The valuation of the landfill site provision was done by EMS Advisory (Pty) Ltd, a company which specialises in infrastructure maintenance and environmental consultancy services to municipalities and the professional valuator on the project was Aiden Bowers PrEng, with extensive experience and expertise relevant for this type of work.

The future value of the rehabilitation of landfill sites obligation was calculated by inflating the non-current cost to an estimated future cost which is then discounted to present value. Interest rate used is 10.29%.

Ga Segonyana Local Municipality

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Notes to the Annual Financial Statements

	2018 R	2017 R
18. Provisions (continued)		
Key assumptions		
Total Site Area	61 826 m ²	
Area of waste body to be rehabilitated in future (waste footprint) (m2)	46 055 m ²	
Estimated site closure date	2028	
Assumed site start date	1994	
Assumed total site life	36 years	
Remaining site life (as at 01 July 2018) (years)	approximately 10 years	
Estimated annual airspace consumption (m3)	6156	
Estimated total airspace (m3)	186 420	
The applicable discount rate (which is the rate specifically associated with the risk of the cash flow being discounted) relevant cash flows in 2018	10.29% (based on Government Bond yield rate of 9.035% and an Adjustment for risk of 1.25%)	
Estimated airspace remaining (m3)	72 241	
Airspace consumed to date		61 %

19. Revaluation reserve

Opening balance	14,835,415	20,837,415
Change during the year	-	(6,002,000)
	14,835,415	14,835,415

Revaluation reserve balance is as a result of the gains in the fair value of land held by the municipality.

20. Revenue

Sale of stands	864,010	8,347,818
Service charges	140,660,584	122,671,589
Rental of facilities	1,688,622	1,926,041
Interest received on outstanding receivables	5,616,813	5,901,682
Licences and permits	5,757,645	5,050,505
Other revenue	2,561,479	14,962,597
Interest investment	2,155,587	176,099
Property rates	38,408,384	36,636,136
Government grants & subsidies	232,798,246	226,228,557
Public contributions and donations	2,789,054	699,022
Fines, penalties and forfeits	1,120,100	9,739,846
	434,420,524	432,339,892

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

Sale of stands	864,010	8,347,818
Service charges	140,660,584	122,671,589
Rental of facilities	1,688,622	1,926,041
Interest on outstanding receivables	5,616,813	5,901,682
Licences and permits	5,757,645	5,050,505
Other revenue	2,561,479	14,962,597
Interest on investments	2,155,587	176,099
	159,304,740	159,036,331

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	2018 R	2017 R
25. Property rates (continued)		
Valuations		
Residential	2,737,704,400	2,770,047,300
Commercial	851,340,300	854,588,700
State	130,037,800	78,234,000
Municipal	167,960,000	133,227,800
Agriculture	1,811,083,000	1,811,083,000
Industrial	184,204,500	186,418,500
	5,882,330,000	5,833,599,300

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to the impact of alterations, subdivisions and consolidations.

26. Government grants and subsidies realised

Operating grants

Equitable share	132,415,580	117,412,722
Library Grant	2,769,593	1,800,519
Finance Management Grant (FMG)	2,242,997	1,712,000
Expanded Public Works Program Grant (EPWP)	1,199,482	999,884
Department of Minerals and Energy Grant (DME)	-	1,181,060
ACIP Grant	252,168	-
	138,879,820	123,106,185

Capital grants

Municipal Infrastructure Grant (MIG)	54,204,318	43,627,687
Rural Bulk Infrastructure Grant (RBIG)	70	7,644,965
Integrated National Electrification Programme (INEP)	5,817,908	-
Water Services Infrastructure Grant (WSIG)	33,896,130	51,849,720
	93,918,426	103,122,372
	232,798,246	226,228,557

Conditional and Unconditional

Included in above are the following grants and subsidies received and or spent:

Conditional grants received	98,506,181	126,506,149
Unconditional grants received	132,415,580	117,412,722
	230,921,761	243,918,871

Equitable Share

In terms of section 227 of the Constitution, this grant is used to enable the municipality to provide basic services and perform functions allocated to it. The Equitable Share Grant also provides funding to the municipality to deliver free basic services to poor households and to subsidise costs of administration and other core services of the municipality. The grant is realised in full upon receipt.

Ga Segonyana Local Municipality

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Notes to the Annual Financial Statements

	2018 R	2017 R
26. Government grants and subsidies realised (continued)		
Municipal Infrastructure Grant		
Balance unspent at beginning of year	7,893,313	-
Converted to loan (Unapproved roll over) [1]	(7,900,000)	-
Current-year receipts	54,211,000	51,521,000
Conditions met - transferred to revenue	(54,204,313)	(43,627,687)
	<u>-</u>	<u>7,893,313</u>

Conditions still to be met - remains a liability and included under Unspent Conditional Grants.

The grant is mainly used to fund infrastructure related projects (mainly as part of the service delivery). Capitalised projects funded by this grant are included in property, plant and equipment whilst the unspent portion of the grant is included in current liabilities.

[1] The rollover was not approved by National Treasury. The unapproved roll over was converted to a loan from National Treasury, the repayments were made from withholding of equitable share in three equal instalments of R4 266 666.67 and the last instalment was deducted in July 2018.

Municipal Systems Infrastructure Grant

Balance unspent at beginning of year	-	173,815
Conditions met - transferred to revenue	-	(173,815)
	<u>-</u>	<u>-</u>

The purpose of the grant is to assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related legislation. No allocation was given to the municipality in the current year.

Library Grant

Balance unspent at beginning of year	948,593	541,112
Current-year receipts	1,821,000	2,208,000
Conditions met - transferred to revenue	(2,769,593)	(1,800,519)
	<u>-</u>	<u>948,593</u>

The purpose is to fund capital projects and maintenance of library facilities the community.

Department of Water Affairs (DWA)

Balance unspent at beginning of year	-	2,536,262
Amounts withheld	-	(2,536,262)
	<u>-</u>	<u>-</u>

The purpose of the grant is to facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a basic water supply service. No allocation was given to the municipality in the current year.

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	2018 R	2017 R
26. Government grants and subsidies realised (continued)		
Finance Management Grant (FMG)		
Balance unspent at beginning of year	98,000	-
Current-year receipts	2,145,000	1,810,000
Conditions met - transferred to revenue	(2,243,000)	(1,712,000)
	<u>-</u>	<u>98,000</u>

The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

Expanded Public Works Program (EPWP)

Balance unspent at beginning of year	116	-
Current-year receipts	1,000,000	1,000,000
Conditions met - transferred to revenue	(886,816)	(999,884)
	<u>113,300</u>	<u>116</u>

The purpose of the grant is to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas, in compliance with EPWP guidelines.

Integrated National Electrification Programme

Balance unspent at beginning of year	818,940	-
Current-year receipts	5,000,000	2,000,000
Conditions met - transferred to revenue	(5,817,908)	(1,181,060)
	<u>1,032</u>	<u>818,940</u>

Conditions still to be met - remains a liability and included under Unspent Conditional Grants.

Municipal Water Infrastructure Grant (MWIG)

Balance unspent at beginning of year	-	3,723,961
Conditions met - transferred to revenue	-	(3,723,961)
	<u>-</u>	<u>-</u>

The purpose of the grant is to facilitate the planning, acceleration and implementation of various projects that will ensure availability of water to the community.

Rural Housing Grant

Balance unspent at beginning of year	-	1,672,243
Conditions met - transferred to revenue	-	(1,672,243)
	<u>-</u>	<u>-</u>

The municipality is the implementing agent for COGHSTA and therefore does not include the amount received and spent on their Rural Housing Grant in its revenue and expenditure. The unspent amount remains as a liability (see note 17).

The purpose of this grant is to facilitate development of rural housing.

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	2018 R	2017 R
26. Government grants and subsidies realised (continued)		
Regional Bulk Infrastructure Grant (RBIG)		
Balance unspent at beginning of year	4,522,184	-
Current-year receipts	-	12,167,149
Converted to loan (Unapproved roll over) [1]	(4,500,000)	(7,644,965)
	22,184	4,522,184

Conditions still to be met - remain liabilities and are included under Unspent conditional grants.

[1] The rollover was not approved by National Treasury. The unapproved roll over was converted to a loan from National Treasury, the repayments were made from withholding of equitable share in three equal instalments of R4 266 666.67 and the last instalment was deducted in July 2018.

The purpose of the grant is to facilitate the planning, acceleration and implementation of various projects that will ensure availability of water to the community.

ACIP Water Grant

Balance unspent at beginning of year	261,070	261,070
Conditions met - transferred to revenue	(252,168)	-
	8,902	261,070

Conditions still to be met - remains a liability and included under Unspent Conditional Grants.

The purpose of the grant is to facilitate the planning, acceleration and implementation of various projects that will ensure availability of water to the community.

Allocations in kind

Rural Household Infrastructure Grant	10,300,000	5,000,000
Intergrated National Electrification Programme (Eskom)	98,362,000	68,611,000
Municipal System Infrastructure Grant	787,000	-
	109,449,000	73,611,000

The following amounts were allocations in kind as per DORA Bill 5 of 2014. An allocation in kind is money allocated for spending by a national department on behalf of a province, local government or a municipality. National Treasury allocated funds to Gasegonyana area to build infrastructure. The municipality does not have control over the infrastructure. The donated income and/or assets thereof are not included in the municipality's Statement of Financial Position and Statement of Financial Performance.

Rural Housing Infrastructure Development

Balance unspent at beginning of year	70	70
Conditions met - transferred to revenue	(70)	-
	-	70

The purpose of this grant is to provide houses for the rural communities.

Ga Segonyana Local Municipality

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	2018 R	2017 R
26. Government grants and subsidies realised (continued)		
Water Services Infrastructure Grant (WSIG)		
Balance unspent at beginning of year	3,950,280	3,950,280
Converted to loan (Unapproved roll over) [1]	(3,500,003)	-
Current-year receipts	35,000,000	-
Conditions met - transferred to revenue	(33,896,126)	-
	1,554,151	3,950,280

[1] The rollover was not approved by National Treasury. The unapproved roll over was converted to a loan from National Treasury, the repayments were made from withholding of equitable share in three equal instalments of R4 266 666.67 and the last instalment was deducted in July 2018.

The purpose of the grant is to facilitate the planning, acceleration and implementation of various projects that will ensure availability of water to the community.

27. Public contributions and donations

Public donations	2,789,054	699,022
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28. Employee related costs

Basic	68,709,942	63,475,459
Bonus	5,015,192	4,456,876
Medical aid - company contributions	5,936,443	4,812,601
UIF	597,361	521,086
Leave pay provision charge	5,408,058	-
Bonus Provision	2,526,434	791,909
Employee benefit obligations	1,817,959	1,748,584
SETA	-	864,065
Defined contribution plans	9,998,368	9,877,690
Travel, motor car, accommodation, subsistence and other allowances	2,597,669	2,807,046
Overtime payments	7,882,709	5,269,621
Long-service awards	216,886	98,921
Acting allowances	987,454	1,133,323
Transport allowance (bus coupons)	243,944	-
Housing benefits and allowances	2,961,132	2,793,106
Industrial Council Contributions	-	27,848
Standby Allowance	1,763,137	570,619
Telephone Allowance	333,075	733,118
Group Insurance	1,817,436	1,689,539
Other Allowances	833,996	865,313
Termination benefits	-	1,333,489
	119,647,195	103,870,213

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Notes to the Annual Financial Statements

	2018 R	2017 R
28. Employee related costs (continued)		
Remuneration of Municipal Manager		
Remuneration of Municipal Manager: E Ntefang (1 July 2017 - 30 September 2017)		
Annual remuneration	269,378	1,192,660
Car allowance	40,500	162,000
Contributions to UIF	892	1,785
	310,770	1,356,445
Remuneration of Municipal Manager: M Tsatsimpe		
Annual remuneration	878,491	-
Car allowance	125,388	-
Contributions to UIF	2,676	-
Other contributions	65,939	-
	1,072,494	-
Remuneration of Chief Financial Officer		
Remuneration of Chief Financial Officer : Kagiso Noke		
Annual Remuneration	897,483	74,529
Car Allowance	180,000	15,000
Contribution to UIF	3,569	149
Other contributions	73,204	873
	1,154,256	90,551
Remuneration of Chief Financial Officer : Tshegofatso Jarvis		
Acting Allowance	-	266,582
Remuneration of Chief Financial Officer : Tafita Sehloho		
Acting Allowance	40,158	319,898
Remuneration of the Director: Community Services - P Sampson		
Annual Remuneration	989,543	809,097
Car Allowance	90,000	90,000
Acting allowance (Municipal Manager)	11,601	6,398
Contributions to UIF, Medical and Pension Funds	3,569	-
Other contributions	74,075	186,399
	1,168,788	1,091,894

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	2018 R	2017 R
28. Employee related costs (continued)		
Remuneration of Director: Corporate Support Services - M Tsatsimpe		
Annual Remuneration	430,561	976,324
Car Allowance	41,796	167,184
Acting allowance (Municipal Manager)	15,996	122,308
Contributions to UIF	892	1,785
	489,245	1,267,601
Remuneration of the Director: Corporate Support Services - Lencoe		
Acting allowance	339,775	-
Remuneration of the Director: Corporate Support Services - R Pule		
Annual Remuneration	171,665	-
Remuneration of the Director: Technical Services - H Smit		
Annual Remuneration	1,004,566	1,035,027
Car Allowance	75,500	48,000
Acting allowance (Municipal Manager)	38,389	54,385
Contributions to UIF	3,569	1,785
Other contributions	73,607	-
	1,195,631	1,139,197
29. Remuneration of councillors		
Mayor	792,541	538,210
Councillors	7,727,908	6,649,363
Speaker	841,168	627,724
	9,361,617	7,815,297
In-kind benefits		
The Mayor and Speaker are both full-time councillors of the municipality. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor and Speaker each have the use of separate Council owned vehicles and are provided with a driver for official duties.		
30. Depreciation and amortisation		
Plant and machinery	276,209	373,492
Furniture and fixtures	341,229	2,428,586
Motor vehicles	909,957	972,303
Office equipment	2,415,814	493,419
Infrastructure	46,340,757	48,136,453
Community	2,887,645	2,811,598
Other property, plant and equipment	16,014	26,081
Intangible assets	304,386	272,612
	53,492,011	55,514,544

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

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	2018 R	2017 R
31. Impairment of assets		
Impairments		
Property, plant and equipment	3,688,386	16,541,727
32. Finance costs		
Employee benefit obligations	2,255,539	2,175,341
Interest on provision for rehabilitation of land	8,021,075	588,056
Non-current borrowings	1,555,432	-
Trade and other payables	5,870,073	-
Finance leases	5,275,316	-
	22,977,435	2,763,397
33. Debt impairment - Gain/(loss)		
Contributions to debt impairment	(20,144,431)	19,147,662
34. Debtors write-off		
Fines debtors written-off	8,101,654	-
Debtors written-off	599,920	-
	8,701,574	-
35. Repairs and maintenance		
Repairs and maintenance - deductible	14,152,378	18,697,311
36. Bulk purchases		
Electricity	73,864,344	74,468,551
Water	25,223,601	21,683,679
	99,087,945	96,152,230
<p>The municipality appointed Sedibeng to administer the production of water. Water bulk purchases are included in general expenses due to the nature of the municipality's contract with Sedibeng.</p>		
37. Contracted services		
Specialist Services	5,498,192	2,813,488
Security services	5,942,810	5,608,462
	11,441,002	8,421,950

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Notes to the Annual Financial Statements

	2018 R	2017 R
39. Cash generated from operations		
Surplus	53,697,016	33,025,007
Adjustments for:		
Depreciation and amortisation	53,492,011	55,514,544
Gain on sale of assets and liabilities	-	920,923
Impairment deficit	3,688,386	16,541,727
Debt impairment	(20,144,431)	11,507,154
Movements in retirement benefit assets and liabilities	2,147,456	690,949
Movements in provisions	8,021,120	(4,990,582)
Impairment reversal	(176,751)	-
Transfers	393,070	-
Opening balance adjustment	(2,811,867)	14,033,783
Changes in working capital:		
Inventories	1,663,376	(6,818,429)
Consumer debtors	(5,861,234)	(14,718,584)
Other receivables from non-exchange transactions	1,900,222	(12,468,498)
Payables from exchange transactions	3,721,221	17,630,226
VAT	(1,880,315)	(15,309,553)
Unspent conditional grants and receipts	(16,792,997)	9,581,348
Consumer deposits	1,131,880	374,692
	82,188,163	105,514,707
40. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	13,025,262	21,859,107
Total capital commitments		
Already contracted for but not provided for	13,025,262	21,859,107
Total commitments		
Total commitments		
Authorised capital expenditure	13,025,262	21,859,107

This committed expenditure relates to plant and equipment and will be financed by unspent grants rolled over as per conditions of Division Revenue Act as well as accumulated surplus.

Ga Segonyana Local Municipality

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Notes to the Annual Financial Statements

	2018 R	2017 R
41. Contingent Liabilities		
The municipality had the litigation cases that could result in the following contingent liabilities being payable as at year end:		
Sulliman Attorneys Conveyancing and registration of property case brought against th municipality. The case has been ruled in the Municipality's favour.	150,000	150,000
Van Rooyen This is a labour related issue where the municipality applied for a review of an arbitration by SALBGC which awarded Van Rooyen a payment of R250 000. The municipality is challenging the award. The outcome of the application for review is unknown.	250,000	250,000
Edward Ntefang	65,000	65,000
Legal opinion (Monyela M L) CCMA awarded Monyela M.L. a payment of R28 044 and the municipality is challenging the decision. The municipality has applied for a review of the arbitration. The timing of cash outflows from the municipality is dependent on the outcome of the case which is unknown	28,044	28,044
Review: IMATU obo ML Monyela This is a labour related issue in which IMATU took the municipality to court with regard ro ML Monyela. The timing of cash outflows from the municipality is dependent on the outcome of the case which is unknown	150,000	150,000
OJM Engineers Contract appointment of a tender. The case has been ruled in the Municipality's favour.	250,000	250,000
Public Liability claim: BNH829NC/CDX376NC	20,357	20,357
Insurance claim municipal vehicle in accident with a third party. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown.		
Property loss: Transformer Golf Club Insurance claim. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown	55,461	-
Public Liability: J Keeiloni - Bodulong Insurance. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown	-	3,750
Public Liability: JJ Erasmus Insurance claim. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown	37,068	37,068
Public Liability: APC Botes Insurance claim. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown	12,651	12,651
Public Liability: PB Van der Merwe Insurance claim on municipality due to financial loss as a result of bad advice to replace water pipes on a stand from the municipality. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown	14,750	14,750
Public Liability: BVJ098NC Insurance claim vehicle damaged by tree in the parking area. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown	-	12,281
Public Liability: BYN212NC Insurance claim municipal vehicle in accident with a third party. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown	10,064	10,064
Public Liability: GS Kies Insurance claim. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown	-	36,541
Public Liability: Damage tyre at Testing Station Insurance claim due to damage on tyres at the municipal testing station due to faulty brake rollers. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown	-	3,570

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
41. Contingent Liabilities (continued)		
Wrenchville illegal occupants portion ERF 1 (ERF 5702) This is as a result of a civil matter involving the eviction of illegal occupants. The illegal occupants have instituted a legal action against the municipality and the outcome of the legal action is unknown.	800,000	800,000
Public liability claim : W Markram Insurance	17,853	17,853
Public liability: BYG807NC Insurance claim municipal vehicle in accident with a third party. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown	-	40,224
Public Liability: Damage to wall- Kerk Street Insurance damage to wall. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown	-	10,755
Public Liability: Injury V Maruping Insurance injury on the job. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown	-	1,075
Public liability: CMJ695NC Insurance claim municipal vehicle in accident with a third party. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown	3,418	3,418
Public Liability: CMM691NC Insurance claim municipal vehicle in accident with a third party. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown	-	6,800
Public liability: BYG807NC Insurance claim municipal vehicle in accident with a third party. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown	40,224	-
Public liability: CGK133NC Insurance claim municipal vehicle in accident with a third party. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown	51,796	-
Public Liability: CRV841NC Insurance claim municipal vehicle in accident with a third party. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown	10,460	-
Public Liability: Damage to tyre due to pothole Insurance claim against the municipality due to tyre damage caused by potholes. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown	3,669	-
Public liability: Mr Boyise Terms and conditions	54,031	-
Public Liability: CPG617NC Insurance claim municipal vehicle in accident with a third party. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown	16,345	-
Public Liability: CJZ611MZ Insurance claim municipal vehicle in accident with a third party. The timing of cash outflows from the municipality is dependent on the outcome of the insurance claim which is unknown	27,560	-
	2,068,751	1,924,201

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

42. Related parties

Relationships

Councillor K.B Madikiza

Concillor N.G Thupaemang

Councillor N.S Bloem

Councillor E.B Modise

Councillor G.C Assegaa

Municipal Manager - G.E Ntefang

Municipal Manager - M.M. Tsatsimpe
Community Services Director - P.J Sampson
Technical Director - H. Smit

Chief Financial Officer: Kagiso Noke
Councillor: W.A.S Aucamp

Councillor: G.N Mntuyedwa

Councillor: K.B Selepe

Councillor: N.G Ngesi

Concillor: G.N Masegela
Councillor: O.D Mathibe
Councillor: M.G Reetsang
Councillor: M.P Galeboe

Battharos Sound Hire, Tlotlanang Catering & Bomme-sejo Services and Supply Co-operative Limited, By Fire Business Enterprise
Bafumahadi khumo Enterprise and Projects - Director
Mmeotshwara Thipa Ka Ha Bogaleng Primary Co-operative Limited - Director
Ditswammung Mineral Resources Consortium - Director
Bomme-sejo Services and Supply Co-operative Limited
Bomme-sejo Services and Supply Co-operative Limited
Bomme-sejo Services and Supply Co-operative Limited - Director
Gadikgadi - Director
Self-Propelled Trading and Projects - Director
Gasegonyana Mining Investment - Incorporator
Mediro Peo Holdings - Director
Motshingo Investment - Member
Blue Disa Trading 189 - Member
Bonako Panelbeater - Member
Gabatu Construction Supply Management and Community Services Providers - Member
Seven Mile Trading 167 - Member
Kurara FM Radio Station - Director
Mimoisa Business Solutions - Director
Local Economic Development Agency of Mafikeng - Director
Mafikeng Industry Development Zone - Director
KAYN Projects - Director
Tau Aggregate - Director
Spectra Mining Solutions - Director
Masakeng A Dipodi Primary Co-operative Limited - Director
Battharos Sound Hire - Director
Tlotlanang Catering - Director
Bomme-Sejo Services and Supply Co-operative Limited - Director
Mighty Metals - Director
Gamotinye Investment Holdings - Directors
Ditukus Project - Director
Battharo Le Bathping Mining Solutions - Director
Boka Resources - Director
Nomisa Enterprise - Director
Letlotlo Lame Trading and Projects - Director
PKS Trading - Director

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
42. Related parties (continued)		
Related party transactions		
Compensation of related parties		
R.M. Meyers (Wife to Councillor T.E. Meyers)	295,231	241,277
B. Thankane (Cousin to Councillor P.Q Mogatle)	-	132,068
N. Rayn (Husband to Councillor S.M. Rayn)	-	132,068
G. Sibi (Daughter to Councillor N.G Thupaemang)	327,179	236,450
K.V. Makoke (Brother to Councillor L.N. Makoke)	388,157	-
D. Baepi (Brother to Councillor L.C. Moseki)	444,976	331,175
K.M. Modise (Daughter to Councillor B.E. Modise)	214,669	-

Related party transactions during the year

Kurara FM (advertisement)	-	3,700
Mimoisa Business Connection	-	285,000

Related party transactions

Related party transactions - Management

	2018 Transactions for the year	2018 Balance as at year end	2017 Transactions for the year	2017 Balance as at year end
Pule RC - Acting Director Corporate Services	12,260	380	3,527	(6,001)
Smit H.J - Director Technical Services	6,930	-	5,733	482
Tsatsimpe MM - Municipal Manager	23,174	-	11,020	1,346
	42,364	380	20,280	(4,173)

43. Risk management

Financial risk management

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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

At 30 June 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	125,812,670	-	-	-
Finance lease obligation	4,773,650	7,442,049	-	-
Other financial liabilities	7,451,010	13,158,864	-	-
At 30 June 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	121,946,728	-	-	-
Finance lease obligation	1,547,114	2,819,011	-	-
Other financial liabilities	6,666,473	14,667,776	-	-

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

43. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and accounts receivable. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to these customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the group of customers, taking into account their financial position, past experience and other factors

Credit risk arises from cash deposits, cash equivalents, and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	30 June 2018	30 June 2017
Receivables from exchange transactions	46,119,454	20,113,789
Receivables from non exchange	19,738,879	21,639,101
Cash and cash equivalents and bank overdraft	11,688,188	990,123

Market risk

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. 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.

44. Going concern

The Annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the municipality will continue to receive grants from National and Provincial Governments as well as continue to levy rates and charge for services provided to consumers. The proceeds are presumed to 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 following indicators have a negative outlook on the going concern of the municipality:

- Creditors days in 2018 are 251 and in 2017 are 228
- Debtors days in 2018 are 115 and in 2017 are 73

Non-compliance (30 days) - The municipality is currently not paying all their creditors within the accepted 30 days. This also resulted in fruitless and wasteful expenditure due to interest on overdue creditors account.

The municipality owns Eskom R53 864 770 and Sedibeng Water R15 559 394 at year end.

Despite the above negative indicators, the municipality is a going concern because of the following:

It is a state entity set up by the Constitution of the Republic of South Africa to provide basic services to the community and is also funded by the state for that purpose. Failure to provide these services will prompt National Government intervention to ensure it stays functional and able to deliver basic services and consequently compliance with the Constitution

Under the DORA Act (Division of Revenue Bill - Bill Published In Government Gazette No. 40610 of 10 February 2017) the municipality has been allocated the following funds for the years 2017/18 to 2019/20.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

44. Going concern (continued)

	2017/18	2018/19	2019/20	Total
Equitable Share	129,580,000	141,621,000	152,362,000	423,563,000
Other	196,505,000	196,505,000	196,505,000	589,515,000
	326,085,000	338,126,000	348,867,000	1,013,078,000

There is no indication of a possibility of default by the government in paying grants under the act. This is also corroborated by experience where National Treasury has met its obligations year on year and has therefore created a constructive obligation. Part of the grants tabled above has already been paid in July 2018.

In addition, the municipality collects revenue for services rendered and this will augment their cash flows in subsequent years

	2018 R	2017 R
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45. Unauthorised expenditure

Unauthorised expenditure	289,513,086	203,758,772
Current year	41,225,363	85,754,314
Written-off	(289,513,086)	-
	41,225,363	289,513,086

46. Fruitless and wasteful expenditure

Opening balance(2018, 2017-as Previously reported)	3,953,575	1,306,643
Fruitless and wasteful expenditure	5,188,914	2,646,932
Written off	(7,767,061)	-
	1,375,428	3,953,575

The expenditure is caused by overdue account of Eskom, Telkom as well as penalties from SARS for late payment of taxes.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
47. Irregular expenditure		
Opening balance previously reported	410,410,352	247,387,887
Add: Irregular Expenditure - current year	9,690,773	28,004,423
Add: Irregular Expenditure - current year identified during the audit	110,813,951	97,548,749
Add: Irregular Expenditure - prior years identified during the audit	-	37,469,293
Less: Written-off - prior years	(358,297,542)	-
Less: Written-off - current year	(5,360,436)	-
	167,257,098	410,410,352

Further instances of Irregular Expenditure that might have resulted from non-compliance with SCM processes are under investigation to determine the full extent of the amount

The amount disclosed for irregular expenditure for the reported financial years is mainly as a result of the following reasons:

- Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by SCM regulation 17(a) and (c). Some expenditures were paid using pro-forma invoices.
- Bid specifications not drafted by bid specification committee prior to 2015/2016, however Bid specification committee was appointed during 2015/16.
- The amounts are however under investigation by Municipal Public Accounts Committee as a result at the reporting date it was not clear about the write-off or recovery.
- Bids adjudicated by the Bid Adjudication Committee not compliant with SCM regulation 29 (2).

48. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	-	28,401
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Bulk Electricity and water Losses in terms of section 125 (2)(d)(i) of the MFMA

30 June 2018	Lost units	Tariff	Value
Unaccounted electricity losses	17 245 047	0,95	16 382 794,3

30 June 2017	Lost units	Tariff	Value
Unaccounted electricity losses	18 166 042	0,95	17 257 739,9

Volume in KWH/year	30 June 2018	30 June 2017
System Input Volume	78 600 284	78 600 284
Billed Consumption	61 355 237	60 484 242
Distribution Loss	17 245 047	18 116 042
Percentage Distribution Loss (%)	21,94%	23,05%

30 June 2018	Lost units	Tariff	Value
Unaccounted for water losses	3 935 217	4,32	17 000 137

30 June 2017	Lost units	Tariff	Value
Unaccounted for water losses	3 310 611	4,32	143 01 840

Volume in Kl/year	30 June 2018	30 June 2017
System Input Volume	5 796 468	5 075 302
Billed Consumption	1 861 251	1 764 691
Distribution Loss	3 935 217	3 301 611
Percentage Distribution Loss (%)	68,00%	65,23%

Included in both water and electricity losses is the municipal own consumption at various municipal facilities.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

	2018 R	2017 R	
48. Additional disclosure in terms of Municipal Finance Management Act (continued)			
SDL			
Current year subscription / fee	997,469	920,551	
PAYE and UIF			
Current year subscription / fee	15,856,791	13,956,446	
Amount paid - current year	(15,856,791)	(13,956,446)	
	-	-	
Pension and Medical Aid Deductions			
Current year subscription / fee	25,338,121	23,620,993	
Amount paid - current year	(25,338,121)	(23,620,993)	
	-	-	
VAT			
VAT output payables and VAT input receivables are shown in note 5.			
All VAT returns have been submitted by the due date throughout the year.			
Councillors' arrear consumer accounts			
The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2018:			
30 June 2018	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
D.T Mpata	403	11,851	12,254
E.B Modise	46	1,440	1,486
G.C Assegaai	100	3,199	3,299
L.R Nelson	2,120	-	2,120
G.N. Mntuyedwa	-	11	11
	2,669	16,501	19,170
30 June 2017	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
B.A Eiman	1,101	-	1,101
D.T Mpata	92	5,099	5,191
E.B Modise	17	1,106	1,123
G.C Assegaai	37	2,241	2,278
L.R Nelson	154	214	368
	1,401	8,660	10,061
49. Auditors' remuneration			
Fees	5,783,354	6,475,593	

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

50. Financial instruments disclosure

Categories of financial instruments

2018

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	46,119,454	46,119,454
Receivables from non-exchange transactions	-	19,738,879	19,738,879
Cash and cash equivalents	11,688,188	-	11,688,188
VAT	-	17,189,868	17,189,868
	11,688,188	83,048,201	94,736,389

Financial liabilities

	At amortised cost	Total
Other financial liabilities	20,609,874	20,609,874
Trade and other payables from exchange transactions	125,667,955	125,667,955
Finance lease obligation	12,215,699	12,215,699
Consumer deposits	5,334,319	5,334,319
	163,827,847	163,827,847

2017

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	17,726,284	17,726,284
Receivables from non-exchange transactions	-	24,932,391	24,932,391
Cash and cash equivalents	990,123	-	990,123
VAT	-	15,309,553	15,309,553
	990,123	57,968,228	58,958,351

Financial liabilities

	At amortised cost	Total
Other financial liabilities	21,334,249	21,334,249
Trade and other payables from exchange transactions	124,675,917	124,675,917
Finance lease obligation	4,416,125	4,416,125
Consumer deposits	4,202,439	4,202,439
	154,628,730	154,628,730

Credit quality of other assets that are neither past due nor impaired

The municipality evaluates the credit risk of all its customers on an on-going basis taking into account the financial position, past payment history and also considers the municipality's internal control systems on debt collection and credit risk management.

Financial assets that is past due but not impaired

The municipality limits its counterparty exposures from its investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing."

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Financial instruments disclosure (continued)

Counterparty and Location

Receivables from non-exchange transactions

1 month past due	7,034,925	471,335
2 months past due	3,060,376	398,209
3 months past due	2,071,500	18,438,334

Receivables from exchange transactions

1 month past due	7,734,125	10,232,771
2 months past due	3,225,856	4,705,949
3 months past due	2,364,123	2,314,617

25,490,905	36,561,215
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Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Motor vehicle and housing loans	61,070	88,337
Other receivables from non-exchange revenue	16,959	98,313
Consumer debtors - non-exchange transactions	18,422,620	9,411,303
Cash and cash equivalents	11,688,188	990,123
Consumer debtors - exchange transactions	58,674,983	42,304,111
Sundry debtors	23,729,070	26,567,562

Maximum Credit and Interest Risk Exposure

112,592,890	79,459,749
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Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

51. Deviations

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/condoned by the Accounting Officer and noted by Council. The expenses incurred as listed hereunder have been approved by the Accounting Officer and have noted by Council. Furthermore, management did not note any material non-compliance with the Municipal Finance Management Act.

Reason	Month	Supplier	Amount	Description
Installation of a Server for mSCOA compliance purposes. The advert was placed using Reg 18, where bids were not received, goods and services were sourced directly due to the urgency of the needs.	17 July 2017	ITNA (Pty) Ltd	69,212	Supply, Delivery and Setup of a Server
Training of caseware can only be provided by the supplier of the software. The authorisation letter to this effect is available for inspection.	28 August 2017	Adapt IT (Pty) Ltd	71,741	Caseware Training
Only Xerox can issue these goods as they have the sole rights to supply them.	15 August 2017	Rosburg Industrial Enterprise	5,996	Toner
Only CIGFARO can provide this summit/ Conference. Attended by delegates from BTO office, Office of MM, Mayor, Speaker.	23 August 2017	CIGFARO	36,350	CIGFARO Conference
We are unable to obtain three quotations from various service providers due to the scarce nature of this programme. Efforts to source quotes within the province were fruitless as there are no other accredited providers hence NTC was approached in Ventersdorp as they were the only providers with relevant accreditation.	29 August 2017	NTC Training Centre	51,800	Electrical Training
Supplier's Tax Status is Non Compliant, however the deceased body was already in the supplier's possession. The family had to be assisted with the coffin	21 September 2017	AMC Funerals	950	Supply of Burial Coffin
Sole Provider/ Trader Delegates had to attend the 18th Annual Library and Information Association of South Africa (LIASA) Conference and only LIASA can provide this conference	20 September 2017	LIASA	23,000	Conference Attendance
The service provider needed to find faults on the municipal electricity networks, on an emergency basis, where half of the town was without power, and the internal staff had no capacity to detect faults.	19 September 2017	Nandina Trading 551 CC t/a TRS	24,476	Repair and Maintenance on LMT HT Circuit Breaker
Sole Provider. Purchase of two licenses for Caseware software that was previously purchased. This software and accompanying licenses can only be purchased from Adapt IT as they are the developer and sole supplier of the products	30 October 2017	Adapt IT (Pty) Ltd	29,435	Caseware licenses
Supplier's Tax Status is Non Compliant, however the deceased body is already in their possession. The family had to be assisted with the coffin	05 October 2017	Rekathusa Funeral Parlour	950	Supply of Coffin
Supplier's Tax Status is Non Compliant, however the deceased body is already in their possession. The family had to be assisted with the coffin	05 October 2017	AMC Funerals	950	Supply of Coffin

Ga Segonyana Local Municipality

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Notes to the Annual Financial Statements

51. Deviations (continued)

Execution of the court order, which was obtained by the service provider.	08 November 2017	Seleke Attorneys	145,100	Lega Fees
The supplier has to provide fuel on the municipal behalf, on a backup basis.	13 December 2017	Kuruman Landbou Diesnte (Bpk) Edms	29,986	Supply of diesel
Supplier's Tax Status is Non Compliant, however the deceased body is already in their possession. The family had to be assisted with the coffin	09 January 2018	Rekathusa Funeral Parlour	950	Supply of Coffin
Supplier's Tax Status is Non Compliant, however the deceased body is already in their possession. The family had to be assisted with the coffin	09 January 2018	Rekathusa Funeral Parlour	950	Supply of Coffin
The roller door and the braking machine rollers needed to be repaired urgently at the Traffic Department. As it is an emergency we were unable to obtain three quotations from various service providers. It is on this basis that the order had to be generated to avoid delay and to enable service delivery at the Traffic Department	17 January 2018	Workshop Electronics	32,183	Service and Calibrate of Vehicle Test Station Equipment
Strip and Quote: The supplier has to open the traffic lights channel controller to detect the fault and thereafter fix it.	25 January 2018	Teletronic	13,875	Repairs of Traffic Lights
We are unable to obtain three quotations from various service providers for the Learners Licence Material. Mindmuzik Media (Pty) Ltd is the Sole Provider of the Revised Learners Licence Material as prescribed by the Department of Transport	25 January 2018	Mindmuzik Media (Pty) Ltd	16,175	Learners Licence Material
Procurement was on a cash on delivery basis and this was the only service provider who could assist the municipality at that short notice.	22 February 2018	Pick N Pay	2,089	Catering Services
The service provider has to locate the faulty/ damaged (underground) first and thereafter repalce it with the new one. The motivation letter for this is available for inspection	06 March 2018	Nandina Trading 551 cc t/a TRS	38,523	Locate Cable Fault
The supplier has to strip the Compactor Truck and diagnose the fault and thereafter fix the faults. This truck had been involved in the accident earlier. The accident report is available for inspection	28 May 2018	Letshogo Engineering and Outsourcing	54,695	Strip and Quote
The sole supplier authorised to service the calibratoin machine. The calibration machine must be serviced, amongst the works to be caried out is supply of millibrakes software, load cell rewiring, lane 1 rerepairs, repair motor for brake tester.	09 May 2018	Workshop Electronics	61,035	Testing Station Machine Calibration
The service provider has to locate the faulty/ damaged (underground) first and thereafter repalce it with the new one. The motivation letter for this is available for inspection	03 May 2018	Fraqua 143 cc t/aThe International Funeral society	1,900	Supply of a coffin
			712,321	-

52. Prior period errors

During the year under review, the following errors were identified for prior year Annual Financial Statements:

The correction of the error(s) results in adjustments as follows:

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

52. Prior period errors (continued)

Statement of financial position	As previously reported	Adjustments	Reclassifications	Restated	Reference
ASSETS					
Current Assets					
Inventories	53,048,213	2,419,800	-	55,468,013	[1]
Receivables from non-exchange transactions	24,932,391	(3,293,290)	-	21,639,101	[2]
VAT receivable	22,025,161	(6,715,608)	-	15,309,553	[3]
Receivables from exchange transactions	20,300,105	(186,316)	-	20,113,789	[14]
Cash and cash equivalents	990,123	-	-	990,123	
	121,295,993	(7,775,414)	-	113,520,579	
Non-Current Assets					
Investment property	6,961,100	(205,000)	-	6,756,100	[4]
Property, plant and equipment	1,179,367,256	55,413,180	-	1,234,780,436	[5]
Intangible assets	573,105	-	-	573,105	
Heritage assets	1,655,642	-	-	1,655,642	
	1,188,557,103	55,208,180	-	1,243,765,283	
	1,309,853,096	47,432,766	-	113,520,579	
LIABILITIES					
Current Liabilities					
Other financial liabilities	6,666,473	-	-	6,666,473	
Finance lease obligation	1,597,114	-	-	1,597,114	
Trade payables	5,062,302	-	90,185,688	95,247,990	[6]
Accruals	95,247,988	-	(95,247,988)	-	[6]
Retention monies	14,423,003	-	-	14,423,003	
Sale of stands	-	(2,729,183)	5,062,300	2,333,117	[7]
Other payables	2,136,667	(206,579)	-	1,930,088	[13]
Employee costs accrual	5,438,944	-	-	5,438,944	
Debtors with credit balances	-	206,579	-	206,579	[13]
Group Life Insurance	2,367,006	-	-	2,367,006	
Consumer deposits	4,202,439	-	-	4,202,439	
Employee benefit obligation	1,399,725	-	-	1,399,725	
Unspent conditional grants and receipts	18,492,566	-	-	18,492,566	
	157,034,227	(2,729,183)	-	154,305,044	
Non-Current liabilities					
Other financial liabilities	14,667,776	-	-	14,667,776	
Finance lease obligation	2,819,011	-	-	2,819,011	
Employee benefit obligation	23,424,176	-	-	23,424,176	
Provisions	4,870,377	-	-	4,870,377	
	45,781,340	-	-	-	
TOTAL LIABILITIES	202,815,567	(2,729,183)	-	200,086,384	
NET ASSETS	1,107,037,529	47,350,065	-	1,154,387,594	
Reserves					
Revaluation reserve	14,835,415	-	-	14,835,415	
Accumulated surplus	1,092,202,114	47,350,065	-	1,139,552,179	[8]
	1,107,037,529	47,350,065	-	1,154,387,594	

Statement of Financial Performance	As previously reported	Adjustments	Reclassifications	Restated	Reference
REVENUE					
Revenue from exchange transactions					
Sale of stands	5,618,635	2,729,183	-	8,347,818 [7]	
Service charges	122,759,546	(87,957)	-	122,671,589 [9]	
Rental of facilities and equipment	1,926,041	-	-	1,926,041	
Interest received (trading)	5,901,682	-	-	5,901,682	
Licences and permits	5,050,505	-	-	5,050,505	
Other revenue	14,962,597	-	-	14,962,597	
Interest received (investments)	176,099	-	-	176,099	
	156,395,105	2,641,226	-	159,036,331	
Revenue from non-exchange transactions					
Property rates	36,250,313	398,710	-	36,649,023 [10]	
Government grants and subsidies	226,228,557	-	-	226,228,557	
Public contributions and donations	699,022	-	-	699,022	
Fines, Penalties and Forfeits	9,739,846	-	-	9,739,846	
	272,917,738	398,710	-	273,316,448	
Expenditure					
Employee related costs	(103,870,213)	-	-	(103,870,213)	
Remuneration of councillors	(7,815,297)	-	-	(7,815,297)	
Depreciation and amortisation	(51,787,773)	(3,726,771)	-	(55,514,544)	
Impairment loss	(16,541,727)	-	-	(16,541,727)	
Finance costs	(2,763,397)	-	-	(2,763,397)	
Provisions	(15,370,191)	(3,777,471)	-	(19,147,662)[11]	
Repairs and maintenance	(18,697,311)	-	-	(18,697,311)	
Bulk purchases	(96,152,230)	-	-	(96,152,230)	
Contracted services	(8,421,950)	-	-	(8,421,950)	
General expenses	(71,190,522)	-	-	(71,190,522)	
	(392,610,611)	(7,504,242)	-	(400,114,853)	
Profit/(loss) on disposal	(920,923)	-	-	(920,923)	
Actuarial gains	1,720,891	-	-	1,720,891	
	38,423,123	-	-	32,237,926	
Other					
Irregular expenditure	275,392,390	135,017,962	-	410,410,352 [12]	

- [1] Inventory was adjusted for by R2,419,800 for land after deeds search and verification of ownership and land use.
- [2] Receivables from non-exchange transactions was adjusted by R(3,293,290) which was a write-off of debtors done in the current year instead of prior year.
- [3] VAT was understated by R(6,715,608) and the error was adjusted after reviewing prior year VAT returns and SARS statements and adjustments done accordingly.
- [4] Investment property was adjusted by an amount of R(205,000) which was land incorrectly classified as investment property and has now been moved to Inventory.
- [5] Property, plant and equipment was adjusted for an overstatement of R55,413,180 related to prior year assets that were included in the Fixed asset register as a result of completeness issues identified during the physical verification exercise conducted.
- [6] Trade payables and accruals were adjusted by the same amount of R90,185,688. This was due to reclassification error.
- [7] Sale of stands of R(2,729,183) as these sales related to the 2016/2017 period and were moved from the 2017/2018 period.

Ga Segonyana Local Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

52. Prior period errors (continued)

- [8] Accumulated surplus was adjusted by R47,350,065 due to other adjustments from various components of the financial statements.
- [9] Sale of stands was adjusted by R2,729,183 as these sales related to the 2016/2017 period and were moved from the 2017/2018 period.
- [10] Service charges were adjusted by R(87,957) due to restatement of prior year service charges which were recalculated.
- [11] Property rates were readjusted by R398,710 as the rates were recalculated and restated.
- [12] Provisions were adjusted by R(3,777,471) due to impairment which was recalculated for prior period and restated.
- [12] Irregular expenditure were restated by R- after reviewing prior year expenditure.
- [13] Disclosure of Debtors with credit balances previously not disclosed of R206,579.
- [14] Impairment of debtors was adjusted after recalculations to the value of R186,316.

53. Events after the reporting date

Investment property was subsequently revalued after year end in July 2018 in line with the municipality's policy of revaluing investment property every four years. The last revaluation was performed in 2014.

54. Change in estimate

Property, plant and equipment

The useful life of Landfill site was estimated in 2017 to be 17 years. In the current period management have revised their estimate to 10 years.

Landfill site

The estimated useful lives were reviewed at 30 June 2018. Adjustments to the useful lives affect the amount of provision for the current year and is expected to affect future periods as well. The adjustments are as follows:

Increase in Landfill site due to adjustments to useful lives of non-current provisions	8,021,075	-
Increase in Landfill Site Interest		
Interest as previously stated	485,090	-
Adjustment due to Change in Accounting Estimate	7,535,986	-
	8,021,076	-

55. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix A for the comparison of actual operating expenditure versus budgeted expenditure.

56. Other disclosures

VAT was increased from 14% to 15% effective from the 1st of April 2018.