

ANNUAL REPORT : 2015 / 2016 FINANCIAL YEAR

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CHAPTER 1

FOREWORD BY THE EXECUTIVE MAYOR

Another financial year has come to an end and thus calls for us to report on our service delivery progress as a public institution that has been established in terms of applicable local government laws and the Constitution of the Republic of South Africa.

As we present this annual report for financial year 2015/2016, we do so against the backdrop of a successful record that we have set for ourselves when we attained a clean for the previous financial year. Setting a high standard for yourself is also a challenge in itself because you have to maintain and even surpass that standard.

The annual report 2015/2016 also completes the five-year term of the Municipal Council, which was elected into office in 2011. It therefore becomes the very last report which we have to present with pride and happiness that the goals we have set for ourselves have been achieved. This has not been an easy path to travel considering the daily challenges faced by our people in comparison to the little resources available to address those challenges.

The annual report for financial year 2015/2016 contains all our efforts in fulfilling the mandate of electorate and the demands of the back to basics approach. At the same time, we also acknowledge our shortcomings in meeting some of the needs of our community and also interventions that we envisage to implement in order to address those deficiencies.

All these is because of the collective efforts of Councillors, Mayoral Committee, Local Municipalities, traditional leaders, officials, communities, government departments and community-based organisations.

As the political leadership of the municipality we have expressed a political commitment to address many challenges faced by our communities.

We have also endeavoured to align our budgets with our priorities, and ensured that we are much prudent with spending of the very limited financial resources at our disposal.

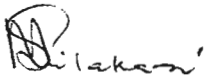
Our budgets and programmes as district municipality have been designed to meet and carry out the priorities of the ANC's 2011 Local Government Manifesto by which we have committed ourselves to:

- Build local economy to create more employment and sustainable livelihoods,
- Improve local public services and broaden access to them
- Build more united, non-racial, integrated and safer communities

- Promote more active community participation in local government
- Ensure more effective, accountable and clean local government that works together with national and provincial government.

We have worked hard to ensure that we push back the frontiers of poverty through various poverty alleviation programmes such as distribution of food parcels, Expanded Public Works Programme, learnerships, internships and SMMEs developments. We have also completed a number of infrastructure development projects, through which we were also able to create jobs.

Many thanks to the Speaker, Chief Whip, all Councillors, Members of Mayoral Committee, Executive Mayors and Mayors in our six local municipalities, Traditional Leadership, Municipal Manager Me Takatso Lebenya and Municipal Managers in our six local municipalities, the management and staff, as well as the community of Thabo Mofutsanyana District Municipality for a job well done.



Cllr M. Vilakazi
Executive Mayor

Municipal Manager's Overview

The annual report has been prepared in accordance with Circular 63 issued by the National Treasury.

It is evident from the guidelines that have been provided by the National Treasury, that much emphasis has been placed on local Government providing data and statistics to measure the impact of municipalities' efforts towards service delivery. The new format also strives to gauge whether municipal activities have been e information requested effectively and efficiently rendered. It must be highlighted that much of the information requested in terms of circular 63 pertains to municipalities that are entrusted with any function that are rendered directly to communities. Much of the information requested is not applicable to the Thabo Mofutsanyana District Municipality. This is due to the fact that many of the powers and function requested is not readily available. However, in each of the functional areas, the progress of various initiatives that were embarked on by the District Municipality, is highlighted.

Thabo Mofutsanyana District Municipality views itself primarily as a development facilitator. The District therefore advocates the principle of decentralization, whereby local municipalities in the District are entrusted with the responsibility to render services to the communities. This approach has the full concurrence of all local municipalities. The District municipality thus has the unenviable responsibility to support and capacitate the local municipalities to effectively render such services.

The Council has adopted five development priorities including; viz , investment in infrastructure , promoting economic development , capacity building and support to local municipalities.

The current council has adopted five development priorities for its term in office, viz , investment in infrastructure, promoting economic development capacity building and support to local municipalities

The organizational performance scorecards in chapter 3 of this Annual Report provides , among others , the key performance indicators, the target of each indicator , as well as the status of each indicator (whether the target has been achieved or not).

Thabo Mofutsanyana district municipality is not a water service authority or a water service provider. These functions reside with six local municipalities in the district. The district municipality does not

receive Municipal infrastructure grants from National Treasury. However in the financial year under review

It is pleasing to note that forums for certain designated sectors were established in the period under review. These includes District Aids Council With regard to HIV and AIDS, the District Municipality in partnership with the Free State department of health continued with the HTC campaign.

As indicated earlier , Institutional development is one of the development priorities of the district municipality. The importance of having a well trained and skilled workforce cannot be overemphasized. This is especially pertinent with regards to the fact that the district municipal officials have to support and build the capacity of local municipalities. There has been significant investment in training and development.

Many senior managers and some municipal officials were registered for competency Unit standards training. The processes have recently commenced with regard to an institutional review , as required by the regulations on appointment of senior managers. The employment numbers are relatively small and the district Municipality has a very lean structure, with a staff complement of 115 as at 30 June 2016.

The two year period for graduate Programme of five interns will be coming to an end at the end of the ensuing financial year

The Audit Committee and MPAC are key committees that play different oversight roles at the institution. The work of these committees is well appreciated by the council and its stakeholders.

The district municipality recognizes the importance of collaborating and partnering with the various sector departments to ensure effective service delivery. The Councillors and officials of the district municipality therefore participate in various SALGA, provincial and local government intergovernmental structures , to promote integrated development and growth.

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

Any analysis of the Municipality's statement of financial Position for the year ended 30 June 2016 reveals that the municipality is still maintaining a strong financial position through prudent financial management approaches and effective corporate governance strategies.

The total District Municipal Budget was .The revenue is made up of external sources of income. The external sources of income amounts to 108 844 333 which consist mainly of conditional grants and is 102 591 000 of the total actual income. Due to the nature of its functions , the Council does not have its own revenue streams and is dependent on grant funding.

OVERVIEW OF THE MUNICIPALITY

Thabo Mofutsanyana District Municipality (DC19) was established in terms of the Municipal Structures Act (Act 117 of 1998) and proclaimed in the Provincial Gazette, Notice No 184, on 28 September 2000. During the May, 2011 local government municipality boundaries were altered.

By provincial gazette of May 2011, the District together with Motheo District were de-established. Parts of Motheo now form part of the Mangaung Metro. Thabo-Mofutsanyana District Municipality was by the same notice re-established, to now include Mantsopa, which was part of Motheo as one of its local municipalities.

Location



Thabo Mofutsanyana District forms the north eastern part of the Free State Province and is one of four district municipalities in the Free State.

It is bordered by all of the other district municipalities of the province namely, Lejweleputswa District in the west, Fezile Dabi District in the north and Xhariep District in the south, as well as the Mangaung Metro in the southwest. Other borders are with the Kingdom of Lesotho in the south east, Kwa-Zulu Natal Province in the east and Mpumalanga Province in the north east.

Topographically the district is bordered for most of its eastern border by the Maluti and

Drakensberg mountains. Hydrologically the district is located between the Vaal River to the north, and Orange river to the south, with rivers within the district draining towards these rivers.

Thabo Mofutsanyana consists of six local municipal areas, with Setsoto and Mantsopa

forming the south western section, Dihlabeng the south middle section, Nketoana the north middle section, Maluti a Phofung the south eastern section and Phumelela the north eastern section of the district. The district includes the former homelands of QwaQwa.

The table below identifies twenty six urban centres for the Thabo Mofutsanyana District, grouped per its respective local municipality:

Urban centers located within Thabo Mofutsanyana District Municipality

Mantsopa	Setsoto	Dihlabeng	Nketoana	Maluti Phofung	A Phumelela
Hobhouse	Clocolan	Rosendal	Lindley	Kestel	Vrede
Ladybrand	Ficksburg	Paul Roux	Arlington	Harrismith	Warden
Excelsior	Marquard	Fouriesburg	Petrus styn	Qwa-Qwa	Memel
Thaba Patchoa	Senekal	Clarens Bethlehem	Reitz	Tshiame	

Bethlehem, Ficksburg, Harrismith, Vrede, Memel, Phuthadijhaba, Senekal, Reitz and Ladybrand constitute the main economic centres within the district. The above identified urban centres also serve the surrounding rural areas.

Thabo-Mofutsanyana district municipality enjoys high levels of connectivity to other districts, provinces within South Africa, as well as to airports and harbours.

The N3 that links the Gauteng Province with the Kwazulu Natal Province, passes Warden and Harrismith in the north eastern part of the district. The N1 road borders the west of the district for a small section within Setsoto local municipality. The N5 road traverses the central part of the district from west to east, linking the N1 (at Winburg in Lejweleputswa district) with Harrismith via Senekal, Paul Roux, Bethlehem and Kestell. The R26/R711/R712 primary roads also constitute a major roadlink on the eastern border of the district linking Hobhouse, Ladybrand, Clocolan, Ficksburg, Fouriesburg, Clarens, Phuthadijhaba with

Harrismith. Ladybrand links the district with the N8 route, which links Kimberley with Lesotho via Bloemfontein.

Airfields are located in a number of towns throughout the districts, namely Ladybrand, Ficksburg, Bethlehem, Harrismith and Vrede.

Railway connections within and to the outside of the district are well established. In this regard, Harrismith provides an important link with the rail line between Gauteng and Kwazulu Natal. In this regard, the interprovincial rail freight arterial line (electric single railway track) from Kroonstad to Ladysmith via Bethlehem and Harrismith has reference. The Bloemfontein to Bethlehem via Ficksburg secondary main line (single track and diesel operated) is another major rail freight arterial line servicing the district. Branch lines located in the district include

Heilbron - Arlington, Standerton (Mphumalanga) - Vrede, Arlington - Marquard, Bethlehem - Balfour North (Mphumalanga) via Reitz, Harrismith - Warden.

Border posts at Ladybrand, Ficksburg, Fouriesburg and Phuthadijhaba connects the district with the Kingdom of Lesotho.

Land use in the district is primarily agricultural in nature. The district is also an important tourism destination due to spectacular scenic beauty of the Drakensberg and Maluti mountain ranges, as well as the Golden Gate Highlands National Park. Thabo Mofutsanyana is well known for several tourists' attractions and destinations and also features a variety of annual festivals.

Thabo Mofutsanyana Local Municipality Boundaries



THE SOUTH AFRICA I KNOW,
THE HOME I UNDERSTAND



Space-Time Research							
Household Services - Census 1996-2011							
Table 1							
Summation Options (Calculations), Census Year and Type of main dwelling (grouped) by South Africa by 2011 Municipal Boundaries							
	DC19: Thabo Mofutsanyane	FS191: Setsoto	FS192: Dihlabeng	FS193: Nketoana	FS194: Maluti a Phofung	FS195: Phumelela	FS196: Mantsopa
Household weighted							
1996							
Formal dwelling	93075	12585	16285	7270	45014	5017	6904
Traditional dwelling	42519	4966	4023	2871	25468	3130	2061
Informal dwelling	31040	8310	4965	4447	9601	1552	2167
Other	764	166	50	14	228	19	287
2001							
Formal dwelling	120085	15321	20955	8586	58928	6875	9420
Traditional dwelling	34186	4023	4007	2400	19301	2788	1667
Informal dwelling	42353	13357	8095	3894	11917	2443	2648
Other	395	45	59	25	203	26	37
2011							
Formal dwelling	168378	23646	29599	12785	80585	9407	12406
Traditional dwelling	14858	911	1897	655	9676	1269	450
Informal dwelling	33258	8954	6904	3879	9159	2136	2226
Other	1390	176	192	50	808	77	87
Total							
Formal dwelling	381538	51552	66839	28590	184526	21299	28731
Traditional dwelling	91564	9900	9927	5926	54445	7186	4179
Informal dwelling	106651	30621	19964	12219	30677	6130	7040
Other	2548	387	301	89	1240	121	411

% of Household weighted							
1996							
Formal dwelling	24.4	24.4	24.4	25.4	24.4	23.6	24.0
Traditional dwelling	46.4	50.2	40.5	48.5	46.8	43.6	49.3
Informal dwelling	29.1	27.1	24.9	36.4	31.3	25.3	30.8
Other	30.0	42.9	16.5	15.9	18.4	15.3	69.8
2001							
Formal dwelling	31.5	29.7	31.4	30.0	31.9	32.3	32.8
Traditional dwelling	37.3	40.6	40.4	40.5	35.5	38.8	39.9
Informal dwelling	39.7	43.6	40.5	31.9	38.8	39.8	37.6
Other	15.5	11.6	19.6	27.9	16.4	21.2	9.0
2011							
Formal dwelling	44.1	45.9	44.3	44.5	43.7	44.2	43.2
Traditional dwelling	16.2	9.2	19.1	11.1	17.8	17.7	10.8
Informal dwelling	31.2	29.2	34.6	31.7	29.9	34.8	31.6
Other	54.6	45.5	63.9	56.2	65.2	63.4	21.2
Total							
Formal dwelling	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Traditional dwelling	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Informal dwelling	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Other	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Space-Time Research							
Descriptive - Census 1996-2011							
Table 1							
Summation Options (Calculations), Census Year and Education level (grouped) by South Africa by 2011 Municipal Boundaries							
for 5 + years							
	DC19: Thabo Mofutsanyane	FS191: Setsoto	FS192: Dihlabeng	FS193: Nketoana	FS194: Maluti a Phofung	FS195: Phumelela	FS196: Mantsopa
Person weighted							
1996							
No schooling	142234	20362	18609	14627	69873	10980	7783
Some primary	198903	33662	28065	19822	87009	15408	14937
Complete primary	53812	9525	7576	4537	24468	3179	4527
Some secondary	170780	24082	25578	11475	90203	8063	11380
Grade 12/Std 10	46548	5634	8673	3117	24284	2034	2806
Higher	18687	2846	3968	1470	8364	790	1249
Total	630964	96112	92469	55047	304200	40454	42682
2001							
No schooling	121286	18294	18461	12573	55879	9032	7046
Some primary	245632	39956	39132	20174	109520	18126	18723
Complete primary	53376	10561	9327	4087	21324	3387	4690
Some secondary	188529	29140	31030	13069	91675	10515	13100
Grade 12/Std 10	73036	10140	14242	4447	35704	3858	4645
Higher	23368	3158	4521	1493	11219	1337	1640
Total	705226	111250	116713	55842	325322	46255	49844

2011							
No schooling	45683	7275	8179	5161	18842	3685	2541
Some primary	202449	30945	32169	17819	92626	14875	14015
Complete primary	38135	7022	6337	3175	15572	2786	3244
Some secondary	209236	32731	35384	16628	96940	12946	14607
Grade 12/Std 10	110735	15312	21129	7438	53935	5739	7183
Higher	34402	4461	8192	2310	15101	1805	2533
Total	640639	97745	111390	52532	293016	41835	44122
% of Person weighted							
1996							
No schooling	22.5	21.2	20.1	26.6	23.0	27.1	18.2
Some primary	31.5	35.0	30.4	36.0	28.6	38.1	35.0
Complete primary	8.5	9.9	8.2	8.2	8.0	7.9	10.6
Some secondary	27.1	25.1	27.7	20.8	29.7	19.9	26.7
Grade 12/Std 10	7.4	5.9	9.4	5.7	8.0	5.0	6.6
Higher	3.0	3.0	4.3	2.7	2.7	2.0	2.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2001							
No schooling	17.2	16.4	15.8	22.5	17.2	19.5	14.1
Some primary	34.8	35.9	33.5	36.1	33.7	39.2	37.6
Complete primary	7.6	9.5	8.0	7.3	6.6	7.3	9.4
Some secondary	26.7	26.2	26.6	23.4	28.2	22.7	26.3
Grade 12/Std 10	10.4	9.1	12.2	8.0	11.0	8.3	9.3
Higher	3.3	2.8	3.9	2.7	3.4	2.9	3.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2011							
No schooling	7.1	7.4	7.3	9.8	6.4	8.8	5.8
Some primary	31.6	31.7	28.9	33.9	31.6	35.6	31.8
Complete primary	6.0	7.2	5.7	6.0	5.3	6.7	7.4
Some secondary	32.7	33.5	31.8	31.7	33.1	30.9	33.1
Grade 12/Std 10	17.3	15.7	19.0	14.2	18.4	13.7	16.3
Higher	5.4	4.6	7.4	4.4	5.2	4.3	5.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Space-Time Research

Household Services - Census 1996-2011

Table 1

Information Options (Calculations), Census Year and Energy/fuel for cooking by South Africa by 2011 Municipal Boundaries

	DC19: Thabo Mofutsanyane	FS191: Setsoto	FS192: Dihlabeng	FS193: Nketoana	FS194: Maluti a Phofung	FS195: Phumelela	FS196: Mantsopa
Household weighted							
1996							
Electricity	45001	9197	11254	4133	14512	1819	4086
Gas	6708	1200	764	476	3463	171	635
Paraffin	58253	8828	4946	3397	37029	846	3207
Wood	26323	5648	5387	3795	6077	2496	2920
Coal	28021	757	2807	2556	18807	2891	204
Animal dung	3459	490	194	269	639	1490	377
Solar	-	-	-	-	-	-	-
Other	3	-	2	-	1	-	-
None	-	-	-	-	-	-	-
Total	167768	26120	25353	14625	80529	9713	11429
2001							

Electricity	68391	10616	13692	5237	30591	2974	5281
Gas	8189	1808	1346	468	3390	261	916
Paraffin	64550	13244	8352	2747	35571	1005	3631
Wood	28099	5502	6582	3200	6683	3038	3093
Coal	22956	655	2672	2716	12507	4233	174
Animal dung	3800	806	291	456	1103	554	589
Solar	482	43	107	49	228	23	33
Other	551	71	74	32	276	43	55
None	-	-	-	-	-	-	-
Total	197018	32746	33116	14904	90349	12131	13772
2011							
Electricity	169669	27469	28945	12831	81220	7176	12028
Gas	8192	1425	1793	466	3233	440	834
Paraffin	15990	2566	2717	611	8743	305	1047
Wood	17840	1901	4413	2817	4418	3192	1099
Coal	4288	59	518	391	1798	1498	25
Animal dung	1207	151	96	153	488	232	87
Solar	233	33	41	16	108	11	24
Other	56	18	10	5	20	1	1
None	410	66	59	28	199	34	24
Total	217884	33687	38593	17318	100228	12888	15170
Household weighted							
1996							
Electricity	26.8	35.2	44.4	28.3	18.0	18.7	35.8
Gas	4.0	4.6	3.0	3.3	4.3	1.8	5.6
Paraffin	34.7	33.8	19.5	23.2	46.0	8.7	28.1
Wood	15.7	21.6	21.2	25.9	7.5	25.7	25.6
Coal	16.7	2.9	11.1	17.5	23.4	29.8	1.8
Animal dung	2.1	1.9	0.8	1.8	0.8	15.3	3.3
Solar	-	-	-	-	-	-	-
Other	0.0	-	0.0	-	0.0	-	-
None	-	-	-	-	-	-	-
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2001							
Electricity	34.7	32.4	41.3	35.1	33.9	24.5	38.3
Gas	4.2	5.5	4.1	3.1	3.8	2.1	6.6
Paraffin	32.8	40.4	25.2	18.4	39.4	8.3	26.4
Wood	14.3	16.8	19.9	21.5	7.4	25.0	22.5
Coal	11.7	2.0	8.1	18.2	13.8	34.9	1.3
Animal dung	1.9	2.5	0.9	3.1	1.2	4.6	4.3
Solar	0.2	0.1	0.3	0.3	0.3	0.2	0.2
Other	0.3	0.2	0.2	0.2	0.3	0.4	0.4
None	-	-	-	-	-	-	-
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2011							
Electricity	77.9	81.5	75.0	74.1	81.0	55.7	79.3
Gas	3.8	4.2	4.6	2.7	3.2	3.4	5.5
Paraffin	7.3	7.6	7.0	3.5	8.7	2.4	6.9
Wood	8.2	5.6	11.4	16.3	4.4	24.8	7.2
Coal	2.0	0.2	1.3	2.3	1.8	11.6	0.2
Animal dung	0.6	0.4	0.2	0.9	0.5	1.8	0.6
Solar	0.1	0.1	0.1	0.1	0.1	0.1	0.2
Other	0.0	0.1	0.0	0.0	0.0	0.0	0.0
None	0.2	0.2	0.2	0.2	0.2	0.3	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Space-Time Research

Household Services - Census 1996-2011

Table 1

Summation Options (Calculations), Census Year and Energy/fuel for heating by South Africa by 2011 Municipal Boundaries

	DC19: Thabo Mofutsanyane	FS191: Setsoto	FS192: Dihlabeng	FS193: Nketoana	FS194: Maluti a Phofung	FS195: Phumelela	FS196: Mantsopa
Household weighted							
1996							
Electricity	40975	7874	10321	3609	13879	1702	3591
Gas	2674	406	416	127	1415	97	211
Paraffin	35844	5737	3512	1663	22651	654	1627
Wood	32273	7100	6151	4217	8428	2432	3945
Coal	49596	4097	4323	4341	32390	3121	1323
Animal dung	3763	549	163	278	795	1506	473
Solar	-	-	-	-	-	-	-
Other	21	4	6	2	1	-	7
None	-	-	-	-	-	-	-
Total	165146	25767	24893	14238	79559	9513	11177
2001							
Electricity	54891	7488	11598	4232	24392	2819	4362
Gas	3567	651	870	163	1472	99	312
Paraffin	42334	10007	6115	1329	21902	674	2306
Wood	38813	8847	8219	3719	9989	3072	4968
Coal	49221	4002	5574	4703	29396	4781	764
Animal dung	3809	844	206	470	1159	566	563
Solar	457	83	44	56	222	12	39
Other	3927	821	491	231	1818	107	458
None	-	-	-	-	-	-	-
Total	197018	32746	33116	14904	90349	12131	13772
2011							
Electricity	105114	15430	19595	9397	49559	5213	5920
Gas	7825	1062	1802	440	3521	270	730
Paraffin	37974	9320	5965	447	17972	192	4079
Wood	33582	4286	7317	4494	11148	3422	2915
Coal	16486	411	2031	1193	9667	2978	206
Animal dung	1612	215	122	185	646	286	157
Solar	281	45	51	19	136	13	17
Other	11	1	1	2	7	-	-
None	14999	2917	1709	1142	7573	513	1144
Total	217884	33687	38593	17318	100228	12888	15170
% of Household weighted							
1996							
Electricity	24.8	30.6	41.5	25.3	17.4	17.9	32.1
Gas	1.6	1.6	1.7	0.9	1.8	1.0	1.9
Paraffin	21.7	22.3	14.1	11.7	28.5	6.9	14.6
Wood	19.5	27.6	24.7	29.6	10.6	25.6	35.3
Coal	30.0	15.9	17.4	30.5	40.7	32.8	11.8
Animal dung	2.3	2.1	0.7	2.0	1.0	15.8	4.2
Solar	-	-	-	-	-	-	-
Other	0.0	0.0	0.0	0.0	0.0	-	0.1
None	-	-	-	-	-	-	-
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2001							
Electricity	27.9	22.9	35.0	28.4	27.0	23.2	31.7
Gas	1.8	2.0	2.6	1.1	1.6	0.8	2.3

Paraffin	21.5	30.6	18.5	8.9	24.2	5.6	16.7
Wood	19.7	27.0	24.8	25.0	11.1	25.3	36.1
Coal	25.0	12.2	16.8	31.6	32.5	39.4	5.5
Animal dung	1.9	2.6	0.6	3.2	1.3	4.7	4.1
Solar	0.2	0.3	0.1	0.4	0.2	0.1	0.3
Other	2.0	2.5	1.5	1.6	2.0	0.9	3.3
None	-	-	-	-	-	-	-
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2011							
Electricity	48.2	45.8	50.8	54.3	49.4	40.5	39.0
Gas	3.6	3.2	4.7	2.5	3.5	2.1	4.8
Paraffin	17.4	27.7	15.5	2.6	17.9	1.5	26.9
Wood	15.4	12.7	19.0	25.9	11.1	26.6	19.2
Coal	7.6	1.2	5.3	6.9	9.6	23.1	1.4
Animal dung	0.7	0.6	0.3	1.1	0.6	2.2	1.0
Solar	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other	0.0	0.0	0.0	0.0	0.0	-	-
None	6.9	8.7	4.4	6.6	7.6	4.0	7.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Space-Time Research							
Household Services - Census 1996-2011							
Table 1							
Summation Options (Calculations), Census Year and Energy/fuel for lighting by South Africa by 2011 Municipal Boundaries							
	DC19: Thabo Mofutsanyane	FS191: Setsoto	FS192: Dihlabeng	FS193: Nketoana	FS194: Maluti a Phofung	FS195: Phumelela	FS196: Mantsopa
Household weighted							
1996							
Electricity	71299	16664	16397	8070	18388	3928	7853
Gas	325	45	30	27	163	40	19
Paraffin	7403	1289	975	668	3678	366	427
Candles	88523	8119	7870	5857	58185	5362	3129
Solar	-	-	-	-	-	-	-
None	-	-	-	-	-	-	-
Other	2	-	1	-	-	-	1
Total	167552	26118	25273	14621	80414	9696	11429
2001							
Electricity	126421	23767	22133	11350	51119	7745	10307
Gas	258	38	49	16	116	13	26
Paraffin	5063	1096	956	211	2479	65	257
Candles	63870	7595	9676	3160	36203	4162	3075

Solar	835	163	227	100	213	84	47
None	-	-	-	-	-	-	-
Other	572	87	75	67	219	63	59
Total	197018	32746	33116	14904	90349	12131	13772
2011							
Electricity	189939	29850	32723	14661	89244	9657	13805
Gas	246	31	48	11	113	35	8
Paraffin	2196	374	518	106	1068	60	70
Candles	24625	3292	5155	2459	9427	3064	1228
Solar	452	67	78	50	191	37	29
None	426	75	70	30	185	35	30
Other	-	-	-	-	-	-	-
Total	217884	33687	38593	17318	100228	12888	15170
% of Household weighted							
1996							
Electricity	42.6	63.8	64.9	55.2	22.9	40.5	68.7
Gas	0.2	0.2	0.1	0.2	0.2	0.4	0.2
Paraffin	4.4	4.9	3.9	4.6	4.6	3.8	3.7
Candles	52.8	31.1	31.1	40.1	72.4	55.3	27.4
Solar	-	-	-	-	-	-	-
None	-	-	-	-	-	-	-
Other	0.0	-	0.0	-	-	-	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2001							
Electricity	64.2	72.6	66.8	76.2	56.6	63.8	74.8
Gas	0.1	0.1	0.1	0.1	0.1	0.1	0.2
Paraffin	2.6	3.3	2.9	1.4	2.7	0.5	1.9
Candles	32.4	23.2	29.2	21.2	40.1	34.3	22.3
Solar	0.4	0.5	0.7	0.7	0.2	0.7	0.3
None	-	-	-	-	-	-	-
Other	0.3	0.3	0.2	0.5	0.2	0.5	0.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2011							
Electricity	87.2	88.6	84.8	84.7	89.0	74.9	91.0
Gas	0.1	0.1	0.1	0.1	0.1	0.3	0.0
Paraffin	1.0	1.1	1.3	0.6	1.1	0.5	0.5
Candles	11.3	9.8	13.4	14.2	9.4	23.8	8.1
Solar	0.2	0.2	0.2	0.3	0.2	0.3	0.2
None	0.2	0.2	0.2	0.2	0.2	0.3	0.2
Other	-	-	-	-	-	-	-
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Statistics South Africa

Household Services_Electoral_Wards

Table 1

Summation Options (Calculations) and Annual household income by Geography

	DC19: Thabo Mofutsanyane	FS191: Setsoto	FS192: Dihlabeng	FS193: Nketoana	FS194: Maluti a Phofung	FS195: Phumelela	FS196: Mantsopa
Household weighted							
No income	24155	4283	2418	1251	13561	1216	1426
R 1 - R 4800	15785	2317	1892	965	9065	650	897
R 4801 - R 9600	24701	3792	3081	1701	13760	1073	1293
R 9601 - R 19 600	52013	8381	8514	4411	23717	3323	3666
R 19 601 - R 38 200	49255	7480	9444	4611	20708	3282	3730

R 38 201 - R 76 400	23439	3285	5440	2105	8994	1765	1849
R 76 401 - R 153 800	13613	1942	3428	1126	5240	814	1063
R 153 801 - R 307 600	9085	1425	2489	697	3272	465	737
R 307 601 - R 614 400	4240	581	1372	290	1451	204	342
R 614 001 - R 1 228 800	958	108	329	92	261	57	111
R 1 228 801 - R 2 457 600	360	51	104	42	106	23	33
R 2 457 601 or more	279	42	82	27	92	15	21
Total	217882	33687	38593	17318	100227	12887	15170
% of Household weighted							
No income	11.1	12.7	6.3	7.2	13.5	9.4	9.4
R 1 - R 4800	7.2	6.9	4.9	5.6	9.0	5.0	5.9
R 4801 - R 9600	11.3	11.3	8.0	9.8	13.7	8.3	8.5
R 9601 - R 19 600	23.9	24.9	22.1	25.5	23.7	25.8	24.2
R 19 601 - R 38 200	22.6	22.2	24.5	26.6	20.7	25.5	24.6
R 38 201 - R 76 400	10.8	9.8	14.1	12.2	9.0	13.7	12.2
R 76 401 - R 153 800	6.2	5.8	8.9	6.5	5.2	6.3	7.0
R 153 801 - R 307 600	4.2	4.2	6.4	4.0	3.3	3.6	4.9
R 307 601 - R 614 400	1.9	1.7	3.6	1.7	1.4	1.6	2.3
R 614 001 - R 1 228 800	0.4	0.3	0.9	0.5	0.3	0.4	0.7
R 1 228 801 - R 2 457 600	0.2	0.2	0.3	0.2	0.1	0.2	0.2
R 2 457 601 or more	0.1	0.1	0.2	0.2	0.1	0.1	0.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Space-Time Research							
Household Services - Census 1996-2011							
Table 1							
Summation Options (Calculations), Census Year and Refuse removal by South Africa by 2011 Municipal Boundaries							
	DC19: Thabo Mofutsanyane	FS191: Setsoto	FS192: Dihlabeng	FS193: Nketoana	FS194: Maluti a Phofung	FS195: Phumelela	FS196: Mantsopa
Household weighted							
1996							
Removed by local authority at least once a week	62454	12178	16282	7468	16078	5122	5327
Removed by local authority less often	7891	4631	1005	345	473	57	1380
Communal refuse dump	8536	1588	1253	354	4346	152	843
Own refuse dump	75975	5900	5758	5023	52802	3097	3395
No rubbish disposal	11784	1586	836	1341	6368	1249	405
Other	52	2	11	-	25	2	12
Total	166694	25886	25145	14531	80092	9679	11362
2001							
Removed by local authority at least once a week	83221	17039	20812	9483	20112	7275	8499
Removed by local authority less often	6317	3920	611	239	551	178	818
Communal refuse dump	5696	634	574	369	3829	30	259
Own refuse dump	75231	7756	7182	3261	51045	3274	2712
No rubbish disposal	26554	3395	3936	1552	14812	1374	1484
Other	-	-	-	-	-	-	-
Total	197018	32746	33116	14904	90349	12131	13772
2011							
Removed by local authority at least once a week	107125	18534	30963	12506	24873	8390	11860
Removed by local authority less often	2042	841	395	262	424	58	61

Communal refuse dump	8245	808	1031	545	4591	586	683
Own refuse dump	86680	10961	4965	3225	61972	3334	2223
No rubbish disposal	12254	2323	1088	682	7414	460	286
Other	1539	220	152	97	953	60	57
Total	217884	33687	38593	17318	100228	12888	15170
% of Household weighted							
1996							
Removed by local authority at least once a week	37.5	47.0	64.8	51.4	20.1	52.9	46.9
Removed by local authority less often	4.7	17.9	4.0	2.4	0.6	0.6	12.1
Communal refuse dump	5.1	6.1	5.0	2.4	5.4	1.6	7.4
Own refuse dump	45.6	22.8	22.9	34.6	65.9	32.0	29.9
No rubbish disposal	7.1	6.1	3.3	9.2	8.0	12.9	3.6
Other	0.0	0.0	0.0	-	0.0	0.0	0.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2001							
Removed by local authority at least once a week	42.2	52.0	62.8	63.6	22.3	60.0	61.7
Removed by local authority less often	3.2	12.0	1.8	1.6	0.6	1.5	5.9
Communal refuse dump	2.9	1.9	1.7	2.5	4.2	0.2	1.9
Own refuse dump	38.2	23.7	21.7	21.9	56.5	27.0	19.7
No rubbish disposal	13.5	10.4	11.9	10.4	16.4	11.3	10.8
Other	-	-	-	-	-	-	-
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2011							
Removed by local authority at least once a week	49.2	55.0	80.2	72.2	24.8	65.1	78.2
Removed by local authority less often	0.9	2.5	1.0	1.5	0.4	0.4	0.4
Communal refuse dump	3.8	2.4	2.7	3.1	4.6	4.5	4.5
Own refuse dump	39.8	32.5	12.9	18.6	61.8	25.9	14.7
No rubbish disposal	5.6	6.9	2.8	3.9	7.4	3.6	1.9
Other	0.7	0.7	0.4	0.6	1.0	0.5	0.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Statistics South Africa

Household Services_Electoral_Wards

Table 1

Information Options (Calculations) and Source of water by Geography

	DC19: Thabo Mofutsanyane	FS191: Setsoto	FS192: Dihlabeng	FS193: Nketoana	FS194: Maluti a Phofung	FS195: Phumelela	FS196: Mantsopa
Household weighted							
Regional/local water scheme (operated by municipality or other water services provider)	188662	29567	33259	13983	89317	9762	12775
Borehole	14783	2502	3049	2475	3282	1688	1787
Spring	1317	143	561	33	311	180	90
Rain water tank	724	105	80	52	344	97	46
Dam/pool/stagnant water	1972	153	186	101	1346	130	55
River/stream	566	48	84	22	320	61	30
Water vendor	1458	288	191	104	694	102	78
Water tanker	4549	608	954	440	1609	790	148
Other	3853	274	229	108	3004	78	161
Total	217884	33687	38593	17318	100228	12888	15170

% of Household weighted							
Regional/local water scheme (operated by municipality or other water services provider)	86.6	87.8	86.2	80.7	89.1	75.7	84.2
Borehole	6.8	7.4	7.9	14.3	3.3	13.1	11.8
Spring	0.6	0.4	1.5	0.2	0.3	1.4	0.6
Rain water tank	0.3	0.3	0.2	0.3	0.3	0.7	0.3
Dam/pool/stagnant water	0.9	0.5	0.5	0.6	1.3	1.0	0.4
River/stream	0.3	0.1	0.2	0.1	0.3	0.5	0.2
Water vendor	0.7	0.9	0.5	0.6	0.7	0.8	0.5
Water tanker	2.1	1.8	2.5	2.5	1.6	6.1	1.0
Other	1.8	0.8	0.6	0.6	3.0	0.6	1.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Space-Time Research							
Household Services - Census 1996-2011							
Table 1							
Summation Options (Calculations), Census Year and Toilet facility (includes 1996) by South Africa by 2011 Municipal Boundaries							
	DC19: Thabo Mofutsanyane	FS191: Setsoto	FS192: Dihlabeng	FS193: Nketoana	FS194: Maluti a Phofung	FS195: Phumelela	FS196: Mantsopa
Household weighted							
1996							
Flush or chemical toilet	44642	7161	15827	2219	12320	2967	4149
Pit latrine	77289	3718	3685	2794	62719	2257	2115
Bucket latrine	30075	11263	3047	7425	3198	1778	3365
None of the above	15903	4005	2829	2226	2307	2716	1819
Total	167909	26146	25387	14664	80544	9718	11448
2001							
Flush or chemical toilet	59379	7806	18891	1986	22017	3931	4746
Pit latrine	77540	3605	3383	2634	63314	2565	2039
Bucket latrine	40801	17028	5296	8139	1912	3236	5191
None of the above	19298	4307	5545	2146	3106	2399	1795
Total	197018	32746	33116	14904	90349	12131	13772
2011							
Flush or chemical toilet	116298	20743	29890	11217	35636	8136	10677
Pit latrine	77821	3354	6789	3278	59622	3299	1480
Bucket latrine	13877	7841	789	1991	638	88	2530
None of the above	9889	1750	1125	833	4332	1366	483
Total	217884	33687	38593	17318	100228	12888	15170
Household weighted							
1996							
Flush or chemical toilet	26.6	27.4	62.3	15.1	15.3	30.5	36.2
Pit latrine	46.0	14.2	14.5	19.1	77.9	23.2	18.5
Bucket latrine	17.9	43.1	12.0	50.6	4.0	18.3	29.4
None of the above	9.5	15.3	11.1	15.2	2.9	28.0	15.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2001							
Flush or chemical toilet	30.1	23.8	57.0	13.3	24.4	32.4	34.5
Pit latrine	39.4	11.0	10.2	17.7	70.1	21.1	14.8
Bucket latrine	20.7	52.0	16.0	54.6	2.1	26.7	37.7
None of the above	9.8	13.2	16.7	14.4	3.4	19.8	13.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2011							
Flush or chemical toilet	53.4	61.6	77.4	64.8	35.6	63.1	70.4
Pit latrine	35.7	10.0	17.6	18.9	59.5	25.6	9.8

Bucket latrine	6.4	23.3	2.0	11.5	0.6	0.7	16.7
None of the above	4.5	5.2	2.9	4.8	4.3	10.6	3.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Space-Time Research

Household Services - Census 1996-2011

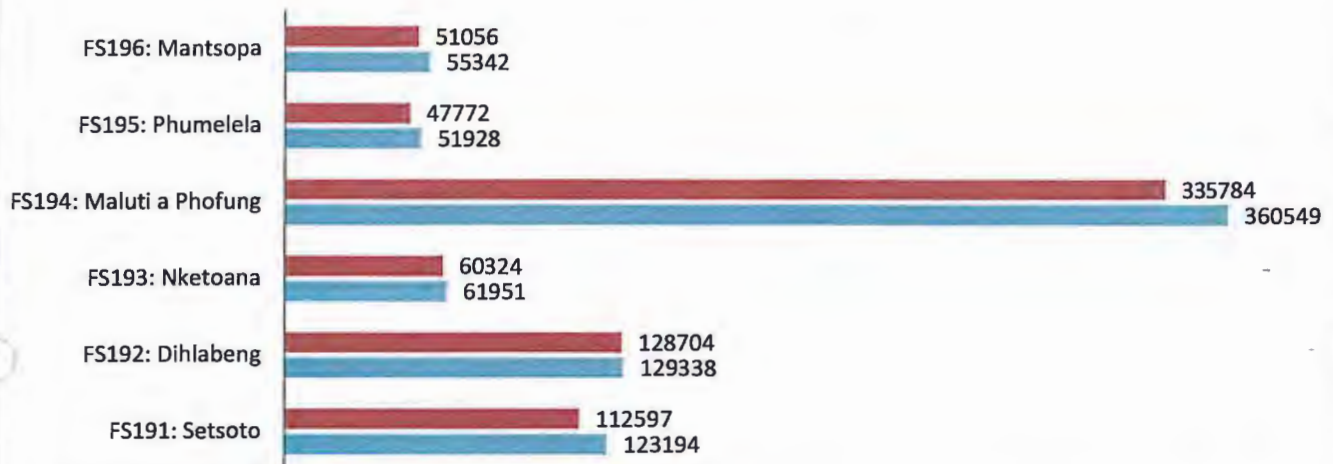
Table 1

Summation Options (Calculations), Access to piped water and Census Year by South Africa by 2011 Municipal Boundaries

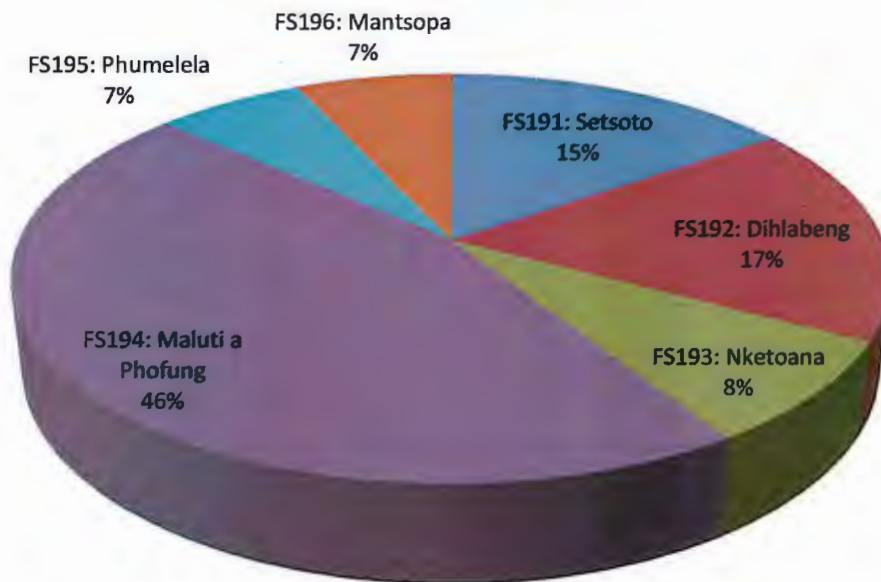
	DC19: Thabo Mofutsanyane	FS191: Setsoto	FS192: Dihlabeng	FS193: Nketoana	FS194: Maluti a Phofung	FS195: Phumelela	FS196: Mantsopa
Household weighted							
Piped water inside the dwelling							
1996	46261	7995	11679	3906	15658	2805	4217
2001	34224	4273	8291	2069	15233	1700	2658
2011	73263	10575	16915	4877	31927	3939	5031
Piped water inside the yard							
1996	48154	9052	9267	6255	15343	3393	4845
2001	87092	11439	16120	9512	35372	7140	7509
2011	117093	20020	17211	9894	53493	7015	9460
Piped water from access point outside the							
1996	60322	6985	1920	2290	46579	1147	1401
2001	63748	15468	6724	2920	33335	2256	3046
2011	20477	2462	3613	1602	10881	1417	503
No access to piped water							
1996	13125	2102	2519	2207	2954	2370	973
2001	11954	1566	1981	403	6409	1036	559
2011	7051	631	854	946	3927	516	176
Total							
1996	167862	26135	25385	14658	80533	9714	11437
2001	197018	32746	33116	14904	90349	12131	13772
2011	217884	33687	38593	17318	100228	12888	15170
% of Household weighted							
Piped water inside the dwelling							
1996	27.6	30.6	46.0	26.6	19.4	28.9	36.9
2001	17.4	13.0	25.0	13.9	16.9	14.0	19.3
2011	33.6	31.4	43.8	28.2	31.9	30.6	33.2
Piped water inside the yard							
1996	28.7	34.6	36.5	42.7	19.1	34.9	42.4
2001	44.2	34.9	48.7	63.8	39.2	58.9	54.5
2011	53.7	59.4	44.6	57.1	53.4	54.4	62.4
Piped water from access point outside the yard							
1996	35.9	26.7	7.6	15.6	57.8	11.8	12.3
2001	32.4	47.2	20.3	19.6	36.9	18.6	22.1
2011	9.4	7.3	9.4	9.2	10.9	11.0	3.3
No access to piped water							
1996	7.8	8.0	9.9	15.1	3.7	24.4	8.5
2001	6.1	4.8	6.0	2.7	7.1	8.5	4.1
2011	3.2	1.9	2.2	5.5	3.9	4.0	1.2
Total							
1996	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2001	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2011	100.0	100.0	100.0	100.0	100.0	100.0	100.0

DC 19: Thabo Mofutsanyana Municipalities

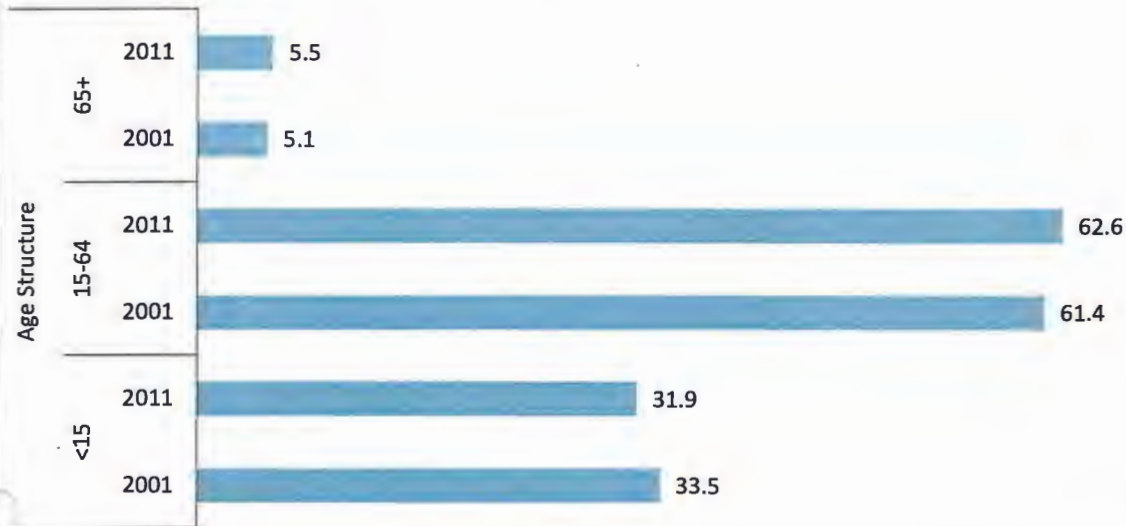
■ Population 2011 ■ Population 2001



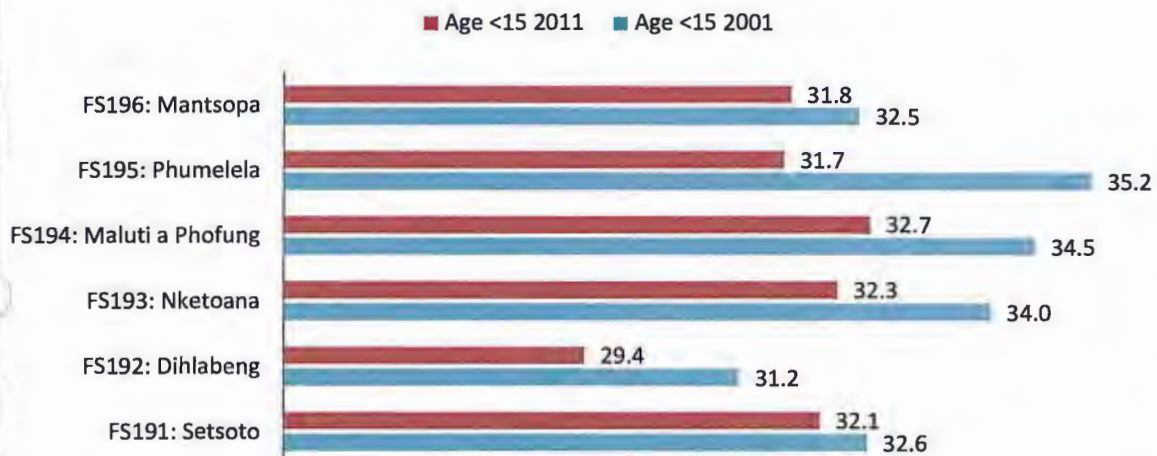
DC 19: Thabo Mofutsanyana Population: 2011



DC19: Thabo Mofutsanyana (Age Structure)

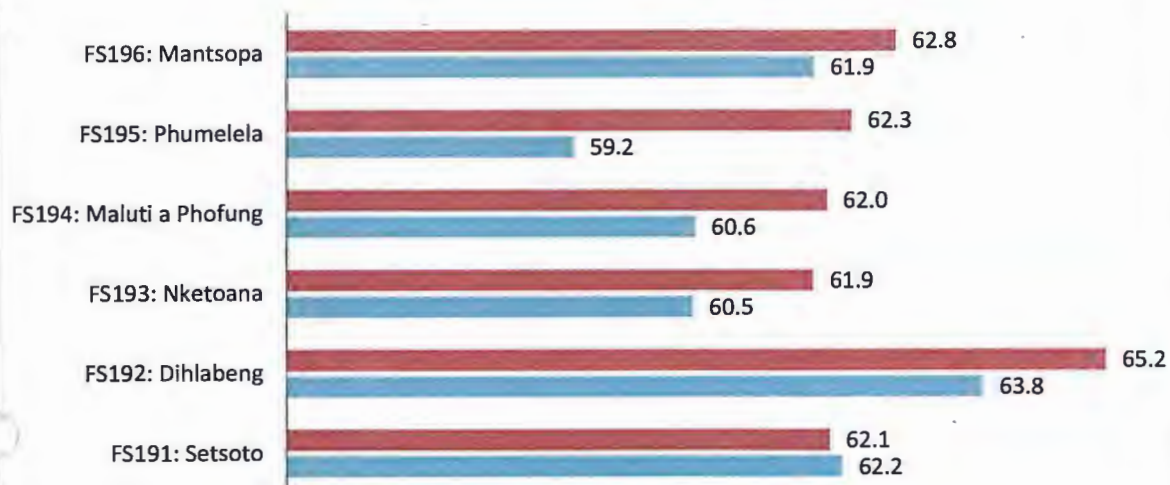


DC 19: Thabo Mofutsanyana Municipalities (Age Structure)



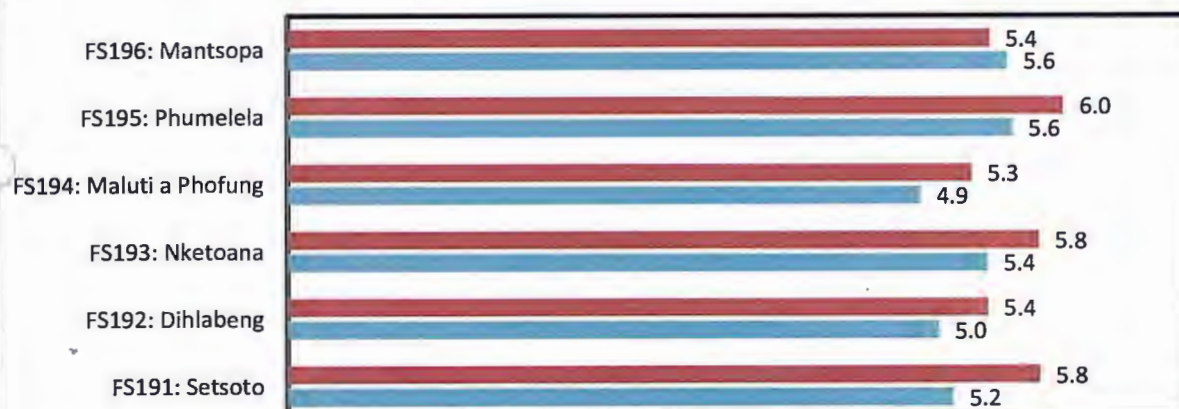
DC 19: Thabo Mofutsanyana Municipalities (Age Structure)

■ Age 15-64 2011 ■ Age 15-64 2001

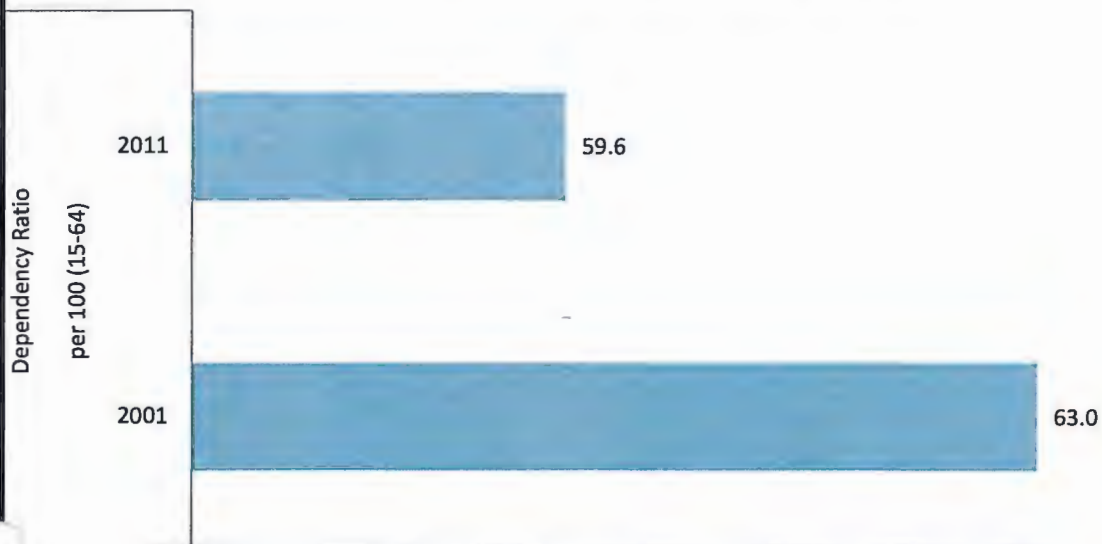


DC 19: Thabo Mofutsanyana Municipalities (Age Structure)

■ Age 65+ 2011 ■ Age 65+ 2001

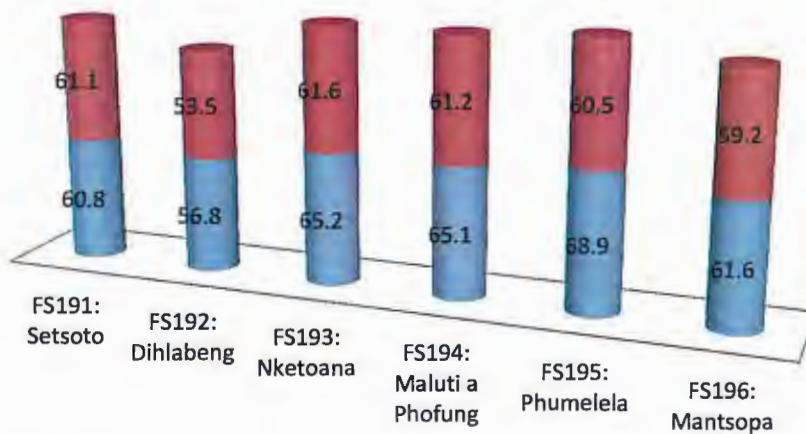


DC19: Thabo Mofutsanyana Dependency Ratio per 100(15 – 64)

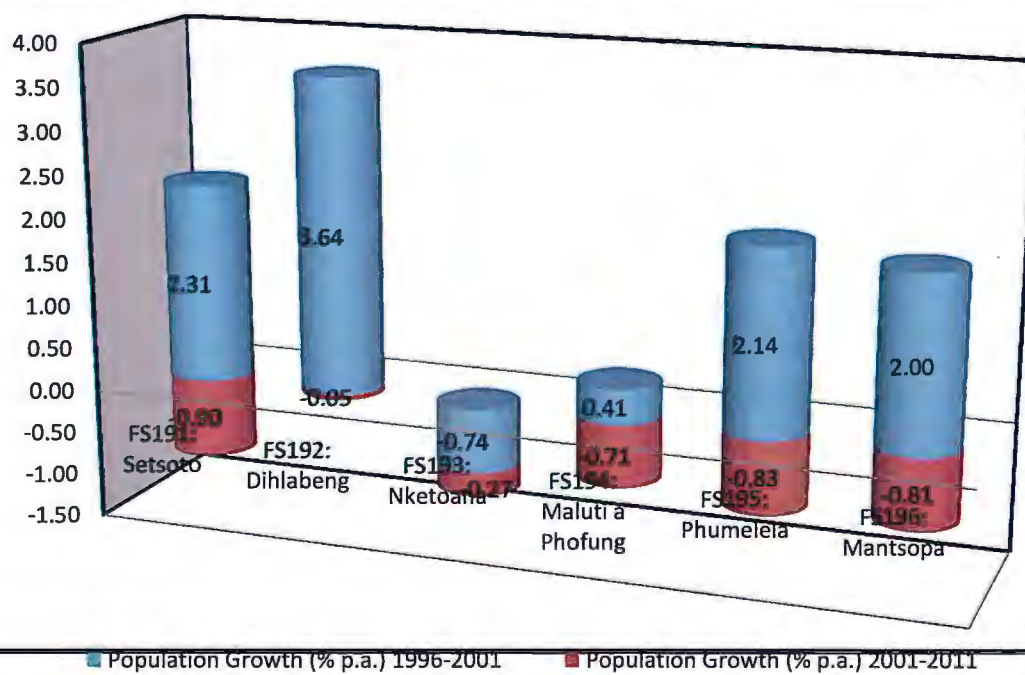
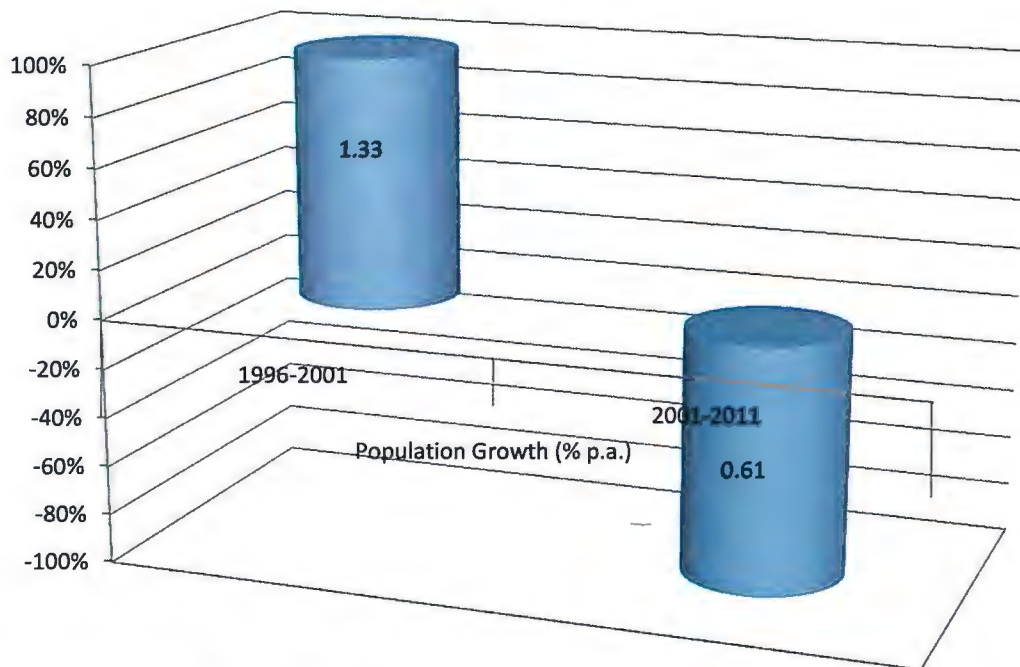


DC 19: Thabo Mofutsanyana Municipalities

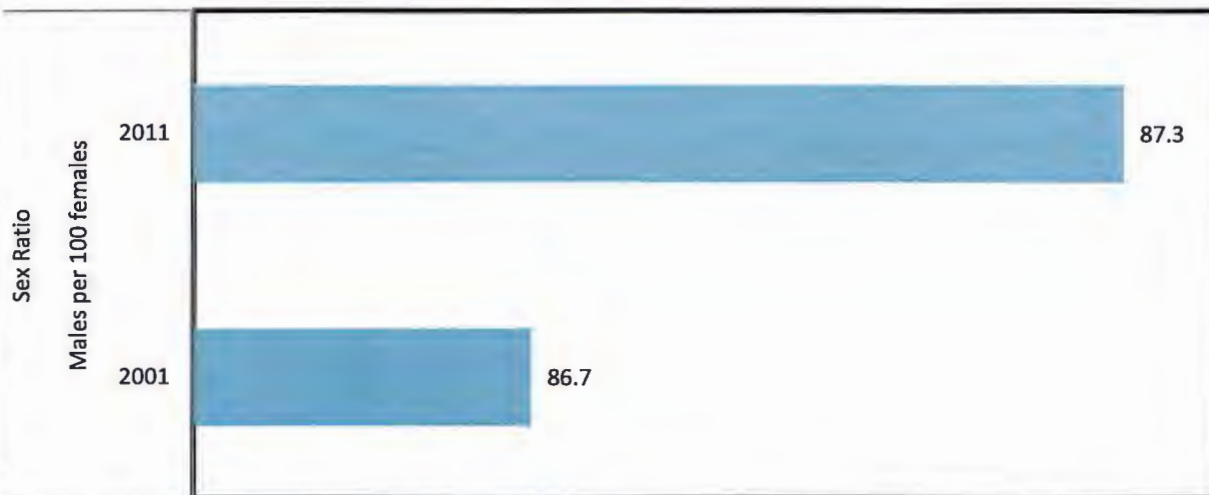
■ Dependency Ratio per 100 (15-64) 2001 ■ Dependency Ratio per 100 (15-64) 2011



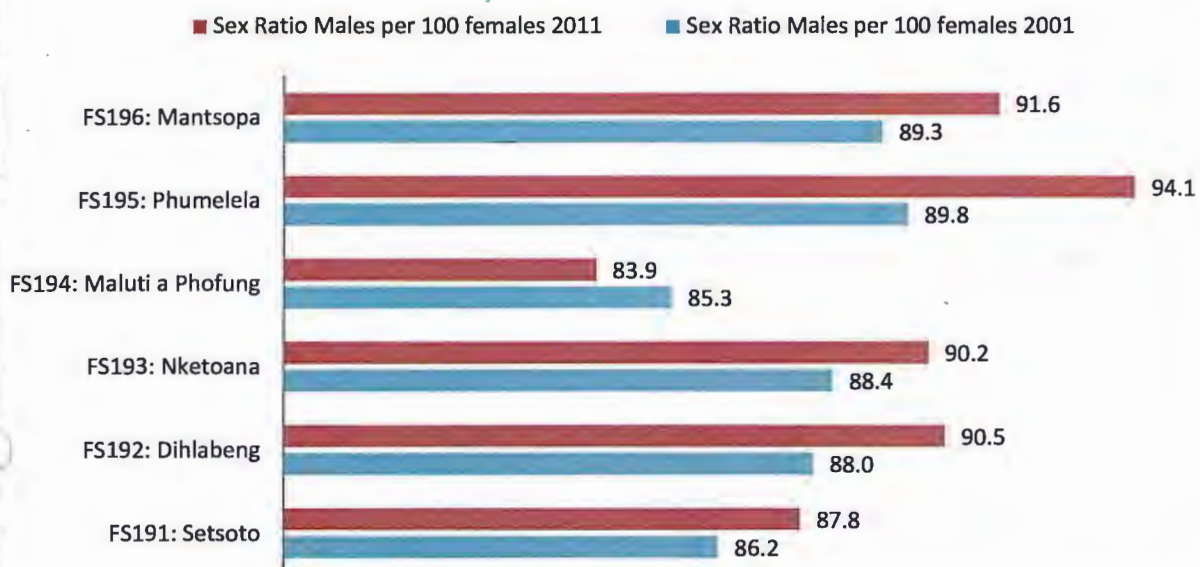
DC19: Thabo Mofutsanyana Population Growth



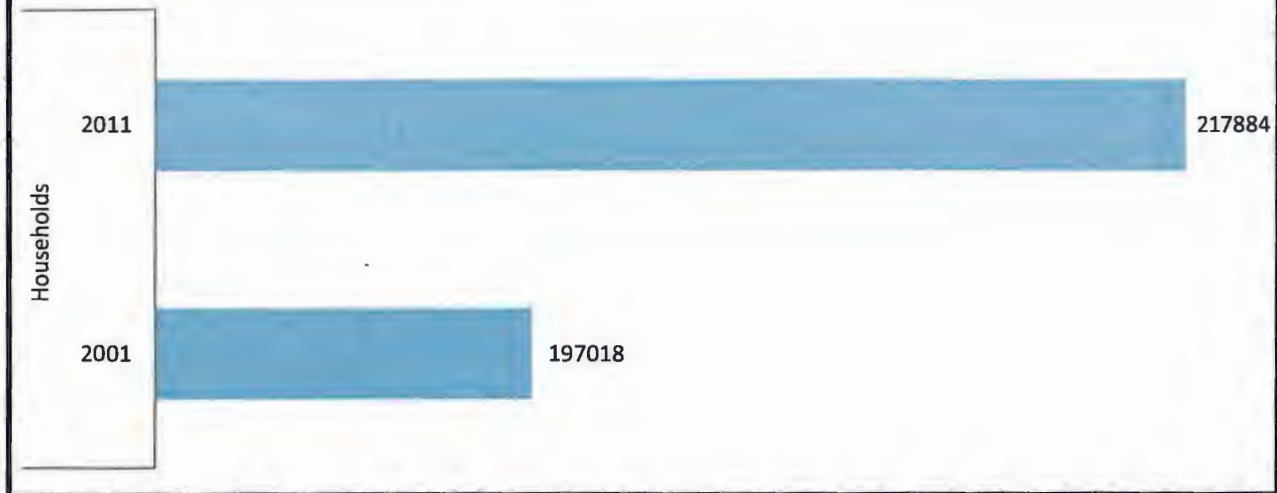
DC19: Thabo Mofutsanyana Sex Ratio: Males per 100 females



DC19: Thabo Mofutsanyana Municipalities



DC 19: Thabo Mofutsanyana Number of Households

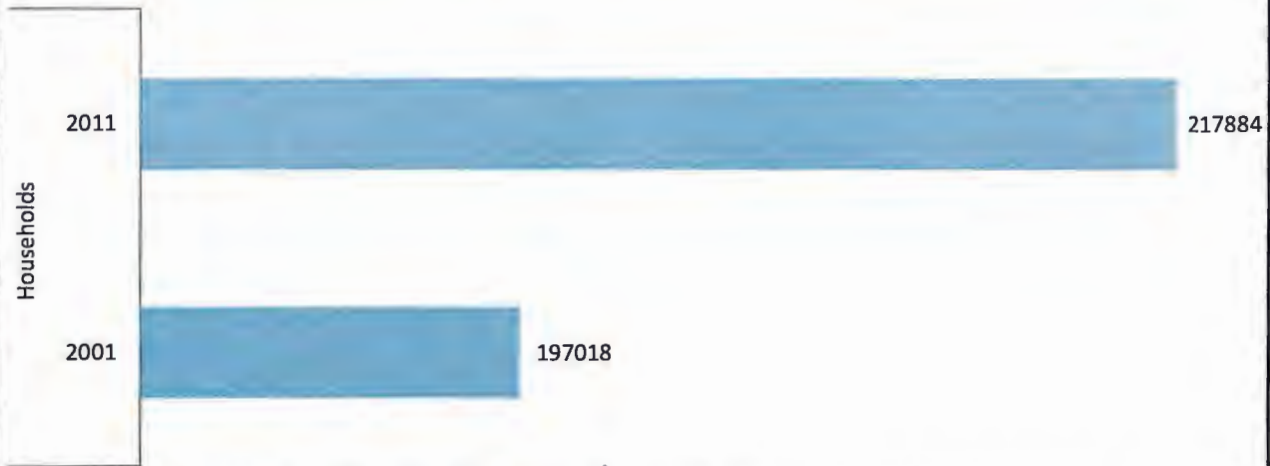


DC 19: Thabo Mofutsanyana Municipalities

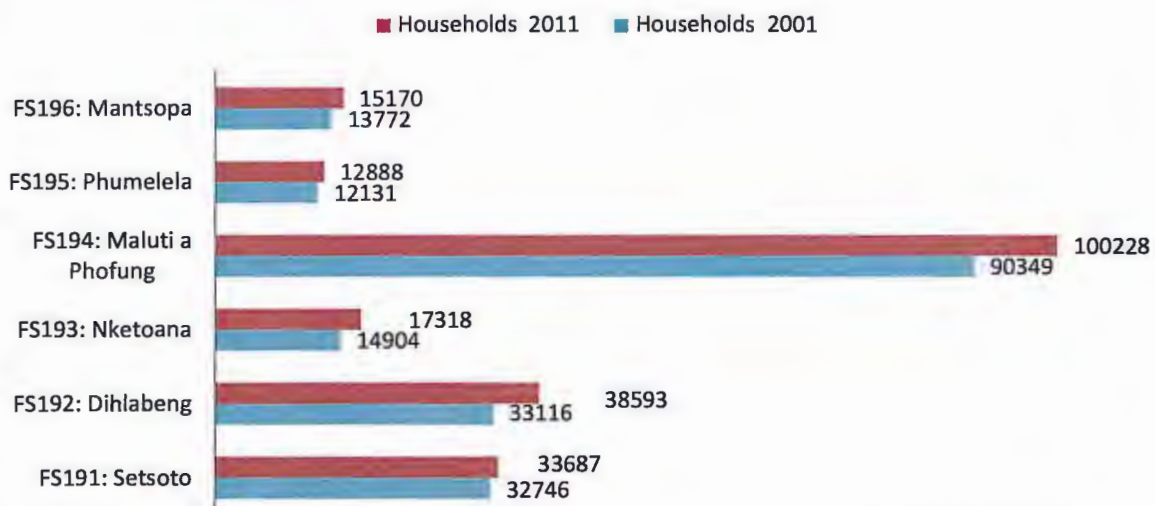
■ Households 2011 ■ Households 2001



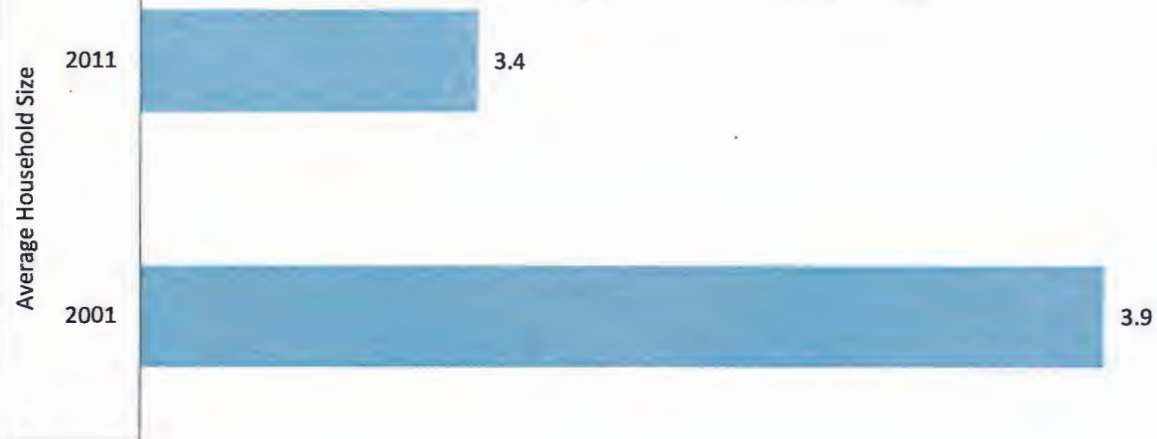
DC 19: Thabo Mofutsanyana Number of Households



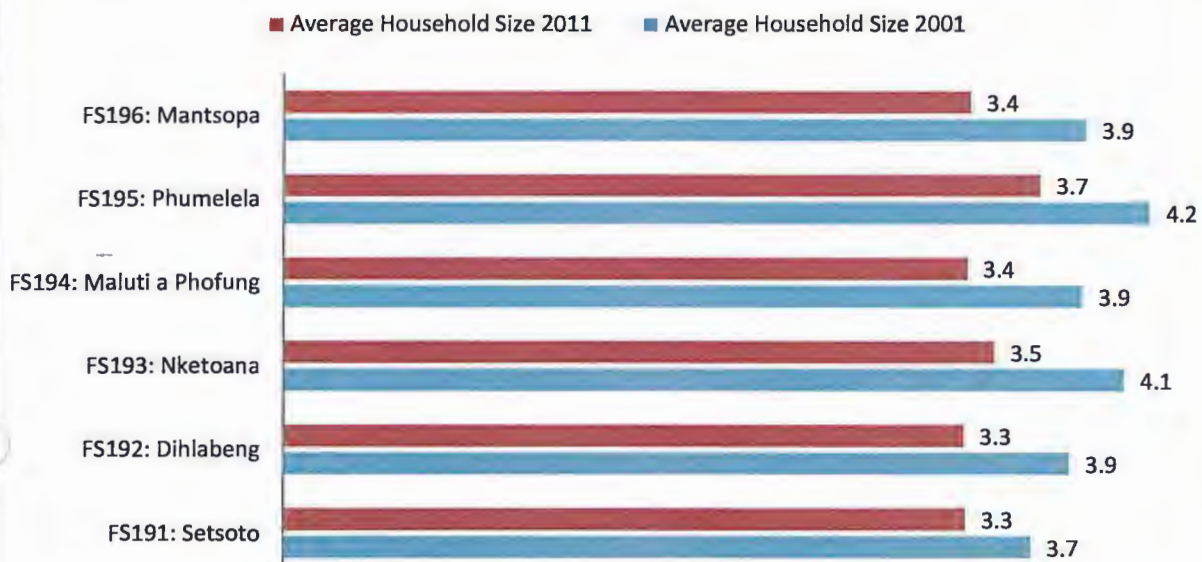
DC 19: Thabo Mofutsanyana Municipalities



DC 19: Thabo Mofutsanyana (Average Household Size)



DC 19: Thabo Mofutsanyana Municipalities



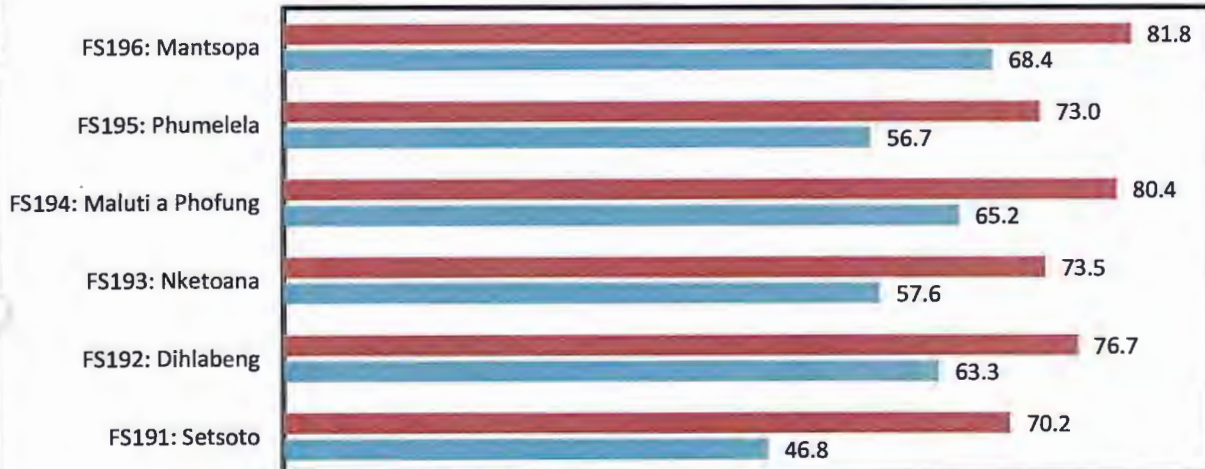
DC 19: Thabo Mofutsanyana (Formal Dwelling %)

■ Household Dynamics

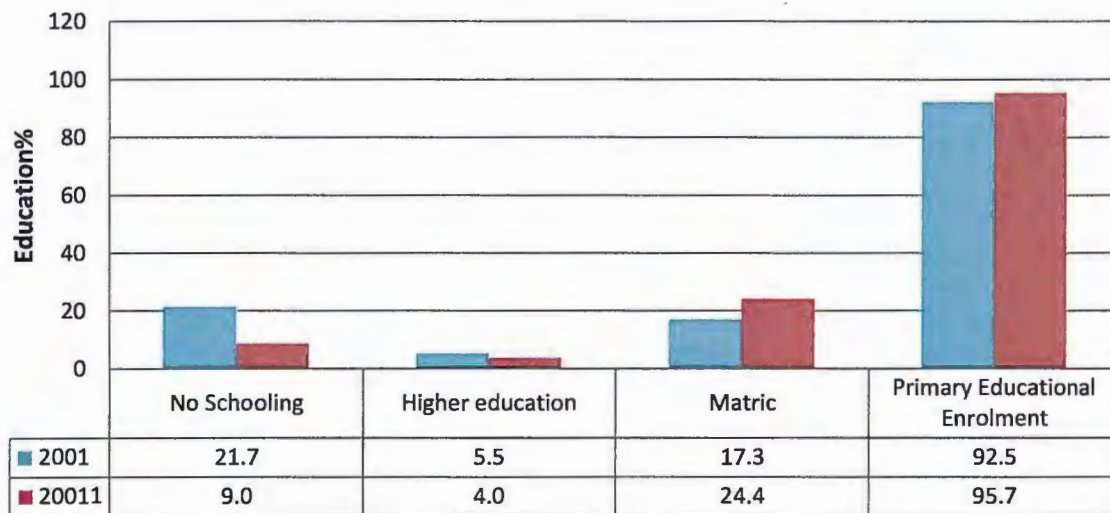


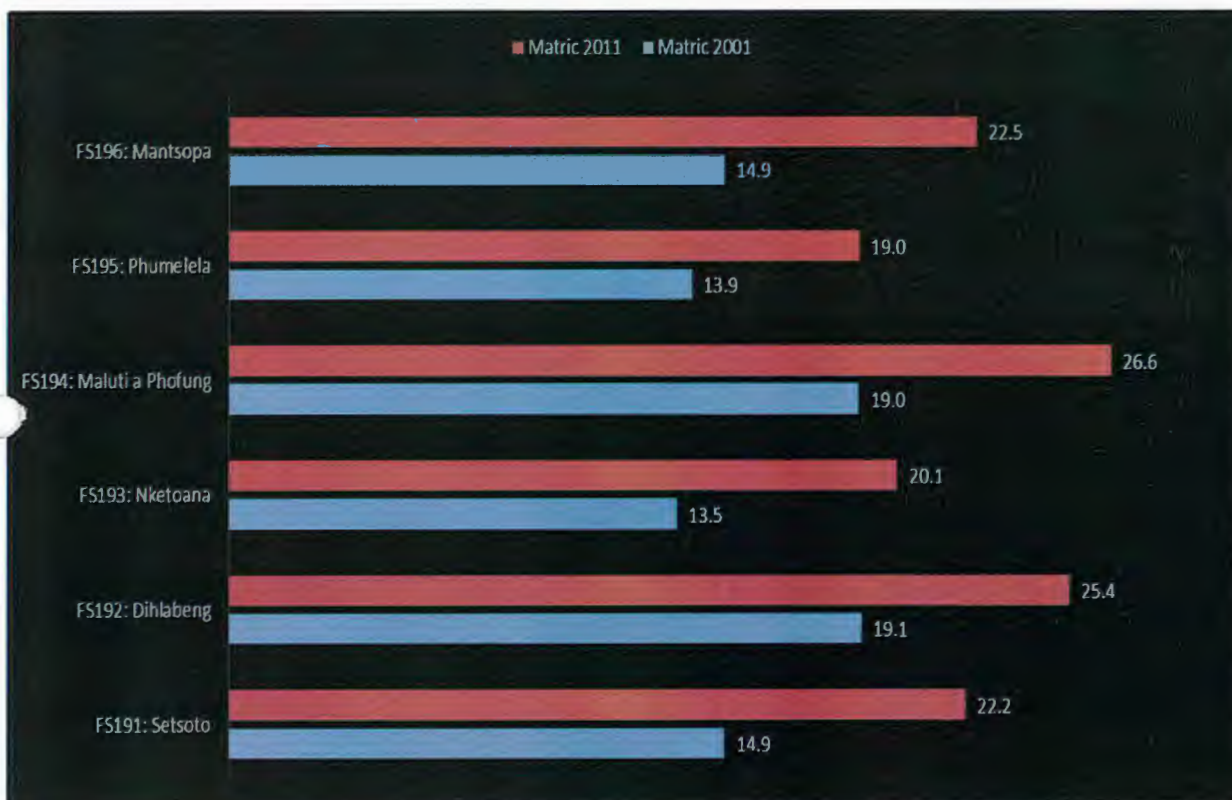
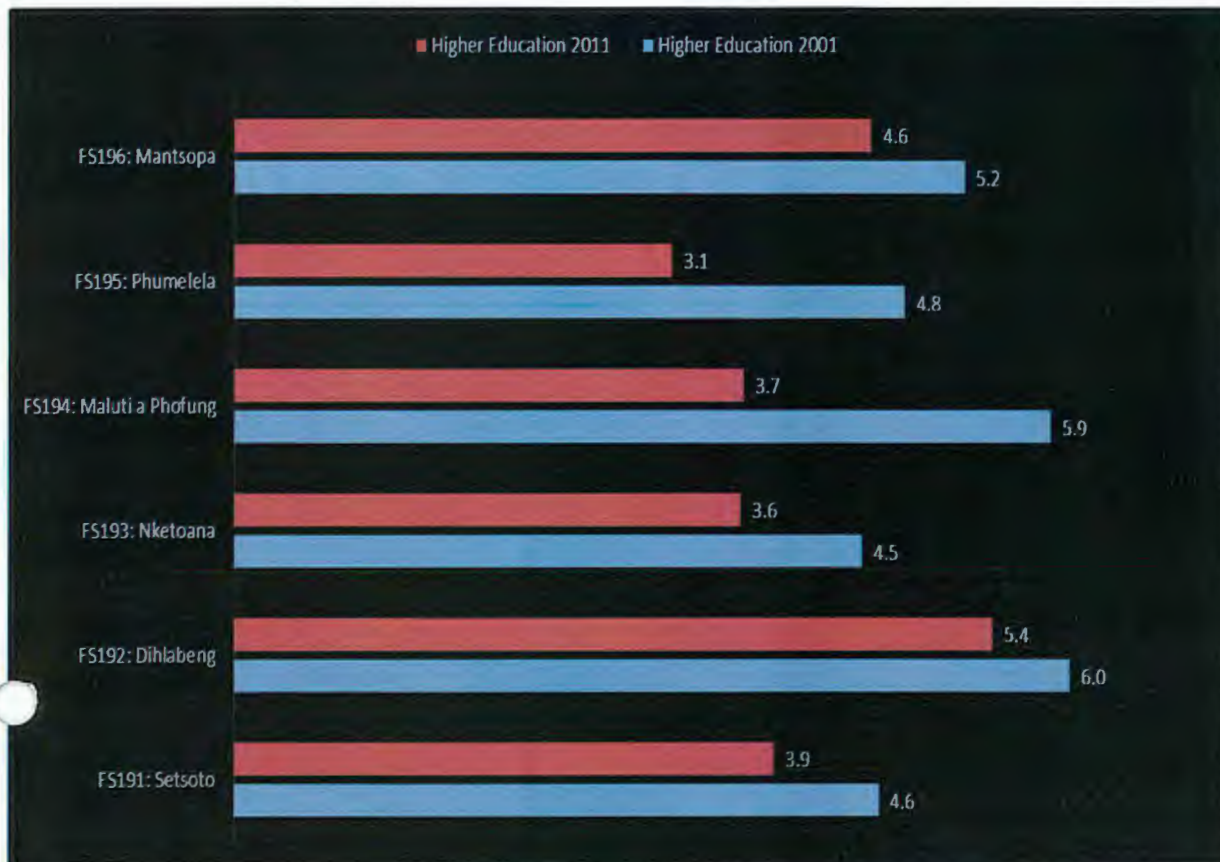
DC 19: Thabo Mofutsanyana Municipalities

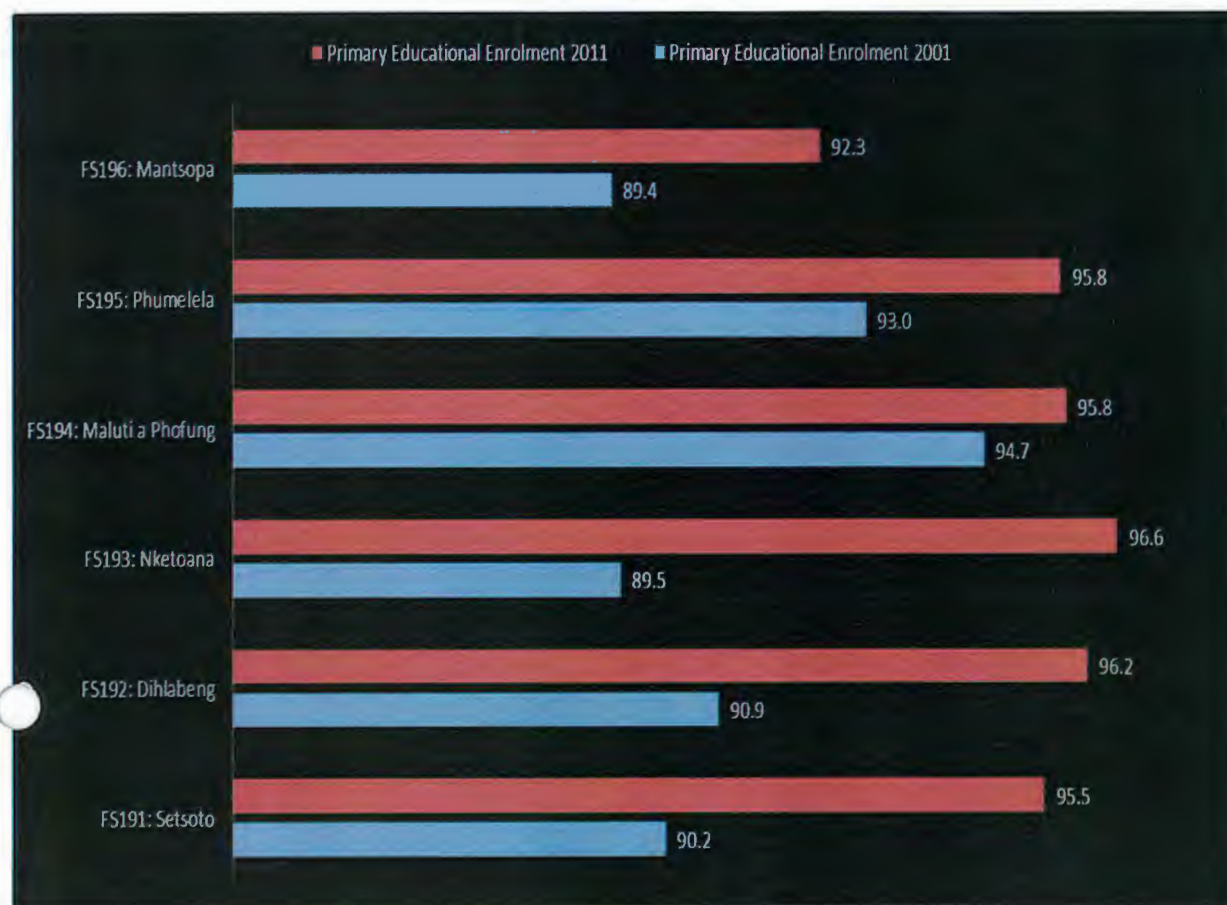
■ Formal Dwellings % 2011 ■ Formal Dwellings % 2001



DC19: Thabo Mofutsanyana (Education)







CHAPTER 2

Governance

Introduction

All spheres of government must provide effective , transparent , accountable and coherent governance for the Republic to secure the well-being of its people and the progressive realization of their rights to a healthy environment , water , food , housing , sanitation , refuse collection , health care services , education and social security.

Evaluating the ongoing effectiveness of public officials or public bodies ensures that they perform to their full potential , providing value for money in the provision of public services, instilling confidence in the government and being responsive to the community they are meant to be serving.

Component A: Governance Structures

Political Governance Structure

Introduction of the Political Governance

The Thabo Mofutsanyana has an Executive Mayoral system which allows for the exercise of executive authority through an Executive Mayor in whom the executive leadership of the Municipality is vested and whom is assisted by the Mayoral committee. There is an Audit Committee that provides opinions and recommendation on financial processes and performance and submits a report for inclusion in the Annual report. The Thabo Mofutsanyana district has established a Municipal Public accounts Committee , comprised of non-executive councilors. One of the tasks of the MPAC is to provide Council with comments and recommendations on the Annual Report. The MPAC report will be published in accordance with MFMA guidance.

POLITICAL LEADERSHIP



Cllr Mandla Radebe
Chief Whip



Cllr Malefu Vilakazi
Executive Mayor



Cllr Mbothoma Maduna
Speaker



Cllr Mama Motloun
MPAC Chairperson



Cllr Mamba Mamba
MMC: Finance



Cllr Mavundla
MMC : Infrastructure



Cllr Chere Makhoba
MMC : Agriculture



Cllr Jane Radebe
MMC: Women,
Children and People
With disabilities



Cllr Gilbert Mokotso
MMC: Arts,culture
Sports, Fire and disaster
Management



Cllr Shashapa Motaung
MMC: IDP & PMS



Cllr Sylvia Visagie
MMC: LED & Tourism

COUNCILLORS

The Thabo Mofutsanyana district has forty three councilors ,thirty three of which represent the African National Congress and 10 of which are representatives of other political parties.

POLITICAL DECISION – MAKING

All decisions are made by the Council , the Executive Mayor in consultation with the Mayoral Committee, or senior officials in terms of authority delegated by legislation of authority. Council has delegated a lot of authority to the

Executive Mayor .The Mayoral committee also makes recommendations to Council on matters which have not been delegated to it.

As the executive authority of the council , the Executive Mayor provides political guidance over the policy , Budget and financial affairs of the Municipality. The Speaker is in charge of the legislative arm of the municipal Council. This means that the speaker guards the integrity of the legislative process and plays an important role in the oversight that the council must exercise over the actions of the executive. The speaker is also responsible to ensure that the Municipality fulfils its public participation responsibilities.

All decisions made by council are implemented.

MANAGEMENT GOVERNANCE STRUCTURE



Me Takatso Lebenya
The Municipal Manager



Mr Hopolang Lebusa
Chief Financial Officer



Mr Kleinbooi Khote
Director Corporate Services



Mr Welly Nhlapo
Internal Auditor



Mr Simon Thamaha
Manager: SCM



Mr Duncan Mohlahlo
Manager: Financial Services



Mr Mohanka Mokoena
Manager: Disaster Management



Mr Pierre Swart
Manager: Environmental Health



Mr Bennett Mphahlele
Manager Infrastructure & Transport



Mr Matefu Mokoena
Manager : Communications



Mr Thami Kubheka
Manager: Security



Mr Bafana Mdakane
Manager : ICT



Mr Lebohang Moshoadiba
Manager: Agriculture



Me Matladi Phoofolo
Manager: Risk Management



Me Thoko Vanqa
Manager : Growth & Development



Me Thembi Mlotha
Manager : LED & Tourism

The Municipal Manager is the Accounting Officer of the Municipality for the purpose of the Municipal Finance Management Act and provides guidance and ensures compliance with all other legislation applicable to local government, to political structures, political office bearers, officials of the Municipality and any entity under the sole or shared control of the Municipality.

There are four departments within the institution. The departments are more or less aligned in terms of the development priorities of the municipality. There are also some functions entrusted to the office of the Municipal Manager.

Office of the Municipal Manager is the driving force behind the Thabo Mofutsanyana district municipality's administration and integrates the different components of the Municipality into its strategic and Operational plans.

The Municipal Manager is ultimately responsible for the three departments namely: Finance and Corporate service, infrastructure Services and Planning Community services, ICT, Agriculture development and economic Development.

- The Municipal Manager of the Thabo Mofutsanyana has direct responsibility for the following areas:
- Capacity building
- Intergovernmental relations: and Performance management

COMPONENT B: INTERGOVERNMENTAL RELATIONS

Note: MSA Section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisaged in sectional 41 of the constitution.

Thabo Mofutsanyana recognizes the importance of intergovernmental relations to improve service delivery to communities. Success in delivering government services to the nation requires an approach in which the three spheres of government work in partnership in terms of the principles of co-operative government and intergovernmental relations.

DISTRICT INTERGOVERNMENTAL STRUCTURES

In order to comply with legislative requirements and fulfill its obligations, in terms of co-operative governance and intergovernmental relations the Thabo Mofutsanyana district Municipality has established a number of internal structures and systems, including

An intergovernmental Forum which complies in all respects with the requirements of the intergovernmental Relations Framework Act, 2005 (Act 13 of 2005).

- The Thabo Mofutsanyana District Mayor's forum

A number of technical support structures in terms of the aforementioned Act , for example.

- Municipal Managers' forum
- Chief Financial Officers Forum
- District communicators forum
- District wide water Forum

Various other district- wide intergovernmental forums for specific purposes, e.g.

- IDP forum
- LED forum
- District HIV/AIDS Council
- District wide water forum.
- Batho Pele forum

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

The function of public Participation resides mainly in the office of the speaker. However these exercises are sometimes carried out by the by departments or cross departmental task teams, depending on the nature of the information to be disseminated. One example is the exercise to obtain public input on the Annual Reports.

In addition to public meetings , The Thabo Mofutsanyana district has a communications division which supplies its communities with information concerning all matters relating to the district Municipality

OFFICE OF THE SPEAKER

REPORT OF GOOD PRACTICES

INTERNSHIP PROGRAMME

Saleman Holdings and SETA together with Thabo Mofutsanyana District Municipality has embarked on helping the youth of Setsoto local Municipality in Senekal Matwabeng from ward 3 to 7 with internships programme. 200 CV's where called from the youth together with the Councillors during the month June,

youth month. This helped the youth in developing experience for 18 months in the working environment. 103 applicants were short listed and placed all over Thabo Mofutsanyana District Municipality.

They were placed in the following categories:

- ❖ Marketing
- ❖ Administrations
- ❖ Finance
- ❖ Business Management
- ❖ Public Relations/ Human Resource Management

ID CAMPAIGN TMDM PROGRAMME

BACKGROUND

During 2012 the Office of the Speaker in District established the Thabo Mofutsanyana Home Affairs Stakeholders Forum.

Stakeholders that were present:

- Office of the Speaker: The Speaker as Chairperson
- Traditional Affairs : Deputy Chairperson
- Dept of Home Affairs: secretariat
- Department of Social Development
- SASSA
- Department of Education
- Correctional Service
- A Constitution was developed to assist the process of the running of the TMDM Home Affairs Stakeholders Forum.
 - The top 5 which is executive committee was elected and they all signed the Constitution.
- The Chairperson encouraged the other Speakers to develop the Home Affairs Stakeholders Forum using the Constitution as guiding tool, at the Local level and adopted the ID Campaign programme

- There was a uniform ID Campaign that was developed for the District to assisted the Locals and The Department of Home Affairs and Department of Education to assisted learners before they got to Grade 12 to Identity Documents as the main problem are children.
- In 2014 Smart Card took off. A resolution was taken that, the office of the speaker should make early arrangements for the communities and transport should procured. Elderly people and first applicants are free and the rest is R140.
- The Forum together with Office the Speaker helped over 500 students in different school around Thabo Mofutsanyana District Municipality in obtaining birth certificates and Identity Documents to date.

SPECIAL CASES IN LATE REGISTRATION OF BIRTH IN 2015/2016

DATE	APPLICANT	DATE OF BIRTH	AREA/ MUNICIPALITY	FINDINGS	OUTCOME
Jan 2015	Motingoe Lebohang Jacob	1988/03/07	MAP LM, Qwa-Qwa	Since 2004 when Lebohang Motingoe issued out an Identity Document he appeared as a female. Without the know how to fix the problem he just left it like that until it caught up with him.	In 2015, early January the Lebohang Motingoe came to the District to the Office of the Speaker to seek help. The only thing that the office could do, was to accompany him to Home Affairs Phuthadijhaba and he was assisted immediately and the mistake was rectified.
June 2015	Lieketseng Paulina Ralesekele	1982/03/04	Setsoto LM, in Ficksburg Brooklyn Farm	In 2003 Me Ralesekele went SASSA like every month to collect grant for her children. While	During the Home Affairs Stakeholders Forum meeting in July 2015. The Speaker of Thabo Mofutsanyana as the Chairperson of

				<p>trying to access the children's grant her Identity Document stated that she died.</p> <p>Me Ralesekele has been looking for assistance from Home Affairs with no luck.</p>	<p>the Forum, made an appointment with the TMDM Home Affairs Stakeholders Forum to present the case to them.</p> <p>A report was compiled and send to Home Affairs National Office.</p> <p>The way the process of national Home Affairs it's so long to solve each case it takes almost year to see any movement. But the Speakers Office never gave up together with Bethlehem Home Affairs Office.</p> <p>On 11 April 2016, finally both offices found another way to address Me Ralesekele case by assisting her to reopening her case again. By apply again for a new Identity document.</p> <p>During the month of July 2016 Department of Home Affairs Bethlehem and National reported that</p>
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					they are still working her ID and it's on it's final stage to be completed and to ratify the mistake.
June 2015	Pulane	1990/03/07	Setsoto LM, Senekal	In 2010 Pulane issued out a new Identity Document she appeared as a male. Without the know how to fix the problem she just left it like that until it caught up with her.	In 2015, early June the Mme Phuseletso a good Samaritan a community member in Senekal, requested the Speaker of TMDM to intervene and assist in this matter. The only thing that the office could do, was to accompany her to Home Affairs Bethlehem and she was assisted immediately and the mistake was rectified.
June 2015	Mzizi Thasamnga Alfred	1993/08/17	Setsoto L.M, Senekal	Thasamnqa Mzizi Born in Senekal both parents died when he was just a small boy, raised by his big sister. Took his father's surname and but his mother scratched it off in his clinic card. Thasamnqa Mzizi has been trying to apply for a birth certificates with no	Thasamnga Mzizi is still in high school studies at Ithabiseng doing Grade 12 this year. While the office of the speaker was busy assisting Thasamnga in 2015 there were a bit of challenges. With the help of his neighbour mme Phuseletso encouraging and calling to see how far

				luck.	<p>are the process going the Office of the Speaker overcome those challenges.</p> <p>Now Thasamnga Mzizi will be writing with an Identity Document his final exams and will be voting in the Local Government Elections.</p>
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MANDELA DAY PROGRAMME

On the 18 July 2015, Mandela Day celebration in Senekal, Matwabeng. The Speaker of Thabo Mofutsanyana District Municipality, Cllr Mbothoma Maduna , his office and together with the Community Matwabeng and several Government Departments that includes, Correctional Services, Municipal Traffic officials and Police etc. participated in the 67minutes by re-building the A.M.E Church in the area.







Back to Basic the Speaker of Thabo Mofutsanyana District Municipality, Cllr Mbothoma Maduna also donated 20 bags Cement and 25L (4x) of white and cream paint to assist with the process of re-building the A.M.E church in Senekal, Matwabeng. Building materials were also donated by present departments.



10000 MEN MARCH EVENT

This event was an awareness where 10000 men marched against women and children abuse, drugs and substance abuse. In commemoration of 16 days of activism for no violence against women and children abuse. Each Local was expected to mobilise 100 men per ward as there are 99 wards in Thabo mofutsanyana District Municipality. Also the locals were requested to identify the Local Mens Forums in each Municipality. Maluti A Phofung Local Municipality was identified as the hosting Municipality; the event took place at Phuthaditjhaba Stadium on 28 November 2015. The Speaker identify the theme "E Seng Mahlong A Ka" meaning "not on watch". Men needed to stand up and fight back as study has shown that men are the main culprits. The part of the morning was the march and the second part was the main event. This event was support by the Free State House of Traditional Leader

THE MARCH STARTED FROM TMDM TO PHUTHADITJHABA STADIUM.



DON'T TURN YOUR BACK ON ABUSE





THABO MOFUTSANYANA CONDEMN ANY KIND OF ABUSE



THE MAIN EVENT











Several government department and private companies also Supported this event for instance COGTA, Home Affairs, Correctional Service, Education, Health, Roads Police and Transport, FSHT,

Premier's Office, CAPITEC Bank, Lesedi FM, Local Media, Local Municipalities just to mention a few.

LONG SERVICE COUNCILLORS

The Speaker Cllr Mbothoma Maduna awarded all Councillors who served long service (21 to 10 years) in Thabo Mofutsanyana District Municipality with Blazer and personal watches during 27 May 2016 Council Meeting.



PUBLIC MEETINGS

IDP PARTICIPATION AND ALIGNMENT

Mayoral Committee IDP and Budget outreach to local Municipalities

The Mayoral committee and officials of the district Municipality conducted an outreach in all six local municipalities of the district during April 2014. The purpose of the outreach was to present the draft IDP and Budget of the district municipality to the councilors and stakeholders of each local municipality

COMPONENT D: CORPORATE GOVERNANCE

RISK MANAGEMENT

ANTI-CORRUPTION AND FRAUD

SUPPLY CHAIN MANAGEMENT

BY-LAWS

WEBSITES

PUBLIC SATISFACTION ON MUNICIPAL SERVICES

ALL MUNICIPAL OVERSIGHT COMMITTEES

CHAPTER 3

Service Delivery Performance

COMPONENT A : BASIC SERVICES

Services in The Thabo Mofutsanyana district are primarily rendered by the local Municipalities. These include water, sanitation , electricity , road maintenance.

COMPONENT B : ROAD AND TRANSPORT

This department includes the following key performances areas and key performance indicators:

- Transport Services (Professional Driver's License)
- Rural Road Asset Management System
- Expanded Public Work Programme
- Establishment of District Water Sector & Energy Forums

Description of the departmental activities

The strategic objectives of the department are to:

- To ensure that adequate water is available in order that all rural and urban communities have access to potable water, which is provided on at least RDP standard at affordable rates
- To provide an acceptable and affordable sanitation system for the entire region(VIP or waterborne)
- To ensure the overall planning and provision of streets and storm water systems for all municipalities in phases over the next 5 years.
- To provide bulk electricity and distribution networks for the entire region.
- To ensure that a properly coordinated public transport exist in the district.

Thabo Mofutsanyana District Municipality secured discretionary funding to unemployed youth for 2015/16 financial year after lodging an application with Transport Education Training Authority (TETA). The learnership has given learners opportunity to obtain skills that will ultimately give them the opportunity to look for employment and therefore reduce the scourge of unemployment in this area. The programme enrolled and train 35 EPWP participants from Dihlabeng & MAP Local Municipalities. The List of candidates in this learnership are stipulated in the table below:

BETHLEHEM

	Full Names of Learners	Learner ID Number	Learner Contacts
1.	Dlamini Dipuo Nicoline	7908270661082	0710316808
2.	Lukhele Sontaha Thomas	7710025423085	0730171639
3.	Madlala Shadrack	8101205311085	0630841605
4.	Maseko Dieketseng Ria	8312290584086	0834222418
5.	Mathibela Dimakatso Christina	8011300574083	0781053576
6.	Mbule Sebotla James	8803135974086	0603261371
7.	Miya Jabulani Jan	8209205693087	0834193727
8.	Mofokeng Mamqebello Maria	8607020657080	0832398950
9.	Mofokeng Nthabiseng Beauty	8003160483083	0789455894
10.	Mofokeng Dimakatso Lucia	8311071071081	Drop Out
11.	Mokoena Lehlohonolo Amos	8001015353089	0785771488
12.	Mokoena Lebohang Petrus	8306305750088	0717139893
13.	Mokoena Morapedi Christopher	9210255203081	0794412012
14.	Motaung Mosela Alina	8012041023083	0732120389
15.	Motlounng Puseletso Edith	7905240869084	0733331865
16.	Msimanga Noguthotha Florina	7801200765083	0716257447
17.	Ndumo Sipho Johnny	7807245377081	0722976008
18.	Radebe Nombuso Betty	7908070781080	0717369052
19.	Tshabalala Buyisiwe Adelaide	7208260448081	0781272307
20.	Zimu Puleng Aletta	8003080418086	0787239666

QWAQWA

	Full Names of Learners	Learner ID Number	Learner Contacts
1.	Maduna Pitso Peter	840606 6000085	0780450124

2.	Mbele Vusimuzi Paulus	781126 5775083	0789025620
3.	Lekekiso Tsietso Moses	910906 6141086	0786832196
4.	Mokoena Mmamotsheare Aguzitinah	920507 1070086	0729986044
5.	Mlangeni Mekgale Sylvester	830601 6195086	0710555454
6.	Makoti Phallang	860915 6638082	0781571648
7.	Mokoena Masontaha Shiela	860417 1234082	0766102929
8.	Matsie Thabang Andries	860801 6166086	0848811012
9.	Mahlaba Filimon	890313 5821087	0789598088
10.	Morobe Matshediso Evodia	871027 1347086	0719669193
11.	Maleka Jeniffer Mosa	891223 0819086	0788733356
12.	Moloi Khotso	901025 5928087	0789752929
13.	Mashaile Kgotso	9304266232088	0782529099
14.	Mokoena Mokoanyana	9212156113088	0783428847
15.	Nkutha Dimakatso Francina	9212281180085	0826304443
16.	Nkuta Maphaha Josina	8707231044084	Drop Out

Code 10 Driving Lessons :25 lessons per learner & 2 chances for test driving

SUCCESS INDICATORS

The most success story ever to be told on this programme in particular is about learners change of attitude and behavior. Learner attitude towards learning was reported very high and positive during the first training programme. Learners actively participated in every classroom task assigned. All 35 candidates have been to upload on TETA system.

BETHLEHEM

Learners license

We manage to make bookings for this 18 learners for their Learner License at Bethlehem Testing Station on 21 April 2016 and they wrote on 4 May 2016. 9 learners passed their learners license 9 failed. On the

same date 9 learners made second appointments and wrote on the 9th May 2016 and 4 passed and 5 failed. Another learner who made appointment on the 9th passed on the 13th May 2016. Total number of learners passed is 14 and 5 will have to go for appointments again.

1	Mofokeng Mamqebello Maria	8607020657080	0832398950
2	Lukhele Sontaha Thomas	7710025423085	0730171639
3	Motaung Mosela Alina	8012041023083	0732120389
4	Msimanga Noguthotha Florina	7801200765083	0716257447
5	Radebe Nombuso Betty	7908070781080	0717369052

Qwaqwa

First booking was done on the 24/05/2016 for fourteen learners and two couldn't make it because they failed eye test, ten learners passed and four failed.

1	Moloi Khotso	901025 5928087	0789752929
2	Lekekiso Tsietsi Moses	910906 6141086	0786832196
3	Mokoena Mmamotsheare Aguzitinah	920507 1070086	0729986044
4	Mlangeni Mekgale Sylvester	830601 6195086	0710555454

Unit Standards already completed

SAQA ID	TITLE	NQF LEVEL	CREDITS	COMMENT
119467	Use language and communication in occupational learning programs	3	05	Done
119457	Interpret and use information from texts	3	05	Done
119472	Accommodate audience and context needs in oral/signed communication	3	05	Done
119465	Write/present/sign texts for a range of communicative contexts	3	05	Done
1194941	Apply knowledge of HIV/AIDS to a specific business sector and workplace	3	04	Done
123258	Foster and maintain customer relations	3	10	Done
8016	Maintaining occupational health, safety and general housekeeping	3	08	Done
123361	Plan road transport service delivery	3	08	Done

123257	Operate a rigid light vehicle	2	10	Done
243665	Meet the requirements in order to obtain provisional license	2	15	Done
9010	Demonstrate and understanding of the use of different number bases and measurement units and an awareness of error in the context of relevant calculations	3	04	Done
8420	Operate in a team	2	04	Done
9013	Describe, apply, analyse and calculate shape and motion in 2 and 3 dimensional space in different context	3	04	Done
TOTAL CREDITS			87	

The Remaining Unit standards

SAQA ID	TITLE	NQF LEVEL	CREDITS	COMMENTS
123262	Load general freight	2	6	13/06/16 to 17/06/16
117500	Manage Finance in a small Business	4	8	20/06/16 to 24/06/16
8000	Apply basic business principles	3	9	27/06/16 to 01/07/16
7997	Managing self-development	4	12	04/07/16 to 08/07/16
TOTAL CREDITS			35	

Code 10 Driving Lessons :25 lessons per learner & 2 chances for test

Challenges

- Shortage of water in Qwaqwa on certain days which compelled that the learners to be realised early because of ablution facilities.
- In Bethlehem had problems with the training venue because of the defensive training program that is conducted in that premises.
- Absenteeism and drop-outs

Terminations

- *Mofokeng Dimakatso* & *Nkuta Josina Maphaha* terminated the trainings. Mokoena Lebohlang also terminated but came back two weeks ago after the intervention by the District Municipality.

The budget Allocation from TETA

Discretionary Funding for an amount of R 747 250.00 was allocated from TETA

Thabo Mofutsanyana DM appreciates and acknowledges the funding for this programme as has changed uplifted the lives of our community and has made a huge impact. That the District Municipality has only received the first trench of R 224 175.00 which is 30% of the project value and invoice has been submitted for the second trench of R 373 625.00. That the all learners have completed their unit standard theory and applied for the external moderator to moderate their logbooks and competency levels certificates.

Rural Road Asset Management System (RRAMS) Phase 2

The project was approved and endorsed by Council sitting of the 20 February 2014 for the implementation in six Local Municipalities for 2014/15 financial year and outer years. The Municipal Finance Management Act(MFMA) requires that municipalities must have a management information system to effectively manage and control their assets, have a complete Asset Register, and value their assets and prepare financial statements in accordance with standards of Generally Accounting Practice(GRAP).In support of this requirement the National Department of Transport has secured the Rural Road Asset Management System(RRAMS) grant in order to ensure efficient and effective investment in rural roads through development of Road Asset Management. The budget allocation for 2015/16 financial year from NDoT was R 2 225 000.00 and the entire budget was spent.

Through the development of rural road asset management system all the Local Municipalities will be able to fulfill its constitutional mandate. In terms of section 6(1) of the National Land Transport Act(NLTA),2000(Act no.22 of 2000.This is followed by the overview of the condition of the South African road network and a discussion of optimum road network condition and service delivery. Road asset management is essentially a road network maintenance planning tool which offers a prospect of significantly improving road networks.

Integration of the road network

It was pivotal importance to develop road asset management such as a GRMS (Gravel Road Management System). The integrated road network should contain the existing as well as the planned future developments to the network.

Key strategic benefits behind establishing an integrated road network are as follows:

- To obtain best use of the existing network through effective design, maintenance and management
- To minimize any adverse effect of the transport system on the built and natural environment
- To ensure that the transport system contributes towards improving the industry and sustainable economic development

Methodology

The methodology which was adopted towards the implementation of an integrated road network included the following activities:

- Determine a road inventory and create road referencing system
- Identify and define the road hierarchy
- Identify and define the road network (including the mapping of the road network in the areas.

Identify and define the road network

After gathering inputs related to future townships, nodal and road developments, a complete and integrated road network to existing and planned land use was defined. Further mapping of additional townships and villages that did not exist in the acquired datasets was done. The complete and final representation of the road network stored on a GIS platform as shape files. The GIS would as a minimum have the following data layers

- The unpaved road network
- The road condition indicators
- The road inventory
- The budget and programmes datasets

Analysis

The total unpaved road network within Phumelela Local Municipality is estimated to 231.1km, these are municipal roads only. Class 6 roads constitutes 67.1km (29.0%) of the total unpaved road network. Furthermore, it should be noted that the total earth road network for Phumelela LM is estimated to 146.6km constituting about 80% of the entire unpaved road network within Phumelela LM.

The total unpaved road network within Setsoto LM is estimated to 392.62km, these are municipal roads only. Class 6 constitutes 93.02km (23.7%) of the total unpaved road network. The total length of earth

roads is more than gravel roads by 16%. These certainly are a large proportion of earth in the townships/settlements of Setsoto LM. It should be noted that the total unpaved road network for the is estimated to 176.3km earth constituting about 58% of the entire unpaved road network within the municipality.

The total unpaved road network within Nketoana LM is estimated to 138.2km, this inclusive of the municipal roads, Class 6 roads constitute 4,4km (3%) of the total unpaved road network. The total length of earth roads far outweighs that of gravel roads, there certainly are a large proportion of earth in the townships/settlements of Nketoana. It should be noted that the total earth road network for the municipality is estimated to 131.5km constituting about 96% of the entire unpaved road network within Nketoana LM.

The total unpaved road network within Dihlabeng LM is estimated to 334.7km, this inclusive of the Provincial, private and municipal roads. Class 6 roads constitutes 112.2km of the total unpaved road network. The total length of earth roads outweighs that of gravel roads by a factor of 1.5. There certainly are more or less the same amount of gravel and earth roads in the townships/settlements of Dihlabeng. It should be noted that the total earth road network for the municipality is estimated to 123.2km constituting about 55% of the entire unpaved network within Dihlabeng LM.

The total unpaved road network within Mantsopa LM is estimated to 212.1km, this inclusive of the Provincial, private and municipal roads. Class 6 roads constitutes 30.5km (16.8%) of the total unpaved road network. The total length of earth roads far outweighs that of gravel roads by a percentage of 75%. There is certainly a large proportion of earth roads in the townships/settlements of Mantsopa LM. It should be noted that the total earth road network for Mantsopa LM is estimated to 158.96km constituting about 80% of the entire unpaved road network within Mantsopa LM

Gravel Road Management System (GRMS)

The GRMS for the municipalities was developed from the scratch. The developed system was based on an ESRI ARC GIS system platform which provides for seamless integration of spatial and data entities. A system which will effectively support management decision making towards roads infrastructure investment.

The methodology that was adopted towards the development of the GRMS included the following activities/stages

➤ Determine road inventory and create referencing system

The road identification/referring system used entails issuing each road segment with a unique identification code for ease of access into the GIS database. Furthermore, each road segment would be distinguished through its origin intersection and destination intersection.

➤ **Identify and define the GRMS parameters & operation**

It was decided that a visual assessment approach in accordance with TMH9(1990) would be adopted for purposes of collecting the input parameters compliance to technical standards and guidelines

➤ **Data Collection**

The proposed method employs visual assessment as the main source of the gravel condition survey. Gravel distresses are classified using the degree and extent classification system according to TMH9(1990) The degree of a certain distress is a measure of its severity throughout the section of the gravel under investigation and is indicated by numbers on a 0 to 5 scale (0 indicating non -visible distress and 5 – severe condition). The extent of distress gives an indication of how widespread the distress is throughout the section of gravel.

➤ **Data Capturing and Verification**

A dual data capturing system was setup and truly assisted in error elimination at an early stage. Collected data was assigned to each physical road segment as depicted on the GIS platform thus helping with the gaps identification processes.

➤ **Data analysis**

The analysis of the data collected was two pronged. It was entailed the analysis of the visual assessments data and the analysis of the GIS datasets. In analysis the visual assessments data, a technical model based on TRH22(1994) was developed on a spreadsheet platform. These maintenance programmes are derived through priority indices for local repairs, blading/heavy blading, gravelling, reshaping and drains. These priorities could in turn be grouped per ward per town and allow planning and implementation.

➤ **Analysis and prioritization**

Gravel condition rating is a key performance measure used in asset management systems for monitoring the current of a gravel network and predicting future condition. It is also one of the primary gravel indicators for network level gravel rehabilitation

➤ **Qualitative Gravel Condition rating descriptions and Gravel Condition Index(GCI)**

Very Good Condition (GCI 85-100)-Gravel structure is stable with no defects at all and nothing is needed to improve this roadway.

Good Condition (GCI 70-84.9)- Gravel structure is stable but may have surface erosion and possibly some minor deformation and riding qualities are very good

Fair Condition (GCI 50-69.9) Gravel structure is generally stable with minor areas of structural weakness evident and pothole is easier to detect.

Poor Condition (GCI 30-49.9) Roadway has areas of instability, marked evidence of structural deficiency. Large erosion patterns and very noticeable deformation.

Very Poor Condition (GCI 0-29.9) Cost of saving the gravel structural section would equal or exceed complete reconstruction of roadway.

RRAMS Graduates

The RRAMS programme has employed six civil engineering graduates

Graduates	Number	S3	S4	N. Dip
Graduates Recruited	6			
Male Graduates	5	3	1	1
Female Graduates	1		1	

The graduates trained on the following programme

- Introduction to ArcGIS
- Pavement Condition Assessments training (TMH 22 intro)
- Capturing Data into ArcGIS attribute
- GIS Calculations and analysis
- Detailed analysis of road network
- Introduction to Geodatabase design
- GIS Mapping
- Bridge Assessment Course (1 Graduate)

RECOMMENDATIONS

- The level of service of the gravel network should be rigorously improved.
- The gravel maintenance programme should be implemented by all Local Municipalities
- The GRMS should be updated at least every 3-5 years to can benefit from its purpose as a management decision support tool and to be able to can measure the success of the road network interventions carried out by the municipality
- The results of this study should form an integral part of the municipality's ITP

Expanded Public Works Programme

The EPWP is South African Government initiated programme aimed at creating 6 million work opportunities by 2019. The Programme is implemented by all spheres of government, across four defined sectors: namely the Infrastructure, Social, Non-State and Environment and Culture sectors. The Programme is co-ordinated by the National Department of Public Works as mandated by Cabinet.

The purpose of this policy document to provide a framework within which the municipality and its departments will implement the Expanded Public Works Programme (EPWP). This policy document was aimed to provide an enabling environment for the municipality to increase the implementation of EPWP, through this policy the municipality has aimed to ensure that EPWP guidelines and principles are adhered to in the implementation of any municipal project and to inform all Departments and Units within municipality on how their functions should contribute towards achieving the EPWP objectives. The objective of the EPWP is to provide work opportunities and income support to poor and unemployed people through labour intensive delivery of public and community assets and services. The EPWP policy was endorsed and approved by Council sitting of the 30 March 2015 in line with the protocol agreement signed by the Minister of Public Works, the Premier of Free State, MEC of Public Works & Infrastructure and the Executive Mayor of TMDM for EPWP phase 3 (2014/2015-2018/2019). The alignment with the IDP was emphasised to ensure the EPWP is mainstreamed within the institution. The Executive Mayor has provided political leadership and direction in the implementation of the EPWP within the District by appointing MMC of infrastructure and Transport as political champion, Subsequent to that municipal manager as administrative leader has appointed Manager Infrastructure and Transport as administrative champion. The appointed member has to ensure that EPWP is entrenched within the District IDP and key policies and programmes of the municipality.

The EPWP Expenditure for 2015/16 financial year

The EPWP incentive grant from National Department of Public Works was R 1 208 000.00 and the count-funding from the District Municipality is R 3 917 552.00 and the total expenditure was R 5 125 552.00 at the end of June 2016.

Employment generated through the EPWP incentive grant programme

Adult(M)	Youth(M)	Adult(F)	Youth(F)	Totals
25	44	88	89	246

The District Forums or Committees

The District Municipality has established the water sector and energy committees in order to coordinate those forums and consolidate the information.

The Water Sector Committee

The water sector committee was established with the intention to provide a platform for the water sector dialogue involving all water sector partners. To provide water sector collaboration and effective management of water institutions and the water business. To ensure that the water sector stakeholders play their role in the business in an informed and organized manner. To ensure integrated planning and the development of the water sector. The District Municipality has managed to organize four meetings in the calendar year to discuss all water related issues and the funding module

The District Energy Forum.

The district energy committee was established with the intention to provide an enabling platform for the energy efficiency and alternative source of energy. The platform was provided for the energy sector dialogue involving all the energy sector partners. The District Municipality has managed to hold four meetings in the calendar year.

Component C : Planning and Development

Planning

Capacity Building

Local Economic Development (Including Agriculture, tourism and market places)

The Unit of Agriculture and Rural Development of Thabo Mofutsanyana District Municipality

The Unit of Agriculture and Rural Development of the Thabo Mofutsanyane District Municipality has achieved a number of objectives in a short period of time. To name a few the unit has fostered

partnerships with Sernick and Bonsmara South Africa, a number agricultural trainings were also held which included 13 agricultural advisors were trained on animal health, production and farm planning a number of farmer's days were also held.



A background of the trainings can be discussed as:

SAPPO 60 farmers on piggery management

VCASA 50 farmers on the responsible use of pesticides

Sernick, Bonsmara SA 13 agricultural advisors on animal health, production and farm management. The training was sponsored for the Agricultural Advisors for a period of four days.

NAMPO Harvest day 15 farmers were rendered an opportunity to view and learn on the latest agricultural technological advancements.

ESKOM 181 Farmers were trained on the correct procedure to claim from ESKOM in terms of veld fires that may be created by their wiring, and to differentiate between valid and invalid claims in case of claiming for the veld fire losses.

Farmer Days Various farmer days were held across the district to educate and uplift emerging and small holder farmers.

Maluti a Phofung Conservancy Vegetable Production training was conducted for 20 youth in Qwa Qwa.

The TMDM Agricultural and Rural Development Unit is currently in negotiation with the University of South Africa (UNISA) and signing a Memorandum of Agreement wherein the Office will assist UNISA by providing

Experiential Learning Mentorship of UNISA students who are enrolled for the National Diploma in Agricultural Management. The signing of the MoU will be beneficial to the district in:

- Providing Advisory Services for Agricultural Production in the fields of Cash Crops, Vegetables, Fruits, Poultry, Dairy, Piggery production and Agro Processing
- Conducting Feasibility Studies and subsequent compilation of Funding Proposals to be used for fundraising from various donor organizations for Projects in Thabo Mofutsanyane.
- Training of farmers who are not competent and community members from NQF 1 to NQF 4 to be conducted for free by AgriSETA. This will also include accredited NGO's which UNISA will engage with training conducted in part by Work Integrated Learning students.
- Organizing funding for training to farmers who are not competent and community members in Short Learning Programs/Short Courses (SLP's) at NQF 5 or higher.
- Promotion of agricultural production units at schools which Enterprise Thabo Mofutsanyane supplies vegetables thereby leading to UNISA benefitting through promoting itself to the prospective students from such schools.
- Conducting 'Adaptive Research" both at UNISA campuses and on farms and projects that are within the district.
- Organizing funding for registration of staff from Thabo Mofutsanyane for study at UNISA both at undergraduate and postgraduate levels.
- Supporting the creation of a "Market Access Promotion Program" for the benefit of emerging farmers and SMMEs that fall under Thabo Mofutsanyane far beyond the market that currently spans the School Feeding Scheme of the Department of Education.
- Development of a Database that will be used as a "One Stop Information Centre" that will support the said Market Access Program.
- To jointly set up policy guided accounting structures with Thabo Mofutsanyana (and its associates) for funds raised from external sources for running of agricultural and related rural development projects contemplated above in.

In addition to the above the National School Nutrition Program (NSNP) is being implemented within the district. The district will be the pilot of the program. The program will enhance and uplift the lives of many vegetable farmers. The program aims to purchase yellow and green vegetables from Emerging and small holder farmers producing top quality commodities and not retailers as previously done. The district municipality is part of the different environmental advisory committee whereby its goal will be to assist the different institutions on environmental issues.

The district Agriculture and Rural Development Unit also presented its services to 23 agricultural schools, at the Setsoto Youth International Day and at various platforms across the district during farmer days.

In terms of the Agri-parks program the Department of Rural Development and Land Reform appointed a service provider (F&A Consulting) to do infrastructural assessments, this will allow for proper assessments and assists in creating sustainable employment and the proper use of funds.

The unit is also in communication with the Department of Rural Development and Land Reform to accommodate its graduates. This is brought about as the district is short staffed, it will be beneficial as there will be no financial implications (the graduates remuneration will come from the Department of Rural Development and Land Reform). Furthermore, the unit is in talks with the Department of Rural Development and Land Reform in terms of expanding the services of the appointed service (Agri-parks) to review the Agriculture and Rural Development Sector Plan.

It is important for the district unit to acknowledge that the Free State is a farming province and that there are a number of independent and government agricultural entities and companies that can assist small and emerging farmers. It is against this background that the district has had meetings and fostered good relations with AVCASA, MSD Animal Health, AfriVet, AFASA, LIMA, NERPO, Nu Pro Feeds, VKB, Tshebetso ke kutlwano mechanisations cooperative, SAPPO, local newspapers, local agricultural schools and local municipalities. The unit has also continued with the culture of chairing the Agriculture and Rural Development Forum that meets quarterly to discuss and address various challenges experienced by local farming communities. The Forum meets with agricultural stakeholders within the district.

The unit has also commented and replied in time in terms of various applications/proposals of Environmental Impact Assessments (EIA) in terms of Section 43 (Government Notice No. R982 of 2014) that are received across the district. These applications require the comments of the district to be processed.

The district has experienced draught in the past farming period, it has however continued to support a number of draught relief initiatives aimed at supporting vegetable, crop and animal farmers during the trying time.

COMPONENT D : COMMUNITY AND SOCIAL SERVICES

CHILD CARE AND SOCIAL PROGRAMMES

COMPONENT E : ENVIRONMENTAL PROTECTION POLLUTION CONTROL

COMPONENT F : HEALTH

HEALTH INSPECTIONS , FOOD AND ABATTOIR LICENSING AND INSPECTION

COMPONENT G : SECURITY AND SAFETY

Disaster Management

Thabo Mofutsanyana District Municipality consists of six local municipalities. In terms of the Disaster Management Act, the district is required to have a Disaster Management Centre which coordinate all these six local municipalities, whilst all these six local municipalities are required to have a Disaster Management Plans which is developed in line with the District Disaster Management Framework and ensure that is forming part of the Municipal Integrated Development Plan. Lastly ensure that a designated disaster officer is tasked with the disaster management responsibilities to ensure that the disaster management plan is implemented and accounted to.

Secondly in terms of Municipal Structures Act, Section 84(j) the district municipality is required to have Fire Services which is providing the services to the entire district municipality. Should it happened that the district municipality does not have the capacity, the MEC within the government notice assigned the fire services responsibilities to the local municipality provided it has the capacity. These capacity referred to is assessed on yearly basis and are supposed to be enacted by the Council resolutions once are announced in the government gazette. The municipality assigned the responsibilities of fire services are required to appoint the chief fire officer to enforce the law and be in charge of the service, appoint the members of service, and maintained the services in accordance with South African National Standard (SANS: 10090)-Community Protection Against Fire.

The district municipality is required by these two pieces of legislations to provide both Disaster Management and Fire Services. Where provision of these two services are not possible, any accepted means, namely private partnership or in partnership with the local municipalities based on their capacities can be sourced and implemented. For the financial year 2015-2016, here under are the achievement and challenges faced by the municipality:

DISASTER MANAGEMENT

INTEGRATED INSTITUTIONAL CAPACITY

Objectives:

The main objective of this field is to establish integrated institutional capacity within the municipal sphere to enable the effective implementation of the disaster management risk policy and legislation. The following are the achievement and challenges:

Achievement:

The Disaster Communication Infrastructure is approved for an amount of R4, 000,000.00. Currently phase I and II of the Disaster Communication System is installed which is covering Maluti-a-Phofung, Phumelela, Dihlabeng, and Nketoana

The Head of Municipal Disaster Management Centre is appointed

The mechanisms for processing disaster management policy is established and applied (Normal Council Procedures)

The job key performance indicators for the disaster manager position is developed and put into place
The Municipal Disaster Management Advisory Forum is functional.

The center is participating in all structures for inputs and advices e.g. Provincial Disaster Advisory Forum, Section 4 meetings, IRG, etc.

Through coordination Setsoto, Mantsopa, Maluti-a-Phofung established disaster advisory forums.

The district has develop and approved an organogram for the division

Challenges:

Nodal points (sector department) and local municipalities have been requested to assign the disaster responsibilities to designated people. But till to date there is still a challenge with that regards. Some are still utilizing the Chief Fire Officers and Chief Traffic Officers whom prioritized their primary functions when coming to disaster management issues. Currently at Mantsopa LM there is someone appointed as Disaster Coordinator although does not have subordinates to assist her; at Setsoto LM also there is someone appointed as Disaster Coordinator although does not have the subordinates to assist him; at Dihlabeng LM there is someone appointed as Disaster Coordinator although does not have the subordinates to assist him; at Maluti-a-Phofung LM the Chief Fire Officer is performing both functions of disaster and fire services; at Phumelela LM there is someone appointed to coordinate the Disaster Services but has more than one responsibilities as he is also a manager for Community Services; lastly at Nketoana the Chief Traffic Officer is performing the Disaster Coordination as well as the Traffic Services. What is a common major challenge to all this local municipalities is they do not have resources and budget dedicated to the Disaster Management Coordination and activities.

DISASTER RISK ASSESSMENT

Objectives:

The main objective of this field is to develop the risk profile in which all the disaster mitigations plan will be emanated from. The compilation of the disaster risk profile is still a challenge as it needs dedicated facilities and GIS specialists for operations and maintenance.

Challenges:

We still have a challenge to realize this objective. During financial year 2015-2016 a budget of R500, 000 was allocated for the compilation of disaster risk assessment. The bidders were invited during December

2015 and tendered. The highest bidder was for R9m and the lowest bidder was for R200, 000. However the evaluation committee could not evaluates these bids due to the funds which were shifted during budget adjustment in January 2016.

DISASTER RISK REDUCTION

Objectives:

The main objective of this field is to integrate disaster management plans and risk reduction programmes by all disaster management stakeholders developed in accordance with approved framework:

Achievement:

The Municipal Disaster Risk Management Framework is developed and is being implemented
All the disaster stakeholders have been guided to develop their disaster management plans in accordance with the authorized Disaster Management Framework of the district

Known disaster risk have been identified and disaster contingency plans developed and implemented for them (Droughts, Snow Incidents, etc)

Challenges

Some Local municipalities are reluctant to establish a fully independent disaster management unit to carry on the responsibilities of disaster management. This results in the disaster management at local level not been accounted for, since managed on ad-hoc basis.

Local municipalities confused the fire services responsibilities with the disaster management responsibilities, as a result they do not distinguishes disaster plans from fire services plans as there is a fine line to separating the two services to them.

Lack of skills and capacity from the local municipalities to carrying on the disaster management activities

DISASTER RESPONSE AND RECOVERY

Objectives:

The aim of this field is to ensure effective and appropriate preparedness, response, recovery and rehabilitation trough:

Implementing a uniform approach to establishment of effective early warning strategies

Avert or reduce the potential impact in respect of health impact, personal injuries, loss of life, property, infrastructure, environments and government services

Immediate, integrated and appropriate response and relief actions when significant events or disasters occur or are threatening to occur

All rehabilitation and reconstruction strategies conducted following a disaster are implemented in an integrated and developmental manner.

Achievement:

Orphans who their house was blown out by wind storm during 2015 at Harankopane, Namahadi in Maluti-a-Phofung were built a new shack during July 2015.

Drought disaster which let many water dams and reservoir without water devastated the entire district municipality. This resulted in community be without drinking water and for sanitation. The following

initiative were taken and put into place in partnership with other stakeholders sitting in Joint Operation Centre on daily basis:

- o Establishment of Joint Operation Centre to analyzed and manage the distribution of emergency water to the affected community on daily basis
- o Mobilization of external stakeholders to donates 10 x 5000L of horizontal JoJo tanks to be used on the trucks
- o Mobilization of external stakeholder to donates 4 boreholes
- o Mobilization of external stakeholder to donate 5 liters bottles filled with water
- o Educating and making community aware of what are the crises they might face due to unsafe water and how to conduct themselves for water received to prevent the outbreak due to unsafe water.

Challenges:

Lack of system and response equipment to ensure disaster response and provision of relief within first 72 hour.

Lack of personnel and vehicles to respond to disaster within acceptable response time

Lack of skills and knowledge about the disaster at local level is a challenge as at some stage, task that need to be performed at local level end up been performed at the district level.

INFORMATION MANAGEMENT AND COMMUNICATION

Objectives:

The aim of this field is to develop a comprehensive disaster risk management information system and establish integrated communication links with all disaster risk management role players. The following are the achievement and challenges. Lack of facilities is a major challenge as communication systems need dedicated facilities

Achievement:

Funding was made available to an amount of R1, 200,000.00 for the procurement of phase II of the Disaster Communication System and the Two Way Radio Communication System is installed in the Disaster Management Centre. The Integrated Emergency Telephone System is initiated and the Corporate Directorate is currently managing this. Currently survey is been done for their installation in the suitable ideal strategic area. When this system is done we are going to have a telephone system like 911 emergency lines that will be applicable to the entire district municipality. When emergency call is being made at Dihlabeng area the call goes straight to Dihlabeng Emergency Centre, the same with other local municipalities. Two way radios is working effectively and communication is established between the head office, Warden Station and Vrede Station.

Challenges:

Currently we do not have integrated disaster communication system to reach the needy community and facilitate incidents operations. Emergency communication is limited to the one mode namely cellular which becomes affected during the disasters and has functionality problems. Two way radios are

operational and have good range coverage, but are very few. These results in disaster management be operated not as the emergency communication but normal means of communication which has its barriers.

The Corporate Services was requested to install the telephone system and internet network to ensure that our system is operation but this is not yet done due to lack of funding.

There is no sufficient funds for the total communication system

EDUCATION, TRAINING, PUBLIC AWARENESS AND RESEARCH

Objectives:

The aim of this field is to promote culture of avoidance amongst stakeholders by capacitating all role-players through integrated education, training and public awareness supported by scientific research. The following are the achievement and

Achievements:

Most of the community accessing emergency water during this water crises period were educated on how to make this water safe for drinking

Residents of Paul Raux were educated on how to conduct themselves during veld fires and how they can plan and put their plans into place during this veld fires

Challenges

Shortage of staff and funding for promotional materials becomes a major challenge as not all planned awareness programs are achieved

FUNDING ARRANGEMENT FOR DISASTER MANAGEMENT

Objectives:

The district municipality has put aside a budget of R3.5m for the 2016-2017 financial year for the disaster management activities

Sector departments having the disaster responsibilities have been identified and assigned with primary responsibilities to ensure that they budget for the disaster relief and reconstruction namely (Human Settlement, Social Development, SAPS, Public Works and Roads, and Rural development

Recommendations:

The disaster unit needs to be resourced with specialized disaster officers, communication systems and specialized vehicles. This would enable the center to perform effectively and efficiently.

The disaster center also need to be regionalized to be able to respond in time. This would work effectively if the district can be divided into three regions in order to bring services closer to the on risk community.

The division be appointed additional officers in order to be effective

FIRE SERVICES

APPOINTMENT OF THE CHIEF FIRE OFFICER

All six local municipalities within the district are assigned with the fire services duties except Phumelela Local Municipality in terms of the Municipal Structures Act. To ensure that they comply with the Act, namely The Municipal Structures Act, section 85, they need to pass a council resolution where they agree that they would establish and maintain a fire services within their administration in terms of prescribed standards i.e. *South African National Standards: SANS: 10090- Community protection against fire and legislation, Fire Brigade Service Act*. Below are the achievement and challenges:

Achievement:

The district has appointed the chief fire officer and is also serving as a chief fire officer for Phumelela Local Municipality.

Challenge

Only two of five local municipalities assigned with responsibilities and function of providing fire fighting services have appointed a dedicated someone as the chief fire officers according to the Fire Brigade Service Act, namely Dihlabeng Local Municipality and Maluti-a-Phofung. Nketoana the Chief Traffic Officer is acting as the chief fire officer as well, Setsoto there is no one, Mantsopa there is no one.

This is in contravention with the legislation as the appointment of the chief fire officer is critical when rendering fire services since the service are governed by Fire By-Laws that require Law Enforcement and presentation in the judiciary systems. Without the appointed someone as the chief fire officer and peace officer in terms of criminal procedures act all the fire related matters are thrown out of the courts.

ESTABLISHMENT OF SERVICES

Achievement:

Maluti-a-Phofung has a service that is operating 24hours

Dihlabeng has a service that is operating 24 hours

Phumelela has a service operating office hours

Mantsopa has a service that is operating office hours

All these other two municipalities have volunteer fire services

Challenges

Phumelela Fire Station is operating but there are lot of challenges caused by improper management of shift systems and payment of the benefit thereof as required by Basic Conditions of Services. As results the service is only provided during office hours which are not ideal fir the profession?

Mantsopa the fire services is managed by junior fire fighters who might have challenge in the decision making and accountability.

Nketoana have no fire services operating according to the standards. They do not meet any applicable standards for the operation of fire services.

Setsoto does not have a fire services. Most fire services are done by one official with the assistance of Working on Fire. This makes difficult for the municipality to can account to all fire taking place in their area.

Maluti – a - Phofung has a fulltime fire services and operate two fire stations at Phuthaditjhaba and Harrismith. The Harrismith Fire Station need relocation as it situated in town and the responding trucks are blocked by the trucks parking in the streets.

Dihlabeng has a fulltime fire services and operate only at Bethlehem. They do not have a coverage at Clarence, Fouriesburg and Rosendal which experience devastating veld fire year in year out

MAINTENANCE OF FIRE SERVICES

achievement

District Chief Fire Officer`s Forum is established. This forum is coordinating all the fire related issues e.g. quarterly reports, parliamentary questions, etc, within the district and is attended by all fire role players having managerial functions within their institutions.

22 Working on Fire (WoF) teams are established and maintained within the district and are placed within the Fire Protections Associations (FPA) to assist farmers with the veld fires

District Fire Protection Association (FPA) with cellular FPAs situated at local municipalities are established. This is very important since it has reduced high number of FPAs that were operating within the district and not manageable.

Warden Fire station is operational although not 100% and have one utility truck, skit pumps, one mini fire pumper, rescue equipment and 12 fire fighters.

Funding is secure to increase emergency vehicles.

Dihlabeng and Maluti-a-Phofung fire services are well maintained to achieve the basic services with the former procured two fire engines and one water tanker.

Maluti a Phofung fire services is operating 24 hour with four shift system which is in compliance with the legislations, Basic Conditions of Employment Act.

Dihlabeng fire services is operating 24 hours with two shift system which is incompliance with the legislations

Setsoto is operating 8 hours supplemented by standby for coordinating fire services

Nketoana is operating 8 hours supplemented by standby for responding to fire incidents

Mantsopa is operating on request as they operate a volunteers fire station

The Provincial treasury and the MIG unit were approached for assisting the municipality in achieving the fire fighting services as required by legislation. They ordered that a capacity assessment for the municipality to render the fire services be done and a comprehensive business plan with clear financial break down be developed for possible funding, this is still outstanding.

Challenges

All fire services within the district municipality are under budgeted, under staff, and have no or insufficient vehicles to respond to the emergency situations

The municipality is required to compile a fire risk profile and develop the plans to manage the risks they have in hand. All these programmes are doom out by lack of funding. Provincial Treasury and the MIG unit were approach for assistance and they requested that a capacity assessment be done and a comprehensive business plan be developed for possible funding. The assessment revealed that all local municipalities within the district except Phumelela were authorised by the MEC in terms of section 85 of the Municipal Structure Act to perform the fire fighting services. All the 5 local municipalities had never indicated by council resolutions that they agree to accept the function and will build capacity to perform the function. As a result nothing compelled them to ensure that this service is performed. To the municipalities that have build the capacity to perform the function there is no clear indication of out of all the services need to be performed by fire services as per Municipal Structures Act, which one are they devoted to perform. Municipal Structures Act required that the following fire services be performed by fire services namely: Fire fighting services in general; specialised fire fighting services including mountain, chemical and veld fires; Standardization of equipment (fire safety and code-prevention); Regulation of fire services; and Fire Training. Assessment reviled that the municipalities performing this service are only concentrating in

either one or two of the services and drastically lack capacity or willing to build one in proving this services. These in proven by lack of adequate fire stations, fire fighters, fire vehicles, fire and rescue equipment, and budget for the service.

Recommendations

The provisions of fire fighting services by the local municipalities be revoked and all the fire fighting services be centralized at the district municipality in order to ensure equitable distribution of resources within the district and avoid the current trends of litigations.

That the district municipality put budget aside and take over the fire fighters in Phumelela for proper management of the fire resources.

Funding mechanisms for the fire services be revised and improved to ensure that municipality is discharging its obligatory mandate.

COMPONENT H: SPORTS AND RECREATION

SPORT AND RECREATION

KPI	Achievements	Challenges
OR Tambo Games	Successful District games held on 10 October 2015 in Ficksburg (Setsoto Local Municipality) and Provincial Games held in Welkom on 23-25 October 2015 (Lejweleputswa District Municipality)	Poor participation of Local Municipalities resulting to other sporting codes not played.
Golden Games	Successfully hosted the Provincial Golden Games at Maluti A Phofung Local Municipality on 08-09 2015 and National games at Kimberly on the 25-31 October 2015	Luncheon clubs not active in all the local Municipalities
SAMSRA Games	Officials of the Thabo Mofutsanyana District Municipality successfully participated in National Games held in Kimberly on 19-26 September 2015	
Auditions & Talent identification sessions	Transported ZOE Dance Academy to attend World Trial Championship in Durban on 21-23 August 2015.	Financial constraints – not all groups could be assisted with transport and accommodation
	Transported Bapala Theatre Movement to attend workshop at PACOFS Theatre in Bloemfontein on the 3rd August 2015	
	Transported Zoe dance Academy to attend ARNOLD CLASSIC AFRICA 2016 inter-provincial and Multi Dance Sport Championship at Gauteng on 27-29 May 2016	
coaching clinics session held	5	Poor attendance of the community due to shortage of transport

COMPONENT I : CORPORATE POLICY OFFICES AND OTHER SERVICES

EXECUTIVE AND COUNCIL

CORPORATE SUPPORT

Council Resolutions

A document which serves as a tracking register for the implementation of Council/MAYCO resolutions has been designed. It tracks all policies and resolutions adopted by Council and MAYCO. Resolutions are distributed after every Council and MAYCO Meetings for implementation together with progress report. A total of 224 resolutions were taken by MAYCO of which 208 were implemented. A total of 94 resolutions were taken by Council of which 90 were implemented.

Effective Reception and Telephone Communication network

The new telephone and communication system is being installed. The commissioning of the system will be live during 2015/16. Currently Menray Communication is operating on a month to month contract.

Records Management and Lithographic Services

Transfer of files from the departments to registry office has been finalized. Internal and external correspondence is centralized and recorded. Effective tracking of documents system is in place.

General Cleaning and maintenance

The general cleaning services and maintenance has been effectively provided in terms of Occupational Health and Safety Standards. Cleaning personnel have been appointed.

Financial Services

Human resource services

Information and communication technology (ICT) services

PROPERTY; LEGAL ; RISK MANAGEMENT AND PROCUREMENT SERVICES

During the financial year 2015/2016, the Municipality had a partially functional Risk Management Unit operation with one personnel (Risk Officer) and the Chief Risk Officer was later then appointed in March 2016. It has as well as a functional Risk Management Committee though it only held 2 meetings during the year. The municipality maintains the following approved policy documents:

- Risk Management Committee Charter;
- Risk Management Policy;
- Risk Management Strategy;
- Risk Management Implementation Plan;
- Fraud Risk Management Plan
- Whistle Blowing Policy

The Ten Top Strategic Risks identified:

- Water shortage crisis (Drought)
- Increasing fraud and corruption
- Insufficient electricity supply (Load shedding)
- Data Fraud/ Theft
- Shortage of sufficiently skilled personnel
- High unemployment rate
- Lack of leadership
- Failure of critical infrastructure (Inability to support local municipalities in providing basic bulk services)
- Excessive Income Disparity
- Continuous community unrest (strike action)

Risk Management is audited by the internal auditors for effectiveness on an annual basis.

King III Principles

Chapter	Principle	Principle description	Applied/ partially applied/ not applied	Evidence	Explanation/ compensating practices
Chapter 2	Principle 2.6	Council should ensure that the municipality has an effective and independent audit committee	Applied	Quarterly reports to Council	The Audit and Performance Audit Committee consists of four independent members
Chapter 2	Principle 2.7	Council should be responsible for the governance of risk	Applied	Municipal strategic and operation risk registers	Through the Audit and Performance Audit as well as Risk Committee, Council identifies the key risk areas of the municipality. The risks are updated regularly.
Chapter 2	Principle 2.10	Council should ensure that there is an effective risk-based internal audit	Applied	Approved Internal Audit Plan	Internal audit assists the municipality to accomplish its objectives by

					bringing in a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
Chapter 3	Principle 3.8	The audit committee should be an integral component of the risk management process	Applied	Audit and Performance Audit committee charter	The internal audit plan, approved by the Audit and Performance Audit Committee, is based on risk assessments, which are of a continuous nature so as to identify not only existing and residual risks, but also emerging risks and issues highlighted by the Audit and Performance Audit Committee, Risk Committee and management.
Chapter 4	Principle 4.3	The Risk Committee or Audit and Performance Audit Committees should assist the Council in carrying out its risk	Applied	Approved Internal Audit Plan	Council's risk responsibilities are delegated to the Risk Committee or Audit and Performance

		responsibilities			Audit Committees. The internal audit plan is based on risk assessments.
Chapter 4	Principle 4.4	Council should delegate to management the responsibility to design, implement and monitor the risk management plan	Applied	Municipal strategic and operation risk registers	The risk register is discussed in the Risk Committee as well as Audit and Performance Audit Committee meetings. The risk register includes the risks, ratings, internal controls and mitigating actions.
Chapter 4	Principle 4.5	Council should ensure that risk assessments are performed on a continual basis	Applied	Municipal strategic and operation risk registers	The risk register is discussed in the Risk Committee as well as Audit and Performance Audit Committee meetings. The risk register includes the risks, ratings, internal controls and mitigating actions.
Chapter 4	Principle 4.6	Council should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Applied	Municipal strategic and operation risk registers	The risk register is discussed in the Risk Committee as well as Audit and Performance Audit Committee meetings. The risk register includes the risks, ratings,

					internal controls and mitigating actions.
Chapter 4	Principle 4.8	Council should ensure continuous risk monitoring by management	Applied	Municipal strategic and operation risk registers	Risk Management Committee approves the annual risk management plan Departments implements and monitors its risk registers.
Chapter 4	Principle 4.9	Council should receive assurance regarding the effectiveness of the risk management process	Applied	Internal Audit Report	Internal Audit continuously reviews in terms of audit plan and attend the Audit and Audit and Performance Audit Committee meetings to table their working report.
Chapter 4	Principle 4.10	Council should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	Applied	Annual Report – Risk Disclosure	The major risks are disclosed in the 2015/2016 annual report.
Chapter 6	Principle 6.1	Council should ensure that the municipality complies with applicable laws and considers adherence to	Applied	Approved Audit and Performance Audit Committee Charter	The Audit and Performance Audit Committee assist Council in complying with the applicable

		nonbinding rules, codes and standards			laws, rules, codes and standards in the ambit of its terms of reference (charter).
Chapter 6	Principle 6.3	Compliance should form an integral part of the municipality's risk management process	Applied	Internal Audit Reports	The internal audit conducts assessment on compliance as per the audit plan.
Chapter 7	Principle 7.1	Council should ensure that there is an effective risk-based internal audit	Applied	Approved Internal Audit Plan	The internal audit plan, approved by the Audit and and Performance Audit Committee, is based on risk assessments, which are of a continuous nature so as to identify not only existing and residual risks, but also emerging risks.
Chapter 7	Principle 7.2	Internal audit should follow a risk based approach to its plan	Applied	Approved Internal Audit Plan	The internal audit plan, approved by the Audit and and Performance Audit Committee, is based on risk assessments, which are of a continuous nature so as to identify not only existing and

					residual risks, but also emerging risks.
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2.7 ANTI-CORRUPTION AND FRAUD

The Risk Management Committee plays an oversight role over the function of fraud and corruption prevention in the Municipality, and reports its findings on fraud risks to the Audit Committee. The Municipality has an approved Fraud Risk Management Plan in place and they are multidisciplinary and cross-functional. The Fraud Risk Management Plan is made up of the Whistle Blowing Policy.

The Municipality did not have any operational and forensic investigations for the 2015/16 period as there were no cases of fraud reported.

Component J : Miscellaneous

Component K : Organisational Performance Scorecard

Please refer to Annual Performance Report.

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COMMUNITY SERVICES									
Sports, Arts, Culture, Heritage & Environment									
Activity	Status	Date	Time	Location	Frequency	Duration	Status	Comments	Responsible Officer
To ensure that sports is promoted in all communities	Develop 2023/24 CR Tumble Games Schedule by 21 Mar 2023	Open	Y	31-Mar-23	24-Mar-23	11-Mar-23	Not Achieved	N/A	Developed 2023/24 CR Tumble Games schedule
	Number of CR Tumble Games Meetings attended	Open	Q	6	12	6	1	N/A	Attendance Register & Minutes of Meetings
	Selection of Teams to represent the district at a provincial CR Tumble Games within 3 Days after the District Games held	Open	Y	8-May-23	8-May-23	8-May-23	Not Achieved	N/A	Team Lists
	Successful Hosting of the 2023/24 CR Tumble Games by 28 Oct 2023	Open	Y	21-Oct-23	4-Oct-23	2-Oct-23	Not Achieved	N/A	Proud of Payment
To ensure that sports is promoted in all communities	Delivering District Team to the Provincial Games by 31 Oct 2023	Open	Y	21-Oct-23	24-Oct-23	21-Oct-23	Not Achieved	N/A	Proud of Payment
	Affiliates to 2023/24 SAMBA National Games by the 31 Jul 2023	Open	Y	29-Jul-23	25-Jul-23	21-Jul-23	6-Aug-23	N/A	Proud of Payment
	Affiliates to 2023/24 SAMBA District Games by the 31 Mar 2023	Open	Y	31-Mar-23	25-Mar-23	31-Mar-23	Not Achieved	N/A	Proud of Payment
	Affiliates to 2023/24 SAMBA Provincial Games by the 20 May 2023	Open	Y	20-May-23	6-May-23	20-May-23	Not Achieved	N/A	Proud of Payment
To promote the indigenous games	Develop 2023/24 Indigenous Games Schedule by 28 Feb 2023	Open	Q	28-Feb-23	24-Feb-23	28-Feb-23	Not Achieved	N/A	Developed 2023/24 IS Schedule
	Number of Indigenous Games Meetings attended	Open	Q	4	4	4	1	N/A	Attendance Register & Minutes of Meetings
	Selection of Teams to represent the district at a provincial Indigenous Games within 3 Days after the District Games held	Open	Y	8-May-23	8-May-23	8-May-23	Not Achieved	N/A	Team Lists
	Successful Hosting of the 2023/24 Indigenous Games by 21 Jul 2023	Open	Y	21-Jul-23	12-Jul-23	21-Jul-23	Not Achieved	N/A	Proud of Payment
To ensure that sports is promoted in all communities	Delivering District IS Team to the Provincial Games by 31 Aug 2023	Open	Y	31-Aug-23	24-Aug-23	31-Aug-23	Not Achieved	N/A	Proud of Payment
	Number of Indigenous Games Meetings attended	Open	Q	4	4	4	2	N/A	Attendance Register & Minutes of Meetings
	Selection of Teams to represent the district at a provincial Indigenous Games within 3 Days after the District Games held	Open	Y	8-May-23	8-May-23	8-May-23	Not Achieved	N/A	Team Lists
	Successful Hosting of the 2023/24 Indigenous Games by 31 Aug 2023	Open	Y	31-Aug-23	24-Aug-23	31-Aug-23	Not Achieved	N/A	Proud of Payment

Provide a working of report and responsible authorities for each and every community

David Service
Neil Service

Disaster & Fire Management Services									
Disaster Management Services									
Activity	Frequency	Y	HW	NA	Not Addressed	Disaster Risk Assessment conducted for 20 June 2015	Not Addressed	Disaster Risk Assessment conducted for 20 June 2015	Not Addressed
Completion of Disaster Risk Profile	Conflict Disaster Risk Assessment by 20 June 2015	8 025,000	Y	HW	NA	Not Addressed	Not Addressed	Disaster Risk Assessment conducted for 20 June 2015	Not Addressed
Develop Mitigation Plans (Contingency Plans)	Number of Mitigation Plans Developed for a Specific Hazard e.g. Storm Surge, Landslide, Flood, etc. Action: Review, Update, Amend, or Develop Mitigation Plans Cherry Festival Municipal Office Municipal Office Municipal Office	OPCE	NA	25	25	25	25	25	25
Disaster Communication Instructions	Instructions of Equipment: Disaster Management Centre Phase 1 by 20 June 2015	8 140,000	Y	HW	20-Apr-15	20-Apr-15	20-Apr-15	20-Apr-15	20-Apr-15
Disaster Institutional Arrangement	Number of Advisory Forums Held	OPCE	Q	3	2	2	2	2	2
	Number of Disaster Stakeholder (Disaster & DDC) meetings held	OPCE	Q	30	25	25	25	25	25
Fire Management Services									
To improve the District Fire Services	Number of Fire Fighters Trained	OPCE	Q	15	15	15	15	15	15
	Number of Fire Safety Awareness Conducted	OPCE	Q	3	9	9	9	9	9
Municipal Health Services									
Food control	Number of food premises inspected for compliance	OPCE	NA	475	797	797	797	797	797
	Number of milk samples taken	8 090,000	NA	20	34	34	34	34	34
	Number of water samples taken		NA	350	370	370	370	370	370
Water quality monitoring	Number of water samples taken		NA	300	497	497	497	497	497
	Number of Wastewater treatment plants inspected for compliance	OPCE	NA	14	11	11	11	11	11
	Number of Childcare facilities inspected	OPCE	NA	HW	234	234	234	234	234
Health surveillance of premises	Number of Health Care Risk Water generators inspected for compliance	OPCE	NA	NA	47	47	47	47	47
Report of the dead	Number of dead persons reported for compliance	OPCE	NA	45	77	77	77	77	77
Environmental health responses	Environmental health awareness campaign conducted	OPCE	NA	30	41	41	41	41	41
	Number of waste disposal sites inspected	OPCE	NA	14	30	30	30	30	30

Inspection Control	Number of demographic variables (Age, Quality) Scored premises inspected	OFCE	M	S3	48	14 Community Emergency Response Team (CERT) Forward Premises Inspection	48	N/A	N/A	Inspection Report
Transversal Issues										
HW/AGOS Programmes										
The Society, coordinate and implement a coordinated HW/AGOS programme in line with the National and Probation Inspectorate	Number of HW/AGOS Campaigns launched and implemented		Q	4	8	4. HW/AGOS Campaigns launched and implemented	5	N/A	N/A	Photos and Reports
	Number of HW/AGOS Workshops held		Q	4	4	3 HW/AGOS Workshops held	0	One local AGOS Council one not functional and that impacts conducting of workshops within their managerial sphere	N/A	Involvement, Minutes of Meetings & Attendance Register
	Number HW/AGOS & Health Councils meeting		Q	4	4	2 HW/AGOS & Health Councils meeting	2	N/A	N/A	Attendance Registers and Minutes of the Meeting
	Effect of AGOS Day Event held by the 01 Dec 2015		Y	8-Dec-16	8-Dec-15	Effect of AGOS Day Event (16 Dec 2015) held by the 01 Dec 2015	5-Dec-15	N/A	N/A	Photos and Reports of the Event
	Report of the Virtual AGOS Day Event to be submitted to HMIL 10 days after the event		Y	20 Days	3	Report of AGOS Day Event to be submitted to HMIL 10 days after the event	8 days	N/A	N/A	Involvement, Minutes of Meetings & Attendance Register
Gender & Disability Programmes										
Report that the Disability Policy is Reviewed	To Review Disability Policy by 30 June 2016		Y	HW	Not Addressed	Disability Policy to be Developed by 30 June 2016	Not Addressed	N/A	N/A	Reviewed Disability Policy
Launching of 16 Days of action	To Develop 16 Days of Action Programme by 11 Oct 2015		Y	18-Oct-16	Not Addressed	16 Days of Action Programme to be Developed by 11 Oct 2015	Not Addressed	N/A	N/A	Photos and Reports of the Event
	Report on the event of 16 Days Action 10 Days after the event		Y	30 Days	Not Addressed	16 Days Action Report to be submitted to HMIL 10 Days after the event	Not Addressed	N/A	N/A	Report
	Establishment of Women's Forum by 21 Jul 2015		Y	HW	Not Addressed	Women's Forum to be established by 21 Jul 2015	24-Aug-15	N/A	N/A	Photos and Reports of the Event
Next women's Month celebration	To Develop Women's Month Celebration Programme by 21 Jul 2015		Y	21-Jul-16	Not Addressed	Women's Month Celebration Programme to be developed by 21 Jul 2015	28-Jul-15	N/A	N/A	Attendance Register & Minutes of Meetings
Female Public Participation of Children	Report of the Women's Month Celebration 10 Days after the event	Open	Y	30 Days	Not Addressed	Women's Month Celebration Report to be submitted to HMIL 10 Days after the event	3 Days	N/A	N/A	Report
	Number of Women's Forum meeting		Q	HW	N/A	Women's Forum meeting to be held by 10 Aug 2015	24-Aug-15	N/A	N/A	Attendance Register & Minutes of Meetings
Annual Registration Seminar	Establishment of Children's Council by 30 June 2016	Open	Y	HW	Not Addressed	Children's Council to be established by 30 June 2016	Not Addressed	N/A	N/A	Attendance Register & Minutes of Meetings
	Number of AMI Preparatory Meetings held		Q	HW	New	2 AMI Preparatory Meetings held	2 Days	N/A	N/A	Attendance Register & Minutes of Meetings
	Annual Registration Seminar Movement Summary held by 31 Aug 2015		Y	HW	New	Annual Registration Seminar to be held by 31 Aug 2015	4-Aug-15	N/A	N/A	Photos and Reports of the Event
Yearly Development Programmes										
Successful Hosting District Youth Day Celebration by the 14th of June 2016		OFCE	Y	16-Jun-15	New	District Youth Day Celebration to be held by 14th of June 2016	Not Addressed	There is no local person responsible for the District Youth Day celebration	There is no local person responsible for the District Youth Day celebration	Photos and Reports of the Event

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CORPORATE SERVICES

Important Access to Content

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Handal Viability
Maintenance

Internal Audit									
Ensure that Internal Audit Charter and Coverage Plan are in place	Review and Submission of Internal Audit Charter to Audit Committee by 28 Sep 2015	OPCE	Y	28-Sep-14	28-Jul-14	Internal Audit Charter to be submitted to the Audit Committee by 28 Sep 2015	3-Jul-13	N/A	Approved Internal Audit Charter
	Submission of Internal Audit Charter to Council by 31 Oct 2015	OPCE	Y	31-Oct-14	28-Jul-14	Internal Audit Charter to be submitted to the Audit Committee by 31 Oct 2015	3-Aug-13	N/A	Signed Submission Register
	Submission of Internal Audit Coverage Plan to Audit Committee by 30 Sep 2015	OPCE	Y	30-Sep-14	28-Jul-14	Internal Audit Coverage Plan to be submitted to the Audit Committee by 30 Sep 2015	Not Achieved	N/A	Approved Internal Audit Plan
	Submission of Internal Audit Coverage Plan to Council by 31 Oct 2015	OPCE	Y	31-Oct-14	28-Jul-13	Internal Audit Coverage Plan to be submitted to the Council by 31 Oct 2015	Not Achieved	N/A	Signed Submission Register
	Quarterly Internal Audit Reports submitted to the Management Committee by 28 Sep 2015	OPCE	Q	N/A	N/A	Quarterly Internal Audit Reports to be submitted to the Management Committee by 28 Sep 2015	Achieved	N/A	
Review of Audit Performance Charter	Review of Audit & Performance Charter by 30 Sep 2015	OPCE	Y	30-Sep-14	28-Jul-14	Audit & Performance Charter to be Reviewed by 30 Sep 2015	3-Jul-13	N/A	Reviewed Performance Audit Charter
	Submission of Audit & Performance Charter to Council by 31 Oct 2015	OPCE	Y	31-Oct-14	28-Jul-14	Audit & Performance Charter to be submitted to the Council by 31 Oct 2015	3-Aug-13	N/A	Signed Submission Register
Audit and Performance Committee	Number of ordinary audit and performance committee meetings	OPCE	Q	4	4	4 Ordinary Audit and Performance Committee Meetings to be held	1	N/A	Minutes of meetings and attendance register
Risk Management									
Ensure that Strategies and plans are in place	Review and Submission of Fraud Prevention Plan/Strategy to Risk Management Committee by 30 Sep 2015	OPCE	Y	30-Sep-14	18-Aug-14	Fraud Prevention Plan/Strategy to be submitted to the Risk Management Committee by 30 Sep 2015	28-Jul-13	N/A	Recommended Fraud Prevention Plan/Strategy
	Submission of Fraud Prevention Plan/Strategy to Council by 31 Oct 2015	OPCE	Y	31-Oct-14	30-Oct-14	Fraud Prevention Plan/Strategy to be submitted to the Council by 31 Oct 2015	28-Oct-13	N/A	Internal Audit Register
	Number of Assessment Committee of Risk and Fraud Prevention Plan/Strategy Sessions held	OPCE	Y	3	1	1 Assessment Committee of Risk and Fraud Prevention Plan/Strategy Sessions to be held	6	N/A	Initiations and attendance register
	Review of Risk management Policy by 30 Sep 2015	OPCE	Y	30-Sep-14	18-Aug-14	Risk management Policy to be reviewed by 30 Sep 2015	28-Jul-13	N/A	Reviewed Risk Management Policy
	Review of Risk management Strategy by 30 Sep 2015	OPCE	Y	30-Sep-14	18-Aug-14	Risk Management Strategy to be reviewed by 30 Sep 2015	28-Jul-13	N/A	Reviewed Risk Management Strategy
	Number of Risk Maturity Reports issued by Risk Management Committee	OPCE	Q	4	0	4 Risk Maturity Reports to be issued by Risk Management Committee	1	N/A	Risk Maturity Reports
	Number of Risk Management Committee Meetings held	OPCE	Q	4	3	4 Risk Management Committee Meetings to be held	2	Copy of submission of reports by Internal Audit Committee	This indicator will be fully realized in the ensuing financial year
	IDS & PMS								
Submission of 2015/17 BOP Review Plan by 31 August 2015	OPCE	Y	28-Sep-14	28-Aug-13	2014/17 BOP Review Plan to be submitted to the Council by 31 August 2015	28-Jul-13	N/A	Internal Audit Register	

Corporate Governance, Good Governance and Public Participation

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Good Governance and Public Participation

<p>Make the BOP a working Document for all staff</p>	Submission of 2014/15 Draft Annual Report to AG by 31 Aug 2015	OPCE	Y	31-Aug-15	N/A	2014/15 Draft Annual Report to AG by 31 Aug 2015	11-Aug-15	N/A	N/A	Ad Acknowledgment of Receipt
	Taking of 2014/15 Draft Annual Report to Council for Input and Comments by 31 Jan 2016	OPCE	Y	31-Jan-16	30-Jan-16	2014/15 Draft Annual Report to Council for Input and Comments by 31 Jan 2016	26-Jan-16	N/A	N/A	Council Newsletter
	Crating of 2014/15 Draft 120MP by the 28 Feb 2016	OPCE	Y	N/A	N/A	2014/15 Draft 120MP by the 28 Feb 2016	Not Achieved	We could not gain access to the system to craft the draft document and we had to input from various sections	This will be revised in the coming financial year.	Draft 120MP
	Submission of 2014/15 Final Annual Report to Council for Adoption by 31 Mar 2016	OPCE	Y	31-Mar-16	30-Mar-16	2014/15 Final Annual Report to Council for Adoption by 31 Mar 2016	31-Mar-16	N/A	N/A	Council Newsletter
	Taking of 2015/16 Draft BOP to Council by 31 Mar 2016	OPCE	Y	31-Mar-16	30-Mar-16	2015/16 Draft BOP to Council by 31 Mar 2016	31-Mar-16	This will be revised in the coming financial year.	This will be revised in the coming financial year.	Revised BOP
	Submission of 2015/16 Final BOP to Council for Adoption by 31 May 2016	OPCE	Q	30-May-16	30-May-16	2015/16 Final BOP to Council for Adoption by 31 May 2016	31-May-16	N/A	N/A	Council Newsletter
	Timing of Final 2015/16 120MP 21 Days After Adoption of the Budget	OPCE	Y	N/A	N/A	2015/16 Final 120MP to be adopted by the Executive Mayor 21 Days After Adoption of the Budget	Achieved	N/A	N/A	Signed 120MP
	Number of District BOP Manager Forums Held	OPCE	Q	N/A	N/A	4 District BOP Managers Forums held to be held	Not Achieved	N/A	N/A	Attendance Register & Minutes of Meetings
	Submission of Quarterly Sectional Reports within 15 Days after the End of the Quarter	OPCE	Q	20 Days	4 days	Sectional Reports to be submitted within 15 Days after the End of the Quarter	13 days	N/A	N/A	Copies of Generated Reports
	Submission of Quarterly Managerial Reports to Council within 30 Days after the End of the Quarter	OPCE	Q	30 Days	4 days	Quarterly Reports to be submitted to Council within 30 Days after the End of the Quarter	21 days	N/A	N/A	Reports
	Conducting Quarterly Performance Assessments of Section 27 Managers 30 Days After the End of the Quarter	OPCE	Q	30 Days	4 days	Performance Assessments of Section 27 Managers to be Completed 30 Days after the End of the Quarter	Not Achieved	N/A	N/A	Reports

CHAPTER 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE

(Performance Report part 11)

Component A : Introduction to the municipal personnel

Employees					
Description	2015/ 2016	2014 / 2015			
	Employees no	Approved posts	Employees no.	Vacancies no.	Vacancies Percentage
Office of Municipal Manager	20				
Local Economic Development	4				
Community Services	25				
Corporate Services	42				
Finance	14				
Political offices	5				
FMG Inters	5				
Total	115				

Vacancy rate 2015/20 16			
Designations	Total approved posts No.	Vacancies No	Vacancies %
Municipal Manager			
CFO			
Other S57 managers (excluding Finance posts)	1	1	
Senior Management levels			
Total			

COMPONENT B Managing the municipal workforce

Policies

HR Policies and Plans			
Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt

Injuries , sickness and suspensions

No incidents of injury on duty during the year under review .

Number on days and costs of sick leave (excl. Injuries on duty)	Total sick leave days	Proportion of sick leave without medical certificate	Employees using sick leave	Total employees not in post	Average sick leave per employee	Estimated cost

Number and Period of suspension				
Nature of Misconduct	Date Suspensions	Details of disciplinary hearing	Details of charge	Date finalized

Performance rewards

Performance awards by Gender					
Designation	Beneficiary Profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on reward year	Proportion of beneficiaries within group
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

Comment on Performance Awards

COMPONENT C : Capacitating the Municipal workforce

Introduction to workforce capacity

Skills development and Training

NO.	COURSE	TOTAL NO. BENEFITED
1.	MFMP	16
2.	IDP	4
3.	LED	4
4.	PFMA	5
5.	Certificate in local government law and administration	8

MUNICIPAL FINANCE MANAGEMENT PROGRAM: OFFICIALS

Full Qualification

Qualification	Total No. Benefited	Institution
Degree in Social Science	2	UFS
National Diploma in Human Resource Management	1	Vaal University of technology
Begree in Public Administration	1	UFS
Bachelor of Arts	1	UFS
National diploma in accounting	1	University of Johannesburg
National diploma in Internal Auditing	1	CUT
National Diploma in accountancy		CUT
Center of Business management	1	UNISA
National Diploma : Commercial administration	1	CUT

Qualification	Total No. Benefited	Institution
Principles of business and management	1	Wits
Degree in ICT	1	UFS

Skills development and related expenditure and on the financial competency regulations

Description	Total No. of employees employed by municipality	Total number of officials employed by municipal entity	Competency assessment completed	Total number of officials whose performance agreement comply with Regulation 16 (regulation 14 (4)(f)	Consolidated total number of officials that meet prescribed competency levels Regulation 16 (regulation 14 (4)(e4)
Financial Officials					
Accounting Officer	1	.	.	3	
CFO	1	.	.	1	1
Senior Managers	12	12	12	.	
Other Supply Chain Management officials	4	4	.	.	4
Head of SCM units	1	.	.	.	1
SCM senior managers
Total					

Total Skills Development Expenditure – R?

Component D : Managing the workforce expenditure

Number if employees whose salaries were increased due to their positions being upgraded

Nil

Employees whose salary levels exceed the grade determined by job evaluation

Nil

Employees appointed to posts not approved

Nil

Disclosure of financial interest

This information is contained in the financial statement

CHAPTER 5

Financial Performance

See Statement of Financial Performance on page of the Annual Financial Statements.

CHAPTER 6

AUDITOR GENERAL AUDIT FINDINGS

Report of the auditor-general to the Free State legislature and the council on Thabo Mofutsanyana District Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Thabo Mofutsanyana District Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (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.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Thabo Mofutsanyana District Municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Financial sustainability

8. Note 29 to the financial statements indicates that the Thabo Mofutsanyana District municipality incurred a net loss of R23 121 914 (2014: R4 785 616) during the current year and, as of 30 June 2015, the municipality's total liabilities exceeded its total assets by R13 022 741. The conditions that led to this are set out in the disclosure note.

Restatement of corresponding figures

9. As disclosed in note 36 to the financial statements, the corresponding figures for 30 June 2014 have been restated as a result of errors discovered during 2014-15 in the financial statements of Thabo Mofutsanyana District Municipality at, and for the year ended, 30 June 2014.

Additional matter

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

Unaudited disclosure notes

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

Report on other legal and regulatory requirements

12. 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 findings on the reported performance information against predetermined objectives for selected key performance areas (KPA)s presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected KPAs presented in the annual performance report of the municipality for the year ended 30 June 2015:
 - KPA 2: Basic service delivery on pages x to x
 - KPA 4: Municipal transformation and organisational development on pages x to x
14. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
15. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned KPAs. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPi).
16. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. I did not identify material findings on the usefulness and reliability of the reported performance information for the following KPAs:
 - KPA 2: Basic service delivery
 - KPA 4: Municipal transformation and organisational development

Additional matters

18. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected KPAs, I draw attention to the following matters:

Achievement of planned targets

19. Refer to the annual performance report on page(s) x to x and x to x for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for KPA 2: Basic service delivery and KPA 4: Municipal transformation and organisational development. As management subsequently corrected the misstatements, I did not identify material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary information

21. The supplementary information set out on pages xx to xx does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Compliance with legislation

22. I performed procedures to obtain evidence that the [type of auditee] had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

23. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

AUDITOR - GENERAL

Bloemfontein

30 November 2015



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



THABO MOFUTSANYANA *District Municipality*

MAMPOI STREET, OLD PARLIAMENT BUILDING, PRIVATE BAG X810, WITSIESHOEK 9870, SOUTH AFRICA

OFFICE OF THE MUNICIPAL MANAGER

ACTION PLAN TO ADDRESS AUDIT QUERIES / MATTERS ARISING FROM THE REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for implementation
	COMPLIANCE WITH LAWS AND REGULATIONS			
59	Non-compliance with MFMA section 52 (d)	Management will ensure that the report on implementation of the budget and the financial state of affairs of the municipality is submitted 30 days after the end of the quarter as prescribed in the MFMA section 52(d).	Executive Mayor and Municipal Manager	Quarterly
9	Projections for revenue, operational and capital expenditure not included in the SDBIP	Management will ensure that the SDBIP includes projection for revenue, operational and capital expenditure	Municipal Manager, PMS Manager, and Chief Financial Officer	28 February 2016
11	Late approval of Service Delivery and Budget Implementation Plan (SDBIP)	Management will ensure that the SDBIP is prepared in line with the Budget Regulation Framework and submitted to Executive Mayor for approval within prescribe timeframe	Municipal Manager, PMS Manager, Executive Mayor	28 June 2016

Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for Implementation
56	None submission of Service Delivery and Budget Implementation Plan (SDBIP) to National Treasury and Provincial Treasury within ten (10) working days after approval as prescribed in the Municipal Budget and Reporting Regulations (GNR 393 of 2009) section 20(2)(b)	Management will ensure that Service Delivery and Budget Implementation Plan (SDBIP) is submitted to both National Treasury and Provincial Treasury within ten (10) working days after approval.	Municipal Manager and PMS / IDP Manager	30 June 2016
	CONDITIONAL GRANTS			
36	None submission of conditional grant quarterly performance report within 30 days after the end of each quarter to the transferring National Office, relevant Provincial Treasury and National Treasury as prescribe in the Division of Revenue Act, section 12(2)(c)	Management will ensure that conditional grant quarterly performance report is prepared and submitted to the transferring National Office, Provincial and National Treasury as prescribed.	Chief Financial Officer and Finance Manager	Quarterly
	HUMAN RESOURCE MANAGEMENT			
17	Leave not captured timeously	Employee self-service portal will be used to ensure that leave is captured timeously	Director Corporate Service and HR Manager	28 February 2016
21	Non-submission of UI19 returns for Unemployment Insurance Fund (UIF)	Management will in future ensure that UI19 returns for UIF are submitted as prescribed in the Unemployment Insurance Amendment Act, No 32 of 2003	Chief Financial Officer, Manager Finance, HR Manager, Payroll Officer	Monthly
28, 33, 43	Employee other than Section 57 manager did not have performance agreement and no annual performance evaluation was undertaken as prescribe in the Thabo Mofutsanyana District Municipality Performance Management Framework Policy	Management will ensure that the Performance Management Framework Policy of TMDM is reviewed and aligned to the South African Local Government Bargaining Council – Collective Agreement	Director Corporate Service and HR Manager	30 May 2016


Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for implementation
	2014/15			
19	Employee leave accrued exceeding 48 days in contradiction of SALBC Main Collective Agreement, section 3.1.3 that prescribe that employee is entitled to retain a maximum of forty-eight (48) days of accrued leave	Management will ensure that no employee has accrued leave in excess of 48 days.	Director Corporate Service and HR Manager	28 February 2016
22	Employee did not take minimum number of leave days as prescribe in the SALBC Main Collective Agreement, section 7(2) that prescribe that a five (5) days worker shall take a minimum of sixteen (16) days leave	Management will ensure that minimum number of leave days are taken.	Director Corporate Service and HR Manager	28 February 2016
18	Employee leave was approved after leave had already been taken	Management will ensure that leave is approved before it is taken.	Municipal Manager and Heads of Department	28 February 2016
27	UIF calculated incorrectly	Management will ensure that the UIF calculation is in terms of the Unemployment Insurance Contributions Act, No. 4 of 2002, section 6.	Chief Financial Officer, Manager Finance, HR Manager, Payroll Officer	Monthly
30	Vacancy not advertised within 14 days after approval	Management will ensure that vacant position is advertised within 14 days after approval as prescribe by regulation 10(1) of the Local Government: Regulations on appointment and conditions of employment of senior managers.	Municipal Manager, Director Corporate Service and HR Manager	30 June 2016
	PROCUREMENT AND CONTRACT MANAGEMENT			

53	Construction projects were not always registered with the Construction Industry Development Board (CIDB), as required by section 22 of the CIDB Act and CIDB regulation 18	Construction projects to be registered with the Construction Industry Development Board (CIDB) as required by section 22 of the CBID Act	Chief Financial Officer, Supply Chain Manager and Infrastructure Manager	Monthly
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	EXPENDITURE MANAGEMENT			
3, 38	Inputs VAT claimed on invalid tax invoice	Review tax invoice prior to payment to ensure that all invoices complies with Value Added Tax Act, Section 20(4) & 20(5) before inputs tax are claimed.	Chief Financial Officer and Finance Manager	Monthly
25	Employee car allowance not calculated in accordance with South African Local Government Bargaining Council which requires that car allowance monetary value is based on the specification of the motor vehicle driven by employee	Management will ensure that TMDM Travelling and Subsistence Policy is review to be in line with SALGBC and corrective calculation is implemented.	Director Corporate Service, HR Manager and Chief Financial Officer	28 February 2016
35	Employee salaries paid do not fall within the limits of the approved organizational post levels	Council has approved the revised organisational structure and management is to embark on job evaluation to determine the salary level for each position in the structure.	Municipal Manager and Director Corporate Service	30 April 2016
7, 15	Expenditure payment not made within thirty (30) days of receipts of invoice, contrary to the requirements of Municipal Finance Management Act, No. 56 of 2003 section 65(1)(e)	Management will in future ensure that creditors invoice are paid within 30 days from the date of receipts as prescribe in the MFMA Section 65(1)	Chief Financial Officer and Finance Manager	Monthly
	FINANCIAL AND PERFORMANCE MANAGEMENT			
24	No Value Added Tax (VAT) procedure manual is available contrary to Value Added Tax Act, No. 89 of 1991, section 55(1)(b)	Management will ensure that VAT procedure manual is developed and approved in the current year as required in terms of VAT Act.	Chief Financial Officer and Finance Manager	30 May 2016
20	Value Added Tax (VAT 201) return not completed correctly as required in terms of Value Added Tax Act, No 89 of 1991, section 28(1)(a) and (b)	Management will ensure that VAT 201 is completed accurately in accordance to section 28 of the VAT Act.	Chief Financial Officer and Finance Manager	Monthly
	GOVERNANCE			
2	No approved policies and procedure in place for the following policies:	Management will ensure that the policies and procedure manual are in place for the policies	Municipal Manager, Head of	30 May 2016

Skill Retention Policy <ul style="list-style-type: none"> - Recognition and disclosure of subsequent events, - Fraud Hotline, Appointment of consultants, - Recognition and recording of contingent liabilities, - Identification and recording of related party transactions, - Determination, compilation and reporting of capital commitments in the annual financial statement, - Determination, recording and reporting of fruitless and wasteful expenditure, irregular expenditure as well as unauthorized expenditure 	identified.	Department, Managers	
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The action plan is hereby submitted for both administrative implementation and political oversight and monitoring.


.....
Me. T.M.P. Lebenya
Municipal Manager



Auditing to build public confidence

AUDITOR-GENERAL
SOUTH AFRICA

Auditor's report

Thabo Mofutsanyana District Municipality

30 June 2016

Report of the auditor-general to the Free State Legislature and the council on the Thabo Mofutsanyana District Municipality

Report on the financial statements

Introduction

1. I have audited the financial statements of the Thabo Mofutsanyana District Municipality set out on pages ... to ..., which comprise of, the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2015 (Act No. 1 of 2015) (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.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating

the overall presentation of the financial statements.

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

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Thabo Mofutsanyana District Municipality as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Going concern

8. Note 29 to the financial statements indicates that the district municipality incurred a net loss of R14 964 147 during the year ended 30 June 2016 and, as of that date, the district municipality's current liabilities exceeded its current assets by R8 559 338. There is also a contingent liability of R36 000 000 that the district municipality may have to settle in the 2016-17 year. These conditions, along with other matters as set forth in note 29, indicate the existence of a material uncertainty that may cast significant doubt on the district municipality's ability to operate as a going concern and to meet its service delivery objectives.

Irregular expenditure

9. As disclosed in note 33 to the financial statements, the district municipality incurred irregular expenditure of R8 089 589 (2015: R387 801) in 2015-16 mainly due to non-compliance with supply chain management (SCM) requirements.

Material impairments

10. As disclosed in note 4 to the financial statements, receivables from exchange transactions were impaired by R2 561 287 (2015: R2 470 646).

Restatement of corresponding figures

11. As disclosed in note 36 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of errors discovered during 2015-16 in the financial statements of the district municipality at, and for the year ended, 30 June 2015.

Additional matters

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

Unaudited disclosure notes

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

Report on other legal and regulatory requirements

14. In accordance with the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected key performance areas presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on them.

Predetermined objectives

15. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected key performance areas presented in the annual performance report of the district municipality for the year ended 30 June 2016:

- Key performance area 1: Service delivery and infrastructure development on pages x to x
- Key performance area 2: Local economic development on pages x to x

16. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned key performance areas. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for Managing Programme Performance Information (FMPPI)*.

17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. The material findings in respect of the selected key performance areas are as follows:

Key performance area 1: Service delivery and infrastructure development

Usefulness of reported performance information

19. The FMPPI requires performance indicators to be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. Important indicators were not well defined.

Reliability of reported performance information

20. The FMPPI requires the district municipality to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported achievements against planned targets of important indicators were not reliable when compared to the source information or evidence provided.

Key performance area 2: Local economic development

Usefulness of reported performance information

21. The FMPPI requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. Important indicators were not well defined.

Reliability of reported performance information

22. The FMPPI requires the district municipality to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported achievements against planned targets of important indicators were not reliable when compared to the source information or evidence provided.

Additional matters

23. I draw attention to the following matters:

Achievement of planned targets

24. Refer to the annual performance report on pages x to x and x to x 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 19 to 22 of this report.

Unaudited supplementary information

25. The supplementary information set out on pages x to x does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report on them.

Compliance with legislation

26. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual financial statements

27. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

28. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(a) and (c).
29. Goods and services with a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer, even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).

Expenditure management

30. An effective system of expenditure control, including procedures for the payment of funds, was not in place, as required by section 65(2)(a) of the MFMA.
31. Reasonable steps were not taken to prevent unauthorised, irregular, fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Liability management

- 3.2 An effective system of internal control for liabilities was not operating effectively, as required by section 63(2)(c) of the MFMA.

Asset management

32. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Internal control

33. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

Leadership

34. The Leadership did not adequately exercise their oversight function over financial, performance and compliance matters effectively. There was a lack of adequate and effective controls within supply chain management processes. Management should ensure that those officials responsible for not adhering to supply chain management processes are held accountable.

Financial and performance management

35. The financial statements contained numerous misstatements that were corrected. This was mainly because of incorrect application of the requirements of the financial reporting framework. Management did not record transactions on an accrual basis which resulted in misstatements in expenditure and payables. Management did not monitor full compliance with municipal supply chain management regulations resulting in irregular expenditure that could have been avoided.
36. Officials do not fully understand the applicable performance reporting requirements which in turn contributed to the deterioration in performance measures within the organisation.

Auditor - General

Bloemfontein

30 November 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

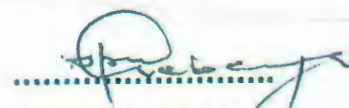
OFFICE OF THE MUNICIPAL MANAGER

ACTION PLAN TO ADDRESS AUDIT QUERIES / MATTERS ARISING FROM THE REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for implementation
	COMPLIANCE WITH LAWS AND REGULATIONS			
	The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA.	Review of monthly accounting records and annual financial statement by independent auditing firm prior to submission for audit	CFO, Manager: Financial Accountant and Financial Accountant	30 June 2017
CoAF 17	The municipality recognised the remuneration overpayments to councillors and Municipal Manager as receivables instead of recognising the overpayments as irregular expenditure	Re-classification of remuneration overpayments of councillor and municipal manager to irregular expenditure	CFO, Manager: Financial Accountant and Financial Accountant	30 November 2016
CoAF 4	The municipality has no policy to assess individually receivables that are impaired.	Management will draft the policy on impairment and debt write off for Council approval	CFO and Manager: Financial Accountant	30 May 2017
	PROCUREMENT AND CONTRACT			

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for Implementation
	MANAGEMENT			
CoAF 5, 8	Goods and services with a transaction value of below R200,000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(a) and (c).	Management will adhere to SCM Regulation and policies on procurement of goods and service by requesting the price written quotations for transaction value below R200,000.	MM, CFO, Head of Department, Manager: SCM	01 December 2016
CoAF 8, 13, 16, 26, 28, 30	Goods and services with a transaction value above R200,000 were procured without inviting competitive bids, as required by SCM regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM regulation 36(1).	Management will adhere to SCM Regulation and policies on procurement of goods and service above transaction value R200,000 by inviting prospective suppliers to bid.	MM, CFO, Head of Department, Manager: SCM	01 December 2016
	EXPENDITURE			
CoAF 9	Payable misstatement – creditors at year end were not raised or record for goods and services when the risk and rewards are transferred to the municipality	Updated creditors control account when goods and services have been rendered or received by raising a liability.	MM, CFO, Head of Department, Manager: Financial Accountant	01 December 2016
	PROPERTY PLANT AND EQUIPMENT			
CoAF 3	Assets with zero book value still in use at 30 June 2016	Assets will be revaluated and the assets register will be updated with the cost.	CFO, Manager: Financial Accountant and Valuation Consulting Firm	30 June 2017
CoAF 3	Non-preparation of monthly fixed asset registers reconciliations	Monthly fixed assets reconciliation will be performed	CFO, Manager: SCM, Assets Management Officer	30 January 2017
CoAF	Infrastructure projects were identified as not	A memorandum of agreement will be	MM, CFO, Manager:	01 December 2016

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for Implementation
11	completed as of 30 June 2015 and should have been carried as Work In Progress in the books of the municipality until such time it is transferred to the local municipality	developed for future infrastructure support given to the Local Municipality by TMDM to outline the ownership of the infrastructure during construction until completion stage.	Infrastructure, Manager: SCM	
CoAF 23	Assets in use were identified with no cost, accumulated depreciation and book value in the fixed asset register	Assets will be revaluated and the assets register will be updated with the cost.	CFO, Manager: Financial Accountant and Valuation Consulting Firm	30 June 2017
	PERFORMANCE INDICATOR			
CoAF 12	Inconsistencies of key performance indicator between the SBPIB and Annual performance report	Growth and development manager will ensure that thorough reviews will be conducted. Indicators as per SDBIP and APR will be reviewed for consistency. Consistency check will be conducted before the APR is submitted to the external auditors.	Growth Development Manager and	31 July 2017
CoAF 12	Key Performance Indicators not useful	Growth and Development Manager together with the AG will review the indicators to ensure that the indicators are useful. All the changes to the indicators will be submitted to the council for approval.	Growth Development Manager and	31 January 2017


 Me. T.M.P. Lebenya
 Municipal Manager



THABO MOFUTSANYANA

District Municipality

APPENDICES

Appendix A: Councillors; Committee Allocation and Council Attendance

(COUNCILLORS ATTENDANCE) SECTION 80 COMMITTEE MEETINGS FROM JULY 2015-MAY 2016								
COMMUNITY SERVICES								
Name of Councillors							Total Number of Portfolio meetings	4
	13/05/16	07/10/15	26/08/15	08/07/15				
Cllr. Gilbert Mokotso	✓	✓	✓	✓				
Cllr. Zodwa Tshabalala	✓	✓	✓	✓				
Finance								
	18-20/04/16	15/02/16	16/09/16	22/07/15		Total Number of Portfolio meetings	4	
Cllr Mandla Mamba	✓	✓	✓	✓				
Cllr. Vunga Mohala	✓	✓	✓	✓				
Cllr. Wela Ndlebe	✓	✓	✓					
CORPORATE SERVICES								
Name of Councillors	11/03/16	10/02/16	08/12/15	27/11/15		Total Number of Portfolio meetings		

1. Cllr. G. Bengell	✓	✓	✓	✓			4
Cllr. Mokoena	✓	✓	✓				
Cllr. R. Bath	✓						

INFRASTRUCTURE

Name of Councillors	22/06/2016	07/04/2016	/11/2015		Total Number of Portfolio meetings	3
Cllr. P. Mavundla	✓	✓	✓			
Cllr. P. Ramaele	✓	✓	✓			
Cllr. J Jacobs	✓	✓	✓			
Cllr. A Nhlapo	✓	✓	✓			

RURAL DEVELOPMENT & AGRICULTURE

Name of Councillors	1012/05/2016	10/03/2016	05/10/15		Total Number of Portfolio meetings	4
1. Cllr. Makhoba	✓	✓	✓			
Cllr. P. Sibeko	✓	✓	✓			
3. Cllr. Naidoo	✓	✓	✓			
Cllr. K Tsoene	✓	✓	✓			
Cllr. Tolofi	✓	✓	✓			

LOCAL ECONOMIC DEVELOPMENT & TOURISM

Name of	14/03/16	25/11/2015		Total Number	2
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Councillors				of Portfolio meetings	
1. Cllr. Sylvia Visagle	✓	✓			
Cllr. Elisa Mohoabali	✓	✓			
IDP& PERFORMANCE MANAGEMENT					
Name of Councillors	//16		//15	Total Number of Portfolio meetings	3
Cllr. S. Motaung	✓	✓	✓		
Cllr. M. Mokoena	✓	✓	✓		
Cllr. CHE Badenhorst	✓	✓	✓		

COUNCILLORS ATTENDANCE TO COUNCIL MEETINGS FROM JULY 2015 – MAY 2016

Name of Councillors	30/07/ 2015	29/10/ 2015	26/11/ 2015 Special Council	14/12/ 2015	28/01/ 2016	31/03/ 2016	27/05/ 2016	TOTAL 2015-2016
1. Cllr M. Maduna (Speaker)	✓	✓	A	✓			A	5
2. Cllr. Malefu Vilakazi Executive Mayor	✓	A	✓	✓	✓	✓	✓	6
3. Cllr M. Radebe (Chief Whip)	✓	✓	✓	✓	✓	✓	✓	7
4. Cllr(MMC) C.J Makhoba	A	✓	✓	A	✓	-	-	3
5.Cllr (MMC) M.B Mamba	A	✓	✓	A	✓	✓	X	4
6. Cllr (MMC) J.M Radebe	✓	A	✓	✓		A		5
7.Cllr (MMC) S. Visagle	✓	A	A	✓	✓	A		4
8. Cllr(MMC) G. Bengel	✓	✓	✓	✓	✓	✓	✓	7
9. Cllr (MMC) S. Motaung	✓	✓	X	✓	✓	✓	✓	6
10. Cllr (MMC) P Mavundla	✓	✓	✓	✓	✓	✓	X	6
11.Cllr. (MMC)G. Mokotso	✓	A	X	✓				

12. Cllr (MMC) M. Motloung	✓	✓	✓	✓	X	✓	✓	6
13. Cllr C.H.E Badenhorst	✓	✓	✓	✓				7
14. Cllr I. Vries	✓	✓	✓	✓	✓	✓	✓	7
15.Cllr MR Naidoo	✓	✓	A	✓	✓	✓	✓	6
16.Cllr S. Nkopane	✓	✓	✓	✓				7
17. Cllr A. M Nhlapo	✓	✓	✓	✓	✓	X	✓	6
18.								
19.Cllr M.E Mohoaladi	A	✓	X	✓				5
20.Cllr M.E Tolofi	✓	✓	X	✓	✓			6
21.Cllr T. Thebe	A	✓	A	✓	✓	A	✓	4
22. Cllr M.J Lebesa	✓	✓	✓	✓	✓	✓	A	6
23. Cllr M Lebesana	✓	X	X	✓	A	✓	✓	
24.Cllr T. Mosikidi	✓	✓	✓	✓	✓	✓		7
25.Cllr. P. Beukes	✓	✓	✓	✓		✓	✓	7
26.Cllr Z.A Tshabalala	✓	✓	A	✓	✓	✓	✓	6
27. Cllr K.J Tsoene	✓	✓	✓	✓	✓	A	✓	6
28. Cllr N.A Taylor	A	A	A	✓	✓	✓		4
29. Cllr A.C Msibi	A	A	A	✓			✓	3
Cllr W.R Ndlebe	✓	A	✓	✓	✓	A	✓	5
31.Cllr M.A Mokoena	✓	✓	✓	✓	A	✓	✓	6
32.Cllr H.E Mokoena	✓	✓	✓	✓	A	✓	✓	6
33.Cllr T.J Tseki	A	✓	✓	✓	✓	A	✓	5
34. Cllr P.T Ramaele	A	✓	✓	✓	✓	✓	✓	6
35. Cllr L. Kere	✓	✓	✓	✓	✓	✓	A	6
36.Cllr V. Mohala	✓	✓	✓	✓	✓	A	✓	6

37. Cllr R. Bath	✓	A	A	A	✓	A	✓	3
38. Cllr M. Nakedi	A	X	X	X	A	A	x	0
39. Cllr. T N. Masiteng	A	X	X	X	X	X	A	0
40. Cllr P. Sibeko	A	X	✓	✓	A	A	A	2
41. Cllr S.E Tshabalala	✓	✓	✓	✓	✓	A	✓	6
42. Cllr Y.J Jacobs	✓	A	✓	✓	✓	✓	✓	6
43. CLR. K Tigeli	✓	✓	✓	✓	✓	✓		7
Total No. Apology	11	9	8	3	5	11	5	51
Total No. of NO Apology submitted	0	4	7	2	2	2	3	23
Total No. Councillors Attendance	31	29	27	36	34	28	33	

BELOW ARE THE SYMBOLS USED IN THE REPORT AND THE MEANING THEREOF:

☑ = SIGNIFY MEETING ATTENDED

A = SIGNIFY APPLICATION FOR LEAVE OF ABSENCE

X = SIGNIFY MEETING NOT ATTENDED

Appendix B: Committee and Committee Purpose

Municipal committees	Purpose of committee
Municipal Public Accounts Committee	Oversight over executive role
Audit committee	Oversight of financial reporting and disclosure, review of the work of internal audit , the risk management system and Performance management system
District Aids Council	Programmes and policies that pertain to combating the scourge of HIV and AIDS
Local labour forum	Consultation between the employer and employee bodies on all labour relations and HR issues
Budget steering committee	Assists the Executive Mayor to perform her responsibility in terms of section 53 of MFMA with regard to budget processes and related matters

Appendix C: Third Tier Administrative structure

Third Tier Administrative structure	
Directorate	Manager (state title and name)

Appendix D: Functions of Municipality/Entity

Functions of Municipality/Entity		
Municipal Functions	Function applicable to the Municipality (Yes /No)	Function applicable to the entity (Yes /No)
Municipal Health service	Yes	N/A
Air quality	Yes	N/A
Disaster Management	Yes	N/A
Municipal Planning	Yes	N/A
Local tourism	Yes	N/A

Appendix E: Ward Reporting

Not applicable

Appendix F: Ward Information

Not applicable

Appendix G: Recommendations of the Municipal Audit Committee

Audit committee recommendations		
Date of meeting	Committee recommendations	Recommendations adopted (enter yes if not , provide explanation)

Report of the Audit committee for the year ended 30 June 2016

Purpose

Terms of reference

Composition

Name of member	Qualifications	Period serve	Meeting attendance						
Mr Ntshala (Chairperson)									
Mr Femele									
Ms Lebeko									

Audit Committee responsibilities

Review of the Annual financial statements

Efficiency and effectiveness of internal controls

Performance measurement

Conclusion and appreciation

Chairman

Appendix H: Long term Contracts and Public Private Partnership

Long term contracts (Largest contract entered into during 2013/ 2014)					
Name of the service provider	Description of service rendered	Start date of contract	Expiry date of the contract	Project Manager	Contract value

Appendix I: Municipal Entity/Service Provider Performance Schedule

Thabo Mofutsanyana district municipality does not have an entity.

Appendix J: Disclosure of Financial Interest

See annual financial statements

Appendix K: Revenue Collection Performance

Appendix K (i): Revenue Collection Performance by Vote

See annual financial statements

Appendix K (ii): Revenue Collection Performance by Source

See annual financial statements

Appendix L: Conditional Grants Received: Excluding MIG

See annual financial statements

Appendix M: Capital Expenditure – New & Upgrade/ Renewal Programmes: Including MIG

Not Applicable.

Appendix M(i): Capital Expenditure – New Assets Programme

Not applicable . The district Municipality's capital expenditure is only linked to assets used for operations.

Appendix M(ii): Capital Expenditure – Upgrade/Renewal Programme

Appendix N: Capital Programme by Project current year

Appendix O: Capital Programme by project by Ward current year

Not applicable

Appendix P: Service Connection Backlogs at Schools and Clinics

Not Applicable

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

Information not available.

Appendix R: Declaration of Loans and Grants Made by the Municipality

Appendix S: Declaration of Returns not Made in due Time under MFMA s71

Appendix T: National and Provincial Outcome for local government

Not relevant to the Thabo Mofutsanyana district municipality This type of information is pertinent to local municipalities, especially with regard to basic services and ward committees.

REPORT OF THE CHIEF FINANCIAL OFFICER - AUDITED ANNUAL FINANCIAL STATEMENTS AND RELATED FINANCIAL INFORMATION

Introduction

The finance service directorate is responsible for administering and managing the financial affairs of the municipality. It ensures accountability on municipal expenditure and provides reports to various stakeholders on the utilization of municipal funds. The department also provides technical and strategic assistance and support to local municipalities within the district.

The activities, duties and functions of the directorate are carried out within the framework of Municipal Finance Management Act (MFMA) Act No 56 of 2003 and the Annual Division of Revenue Act (DoRA), other applicable pieces of legislation, including other guidelines issued by National Treasury and Accounting Standard Board and approved budget related policies of the municipality.

In application of the above legislative imperatives the municipality aspires to be a leading municipality in the Free State and thereby ensuring that it continues with sustainable service delivery while remaining financially viable. The 2015/2016 financial year results are in part the outcome of its early pursuit of the reforms.

Key performance areas:

- Administer Financial Management Support Services;
- Manage Council's Financial Management Policies and Procedures;
- Ensure full compliance with Generally Recognised Accounting Practices;
- Ensure compliance to the Municipal Finance Management Act and other legislative requirement;
- Render support to local municipality with specific reference to Clean Audit and Revenue Enhancement Support;
- Implementation of Standard Chart of Account (mSCOA) reforms

Current year

The office of the Chief Financial Officer strives towards a long-term relationship with local municipality and other government department by providing high-level service within the municipality and its customers. In doing so, it is required of its staff members to act professionally, honestly and with integrity when discharging their duties.

- The management team maintains an active role in projects and administration, enabling swift decisions and a higher commitment to service delivery;
- The office conducts itself in compliance with the Municipal Finance Management Act and other relevant pieces of legislation.

Summary of current year achievements

The achievements realised during the financial year 2015/ 2016 can be summarized as follows, but, not limited to:

- The department has successfully prepared the financial statements in-house in accordance with the Standard of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board;
- Management had embarked in an effort to streamline the financial reporting process and to provide the Council, MAYCO, Finance committee with more timely and meaningful financial information;
- Management has maintained an unqualified audit report for the seventh consecutive year (2009/10, 2010/ 11, 2011/12, 2012/13, 2013/14, 2014/15 and 2015/16);

The year ahead

In the coming financial year, it is anticipated that the financial operations will be improved to unqualified audit report without any matters "**Clean Audit**", management has develop a programme of action to achieve the improved audit outcome, this action plan is based on the Auditor-General management report findings which includes amongst others:

- Ensure consistent application of accounting policies applicable to the financial statements so as to eliminate possibilities of errors and re-statement of financial information during external audits.
- Strengthening of controls relating to daily financial activities and ensuring correct recording of financial transactions.
- Ensure compliance with applicable laws and regulations regarding financial matters, financial management and other related matters.
- Improve the effectiveness and monitoring of financial reporting and supply chain management related internal controls.

The programme anticipated in the year ahead includes:

- Implementation of Standard Chart Of Account (SCOA);
- Development of legislative compliance register;
- Improving capacity in the local municipality by deploying support;
- Roll out the new accounting system to other local municipalities;
- Hands on support to the most needy municipality; and
- Streamlining the operations of the municipality to improve efficiency.

Internal controls

It is management's responsibility to maintain a proper system of internal controls to ensure that the integrity of financial and accounting information meets the operational requirements and to ensure that the assets of the municipality are safeguarded. In strengthen internal controls system management will be embarking on a process to develop the procedure manual to ensure that finance duties are segregated to improve internal controls.

Ethical issues

The municipality has a code of conduct for its councillors and employees. The code ensures that councillors and officials maintain the highest ethical standards and practices when supporting other local municipalities.

FINANCIAL PERFORMANCE

1. Audited Statements and Related Financial Information

Table 1

Financial and Operational Statistics		
Year ended 30 th June 2016	R'000	
	2016	2015
Receivables from exchange transaction	316	1 094
VAT Receivable	1 186	2 521
Cash and cash equivalents	738	6 516
Finance lease obligation (Current)	1 168	1 064
Finance lease obligation (Long term)	387	1 554
Trade and other payables	9 187	32 953
Unspent conditional grant	444	215
Total Operating Revenue	104 205	112 548
Total Operating Expenditure	(119 151)	(123 730)
Operating profit / (deficit)	(14 946)	(11 182)

1.1. Financial performance analysis

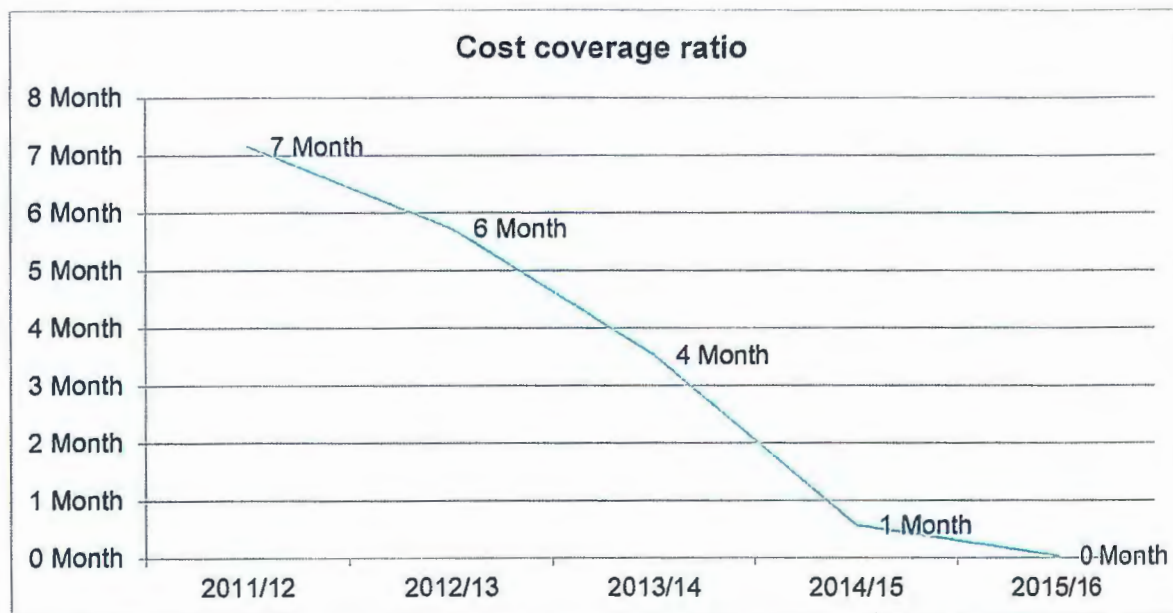
As disclosed in the Annual Financial Statement under the accounting policies subsection 1.15 and note 36 comparative figures have been restated or reclassified due to prior period error or to conform to changes in presentation in the current year. The reinstatement was necessitated by the fact that management had to correct the accounting mistake done in the past, hence, a need for retrospective implementation.

1.1.1. Cash and cash equivalents

Council has during the past twelve (12) month maintained a consistent and positive financial position as the results the operating bank balance as at the end of the financial year 2015/2016 was R737 869 a decrease of R 5 778 496 as to compare to the previous financial year.

Cost coverage ratio measures how many month expenditure can be covered by the cash and other liquid assets available to the municipality excluding unspent conditional grants.

The ratios has declined over a period of 5 years from 7 month coverage in 2012 to a zero month coverage in 2016, the National Treasury norm for cost coverage is 1 – 3 month (NT Circular 71).



1.1.2. Receivables from exchange transaction

Management has in the current year assessed individual debtors and where there was uncertainty or no movement of repayment, the affected debtor were impaired. During the current year additional impairment amounting to R90,641 was necessary, these resulted the impairment provision to increase as compare to the previous year to R 2 561 287, impairment of receivables from exchange transaction.

The material decrease in receivables from exchange transaction is due to impairment of debt, write-off and reclassification of receivables balance to irregular expenditure. The total outstanding receivables from exchange transaction amounted to R 316 188.

1.1.3. Operating revenue

The total operating revenue for the year under review has increased if compared to the previous year. The major increase in revenue came as a result annual of the review of grants allocation as gazetted in the Division of Revenue Act and Provincial Allocation. The increase had a direct or significant influence on the expenditure in the 2015/2016 financial year.

2. Financial status

2.1 Revenue and expenditure overview

In terms of its revenue base Thabo Mofutsanyana District Municipality is currently the second smallest category C municipality within the Free State. It recorded an income of R104 204 947 in 2016 and R112 477 376 in 2015, a decrease of 7% from the previous year.

Revenue sources of Thabo Mofutsanyana District Municipality are similar to most district municipalities and comprise primarily of income from government grants and returns on investment.

Analysis of revenue dependence

Details	Actual revenue	%
Government grants	102 798 196	99%
Interest received	1 172 745	1%
Sundry income	234 006	0%
Total Revenue	104 204 947	

Analysis and Interpretation: From the above, it is evident that the municipality's is highly reliant on Government Grants and this reliance has grown compared to the previous reporting period. This is largely due to the fact that as a district municipality, TMDM has no revenue base of its own and such the municipality is bound to depend on government grants and subsidies.

The operating expenditure for 2016 of Thabo Mofutsanyana District Municipality is largely inflexible and requires sound budgeting and discipline to keep costs within budget. Most of the expenditure items were in line with the budget.

Details	2016	2015
	R '000	R '000
Employee Costs	61 538	58 040
General Expenditure	47 687	52 621
Repairs and Maintenance	2 218	1 667
Finance Cost	388	372
Depreciation and impairment	3 641	2 989
Grants and subsidies paid	1 610	5 366
Contracted services	2 066	2 676

Municipal services are labour intensive and staff remuneration normally constitutes a larger proportion of the municipality's expense budget. The staff-to-expenditure ratio of Thabo

Mofutsanyana District Municipality is at 52% reflects an increase of 5 percentile as compared to the previous year. Councillors' costs comprise a minor portion of total expenditure.

Maintenance expenditure on existing assets is a very crucial expense item and is sometimes given less priority than other items. The deferment of maintenance is common practice among municipalities. While the deferment of maintenance expenditure has short-term cash flow benefits, it has adverse long-term effects on operating costs and the sustainability of quality service delivery.

Thabo Mofutsanyana District Municipality external maintenance costs comprise 1.86% of total expenses (2015 – 1.35%). These ratios have increased from the previous year and management remains concerned that the maintenance is not at the optimum level.

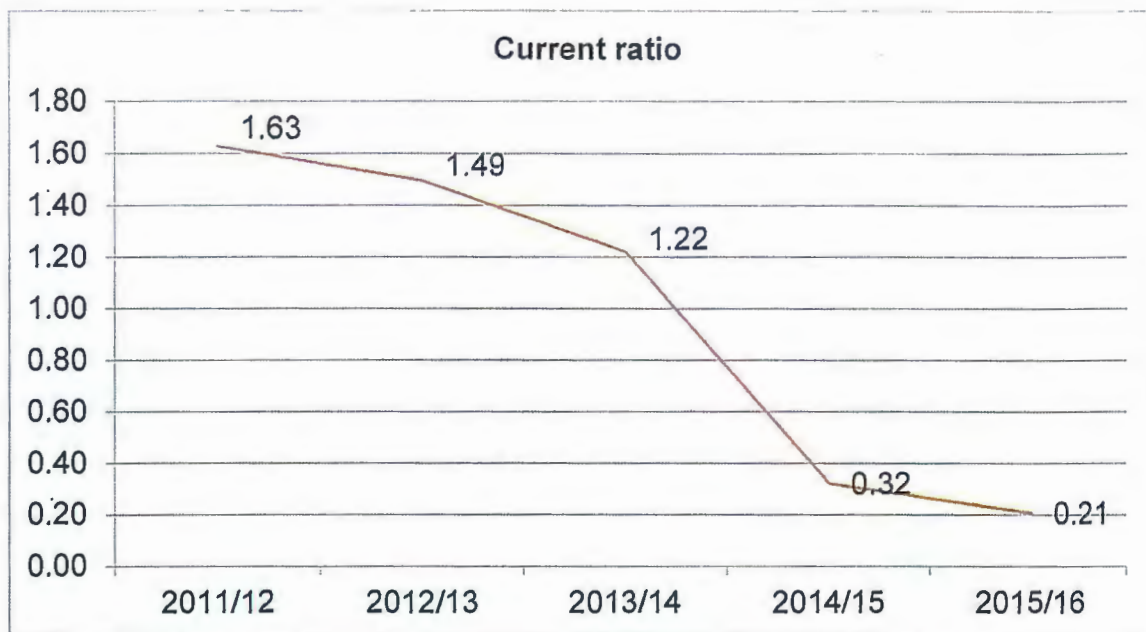
The municipality has recorded an operating loss in 2016 of R 14 946 147 as to compare to the loss that was realised in 2015 of R 11 182 208. The operating budget indicates moderate increases for the next three years.

2.3 Liquidity management

The municipality had an effective cash management system in operation to control this crucial aspect of its finance, even though the municipality's total liabilities exceed its assets (accumulated deficit) by R 5 141 131 in the current year, if, compared to the accumulated deficit of the prior year of R 5 244 150.

Liquidity ration measures the municipality ability to pay its creditors (obligations)

The ratios has declined over a period of 5 years from 1.63% in 2012 to a 0.21% in 2016, the ratio is far below the norm which should raise concerns on the ability of the District Municipality to provide sustainable service delivery and meeting its financial obligation to wards suppliers. The National Treasury norm for liquidity ratio is 1.5% – 2.1% (NT Circular 71).



2.4 Capital analysis

The pressure on capital expenditure with specific reference to bulk services is expected to remain high over the long-term, this is due to the withdrawals of Municipal Infrastructure Grant by the National Department of Cooperative Governance and Traditional Affairs.

Council strive to contribute from operational income towards capital development in pursuing assistance to local municipalities within the district. As a result R 15 million was spent on various projects in the 2015/2016 financial year.

The projects were implemented in different local municipalities, these include:

PROJECT	MUNICIPALITY	EXPENDITURE
Gravel Road upgrade to Brick Block paving (Qholaqwe Village) – Retention payment	Maluti-A-Phofung	R114 000
Development of rural Road Asset Management System (RRAM) for TMDM	All areas	R2 471 904
Upgrading of brick block paving phase 2 (Reitz) – Retention payment	Nketoana	R 126 728
Upgrading of brick block paving (Ladybrand)	Mantsopa	R 978 488
Upgrading of brick block paving (Lindley)	Nketoana	R 3 495 481

3. Conclusion

The municipality's overall financial management operation has improved to be able to deal with the demands for improved service delivery in assistance to local municipalities and other legislative mandate imposed on municipality by the Constitution.

Expression of appreciation

My sincere appreciation to the Executive Mayor, Members of Mayoral Committee, Councillors, the Municipal Manager and Departmental Heads and their staff including local representatives of the Office of the Auditor General and the auditors appointed by him for the support given to me.

I wish to convey a special word of appreciation to all the staff in Budget and Treasury Office for their hard work, dedication and their undoubted support given to me for the past 6 years, all this could not have been a reality without them.

Thank you.



Mr Hopolang I Lebusa

Chief Financial Officer.



THABO MOFUTSANYANA *District Municipality*

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial statements

for the year ended 30 June 2016

Auditor General of South Africa

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

General Information

Legal form of entity	District Municipality (DC 19)
Mayoral committee	
Executive Mayor	Mrs. M Vilakazi
	Mr. MM Radebe (Chief Whip)
	Mr. M Maduna (Speaker)
	Ms. M Motloung (MPAC Chair)
	Mr. G Bengell
	Mr. G Mokotso
	Mr. M Mamba
	Mr. P Mavundla
	Mrs. J Radebe
	Mr. CJ Makhoba (Resigned: 05/01/2016)
	Mr. S Motaung
	Ms. M Visagie
	Ms. TN Masiteng
Councillors	Ms. MR Naidoo
	Ms. Z Tshabalala
	Ms. N Taylor
	Mr. K Tsoene
	Ms. C Msibi
	Mr. R Ndlebe
	Mr. CHE Badenhorst
	Mr. I Vries
	Mr. S Nkopane
	Mr. L Kere
	Ms. V Mohala
	Mr. R Bath
	Ms. M Nakedi
	Ms. P Sibeko
	Mr. SE Tshabalala
	Ms. Y Jacobs
	Ms. E Mohoaladi
	Ms. O Tolofi
	Mr. T Thebe
	Mr. M Lebesa
	Ms. P Lebesana
	Mr. T Mosikidi
	Mr. PB Beukes
	Ms. MA Mokoena
	Ms. HE Mokoena
	Mr. TJ Tseki
	Mr. T Ramaele
	Mr. MA Nhlapo
	Ms. T Tigeli
Grading of local authority	Grade 11
Accounting Officer	Ms. TPM Lebenya
Chief Finance Officer (CFO)	Mr. HI Lebusa

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

General Information

Business address	1 Mampoi Street Old Parliament Building Witsieshoek 9870
Postal address	Private Bag X810 Witsieshoek 9870
Bankers	ABSA FNB
Auditors	Auditor General of South Africa
Attorneys	Balden, Vogel & Vennote Inc Sunil Narian Inc Rampai Attorneys

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Index

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

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
SCM	Supply Chain Management
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
PT	Provincial Treasury
COGTA	Department of Cooperative Governance and Traditional Affairs (Free State)
IPSAS	International Public Sector Accounting Standards
PPPFA	Preferential Procurement Policy Framework Act
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

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 financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and were given unrestricted access to all financial records and related data.

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

The accounting officer acknowledges that she 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.

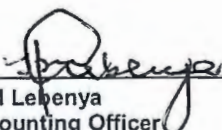
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial 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 2017 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The external auditors are responsible for independently reviewing and reporting on the municipality's financial statements. The financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The financial statements set out on pages 7 to 66, which have been prepared on the going concern basis, were approved by the accounting officer on 30 November 2016



TPM Lebanya
Accounting Officer

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2016. We submit this report in line with the provision of section 166(2) of the Municipal Finance Management Act for Council's consideration.

Audit committee members and attendance

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

Name of member	Number of meetings attended
Mr. GA Ntsala (Chairperson)	6
Mrs. SD Lebeko (Member)	3
Mr. TE Femele (Member)	3
Mr. MK Mojatau (Member)	6

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 effectiveness of internal control

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

Evaluation of financial statements

The audit committee has:

- reviewed and discussed the audited financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the financial statements, and are of the opinion that the audited financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

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

Date: _____



Report of the Auditor General

To the Provincial Legislature of THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Report on the financial statements

I have audited the financial statements of the Thabo Mofutsanyana District Municipality set out on pages 10 to 70, which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Responsibility of the Accounting Officer for the financial statements

The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (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.

Responsibility of the Auditor-General

As required by [section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA)] [and section XX of any applicable legislation], my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

An audit also includes evaluating the:

- appropriateness of accounting policies used;
- reasonableness of accounting estimates made by management; and
- overall presentation of the financial statements.

Paragraph 11 et seq. of the Statement of Generally Recognised Accounting Practice, GRAP 1 Presentation of Financial Statements requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is still in the process of being developed, I have determined that my audit of any disclosures made by [name of entity] in this respect will be limited to reporting on non-compliance with this disclosure requirement.

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Auditor General of South Africa

30 November 2016

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Accounting Officer's Report

The accounting officer submits her report for the year ended 30 June 2016.

1. Review of activities

Main business and operations

The municipality is engaged in rendering support to the local municipalities within the district and operates principally in South Africa.

2. Going concern

We draw attention to the fact that at 30 June 2016, the municipality had accumulated deficits of (R5 141 131) and that the municipality's total liabilities exceed its assets by (R5 141 131).

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

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting policies

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

5. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is:

Name
TPM Lebenya

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	4	316 188	1 093 943
VAT receivable	6	1 185 490	2 520 686
Cash and cash equivalents	7	737 869	6 516 364
		2 239 547	10 130 993
Non-Current Assets			
Property, plant and equipment	8	9 469 042	24 848 987
Intangible assets	9	2 943 673	2 938 975
		12 412 715	27 787 962
Total Assets		14 652 262	37 918 955
Liabilities			
Current Liabilities			
Finance lease obligation	10	1 168 376	1 064 326
Payables from exchange transactions	11	9 186 684	32 953 286
Unspent conditional grants and receipts	12	443 825	214 983
		10 798 885	34 232 595
Non-Current Liabilities			
Finance lease obligation	10	386 508	1 553 510
Employee benefit obligation	13	8 608 000	7 377 000
		8 994 508	8 930 510
Total Liabilities		19 793 393	43 163 105
Net Assets		(5 141 131)	(5 244 150)
Accumulated deficit		(5 141 131)	(5 244 150)

The accounting policies on pages 14 to 36 and the notes on pages 37 to 65 form an integral part of the financial statements.

* See Note 36

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015 Restated*
Revenue			
Revenue from exchange transactions			
Sundry income	16	234 006	1 572 901
Interest received - investments	15	1 172 745	2 069 979
Total revenue from exchange transactions		1 406 751	3 642 880
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	14	102 798 196	108 834 495
Total revenue	39	104 204 947	112 477 375
Expenditure			
Employee related costs	21	(50 992 539)	(48 673 358)
Remuneration of councillors	21	(10 545 789)	(9 366 239)
Depreciation and amortisation	18	(3 550 284)	(2 982 168)
Debt impairment	17	(90 641)	(7 212)
Finance costs	19	(388 419)	(371 679)
Repairs and maintenance	22	(2 218 222)	(1 666 721)
Contracted services	37	(2 067 580)	(2 675 912)
Grants and subsidies paid	38	(1 610 414)	(5 365 551)
General Expenses	20	(47 687 206)	(52 620 873)
Total expenditure		(119 151 094)	(123 729 713)
Operating deficit		(14 946 147)	(11 252 338)
Gain on disposal of assets and liabilities		-	70 130
Deficit for the year		(14 946 147)	(11 182 208)

The accounting policies on pages 14 to 36 and the notes on pages 37 to 65 form an integral part of the financial statements.

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Statement of Changes in Net Assets

Figures in Rand	Accumulated deficit	Total net assets
Opening balance as previously reported	9 390 066	9 390 066
Adjustments		
Correction of errors	(3 452 008)	(3 452 008)
Balance at 01 July 2014 as restated	5 938 058	5 938 058
Changes in net assets		
Surplus / (Deficit) for the year	(11 182 208)	(11 182 208)
Total changes	(11 182 208)	(11 182 208)
Restated* Balance at 01 July 2015	9 805 016	9 805 016
Changes in net assets		
Surplus / (Deficit) for the year	(14 946 147)	(14 946 147)
Total changes	(14 946 147)	(14 946 147)
Balance at 30 June 2016	(5 141 131)	(5 141 131)

Note(s)

The accounting policies on pages 14 to 36 and the notes on pages 37 to 65 form an integral part of the financial statements.

* See Note 36

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Cash Flow Statement

Figures in Rand	Note(s)	2016	2015 Restated*
Cash flows from operating activities			
Receipts			
Grants		103 704 289	108 372 228
Interest income		1 172 745	2 069 979
Other receipts		212 853	56 740
		<u>105 089 887</u>	<u>110 498 947</u>
Payments			
Employee costs		(60 396 272)	(57 158 723)
Suppliers		(60 273 984)	(52 684 991)
Finance costs		(388 118)	(371 679)
Benefits paid relating to long service awards		(177 000)	(155 490)
		<u>(121 235 374)</u>	<u>(110 370 883)</u>
Net cash flows from operating activities	23	<u>(16 145 487)</u>	<u>128 064</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(2 732 704)	(19 445 990)
Proceeds from sale of property, plant and equipment	8	15 286 181	129 208
Purchase of other intangible assets	9	(735 120)	(2 333 500)
Net cash flows from investing activities		<u>11 818 357</u>	<u>(21 650 282)</u>
Cash flows from financing activities			
Finance lease payments		<u>(1 451 371)</u>	<u>839 106</u>
Net increase/(decrease) in cash and cash equivalents		<u>(5 778 501)</u>	<u>(20 683 112)</u>
Cash and cash equivalents at the beginning of the year		6 516 364	27 199 475
Cash and cash equivalents at the end of the year	7	<u>737 863</u>	<u>6 516 363</u>

The accounting policies on pages 14 to 36 and the notes on pages 37 to 65 form an integral part of the financial statements.

* See Note 36

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

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
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Sundry income	9 832 951	-	9 832 951	234 006	(9 598 945)	40.1
Interest received - investment	1 945 000	-	1 945 000	1 172 745	(772 255)	40.2
Total revenue from exchange transactions	11 777 951	-	11 777 951	1 406 751	(10 371 200)	

Revenue from non-exchange transactions

Transfer revenue

Government grants & subsidies	104 349 400	-	104 349 400	102 798 196	(1 551 204)	
Total revenue	116 127 351	-	116 127 351	104 204 947	(11 922 404)	

Expenditure

Personnel	(47 626 749)	-	(47 626 749)	(50 992 539)	(3 365 790)	
Remuneration of councillors	(9 624 866)	-	(9 624 866)	(10 545 789)	(920 923)	
Depreciation and amortisation	(3 116 587)	-	(3 116 587)	(3 550 284)	(433 697)	40.3
Impairment loss/ Reversal of impairments	-	-	-	(90 641)	(90 641)	40.4
Finance costs	(75 040)	-	(75 040)	(388 419)	(313 379)	40.5
Repairs and maintenance	(700 000)	-	(700 000)	(2 218 222)	(1 518 222)	40.6
Contracted Services	(750 000)	-	(750 000)	(2 067 580)	(1 317 580)	40.7
Grants and subsidies paid	(4 620 603)	-	(4 620 603)	(1 610 414)	3 010 189	40.8
General Expenses	(48 051 506)	-	(48 051 506)	(47 687 206)	364 300	
Total expenditure	(114 565 351)	-	(114 565 351)	(119 151 094)	(4 585 743)	
(Deficit) / Surplus	1 562 000	-	1 562 000	(14 946 147)	(16 508 147)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	1 562 000	-	1 562 000	(14 946 147)	(16 508 147)	

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

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
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Receivables from exchange transactions	1 960 600	-	1 960 600	316 188	(1 644 412)	40.9
VAT receivable	-	-	-	1 185 490	1 185 490	40.10
Cash and cash equivalents	2 591 555	-	2 591 555	737 869	(1 853 686)	40.11
	4 552 155	-	4 552 155	2 239 547	(2 312 608)	

Non-Current Assets

Property, plant and equipment	15 490 595	-	15 490 595	9 469 042	(6 021 553)	40.12
Intangible assets	2 938 975	-	2 938 975	2 943 673	4 698	
	18 429 570	-	18 429 570	12 412 715	(6 016 855)	

Total Assets	22 981 725	-	22 981 725	14 652 262	(8 329 463)	
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Liabilities

Current Liabilities

Finance lease obligation	1 064 326	-	1 064 326	1 168 376	104 050	
Payables from exchange transactions	22 599 431	-	22 599 431	9 186 684	(13 412 747)	40.13
Unspent conditional grants and receipts	-	-	-	443 825	443 825	40.14
	23 663 757	-	23 663 757	10 798 885	(12 864 872)	

Non-Current Liabilities

Finance lease obligation	1 553 509	-	1 553 509	386 508	(1 167 001)	40.15
Employee benefit obligation	1 968 000	-	1 968 000	8 608 000	6 640 000	40.16
	3 521 509	-	3 521 509	8 994 508	5 472 999	

Total Liabilities	27 185 266	-	27 185 266	19 793 393	(7 391 873)	
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Net Assets	(4 203 541)	-	(4 203 541)	(5 141 131)	(937 590)	
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Net Assets

Net Assets Attributable to Owners of Controlling Entity

Reserves

Accumulated deficit	(4 203 541)	-	(4 203 541)	(5 141 131)	(937 590)	
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The accounting policies on pages 14 to 36 and the notes on pages 37 to 65 form an integral part of the financial statements.

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Accounting Policies

1. Presentation of Financial Statements

The 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 financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand and the amounts have been rounded off to the nearest rand.

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgements include:

Receivables

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

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 assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and 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. In addition, goodwill is tested on an annual basis for impairment. 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.

Property, plant and equipment

As described in accounting policies 1.3 and 1.4, the municipality depreciates / amortises its property, plant and equipment and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives of assets are based on management's estimation.

Management considered the impact of technology, availability of capital funding, service requirement and required return on assets in order to determine the optimum useful life expectation, where appropriate.

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

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Provision for long service awards

The present value of the provision for long service awards 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 the provision for long service awards.

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 obligation. 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 liability.

Other key assumptions for the provision for long service awards are based on current market conditions. Additional information is disclosed in note 13.

Impairment of receivables

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.3 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 the date of acquisition.

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

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

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

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

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

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.3 Property, plant and equipment (continued)

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.

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 - 12 years
Motor vehicles	Straight line	5 - 11 years
IT equipment	Straight line	3 - 8 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 of an asset on an annual basis does not require the entity 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.

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

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.4 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

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 asset 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.

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.4 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.

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	3 - 6 years

Intangible assets are derecognised:

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

1.5 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.6 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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Accounting Policies

1.6 Financial instruments (continued)

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unissued capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
VAT Receivable	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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Accounting Policies

1.6 Financial instruments (continued)

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Finance lease obligation	Financial liability measured at amortised cost
Operating lease liability	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity 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 entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the 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 entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a 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.

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.6 Financial instruments (continued)

Reclassification

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

- a 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 entity reclassifies the instrument from cost to fair value.

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.6 Financial instruments (continued)

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

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

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

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.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

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

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

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

Presentation

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

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.6 Financial instruments (continued)

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.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default of delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expense in surplus of deficit.

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, 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.

Bank overdraft and borrowings

Bank overdraft and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- A gain or loss on an available-for-sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in net assets is recognised in surplus or deficit; and
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

1.7 Leases

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

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

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.7 Leases (continued)

Finance leases - lessee

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

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

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

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

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease. The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. The classification of the lease is determined using the standard of GRAP on leases.

Operating leases - lessee

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

Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

1.8 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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.

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:

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

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

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Accounting Policies

1.8 Impairment of cash-generating assets (continued)

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.

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.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued 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 cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

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

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

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

1.9 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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.

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.

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Accounting Policies

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

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:

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

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.

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.

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

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

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Accounting Policies

1.10 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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 services.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.10 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity 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 entity during a reporting period, the entity recognise 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, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Provision for long service awards

For the provision for long service awards the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

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

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

Post retirement obligations - medical aid

The municipality provides post-retirement health care benefits upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. An annual charge to income is made to cover the liabilities.

1.11 Provisions and contingencies

Provisions are recognised when:

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

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

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

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.11 Provisions and contingencies (continued)

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.11 Provisions and contingencies (continued)

- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, a municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.12 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

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

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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Accounting Policies

1.12 Revenue from exchange transactions (continued)

Interest received

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.13 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

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.

Taxes

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

The municipality accounts for VAT on the cash basis. The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

1.14 Investment income

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

1.15 Comparative figures

When the presentation or classification of an item in the annual financial statements are amended, comparative amounts are reclassified.

1.16 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.

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.18 Irregular expenditure (continued)

- (a) this Act; or
- (b) which has not been condoned in terms of section 170;
- (c) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of Municipality Systems Act, and which has not been condoned in terms of the Act;
- (d) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No.20 of 1998); or
- (e) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-laws but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure"

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure 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.

1.19 Use of estimates

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

Estimates in the financial statements include but are not limited to the following:

- Depreciation
- Bad debts,
- Long service awards

1.20 Segment information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board. Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.21 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

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Financial Statements for the year ended 30 June 2016

Accounting Policies

1.22 Budget information

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives. Deviations between budget and actual amounts are regarded as material differences when more than 10% deviation exists. Refer to Note 40 for all material differences explanation.

The approved budget covers the fiscal period from 2015/07/01 to 2016/06/30. The financial statements are prepared on the accrual basis of accounting, and the budget is prepared on the accrual basis. A comparison with the budgeted amounts for the reporting period has been included in the Statement of comparison of budget and actual amounts.

The annual budget figures have been prepared in accordance with the GRAP standard. The amounts are scheduled as a separate additional financial statement, called the Statement of comparison of budget and actual amounts.

Explanatory comment is provided in the notes to the annual financial statements giving reasons for significant individual variances between budgeted and actual amounts. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated development plan. The budget is approved on an accrual basis.

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

1.23 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.24 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Accounting Policies

1.25 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Revenue from conditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality, the amount of the revenue can be measured reliably and to the extent that there has been compliance with any restrictions associated with the grant.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.26 Commitments

The term 'commitments' is not defined in any of the standards but may be referred to as the intention to commit to an outflow from the entity of resources embodying economic benefits. Generally, a commitment arises when a decision is made to incur a liability e.g. a purchase contract. Such a decision is evidenced by, but not limited to, actions taken to determine the amount of the eventual resource outflow or a reliable estimate e.g. a quote, and conditions to be satisfied to establish an obligation e.g. delivery schedules. These preconditions ensure that the information relating to commitments is relevant and capable of reliable measurement. An entity may enter into a contract on or before the reporting date for expenditure over subsequent accounting periods e.g. a contract for construction of infrastructure assets, the purchase of major items of plant and equipment or significant consultancy contracts. In these events, a commitment exists at the reporting date as the entity has contracted for expenditure but no work has started and no payments have been made. The notes to the financial statements must disclose the nature and amount of each material individual and each material class of capital expenditure commitment as well as non-cancellable operating leases contracted for at the reporting date. Commitments for the supply of inventories, where a liability under a contract has not yet been recognised, do not require disclosure as a commitment.

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

2016

2015

2. New standards and interpretations

2.1 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 2016 or later periods:

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

2. New standards and interpretations (continued)

- Remuneration of management

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 32: Service Concession Arrangements: Grantor

The objective of this Standard is: to prescribe the accounting for service concession arrangements by the grantor, a public sector entity.

It furthermore covers: Definitions, recognition and measurement of a service concession asset, recognition and measurement of liabilities, other liabilities, contingent liabilities, and contingent assets, other revenues, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. This Interpretation of the Standards of GRAP shall not be applied by analogy to other types of transactions or arrangements.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation of the Standards of GRAP need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

A consensus is reached, in this Interpretation of the Standards of GRAP, on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the standard is not yet set by the Minister of Finance.

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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2. New standards and interpretations (continued)

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 16 (as amended 2015): Investment Property

Based on the feedback received as part of the post-implementation review, the Board agreed to reconsider certain principles in GRAP 16 and GRAP 17. In particular, the Board agreed to:

- Review the principles and explanations related to the distinction between investment property and property, plant and equipment.
- Consider whether an indicator-based assessment of useful lives of assets could be introduced.
- Clarify the wording related to the use of external valuers.
- Introduce more specific presentation and disclosure requirements for capital work-in-progress.
- Review the encouraged disclosures and assess whether any should be made mandatory or deleted.
- Require separate presentation of expenditure incurred on repairs and maintenance in the financial statements.

Various amendments were made to the Standard, affecting Definitions, Identification, Disclosure, Effective date and Transitional provisions.

The effective date of the standard is for years beginning on or after 01 April 2016.

The municipality expects to adopt the standard for the first time in the 2017 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 17 (as amended 2015): Property, Plant and Equipment

Based on the feedback received as part of the post-implementation review, the Board agreed to reconsider certain principles in GRAP 16 and GRAP 17. In particular, the Board agreed to:

- Review the principles and explanations related to the distinction between investment property and property, plant and equipment.
- Consider whether an indicator-based assessment of useful lives of assets could be introduced.
- Clarify the wording related to the use of external valuers.
- Introduce more specific presentation and disclosure requirements for capital work-in-progress.
- Review the encouraged disclosures and assess whether any should be made mandatory or deleted.
- Require separate presentation of expenditure incurred on repairs and maintenance in the financial statements.

Amendments identified as part of the post-implementation review, affected the following areas:

- Indicator-based assessment of the useful lives of assets
- Use of external valuers
- Encouraged disclosures
- Capital work-in-progress
- Expenditure incurred on repairs and maintenance

The effective date of the standard is for years beginning on or after 01 April 2016.

The municipality expects to adopt the standard for the first time in the 2017 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

2. New standards and interpretations (continued)

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities

Historically, public entities have prepared financial statements in accordance with generally recognised accounting practice, unless the Accounting Standards Board (the Board) approved the application of generally accepted accounting practice for that entity. "Generally accepted accounting practice" has been taken to mean Statements of Generally Accepted Accounting Practice (Statements of GAAP), or for certain entities, International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. Since Statements of GAAP have been withdrawn from 1 December 2012, public entities will be required to apply another reporting framework in the future.

The purpose of this Directive is to prescribe the criteria to be applied by public entities in selecting and applying an appropriate reporting framework.

The effective date of the standard is for years beginning on or after 01 April 2018. The municipality expects to adopt the standard for the first time in the 2019 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

3. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2016	Financial assets at amortised cost	Total
Receivables from exchange transactions	316 188	316 188
Receivables from non-exchange transactions	709 066	709 066
Cash and cash equivalents	737 869	737 869
VAT Receivables	1 185 490	1 185 490
	2 948 613	2 948 613

2015	Financial assets at amortised cost	Total
Receivables from exchange transaction	1 093 943	1 093 943
Receivables from non-exchange transaction	709 066	709 066
Cash and cash equivalents	6 516 365	6 516 365
VAT Receivables	2 520 686	2 520 686
	10 840 060	10 840 060

4. Receivables from exchange transactions

Sundry debtors	401 830	1 088 944
Suspense account - unidentified payment	304 143	304 143
Underpayment of PAYE	22 292	22 292
Seconded councillor's salaries over payment	1 784 288	1 784 288
Councillors over payments	364 922	364 922
Impairment provision	(2 561 287)	(2 470 646)
	316 188	1 093 943

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

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4. Receivables from exchange transactions (continued)

Suspense account - unidentified payment

Payment relates to a transaction against the bank account and cashbook on 14 May 2009. No supporting documentation can be traced to identify the nature and the depositors of this batch payment processed.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Receivables from exchange transactions impaired

As of 30 June 2016, R 2,561,287 (2015: R 2,470,646) sundry receivables from exchange transaction were impaired and provided for.

The ageing of these receivables is as follows:

3 to 6 months	-	559 545
Over 6 months	2 877 475	3 005 044
	<u>2 877 475</u>	<u>3 564 589</u>

Reconciliation of impairment of receivables from exchange transactions

Opening balance	2 470 646	2 470 646
Provision for impairment	90 641	-
	<u>2 561 287</u>	<u>2 470 646</u>

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The municipality does not hold any collateral as security.

5. Receivables from non-exchange transactions

Receivables from non-exchange transaction

At 30 June 2015, other receivables from non-exchange transactions - RSC levies with a carrying amount of R 49,079,862 were written off as irrecoverable debt.

The amount written off as irrecoverable was R 0 as of 30 June 2016 (2015: R 47,570,913)

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

Opening balance	-	49 079 862
Amounts written off as uncollectible	-	(47 570 913)
Unused amounts reversed	-	(1 508 949)
	<u>-</u>	<u>-</u>

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The municipality does not hold any collateral as security.

6. VAT receivable

VAT	<u>1 185 490</u>	<u>2 520 686</u>
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The municipality accounts for VAT on the payment basis.

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	35 223	769 756
Short-term deposits	702 646	5 746 608
	737 869	6 516 364

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
ABSA BANK - Account Type - 770-150-841	35 223	769 756	2 591 555	35 223	769 756	2 591 555
ABSA BANK - Account Type - 206-206-4985	78 445	198 531	327 646	78 445	198 531	327 646
FNB BANK - Account Type - 712-733-40226	563 188	3 816 442	3 604 912	563 188	3 816 442	3 604 912
ABSA BANK - Account Type - 207-253-7209	61 013	1 731 635	20 000 000	61 013	1 731 635	20 000 000
ABSA BANK - Account Type - 921-300-0832	-	-	675 362	-	-	675 362
Total	737 869	6 516 364	27 199 475	737 869	6 516 364	27 199 475

8. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	4 080 980	(2 088 668)	1 992 312	4 084 070	(1 707 124)	2 376 946
Motor vehicles	2 692 400	(1 368 983)	1 323 417	2 692 400	(904 555)	1 787 845
IT equipment	7 611 218	(3 694 738)	3 916 480	7 386 338	(2 468 137)	4 918 201
Infrastructure - Work in progress	-	-	-	12 839 128	-	12 839 128
Leased assets	3 453 048	(1 216 215)	2 236 833	3 453 048	(526 181)	2 926 867
Total	17 837 646	(8 368 604)	9 469 042	30 454 984	(5 605 997)	24 848 987

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Donation	Disposals	Depreciation	Total
Furniture and fixtures	2 376 946	28 273	-	-	(412 907)	1 992 312
Motor vehicles	1 787 845	-	-	-	(464 428)	1 323 417
IT equipment	4 918 201	257 378	-	(6 604)	(1 252 495)	3 916 480
Infrastructure - Work in progress	12 839 128	2 447 053	(15 286 181)	-	-	-
Leased assets	2 926 867	-	-	-	(690 034)	2 236 833
	24 848 987	2 732 704	(15 286 181)	(6 604)	(2 819 864)	9 469 042

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
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8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2 114 139	732 001	-	(469 194)	2 376 946
Motor vehicles	1 960 856	373 244	(47 680)	(498 575)	1 787 845
IT equipment	2 437 377	3 629 013	(11 398)	(1 136 791)	4 918 201
Infrastructure - Work in progress	-	12 839 128	-	-	12 839 128
Leased assets	1 554 103	1 872 604	-	(499 840)	2 926 867
	8 066 475	19 445 990	(59 078)	(2 604 400)	24 848 987

Office equipment with a carrying value of R 2,236,833 (2015: R 2,926,867) is leased under a finance lease.

9. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	4 828 884	(1 885 211)	2 943 673	4 093 764	(1 154 789)	2 938 975

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software, other	2 938 975	735 120	(730 422)	2 943 673

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
Computer software, other	983 231	2 333 500	(377 756)	2 938 975

10. Finance lease obligation

Minimum lease payments due

- within one year	1 350 175	1 448 725
- in second to fifth year inclusive	414 667	1 760 301
	1 764 842	3 209 026
less: future finance charges	(209 957)	(591 191)
Present value of minimum lease payments	1 554 885	2 617 835

Present value of minimum lease payments due

- within one year	1 168 376	1 064 327
- in second to fifth year inclusive	386 508	1 553 508
	1 554 884	2 617 835

Non-current liabilities	386 508	1 553 510
Current liabilities	1 168 376	1 064 326
	1 554 884	2 617 836

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

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10. Finance lease obligation (continued)

It is the municipality policy to lease certain office equipment under finance leases.

The average lease term is 3 years and the average effective borrowing rate was 9% to 23% (2015: 9% to 30%).

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.

11. Payables from exchange transactions

Trade payables	3 457 841	10 112 335
Medical aid - PJ Du Plessis	-	8 550
Accrued leave pay	3 504 067	3 209 554
Accrued bonus	1 086 733	833 356
Other payables	826 153	824 695
Councillors pension funds	4 020	4 020
UIF over deducted from employees	193 496	191 563
Councillors salaries under payments	6 637	5 535
Legal fees - RSC Levies	-	15 049 155
Compensation commissioner	-	1 849 282
Metropolitan	251	251
Fleet management payables	107 486	864 990
	9 186 684	32 953 286

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Rural Roads Assets Management System Grant	443 825	214 983
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Movement during the year

Balance at the beginning of the year	214 983	-
Additions during the year	6 264 039	21 377 256
Income recognition during the year	(5 820 213)	(21 162 273)
Deducted from equitable share grant	(214 984)	-
	443 825	214 983

The nature and extent of government grants and their conditions, restrictions and other contingencies attached to these government grants have to be fulfilled and hence recognised in the financial statements as unspent conditional grants

See note 14 for reconciliation of grants from National/Provincial Government.

13. Provision for long service awards

Long service awards

Valuation method

The Projected Unit Credit Method is used to determine the present value of the defined benefit obligation.

Defined benefit obligation

The defined benefit liability as disclosed below are represented by two different post-employment benefits. None of the benefits set out below are externally funded.

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand	2016	2015
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13. Provision for long service awards (continued)

Post-retirement medical aid plan Active members receive a fixed subsidy of 70% of medical aid contributions during the current working year, up to a specified maximum employer contribution. The spouse or adult dependant of an active member is entitled to a 70% subsidy of their contributions. This proportion of the subsidy will continue to be paid in the event of the principal member's death.

Continuation members receive a fixed subsidy of 70% of medical aid contributions during the current working year, up to a specified maximum employer contribution. The spouse or adult dependant of a continuation member is entitled to a 70% subsidy of their contributions.

Long service award

Long service awards are payable to qualifying in-service employees. The leave benefits are in accordance with paragraph 11 of the South African Local Government Bargaining Council (SALGBC) collective agreement on conditions of service for the Free State division of SALGBC.

The amount recognised in the statement of financial position are as follows for 2016:

	Long-service leave benefits	Post-retirement health care benefits	Total
Balance as at 30 June 2015	(2 206 000)	(5 171 000)	(7 377 000)
Current service	(375 000)	(136 000)	(511 000)
Interest cost	(212 000)	(484 000)	(696 000)
Actuarial (loss) - change in financial assumption	(40 000)	(1 000)	(41 000)
Actuarial (loss) - change in demographic assumptions	(82 000)	-	(82 000)
Actuarial (loss) - experience variance	(29 000)	(49 000)	(78 000)
Benefits payments	76 000	101 000	177 000
	(2 868 000)	(5 740 000)	(8 608 000)

The amount recognised in the statement of financial position are as follows for 2015:

	Long-service leave benefits	Post-retirement health care benefits	Total
Balance as at 30 June 2014	(1 968 000)	(4 591 000)	(6 559 000)
Current service	(340 000)	(121 000)	(461 000)
Interest cost	(153 000)	(443 000)	(596 000)
Actuarial (loss) - change in financial assumption	7 000	(83 000)	(76 000)
Actuarial (loss) - experience variance	96 000	(5 000)	91 000
Benefits payments	152 000	72 000	224 000
	(2 206 000)	(5 171 000)	(7 377 000)

Discount rate

The currency and term of the government bonds shall be consistent with the currency and estimated term of the defined benefit obligations.

The estimated discount rate was set equal to the yield on the BEASSA zero-coupon yield curve with a term of 7 years, the expected duration of the liability based on the current membership data, as at 30 June 2016.

Key assumptions used

The economic assumptions for the 30 June 2016 valuation are shown in the table below, and compared to those used for the previous valuation.

	30 June 2015	30 June 2016
Gross discount rate - Long service award	Nominal yield curve	8,80%

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Notes to the Financial Statements

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13. Provision for long service awards (continued)		
Gross discount rate - Medical aid	9,30%	9,70%
Consumer price inflation	Difference between the nominal and real yield curves	6,50%
Healthcare cost inflation	8,90%	9,30%
Salary inflation	Equal to CPI + 1% + merit scale	8,50%
Net discount rate - Long service award	Yield curve based	0,28%
Net discount rate - Medical aid	0,37%	0,37%

Membership Data

Key features of the membership data used in the valuation of post-retirement healthcare subsidy are summarised below:

	2016	2015
Current employees		
- Number of current employees		
Males	5	6
Females	1	1
- Average age of employees		
Males	56,6	57,1
Females	49,6	48,6
- Average years of past service		
Male	24,3	23,5
Female	27,7	26,7
- Average total monthly premium of Principal members (R)		
Male	R 3,248	R 2,937
Female	R 2,756	R 2,487
- Average total monthly premium of Adult dependants (R)		
Male	R 2,208	R 2,001
Female	R 1,482	R 1,337
Continuation members		
- Number of continuation members		
Male	1	0
Female	2	2
- Average age of continuation members		
Male	65,7	n/a
Female	69,2	68,2
- Actual percentage married		
Male	100%	n/a
Female	0%	0%
- Average total monthly premium of Principal members (R)		
Male	R 2,695	n/a
Female	R 4,902	R 4,459
- Average total monthly premium of Adult dependants (R)		
Male	R 1,865	n/a
Female	R 3,373	R 3,068

Breakdown of Defined Benefit Obligation

The table below provides a breakdown of the defined benefit obligation between active and continuation members as at the current and previous valuation dates:

Breakdown of defined benefit obligation (R'000)	30 June 2014	30 June 2015	30 June 2016
Active members	(3 404)	(3 929)	(3 675)
Continuation members	(1 187)	(1 242)	(2 065)
	(4 591)	(5 171)	(5 740)

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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13. Provision for long service awards (continued)

Post-retirement healthcare subsidy sensitivities

The value of the liabilities is particularly sensitive to the assumed rate of healthcare cost inflation. The table below sets out the sensitivity of the valuation result to a 1% increase and 1% decrease in the assumed healthcare cost of inflation assumption.

This is regarded as important management information. The GRAP 25 accounting standard also requires this sensitivity to be disclosed in the annual financial statement.

Healthcare cost inflation sensitivity (R'000)	1% decrease	Base (9,30%)	1% increase
Defined benefit obligation	(4 923)	(5 740)	(6 744)
Service cost (next financial year)	(124)	(149)	(181)
Interest cost (next financial year)	(478)	(558)	(658)
	(5 525)	(6 447)	(7 583)

Assumptions used

The economic assumptions for the 30 June 2016 valuation are shown in the table below, and compared to those used for the respective roll-back valuations.

Summary of economic assumptions (rates are per annum)	30 June 2014	30 June 2015	30 June 2016
Gross discount rate	9,60%	9,30%	9,70%
Healthcare cost inflation	9,10%	8,90%	9,30%
Net discount rate	0,46%	0,37%	0,37%

Healthcare cost inflation

In the past, healthcare cost inflation has typically exceeded the Consumer Price Index ("CPI") by a margin of 1% to 2%.

The Bond Exchange of South Africa fits a real yield curve on index-linked bonds. This real yield curve is published together with the BESA yield curve on zero-coupon government bond yields, which is a nominal yield curve.

The best estimate inflation assumption is calculated as the difference between the nominal and real yield curves at the point corresponding to the duration of the liability, including a 0.5% inflation risk premium adjustment to make appropriate allowance for the current economic environment. A margin of 2% was added to this value to determine the healthcare cost inflation assumption.

The CPI inflation assumption using this methodology is 7.30% as at 30 June 2016. Thus, the healthcare cost inflation has been set as 9.30% at the valuation date, after allowing for a margin of 2% over CPI inflation.

A brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits or service potential.

Net discount rate

The relationship between the gross discount rate and healthcare cost inflation rate is more important than the individual values. The net discount rate is also a highly significant assumption in the respective valuations.

The future medical benefits are projected in line with the healthcare cost inflation rate and discounted at the gross discount rate. This is equivalent to discounting the benefits at their current level at the net discount rate.

The net discount rate therefore depends on the relationship between the gross discount rate and the healthcare cost inflation rate respectively. Using the gross discount and healthcare cost inflation rates as shown above, the resulting net discount rate is 0.37% (calculated as $(1 + \text{discount rate}) / (1 + \text{healthcare cost inflation rate}) - 1$) for the 30 June 2016 valuation.

The net discount rates as at 30 June 2015 and 2014 are determined in the same manner as described above.

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13. Provision for long service awards (continued)

Demographic assumptions

This section contains the demographic assumptions used in the valuation. The mortality tables used have not been presented, as they are standard tables, which are widely used. The demographic assumptions are the same for the roll-back valuations as at 30 June 2015 and 2014.

The demographic assumptions for the 30 June 2016 valuation and corresponding roll-back valuations are shown in the tables below.

Summary of key demographic assumptions

Pre-retirement mortality

Post-retirement mortality

Withdrawal

Expected retirement age

Percentage married for in-service members

Spouse and principal member age difference

Employees' continuation percentage at retirement

Percentage of widows continuing membership

30 June 2014, 2015 & 2016

SA85-90 L rated down 1 year for males and females

PA(90) rated down 1 year for males and females

plus 1% future mortality improvement from 2010

See rationale for demographic assumption below

63 years for males and females

See rationale for demographic assumption below

Male 3 years older than female

90.00%

90.00%

Rationale for demographic assumptions

For many of the demographic assumptions, particularly mortality rates, the small size of the membership precludes the use of assumptions based on past experience of the particular scheme. Thus, assumptions are set which are consistent with market practice and with investigations performed where there is a significant amount of data.

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13. Provision for long service awards (continued)

Pre-retirement mortality

The pre-retirement mortality table most commonly used in the retirement industry (for similar sub-populations in South Africa) is SA 85-90 (Light). However, given apparent improvements in mortality with active members living longer, we have rated the SA 85-90 (Light) table down by one year for both males and females. This means that the mortality rate assumed for an individual in the valuation is the rate provided in the table for an individual at age one year younger.

Post-retirement mortality

PA (90) is commonly used in the retirement industry. However, given the fact that pensioners are living longer than at the time the table was compiled, we have rated the PA (90) table down by one year for both males and females. This means that the mortality rate assumed for an individual in the valuation is the rate provided in the table for an individual one year younger.

There is a strong argument for inclusion of mortality improvements in the assumption (1.00% to 1.50% p.a. at all ages would be reasonable), given the improvements that have occurred at the post-retirement ages in most developed countries over the past forty years, as well as the evidence of improvements observed by larger actuarial service providers in South Africa. We therefore included a 1% per annum mortality improvement factor from 2010 onwards.

Withdrawal assumption

In the absence of credible past withdrawal data of this particular scheme, the withdrawal assumptions have been set in line with those generally observed in the South African market.

The table below shows the annual withdrawal rates for the valuation, differentiated by age.

Withdrawal assumption age	Males	Females
20	13,30%	13,30%
25	13,30%	13,30%
30	10,90%	10,90%
35	8,20%	8,20%
40	5,80%	5,80%
45	4,10%	4,10%
50	2,90%	2,90%
55	0,00%	0,00%
60+	0,00%	0,00%

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13. Provision for long service awards (continued)

Assumed retirement age

The assumed retirement age of 63 years for current employees is based on the normal retirement age of the employer of 65 years for all employees, including allowance for early retirements. This assumption is in respect of both males and females.

Spouse and principal member age difference

We have assumed that males are 3 years older than females for active and continuation members.

Typically, the actual age of continuation members' spouses would be used in valuations, although this detail could not be provided by the employer, and thus the above assumption was applied.

Child dependants

No value has been placed on benefits payable to child dependants. The impact is likely to be immaterial and not allowing for child dependants is generally applied by other actuaries in the market place

Percentage married assumption

We have assumed that 90% of all active members (both male and female), will be married at retirement, whereas actual marital status was used for continuation members.

14. Government grants and subsidies

Operating grants

Equitable share	96 977 983	86 946 000
Financial Management Grant	1 250 000	1 250 000
Department of Public Works Programme	1 208 000	1 282 000
Rural Roads Assets Management System Grant	1 781 174	1 670 017
LG Seta skills development grant	92 964	84 872
Service SETA Grant	333 900	4 041 450
Municipal System Improvement Grant	930 000	934 000
COGTA - Legal Support	-	12 626 156
TETA Grant	224 175	-
	102 798 196	108 834 495

Equitable Share

Current-year receipts	96 978 000	86 946 000
Transfer to revenue	(96 763 000)	(86 946 000)
Unspent conditional grant withheld (RAMS)	(215 000)	-
	-	-

Rural Roads Assets Management System Grant

Balance unspent at beginning of year	214 983	-
Current-year receipts	2 225 000	1 885 000
Conditions met - transferred to revenue	(1 781 175)	(1 670 017)
Transferred from Equitable Share	(214 983)	-
	443 825	214 983

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Figures in Rand	2016	2015
14. Government grants and subsidies (continued)		
Department of Public Works Programme		
Current-year receipts	1 208 000	1 282 000
Conditions met - transferred to revenue	(1 208 000)	(1 282 000)
	-	-
Finance Management Grant		
Current-year receipts	1 250 000	1 250 000
Conditions met - transferred to revenue	(1 250 000)	(1 250 000)
	-	-
Municipal System Improvement Grant (MSIG)		
Current-year receipts	930 000	934 000
Conditions met - transferred to revenue	(930 000)	(934 000)
	-	-
TETA Grant		
Current-year receipts	224 175	-
Conditions met - transferred to revenue	(224 175)	-
	-	-
LG Seta - skills development grant		
Current-year receipts	92 964	84 872
Conditions met - transferred to revenue	(92 964)	(84 872)
	-	-
COGTA - Legal Support		
Current-year receipts	-	12 626 156
Conditions met - transferred to revenue	-	(12 626 156)
	-	-
Service SETA Grant		
Current-year receipts	333 900	4 041 450
Conditions met - transferred to revenue	(333 900)	(4 041 450)
	-	-
15. Interest received - investments		
Interest revenue		
Bank	1 172 745	2 069 979

The amount included in Investment revenue arising from exchange transactions amounted to R 1,172,745.

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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Figures in Rand	2016	2015
16. Sundry income		
Tender documents	21 500	56 740
Other income / Unallocated deposits recognised in the current year	212 506	1 516 161
	234 006	1 572 901
17. Debt impairment		
Impairments		
Contribution to doubtful debt allowance	90 641	7 212
18. Depreciation and amortisation		
Property, plant and equipment	2 819 863	2 604 401
Intangible assets	730 421	377 767
	3 550 284	2 982 168
19. Finance costs		
Finance leases	388 419	371 679
Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 388,118 (2015: R 371,679).		
20. General expenses		
Advertising	1 068 340	903 054
Auditors remuneration	2 244 353	2 699 709
Bank charges	274 231	71 501
Cleaning and consumables	66 200	88 673
Catering	1 534 152	1 109 843
ICT and programming	2 964 512	1 284 807
Disaster intervention	123 697	1 739 531
Entertainment	88 842	108 152
Donation	226 870	176 635
Insurance	144 465	282 341
Events management	1 709 483	1 382 176
Municipal services	-	49 962
Motor vehicle expenses	984 222	986 473
SCM Electronic system	145 440	255 544
EPWP incentive grant - salaries expenditure	4 871 052	3 943 691
Placement fees	21 926	21 696
Poverty alleviation expense - food security expense	1 107 703	1 220 632
Printing and stationery	697 716	508 156
Uniform and protective clothing	369 549	176 352
Transport	1 463 840	773 451
Employee wellness programme	-	893 650
Subscriptions and membership fees	534 450	65 860
Telephone and fax	1 017 700	823 323
Training	715 158	1 112 679
Travel and subsistence	3 221 249	3 820 702
Legal fees	1 682 953	20 178 260
Service SETA Learnership	542 175	3 807 000
Minor expenditure incurred	-	268 614
MFMA programme - accounting support expenditure	936 315	503 098
District audit committee	265 176	163 877
Sampling of food and water	387 605	316 725

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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Figures in Rand	2016	2015
20. General expenses (continued)		
Bursary fund	1 389 705	1 435 095
Sports development programme	208 998	190 468
Lease rentals on operating lease	1 392 948	1 259 143
Donation of asset	15 286 181	-
	47 687 206	52 620 873

General expenses line items were re-classified in line with the nature of the expenses for the current year and prior year.

21. Remuneration related cost

Basic	36 540 870	34 461 969
Bonus	2 036 656	1 785 442
Medical aid - company contributions	2 637 969	3 277 353
UIF	192 494	175 516
SDL	473 113	457 074
Other payroll levies	724 551	966 323
Leave pay provision charge	294 513	495 433
Overtime payments	486 038	262 786
Long-service awards	1 231 000	818 000
Car allowance	4 909 943	4 405 210
Housing benefits and allowances	201 244	151 606
Cellphone allowance	376 000	358 796
Leave redemption	888 148	1 057 850
	50 992 539	48 673 358

Remuneration of Accounting Officer - Ms. TPM Lebenya

Annual Remuneration	1 019 092	767 119
Car allowance	228 000	212 667
Contributions to UIF, Medical and Pension Funds	67 417	58 092
Travel, motor car, accommodation, subsistence and other allowance	154 603	421 293
Cellphone allowance	18 000	15 600
	1 487 112	1 474 771

Ms. TPM Lebenya was appointed as the Accounting Officer and commenced her term of office from 2 March 2015.

Remuneration of Accounting Officer - Mr. B Molotsi

Annual Remuneration	-	236 231
Car allowance	-	60 000
Housing allowance	-	24 000
Contributions to UIF, Medical and Pension Funds	-	9 542
Travel, motor car, accommodation, subsistence and other allowance	-	198 510
Cellphone allowance	-	6 000
	-	534 283

Mr. B Molotsi was appointed as the accounting officer on 1 November 2012 and resigned on the 03 November 2014.

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21. Remuneration related cost (continued)

Remuneration of Chief Financial Officer - Mr. HI Lebusa

Annual Remuneration	886 037	798 685
Car allowance	180 000	180 000
Performance Bonuses	111 945	91 321
Contributions to UIF, Medical and Pension Funds	22 885	22 843
Travel, motor car, accommodation, subsistence and other allowance	119 368	205 836
Cellphone	14 400	14 400
	1 334 635	1 313 085

Remuneration of Executive Manager Corporate Service - Mr. SK Khote

Annual Remuneration	837 395	718 050
Car allowance	205 000	205 000
Contributions to UIF, Medical and Pension Funds	11 943	11 665
Travel, motor car, accommodation, subsistence and other allowance	53 439	213 065
Cellphone	14 400	14 400
	1 122 177	1 162 180

Mr. SK Khote - executive manager corporate service, was appointed as the acting municipal manager from 1 November 2014 to the 1 March 2015

Remuneration of Acting Director: Community Services - Ms. EN Mtimkulu

Annual Remuneration	-	528 420
Car allowance	-	129 666
Contributions to UIF, Medical and Pension Funds	-	145 119
Travel, motor car, accommodation, subsistence and other allowance	-	300 838
Cellphone	-	12 000
	-	1 116 043

Ms. EN Mtimkulu - manager rural and agriculture development, was appointed as the acting Director: Community Services from 1 April 2015 to the 29 May 2015.

Remuneration of Acting Director: Community Services - Mrs. P Selepe

Mrs. P Selepe - Director Community Services from Maluti-A-Phofung Local Municipality, was seconded to act as a Director: Community Services of Thabo Mofutsanyana District Municipality from 1 June 2015 to the 30 June 2016. The remuneration was paid by Maluti-A-Phofung Local Municipality.

Remuneration of councillors

Executive Mayor - Ms. M Vilakazi	1 013 079	871 854
Chief Whip - Mr. MM Radebe	634 857	624 446
Speaker - Mr. MS Maduna	404 983	384 905
Chairperson MPAC - Ms. M Mottloun	350 185	398 303
Mayoral Committee Members	4 775 024	4 816 270
Councillors	3 370 661	2 270 461
	10 548 789	9 366 239

In-kind benefits

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

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21. Remuneration related cost (continued)

The Executive Mayor, Speaker, Chief whip, MPAC Chairperson and Mayoral Committee Members are full-time. The Executive Mayor, Speaker, Chief whip, MPAC Chairperson is provided with an office and secretarial support at the cost of the Council. The Mayoral Committee Members are provided with pool secretarial support and offices at the cost of council.

The Executive Mayor and the Speaker each have the use of separate Council owned vehicles for official duties.

The Executive Mayor and Speaker has full-time driver / bodyguard.

22. Repairs and maintenance

Maintenance buildings	413 465	240 236
Maintenance general	1 228 854	1 023 062
Maintenance rental equipment	575 903	431 511
	2 218 222	1 694 809

23. Cash (used in) generated from operation

Deficit	(14 946 147)	(11 182 208)
Adjustments for:		
Depreciation and amortisation	3 550 284	2 982 168
Gain (loss) on sale of assets and liabilities	6 604	(70 130)
Finance costs - Finance leases	388 419	371 679
Impairment deficit	90 641	7 212
Movements in provision for long service awards	1 231 000	818 000
Changes in working capital:		
Receivables from exchange transactions	687 114	(566 756)
Other receivables from non-exchange transactions	-	7 212
Payables from exchange transactions	(8 717 440)	5 059 807
VAT	1 335 196	2 486 097
Unspent conditional grants and receipts	228 842	214 983
	(16 145 487)	128 064

24. Financial liability by category

The accounting policies for financial instruments have been applied to the column items below:

2016	Financial liabilities at amortised cost	Total
Finance lease - Non-current	386 508	386 508
Finance lease - current	1 168 376	1 168 376
Payables from exchange transactions	4 595 883	4 595 883
	6 150 767	6 150 767

2015	Financial liabilities at amortised cost	Total
Finance lease - Non-current	1 064 326	1 064 326
Finance lease - current	1 553 510	1 553 510
Payables from exchange transactions	28 910 375	28 910 375
	31 528 211	31 528 211

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25. Commitments

Commitments in respect of operating expenditure

Contracted for and authorised by accounting officer

• Development of rural road asset management system (RRAM for TMDM)	2 278 089	4 502 910
• Supply and delivery of SMME's Equipment	608 390	-
• Research, compile, design and printing of accommodation guide brochures	99 500	-
• Internet Service Provider (ISP)	850 750	1 653 300
• Disaster Communication System	1 612 089	2 833 570
• Upgrading of brick block paving phase 2 (Rietz)	-	126 728
• Upgrading of brick block paving (Lindley)	-	2 866 698
• Upgrading of brick block paving (Ladybrand)	-	480 698
• Disaster recovery plan and hosting	2 599 000	3 729 000
• PricewaterhouseCoopers	326 164	-
	8 373 982	16 192 904

Total operational commitments

Contracted for and authorised by accounting officer	8 373 982	16 925 088
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This committed expenditure relates to various projects and will be financed by available bank facilities.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	434 363	527 139
- in second to fifth year inclusive	94 027	466 055
	528 390	993 194

Operating lease payments represent rentals payable by the municipality for both the Mayoral and Speaker's vehicles leased from Department of Roads and Transport.

Leases are negotiated for a period of three years. The daily and kilometre tariff is reviewed annually. The tariff charged to the Municipality will at all times be on standard tariff scales applicable to other government departments. Currently average monthly rentals repayments are R 30,000 including VAT.

26. Contingencies

Podbielski Mhlambi Attorneys vs Thabo Mofutsanyana:

Podbielski Mhlambi was appointed to take over from Thakangoaha Investments, after the termination of their contract to collection of the outstanding RSC levies, refer "Thakangoaha Investments vs Municipality" above for further details. The firm understands that there are 6000 outstanding defended cases before various magistrates' courts regarding the RSC levies. The firm does not have sight of these files as Podbielski Mhlambi Attorneys has placed a lien on the files until the client pays their claim of R 36 million for fees and disbursements.

The outstanding legal fees of R 15 049 155 has been raised as a liability and Advocate Ploos van Amstel is owed an amount of approximately R200 000 which constitute historical billings to Podbielski attorneys. The municipality estimates that approximately R 3 000 000 in legal fees to its attorneys Rampai Attorneys will be incurred in defending this action as Podbielski Mhlambi Attorneys have issued a letter of demand for the recovery of its fees.

Housing guarantees

A contingent liability exists for the municipality to pay the guarantee amount in the event of the employee not being able to settle their bond / default on payment.

The Municipality has provided housing guarantee's to the employees listed below. The maximum amount each qualifying employee may receive is R85 000.

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26. Contingencies (continued)

Name of employee	Effective date	2016	2015
Mazibuko Mwelase	25/05/2005	17 000	17 000
Mollo Ngobese	22/03/2006	17 000	17 000
Moloi Khesa	25/05/2005	17 000	17 000
Moloi Materonko	08/10/2002	13 000	13 000
Motloung Sylvia	30/01/2007	17 000	17 000
Mthombeni Sthembiso	01/10/2004	14 000	14 000
Mani Koahela	01/07/2009	17 000	17 000
		112 000	112 000

27. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- entities that are directly or indirectly controlled by the municipality;
- associates;
- joint ventures and management;
- key management personnel, and close members of the family of key management personnel;
- entities in which a substantial ownership interest is held, directly or indirectly, by key management personnel or entities over which such a person is able to exercise significant influence.
- entities that control or exert significant influence over the municipality

The economic entity's key management personnel includes the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

In terms of the MFMA, the municipality may not grant loans to its councillors, management, staff and public with effect from 1 July 2004.

The only related party transactions for the current financial year were with key management personnel. Refer to Note 21 for detailed disclosure.

28. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

This note presents information about the entity's exposure to each of the financial risks below and the entity's objectives, policies and processes for measuring and managing financial risks. Further quantitative disclosures are included throughout the Annual Financial Statements.

The Council has overall responsibility for the establishment and oversight of the entity's risk management framework.

The entity's audit committee oversees the monitoring of compliance with the entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The audit committee is assisted in its oversight role by the entity's internal audit function.

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28. Risk management (continued)

The entity monitors and manages the financial risks relating to the operations of the entity through internal risk reports which analyse exposures by degree and magnitude of risks.

The entity seeks to minimise the effects of these risks in accordance with the entity's policies approved by the Council. The policies provide written principles on foreign exchange risk, interest rate risk, credit risk and in the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The entity does not enter into or trade in financial instruments for speculative purposes.

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28. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the economic entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the entity maintains flexibility in funding by maintaining availability under committed credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an on going review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The entity has not defaulted on external loans, payables and lease commitment payments and no re-negotiation of terms were made on any of these instruments.

All of the entity's financial assets have been reviewed for indicators of impairment. Certain receivables were found to be impaired and a provision has been recorded accordingly.

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	4 595 882	-	-	-
Gross finance lease obligation	1 350 175	414 667	-	-
At 30 June 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	28 910 375	-	-	-
Gross finance lease obligation	1 448 725	1 345 635	414 666	-

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an on going basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

All of the entity's financial assets have been reviewed for indicators of impairment. Certain receivables were found to be impaired and a provision has been recorded accordingly. The impaired receivables are mostly due from customers defaulting on service costs levied by the entity.

Receivables are presented net of an allowance for impairment.

Financial assets which exposed the economic entity to credit risk at year end were as follows:

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28. Risk management (continued)

Financial instrument	2016	2015
ABSA Bank - Cheque account	35 223	769 756
ABSA Bank - Fixed deposit	61 013	1 731 635
ABSA Bank - Fixed deposit	78 445	198 531
First National Bank - Fixed deposit	563 188	3 816 442
Receivables from exchange transactions	316 188	1 093 943
VAT receivables	1 185 490	2 520 686

The entity is exposed to a number of guarantees for housing loans of employees. Refer to note 26 for additional details.

The balances represent the maximum exposure to credit risk.

Market risk

Cash flow and fair value interest rate risk

The municipality's interest rate risk arises from finance lease liabilities and short term investments. Finance leases and short term investments at variable rates expose the municipality to cash flow interest rate risk. The sensitivity analysis for cash flow and fair value interest rate risk to which the municipality is exposed at the end of the reporting period is not considered material on profit and loss and were therefore not disclosed. During 2016 and 2015, the municipality's borrowings and investments at variable rates were denominated in the Rand.

29. Going concern

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

During the year ended 30 June 2016, the municipality incurred a net loss of (R14 946 147) and the municipality's total liabilities exceed its assets by (R 5 141 131), in addition the municipality has a possible obligation of R36 million pending the court ruling as disclosed in note 26.

The major reason contributing toward the accumulated deficit, is provision, relating to the following:

1. Post-benefits employee contribution obligation - R 8 608 000.

Management will also make budgetary provision over the medium-term budget framework to contribute the surplus realised to finance the payables, this will ensure that in future the operational results of TMDM will improve to surplus.

30. Events after the reporting date

There were no material events to report after the reporting date.

31. Unauthorised expenditure

Opening balance	2 816 833	-
Unauthorised expenditure - current year expenditure	8 023 716	2 816 833
	<u>10 840 549</u>	<u>2 816 833</u>

Management performed a review of transactions and identified the above transactions to be unauthorised expenditure in accordance to the guidelines set per Chapter 1 of the MFMA. The unauthorised expenditure relate to overspending on operational spending for VOTE 3: Planning and development

A Municipal Public Accountant Committee is to convene to analyse and review the findings on unauthorised expenditure incurred, upon the recommendations provided by the Municipal Public Accountant Committee to Council, Council will resolve either to condone or recover the unauthorised expenditure as stated above as waiting to be condoned.

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32. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure - current year	184 457	1 847 548
Less: Fruitless expenditure written-off as irrecoverable	-	(1 847 548)
	<u>184 457</u>	<u>-</u>

Management has performed a review of transactions and none of the transaction to be fruitless and wasteful expenditure in accordance to the guidelines set per Chapter 1 of the MFMA.

A Municipal Public Accountant Committee is to convene to analyse and review the findings on fruitless and wasteful expenditure incurred, upon the recommendations provided by the Municipal Public Accountant Committee to Council, Council will resolve either to condone or recover the fruitless and wastful expenditure as stated above as waiting to be condoned.

33. Irregular expenditure

Opening balance	387 801	43 318 206
Less: Expenditure written-off as irrecoverable	-	(43 318 206)
Expenditure - SCM none compliance (see details below)	7 768 296	-
Overpayment - councillor remuneration	134 709	230 211
Overpayment - municipal manager remuneration	186 584	157 590
	<u>8 477 390</u>	<u>387 801</u>

Auditor General of South Africa has performed a review of transactions and identify transactions which did not comply with SCM Regulation, sec. 36 and 37 respectively deviation (emergency) and unsolicited bid to be irregular expenditure in accordance to the guidelines set per Chapter 1 of the MFMA.

34. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	500 000	500 000
Amount paid - current year	<u>(500 000)</u>	<u>(500 000)</u>
	<u>-</u>	<u>-</u>

Material losses through criminal conduct

The municipality incurred no material losses through criminal conduct during the reporting period.

Audit fees

Opening balance	94 087	-
Current year subscription / fee	2 232 799	2 726 601
Amount paid - current year	<u>(2 326 886)</u>	<u>(2 632 514)</u>
	<u>-</u>	<u>94 087</u>

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

PAYE and UIF

Opening balance	824 262	684 142
Current year subscription / fee	10 176 801	9 869 861
Amount paid - current year	(10 175 342)	(9 729 741)
	<u>825 721</u>	<u>824 262</u>

Pension and Medical Aid Deductions

Current year subscription / fee	10 102 429	8 965 088
Amount paid - current year	(10 102 429)	(8 965 088)
	<u>-</u>	<u>-</u>

VAT

VAT receivable	<u>1 185 490</u>	<u>2 520 686</u>
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35. Municipal office occupation

The municipal head office situated at 1 Mampoi Street, Old parliament Building, Witsieshoek. The building is leased from Free State Department of Public Works for no rental consideration.

36. Prior period errors

36.1. Fleet management creditor

At the end of the prior year, the creditor relating to fleet management was overstated by an amount of R225,492. The impact is as follow:

Statement of Financial Position (30 June 2015)	
Decrease in fleet management payables	<u>225 492</u>

Statement of Financial Performance (30 June 2015)	
Decrease in general expense	<u>(225 492)</u>

36.2. Trade payables

At the end of the prior year, the retention creditors relating to different projects were overstated by an amount R287,456 and the trade creditors was overstated by an amount of R598,845.20. The impact is as follows:

Statement of Financial Position (30 June 2015)	
Decrease in Payables from Exchange transaction	<u>886 301</u>

Statement of Financial Performance (30 June 2015)	
Decrease in general expense	<u>(886 301)</u>

36.3. Property, Plant and Equipment (minor assets)

During the current financial year, management conducted an assets verification processes and identified minor assets that has not previously been capitalised in the accounting records, these assets were previously recognised as expenditure.

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36. Prior period errors (continued)

The review necessitated the adjustment and restatement of a total 1,722 minor assets which were capitalised on the assets register. The effect was adjusted, retrospectively, and the assets were included in the assets register with the deemed take-on date of 1 July 2009.

The effect of this correction is:

Statement of Financial Position (30 June 2014)

Increase in Property, Plant and Equipment (cost)	1 941 178
Increase in Property, Plant and Equipment (Accumulated Depreciation)	(647 718)
Decrease in Accumulated Deficit	(1 293 460)
	-

Statement of Financial Performance (30 June 2015)

Increase in Depreciation and Amortisation	172 158
Decrease in expenditure	53 446
	225 604

Statement of Financial Position (30 June 2015)

Increase in Property, Plant and Equipment (Accumulated Depreciation)	(172 158)
Increase in Property, plant and equipment	(53 446)
	(225 604)

36.4. Property, Plant and Equipment (duplicated assets)

During the current financial year, management conducted an assets verification processes and identified assets that were duplicated on the assets register.

The effect was adjusted, retrospectively, and the assets were excluded, from the earliest period:

Statement of Financial Position (30 June 2014)

Decrease in Property, Plan and Equipment (cost)	(191 784)
Decrease in Property, Plan and Equipment (Accumulated Depreciation)	37 316
Increase in Accumulated Deficit	154 468
	-

36.5. Receivables from non-exchange transaction

In the prior financial year, receivables was erroneously classified as Receivables from non-exchange Transactions and not as Receivables from Exchange Transactions.

The impact of re-classification is as follows:

Statement of Financial Position (30 June 2015)

Decrease in Receivables from Non-Exchange Transactions	(1 251 534)
Increase in Receivables from Exchange Transactions	1 251 534
	-

36.6. Provision for post-retirement medical aid benefit liability

The provision for post-retirement medical aid benefit liability has not been recognised in the past.

The correction of the error resulted in adjustment as follow:

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36. Prior period errors (continued)

Statement of Financial Position (30 June 2014)

Increase in defined benefit obligation	(4 591 000)
Increase in Accumulated deficit	4 591 000
	-

Statement of Financial Position (30 June 2015)

Increase in defined benefit obligation	(580 000)
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Statement of Financial Performance (30 June 2015)

Increase in Employee Cost	580 000
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36.7. Work in progress

In the prior financial year, infrastructure assets (work in progress) was erroneously expense under classification category of grants and subsidies paid

The effect of this correction is:

Statement of financial position

Increase in work in progress	12 679 528
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Statement of financial performance

Decrease in grants and subsidies paid	(12 679 528)
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36.8. Legal expense

In the prior financial year, legal service which was rendered on the 2013/14 financial year was erroneously recorded in the current year.

The effect of this correction is:

Statement of financial position

Increase in payables from exchange transaction	1 154 902
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Statement of financial performance

Decrease in legal expense	(1 154 902)
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36.9. Remuneration overpayment

In the prior financial year, the remuneration overpayment of accounting officer was erroneously recorded as receivables from exchange transaction instead of irregular expenditure.

The effect of this correction is:

Statement of financial position

Decrease in receivables from exchange transaction	(157 590)
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Statement of financial performance

Increase in employee cost	157 590
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37. Contracted services

Review of Strategic Objective	-	484 000
Contracted Financial Support	987 816	917 963

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37. Contracted services (continued)

Performance Management System

1 079 764 1 273 949

2 067 580 2 675 912

38. Grants and subsidies paid

Other subsidies

Local government assistance - Own funding

1 610 414 5 365 551

39. Revenue

Sundry income

234 006 1 572 901

Interest received - investment

1 172 745 2 069 979

Government grants & subsidies

102 798 196 108 834 495

104 204 947 112 477 375

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

Sundry income

234 006 1 572 901

Interest received - investment

1 172 745 2 069 979

1 406 751 3 642 880

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

Transfer revenue

Government grants & subsidies

102 798 196 108 834 495

40. Budget differences

Material differences between budget and actual amounts

40.1. Sundry income - the actual revenue over the final budget indicates a decline of 98%, these was due to incorrect treatment of surplus cash erroneously included in the budget.

40.2. Interest received on investment - the actual revenue over the final budget indicates a decrease of 40%, these was due to withdrawals in the investment account which relates to funds that were de-invested to cover expenses in compensation of lack of growth in grants and subsidies which was well below the expected inflation rate in expenditure items of 6%.

40.3. Depreciation and amortisation – the actual expenditure over the final budget indicates an increase of 14%, these was as the results of capitalisation of minor assets which were previously expensed.

40.4. Debt impairment - the actual expenditure over the final budget indicates an increase of 100%, these was as a results of individual debt assessment which was only concluded at year end.

40.5. Finance charges - the actual expenditure over the final budget indicate an increase of 418%, these was as the results of misallocation of finance charges which was allocated under general expenditure

40.6. Repairs and maintenance – the actual expenditure over the final budget indicate an increase of 217%, these was due to repairs and maintenance on building and vehicles which was unforeseen.

40.7. Contracted services – the actual contracted service expenditure over the final budget indicates an increase of 176%, these was as a result of misallocation of contracted services in relation to PMS Support which was allocated under general expenditure

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40. Budget differences (continued)

40.8. Grants and subsidies paid - the actual expenditure over the final budget indicate a decrease of 65%, these was as a results of incorrect classification of work in capital which was expensed as grants and subsidies paid in the past.

40.9. Receivables from exchange transaction - the actual receivables from exchange transaction over the final budget indicate a decrease of 84%, these was due to a overstatement of receivables account and correction of irregular expenditure which was accounted as receivables.

40.10 VAT Receivables – the actual VAT receivable over the final budget indicates an increase of 100% these was due to the fact that VAT refunds for the periods June 2016, still outstanding from SARS.

40.11. Cash and cash equivalents – the actual cash and cash equivalents over the final budget indicates a decrease of 72%, this was due to settlement of payables towards the end of the financial year.

40.12. Property, plant and equipment – the actual property, plant and equipment over the final budget indicates a decrease of 39%, this was due to reprioritisation of expenditure which deferred the procurement of assets for the current year, the timing of purchases was delayed to the following financial year.

40.13. Payables from exchange transaction - the actual payables from exchange transaction over the final budget indicate a decrease of 59% these was due to reclassification of payable under dispute to contingent liability.

40.14. Unspent conditional grants and receipts – the actual unspent conditional grants and receipts over the final budget indicates an increase of 100%, this was due to late appointment of consultant on the project.

40.15. Finance lease obligation (non-current) – the actual finance lease obligation over the final budget indicates a decrease of 75%, this was due to incorrect budget projection on lease.

40.16. Employee benefit obligation – the actual employee benefit obligation over the final budget indicates a variation of 337%, this was due to prior period error of post benefits relating to medical aid which was not provided in the statement of financial position.