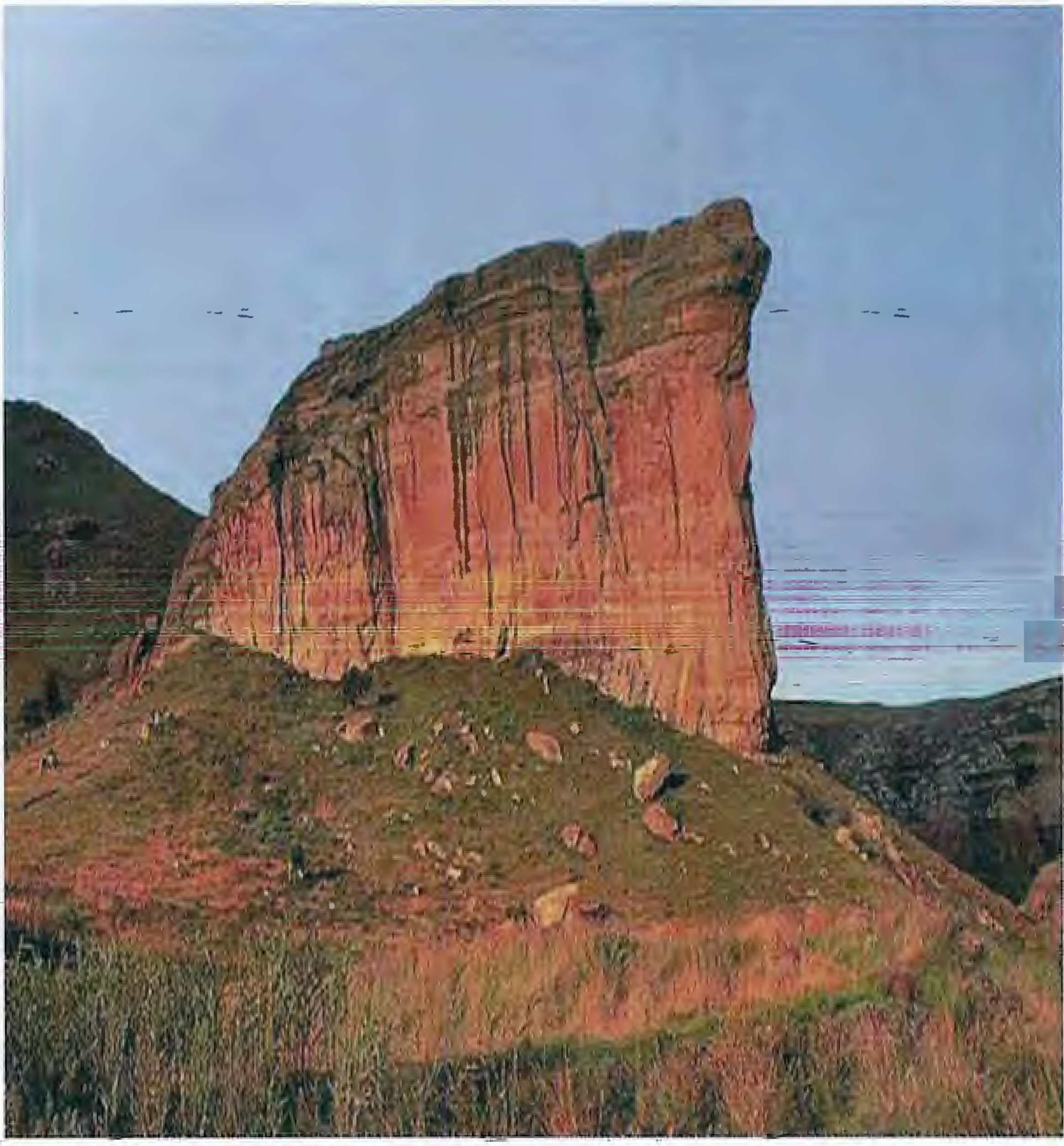
THABO MOFUTSANYANA *District Municipality*



DRAFT ANNUAL REPORT: 2016 / 2017 FINANCIAL YEAR

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CHAPTER 1

FOREWORD BY THE EXECUTIVE MAYOR

Municipal Manager's Overview

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 boundries 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 A Phofung**	**Phumelela**
Hobhouse	Clocolan	Rosendal	Lindley	Kestel	Vrede
Ladybrand	Ficksburg	Paul Roux	Arlington	Harismith	Warden
Excelsior	Marquard	Fouriesburg	Petrus steyn	Qwa-Qwa	Memel
Thaba Patchoa	Senekal	Clarens	Reitz	Tshiame	
		Bethlehem			

Bethlehem, Ficksburg, Harrismith, Vrede, Memel, Phuthaditjhaba, 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, Phuthaditjhaba 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 Betlehem 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, Betlehem - 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	12735	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

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

Summation 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
% of 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
Summation 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
% of 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

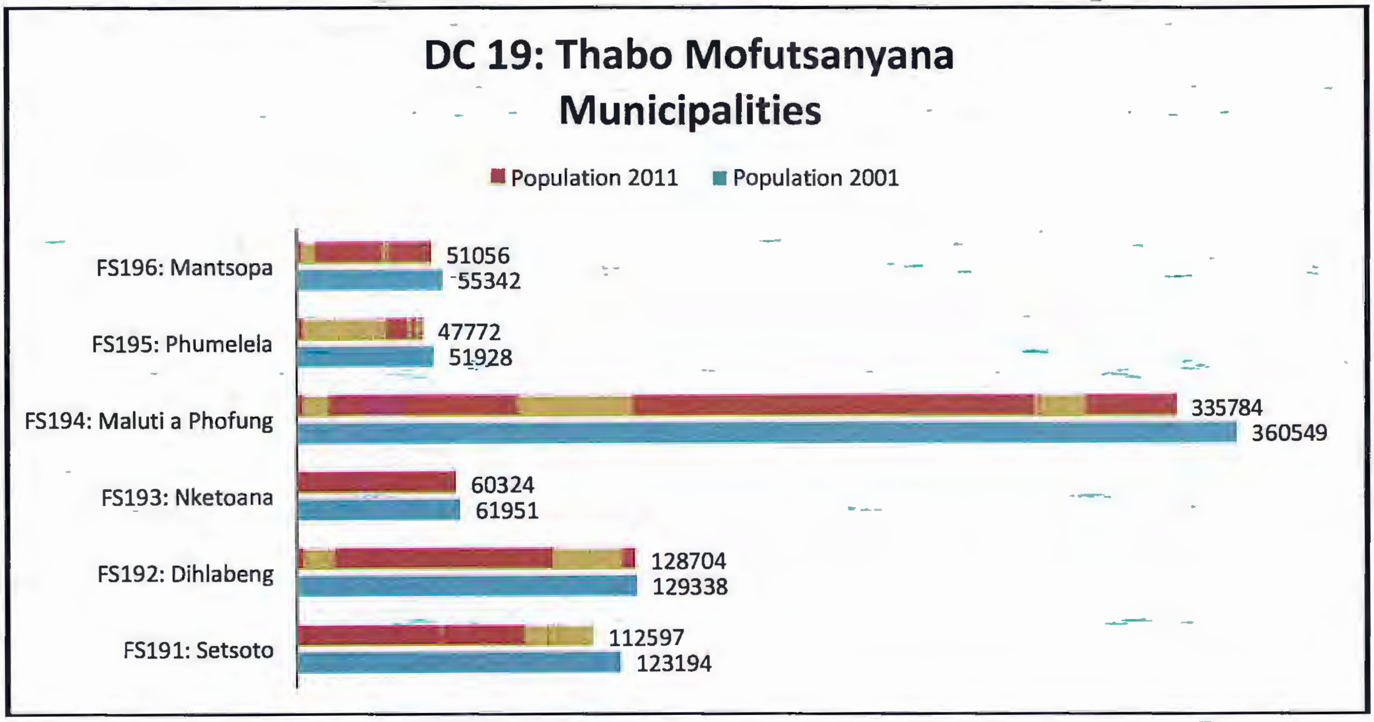
Space-Time Research

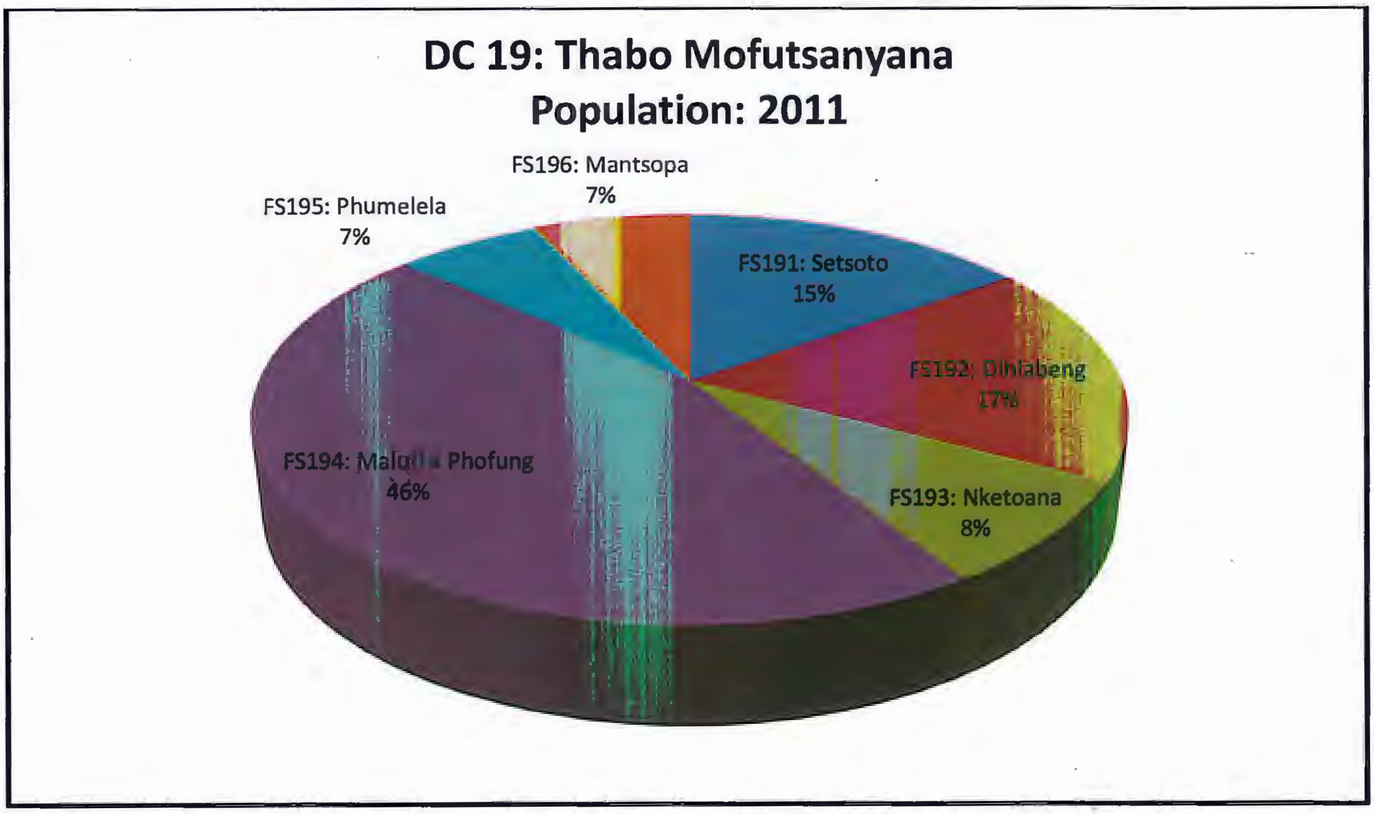
Household Services - Census 1996-2011

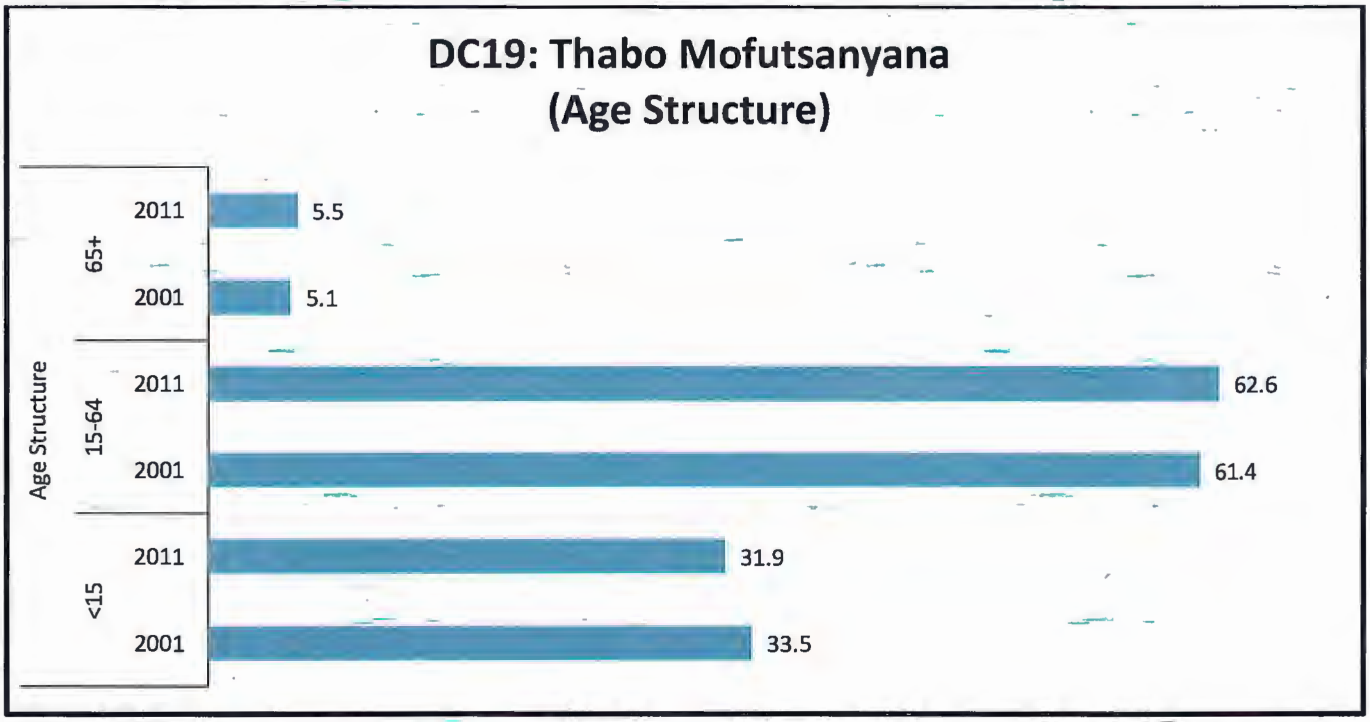
Table 1

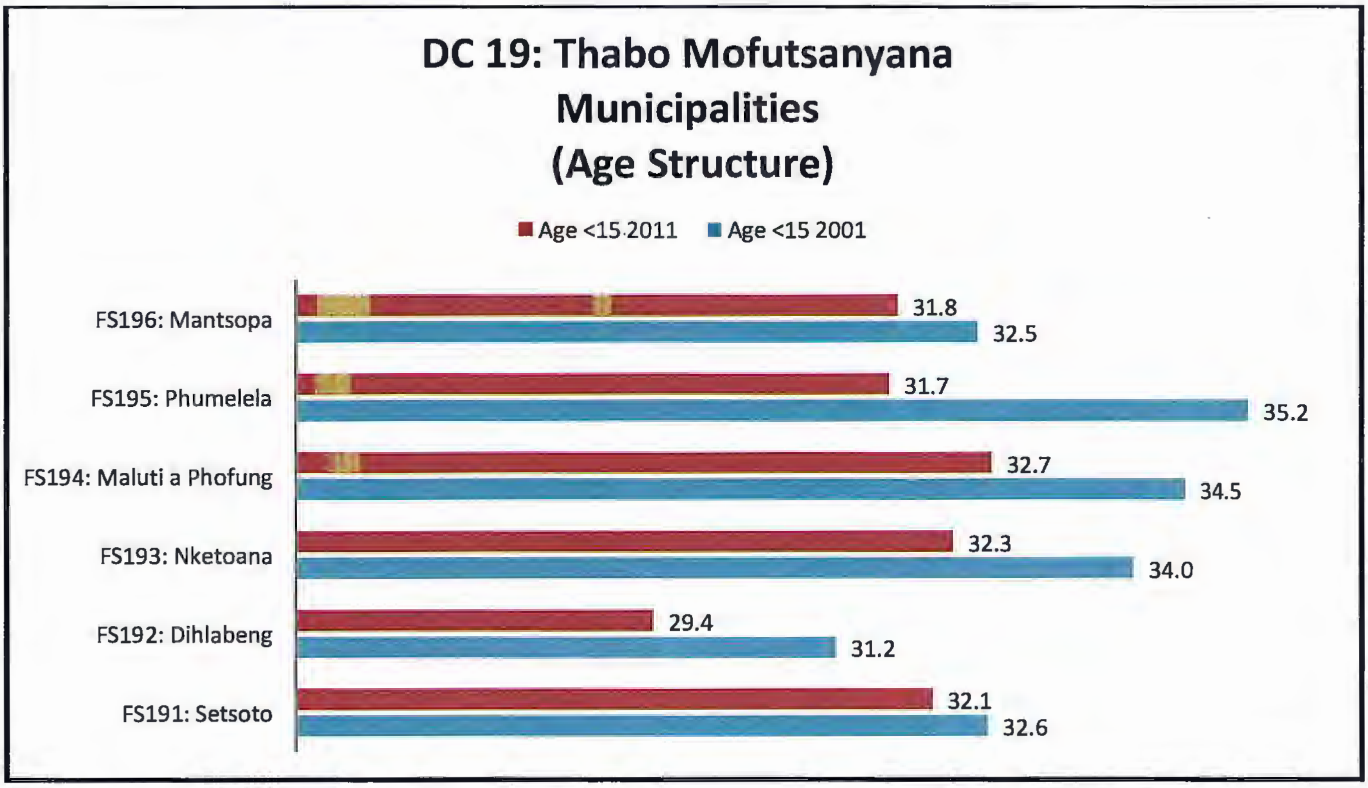
Summation Options (Calculations), Access to piped water and Census Year by South Africa by 2011 Municipal Boundaries

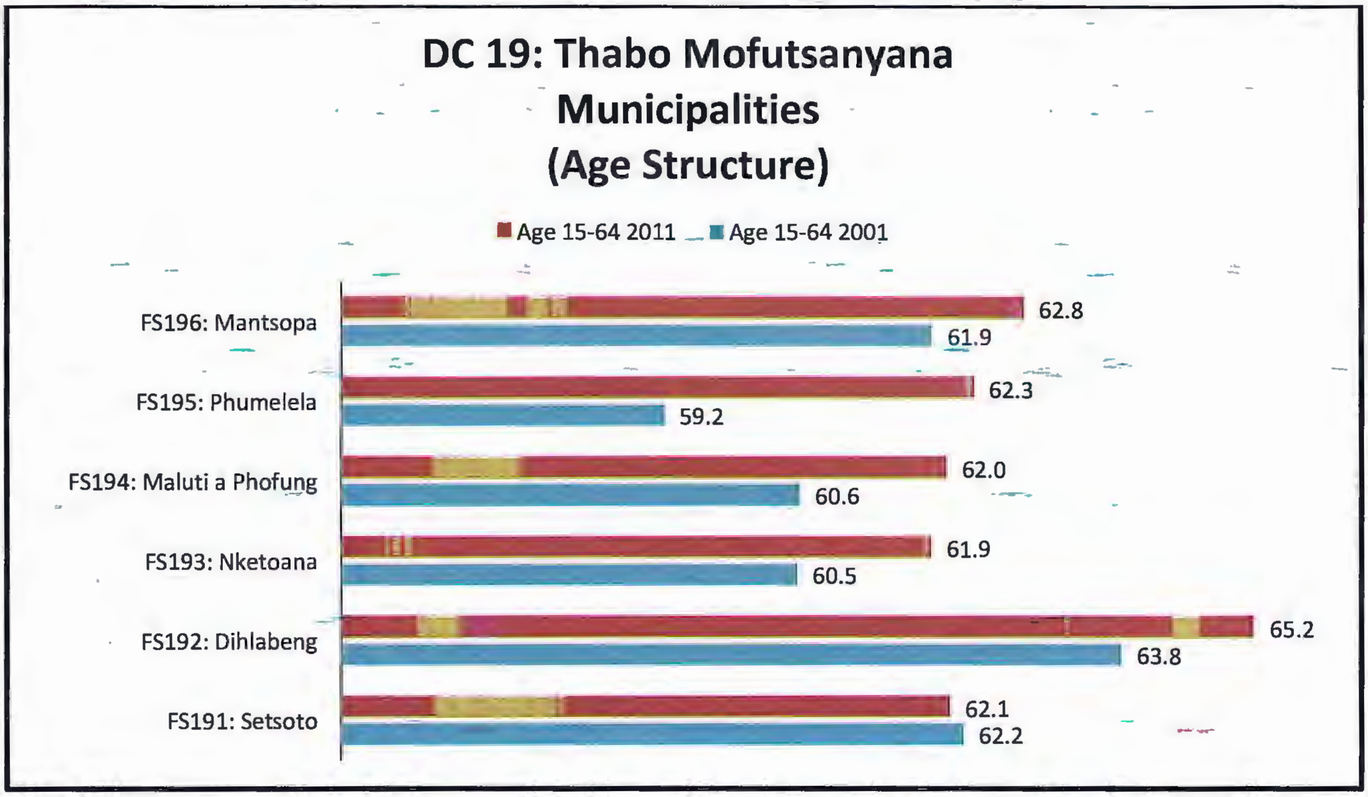
	DC19: Thabo Mofutsanyane	FS191: Setsoto	FS192: Dihlabeng	FS193: Nketoana	FS194: Maluti a Phofung	FS195: Phumelela	FS196: Mantsopa
Household weighted							
Piped water inside the dwelling							
1996	46261	7995	11679	3906	15658	2805	4217
2001	34224	4273	8291	2069	15233	1700	2658
2011	73263	10575	16915	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 yard							
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	978
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

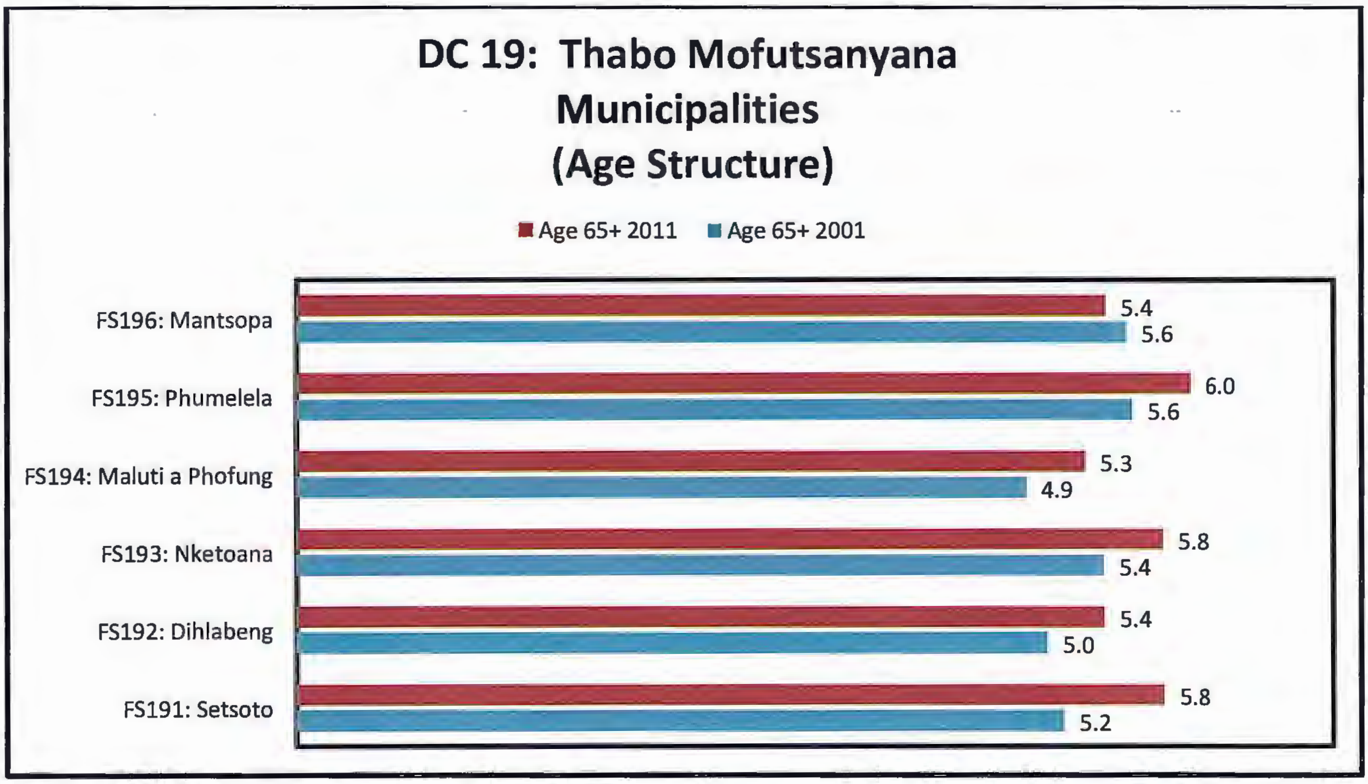

DC 19: Thabo Mofutsanyana Municipalities
Population 2011
Population 2001
FS196: Mantsopa
51056
55342
FS195: Phumelela
47772
51928
FS194: Maluti a Phofung
335784
360549
FS193: Nketoana
60324
61951
FS192: Dihlabeng
128704
129338
FS191: Setsoto
112597
123194

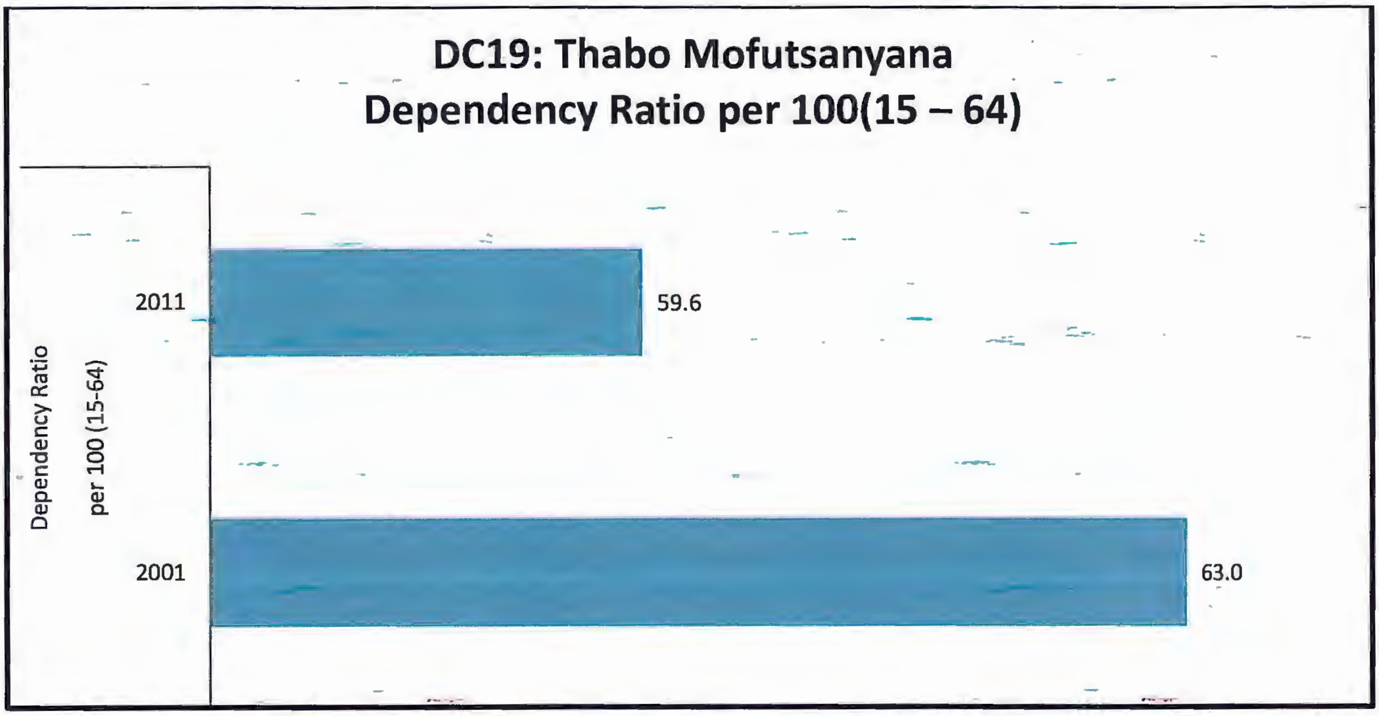

DC 19: Thabo Mofutsanyana Population: 2011
FS196: Mantsopa
7%
FS195: Phumelela
7%
FS191: Setsoto
15%
FS192: Dihlabeng
17%
FS194: Maluti a Phofung
46%
FS193: Nketoana
8%

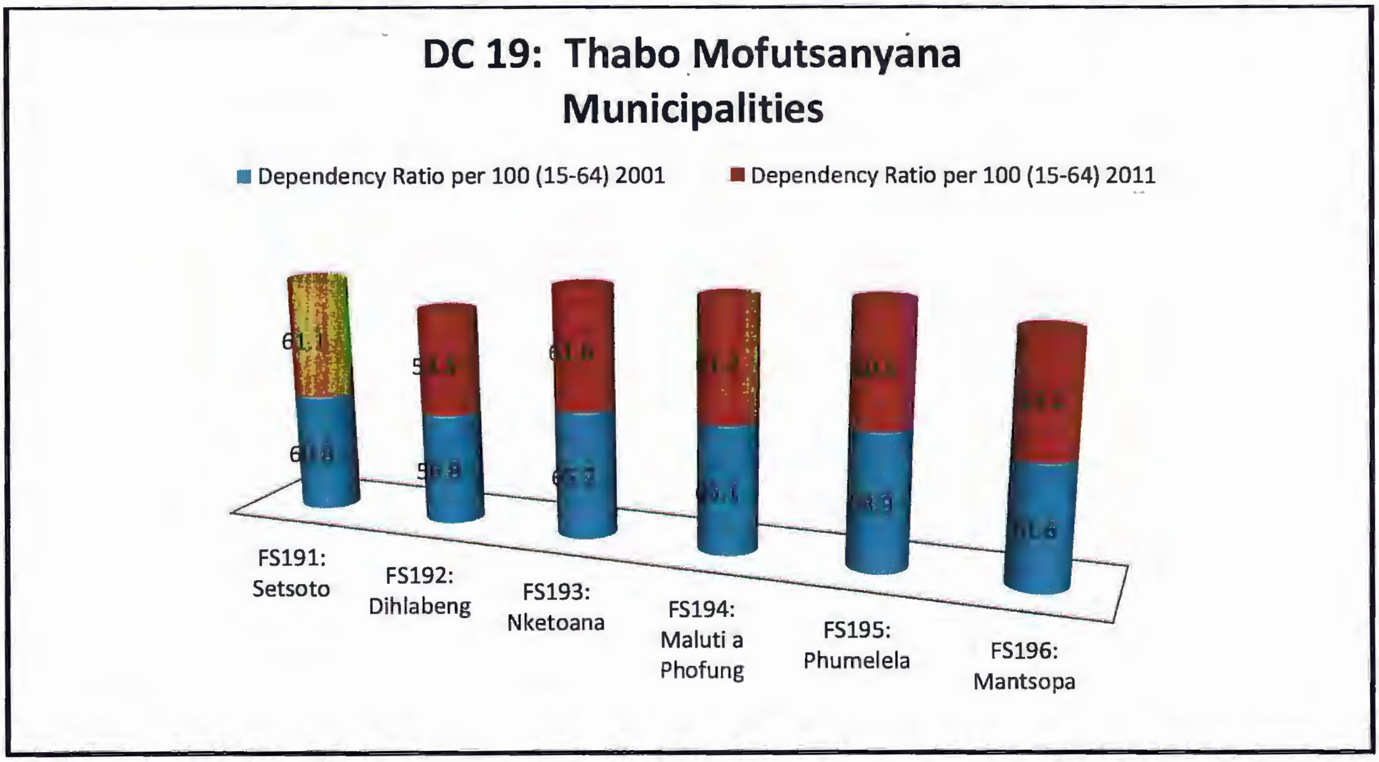

DC19: Thabo Mofutsanyana
(Age Structure)
Age Structure
65+
15-64
<15
2011
2001
5.5
5.1
62.6
61.4
31.9
33.5

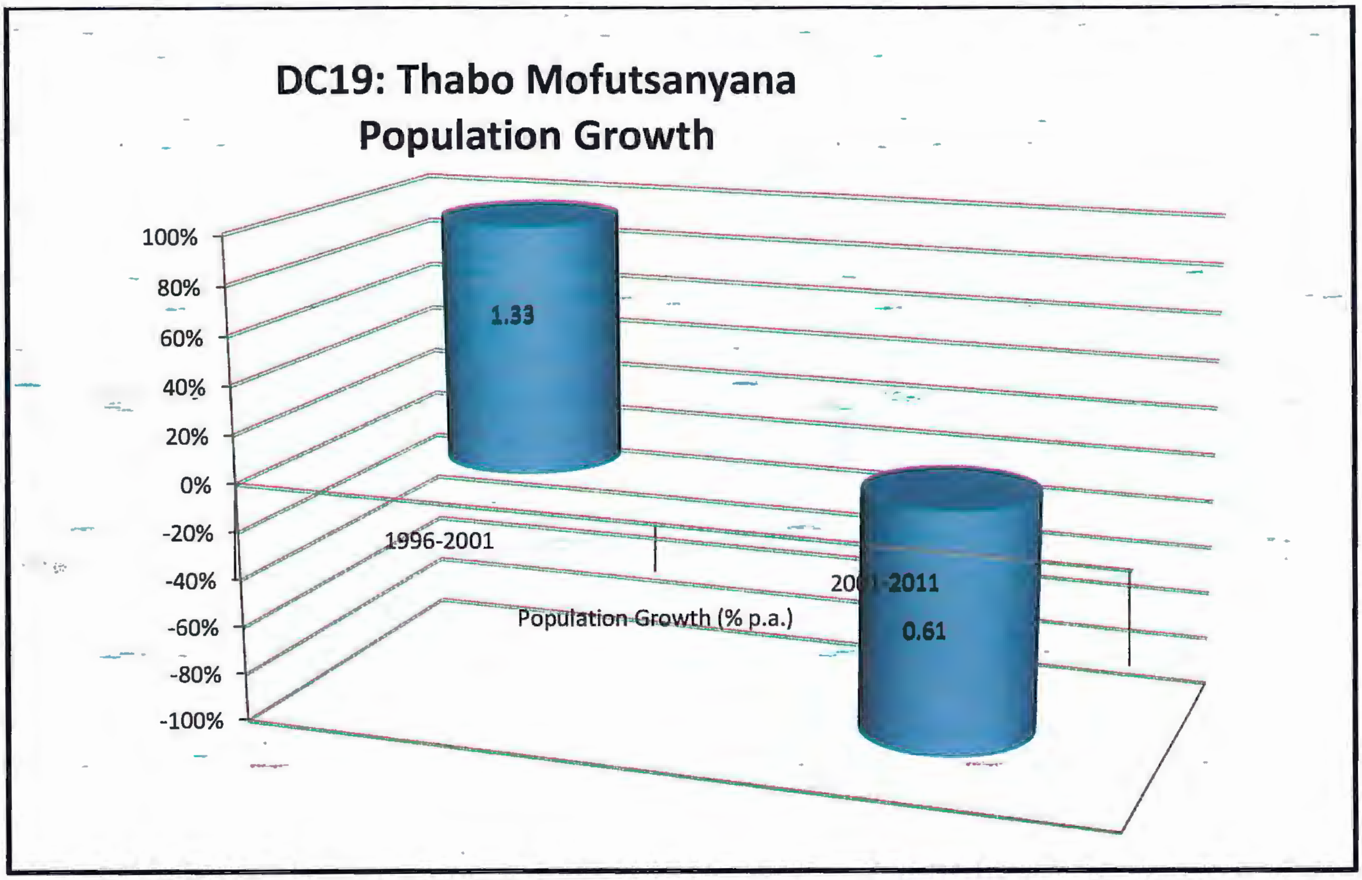

DC 19: Thabo Mofutsanyana
Municipalities
(Age Structure)
Age <15 2011
Age <15 2001
FS196: Mantsopa
FS195: Phumelela
FS194: Maluti a Phofung
FS193: Nketoana
FS192: Dihlabeng
FS191: Setsoto
31.8
32.5
31.7
35.2
32.7
34.5
32.3
34.0
29.4
31.2
32.1
32.6

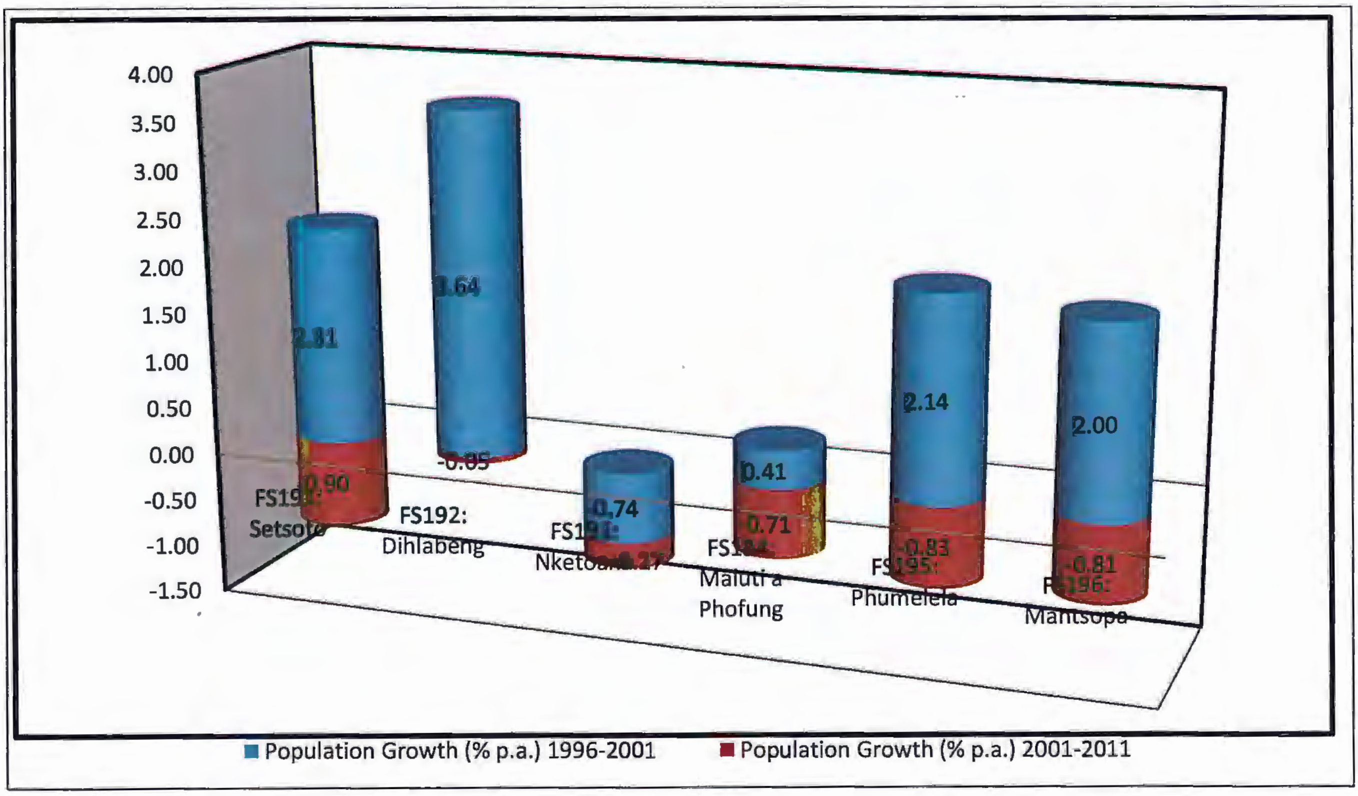

DC 19: Thabo Mofutsanyana
Municipalities
(Age Structure)
Age 15-64 2011
Age 15-64 2001
FS196: Mantsopa
FS195: Phumelela
FS194: Maluti a Phofung
FS193: Nketoana
FS192: Dihlabeng
FS191: Setsoto
62.8
61.9
62.3
59.2
62.0
60.6
61.9
60.5
65.2
63.8
62.1
62.2

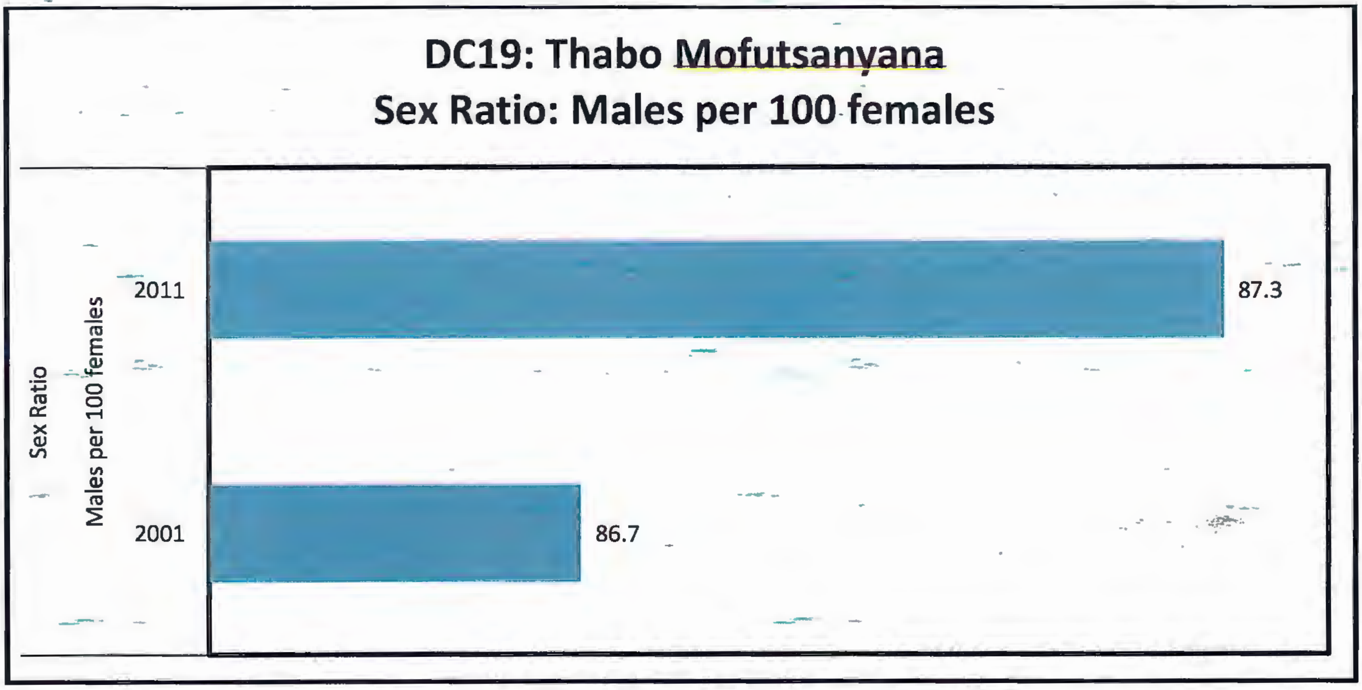

DC 19: Thabo Mofutsanyana
Municipalities
(Age Structure)
Age 65+ 2011
Age 65+ 2001
FS196: Mantsopa
FS195: Phumelela
FS194: Maluti a Phofung
FS193: Nketoana
FS192: Dihlabeng
FS191: Setsoto
5.4
5.6
6.0
5.6
5.3
4.9
5.8
5.4
5.4
5.0
5.8
5.2

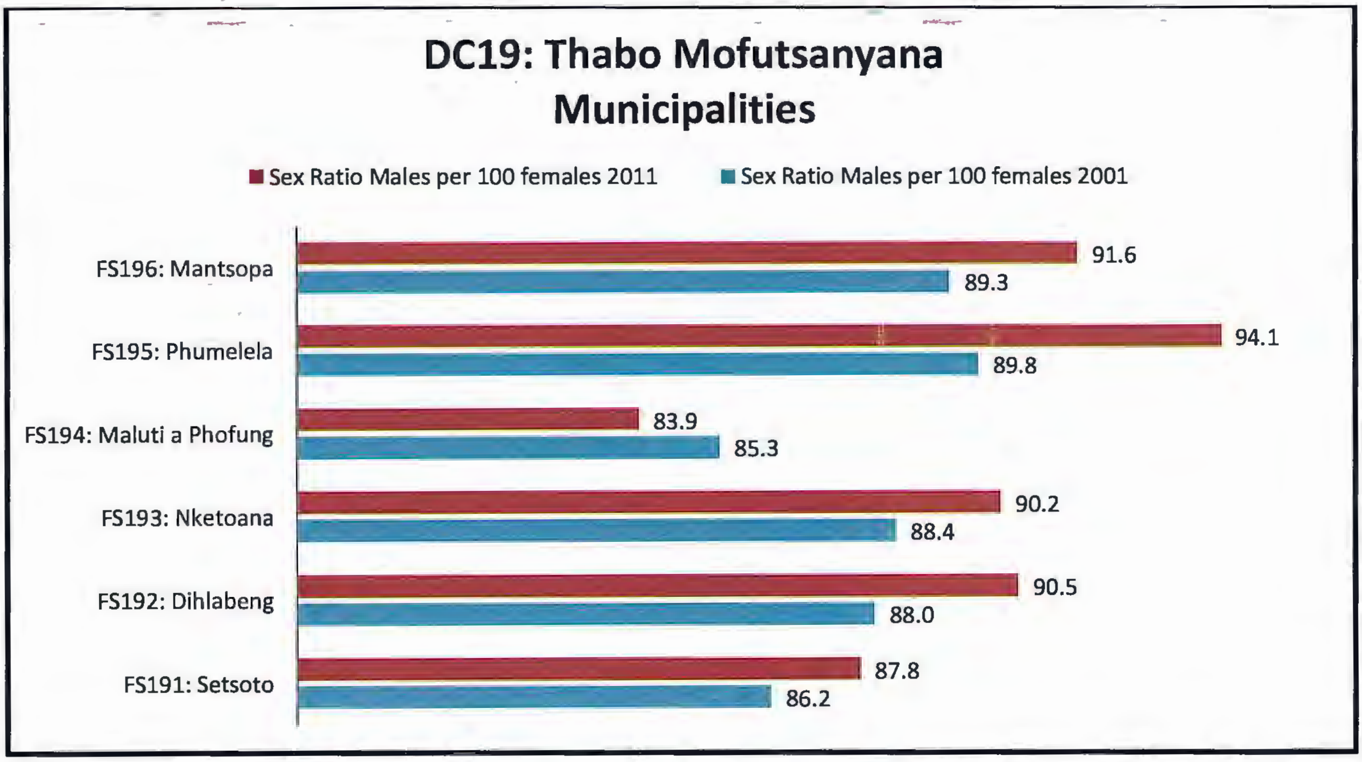

DC19: Thabo Mofutsanyana
Dependency Ratio per 100(15 – 64)
Dependency Ratio
per 100 (15-64)
2011
59.6
2001
63.0

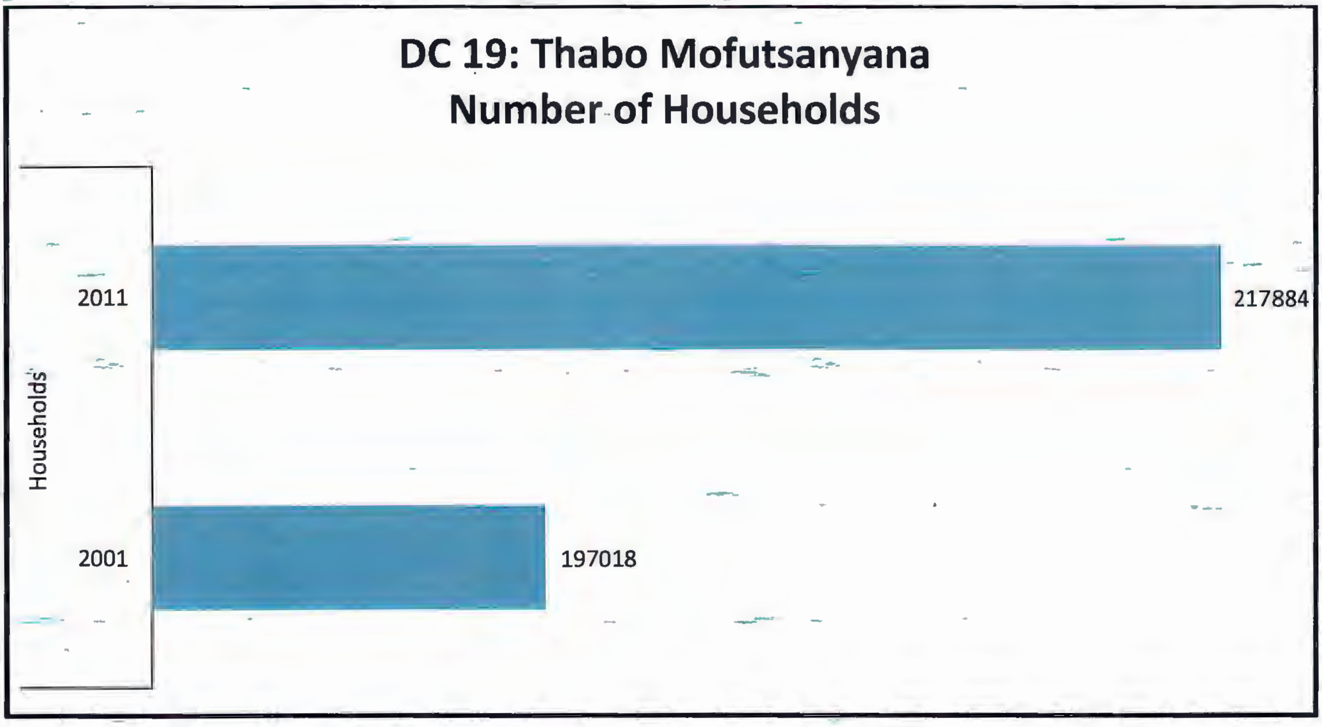

DC 19: Thabo Mofutsanyana
Municipalities
Dependency Ratio per 100 (15-64) 2001
Dependency Ratio per 100 (15-64) 2011
61.1
FS191: Setsoto
FS192: Dihlabeng
FS193: Nketoana
FS194: Maluti a Phofung
FS195: Phumelela
FS196: Mantsopa

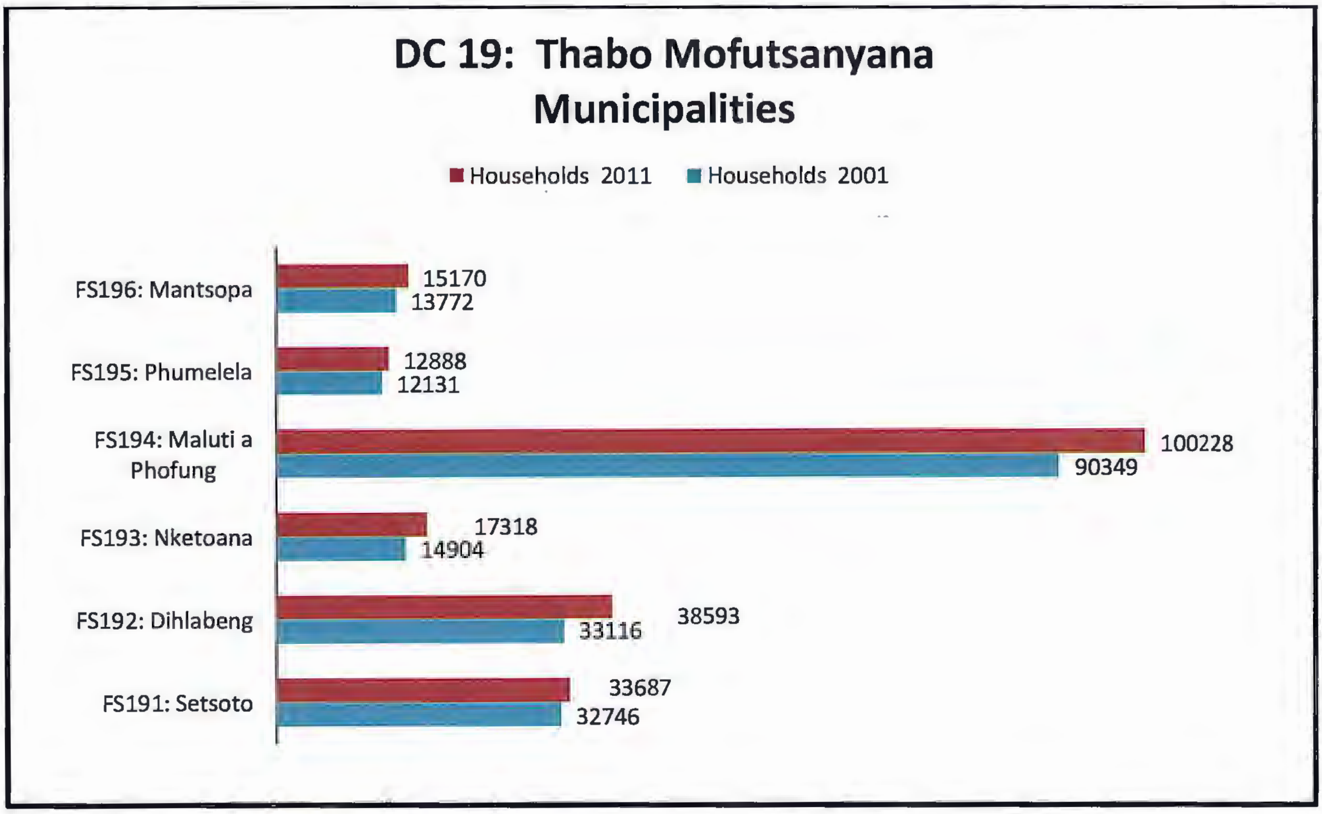

DC19: Thabo Mofutsanyana
Population Growth
100%
80%
60%
40%
20%
0%
-20%
-40%
-60%
-80%
-100%
1.33
0.61
1996-2001
2001-2011
Population Growth (% p.a.)

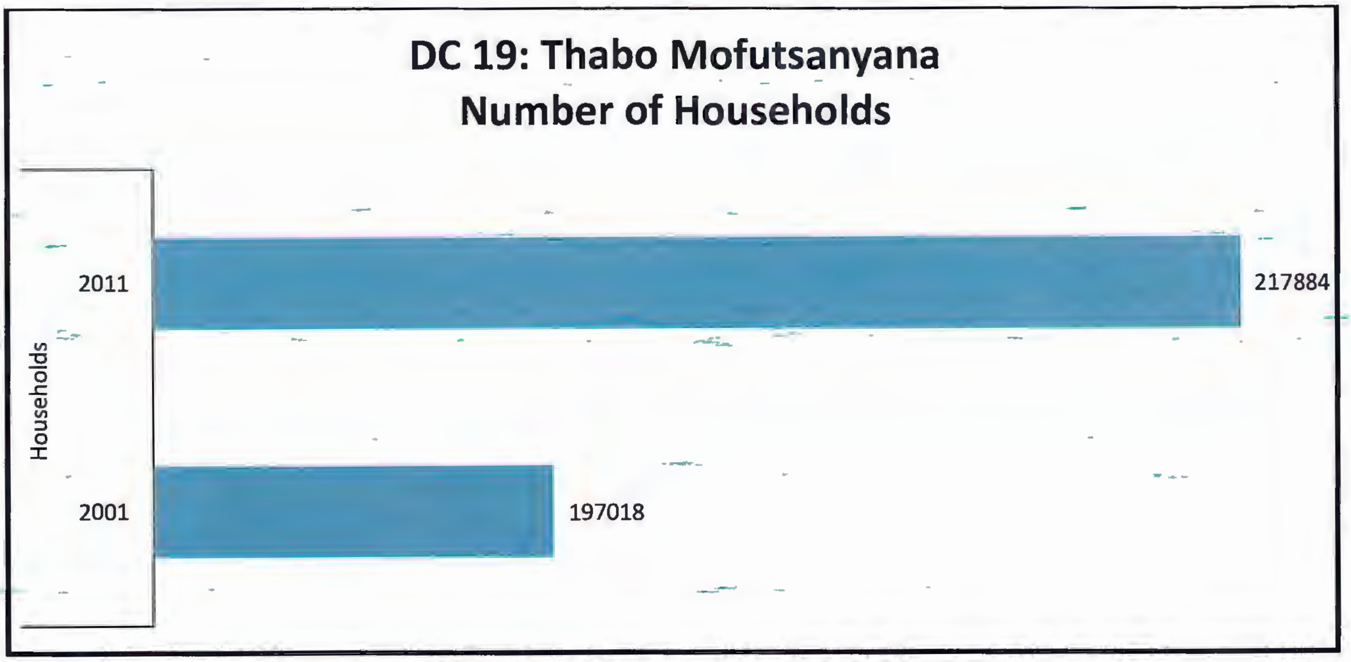

4.00
3.50
3.00
2.50
2.00
1.50
1.00
0.50
0.00
-0.50
-1.00
-1.50
2.14
2.00
0.41
0.71
0.74
FS192:
Dihlabeng
Phofung
Population Growth (% p.a.) 1996-2001
Population Growth (% p.a.) 2001-2011


DC19: Thabo Mofutsanyana
Sex Ratio: Males per 100 females
Sex Ratio
Males per 100 females
2011
87.3
2001
86.7

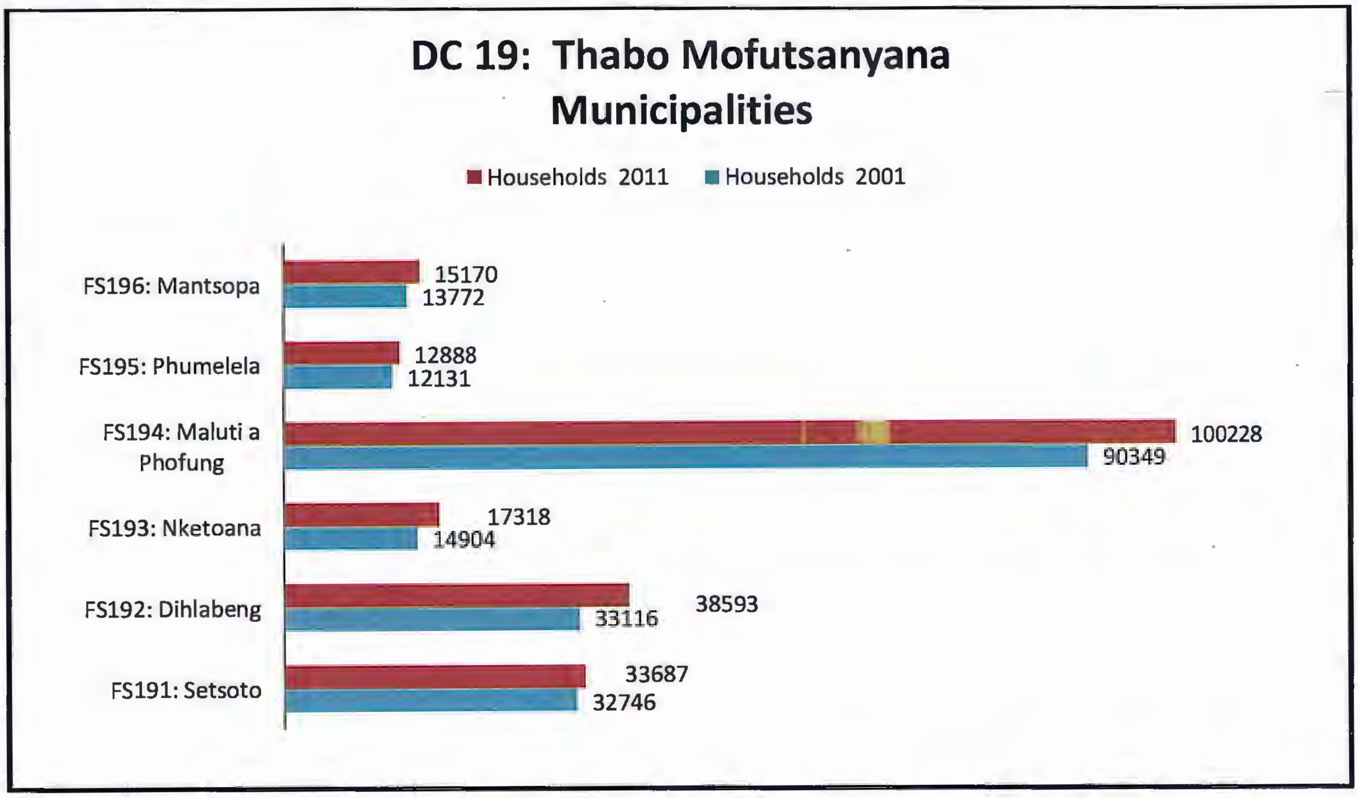

DC19: Thabo Mofutsanyana
Municipalities
Sex Ratio Males per 100 females 2011
Sex Ratio Males per 100 females 2001
FS196: Mantsopa
91.6
89.3
FS195: Phumelela
94.1
89.8
FS194: Maluti a Phofung
83.9
85.3
FS193: Nketoana
90.2
88.4
FS192: Dihlabeng
90.5
88.0
FS191: Setsoto
87.8
86.2


DC 19: Thabo Mofutsanyana
Number of Households
Households
2011
217884
2001
197018

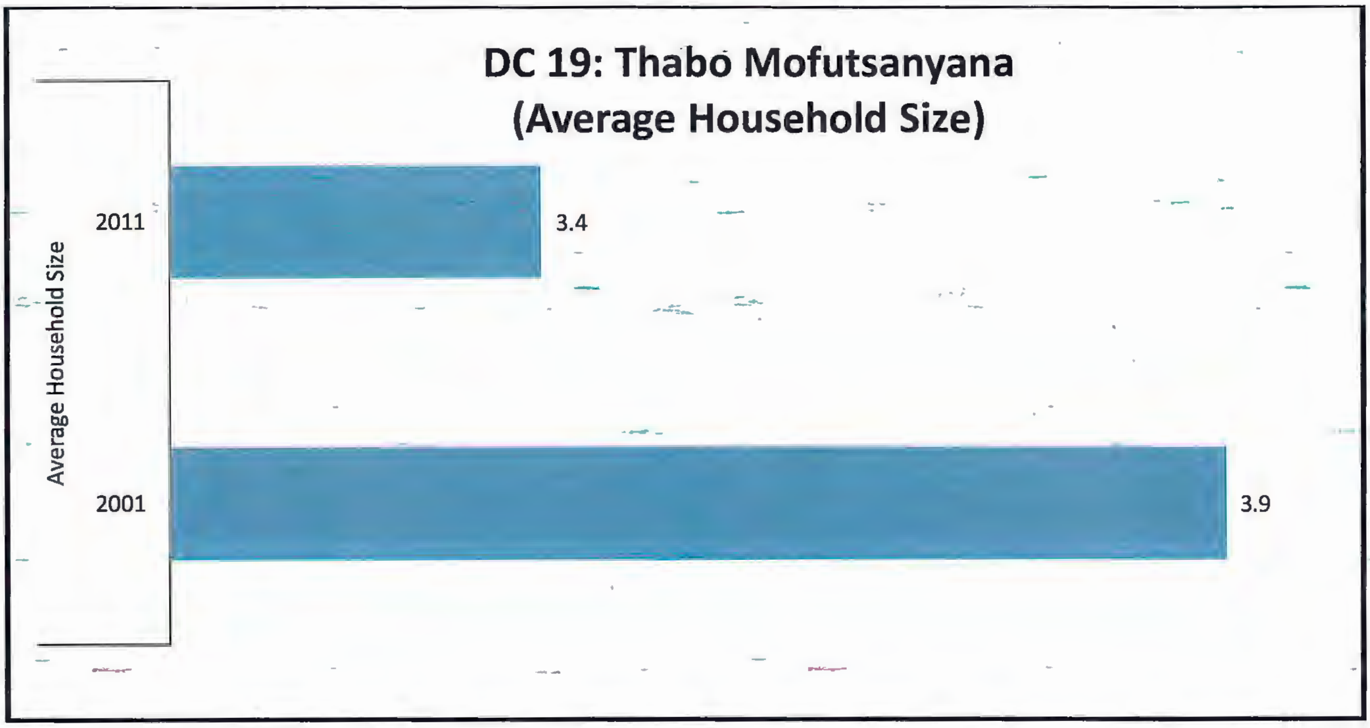

DC 19: Thabo Mofutsanyana
Municipalities
Households 2011
Households 2001
FS196: Mantsopa
15170
13772
FS195: Phumelela
12888
12131
FS194: Maluti a Phofung
100228
90349
FS193: Nketoana
17318
14904
FS192: Dihlabeng
38593
33116
FS191: Setsoto
33687
32746

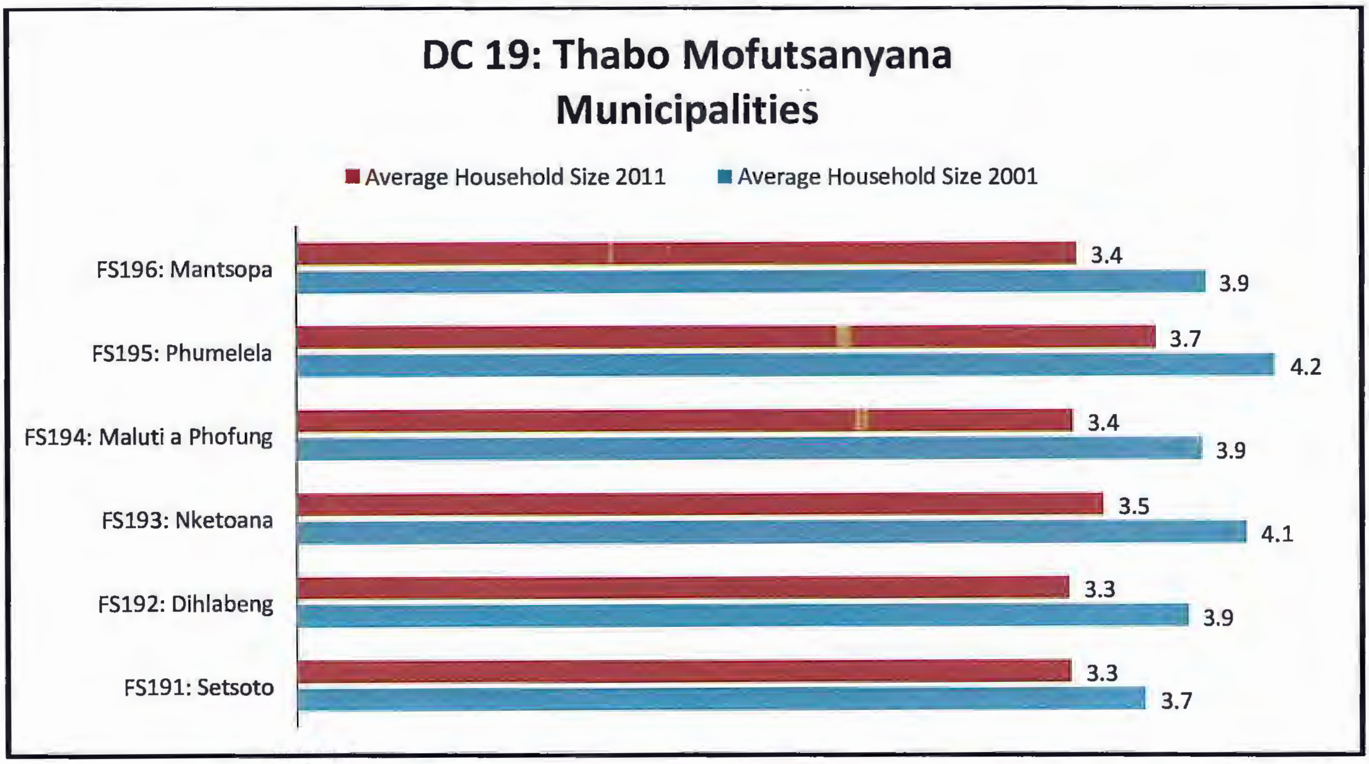


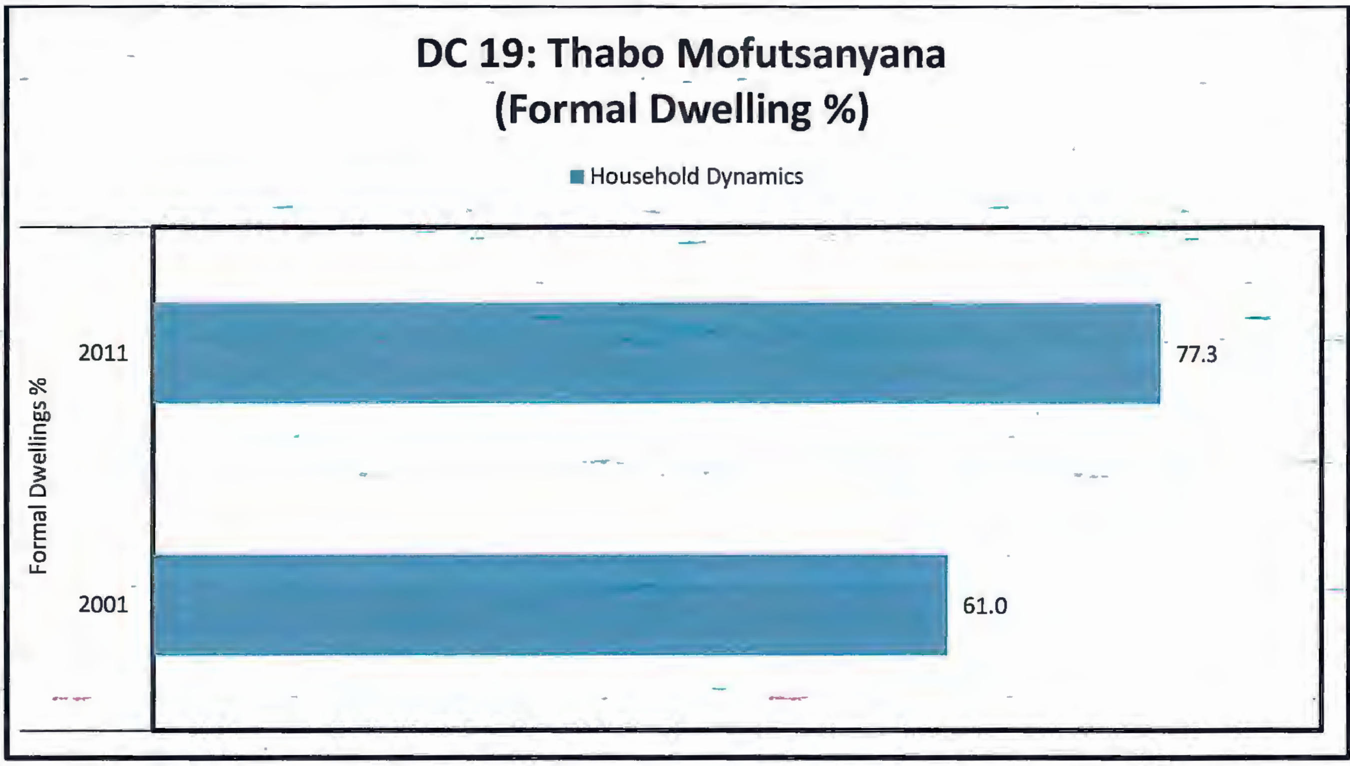
DC 19: Thabo Mofutsanyana
Number of Households
Households
2011
217884
2001
197018

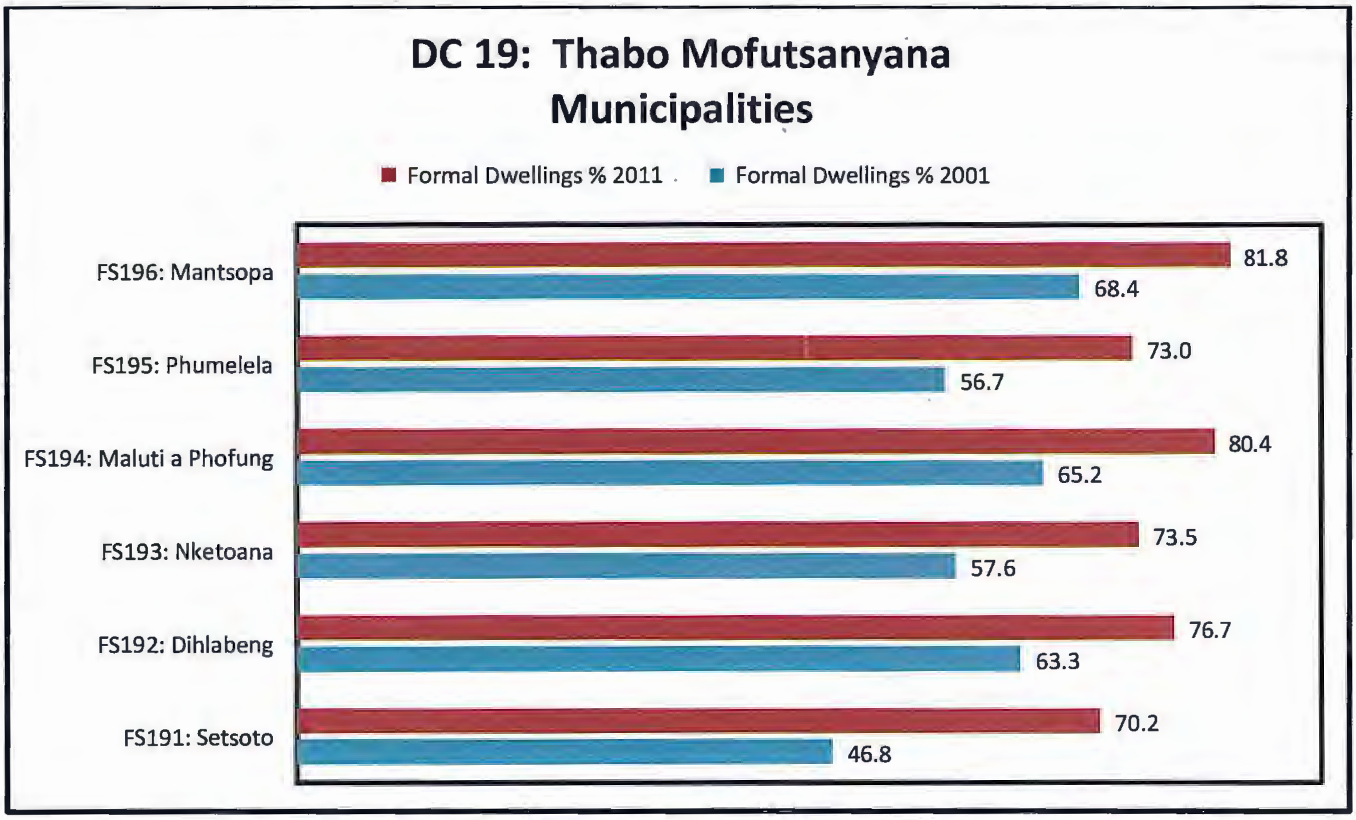


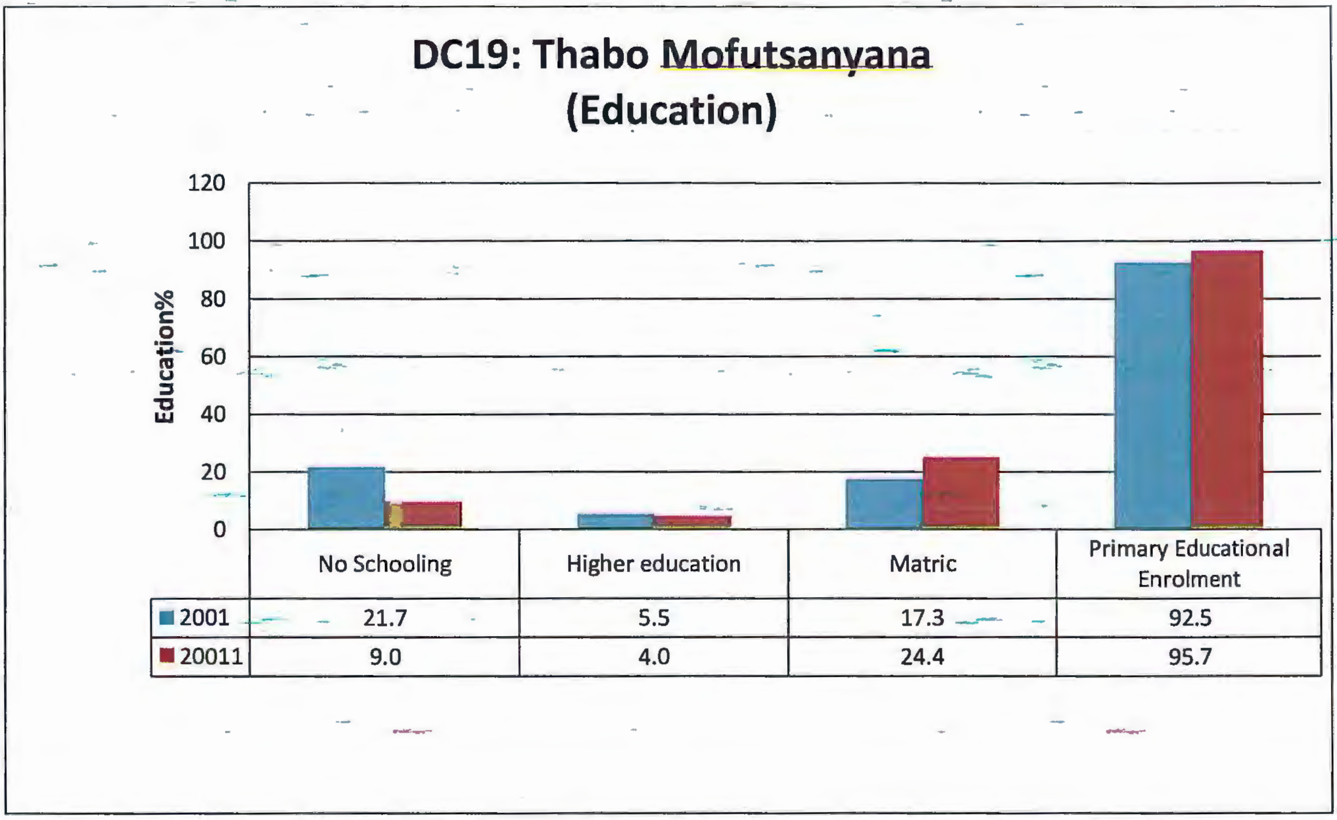
DC 19: Thabo Mofutsanyana
Municipalities
Households 2011
Households 2001
FS196: Mantsopa
15170
13772
FS195: Phumelela
12888
12131
FS194: Maluti a Phofung
100228
90349
FS193: Nketoana
17318
14904
FS192: Dihlabeng
38593
33116
FS191: Setsoto
33687
32746


DC 19: Thabo Mofutsanyana
(Average Household Size)
Average Household Size
2011
3.4
2001
3.9

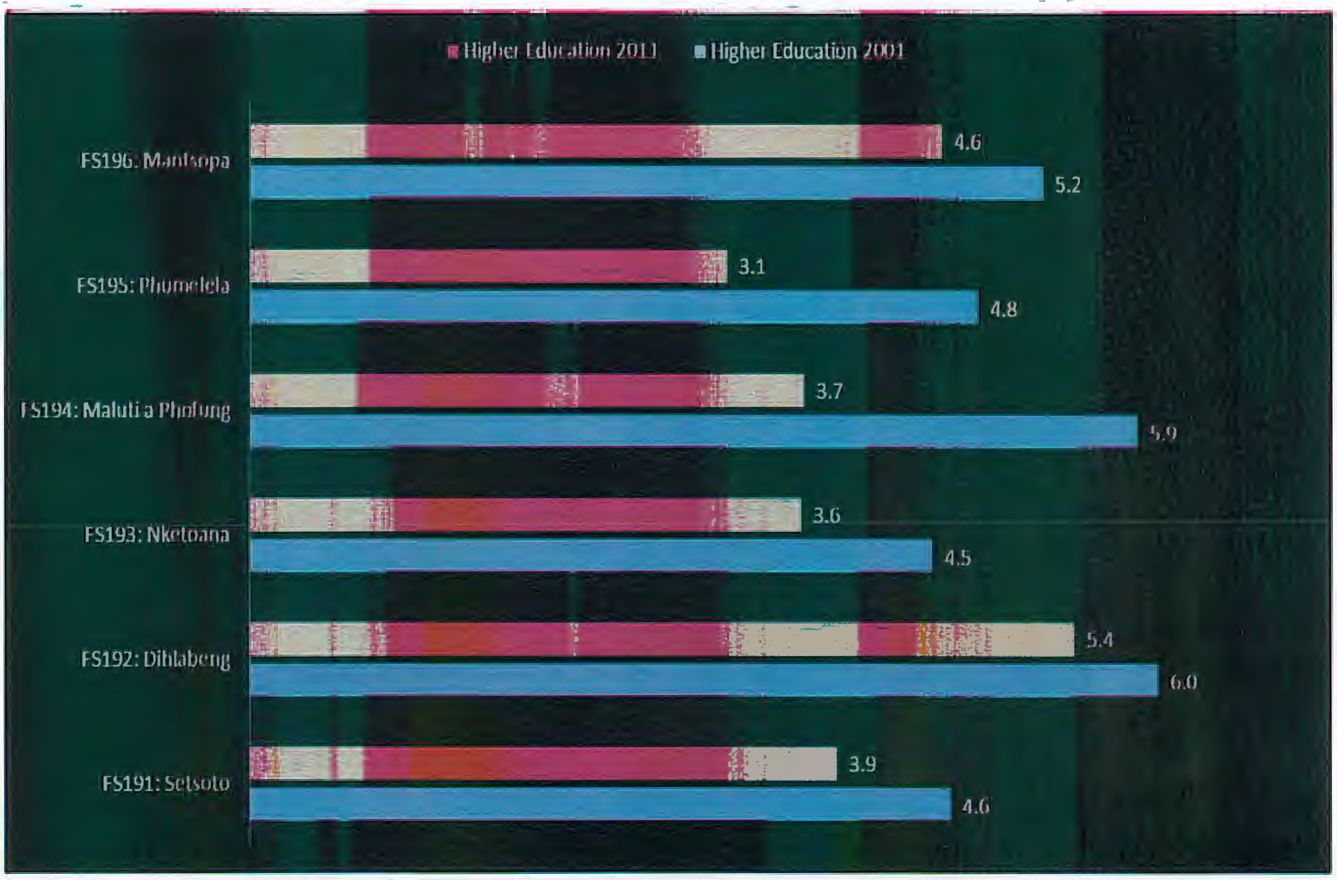

DC 19: Thabo Mofutsanyana
Municipalities
Average Household Size 2011
Average Household Size 2001
FS196: Mantsopa
3.4
3.9
FS195: Phumelela
3.7
4.2
FS194: Maluti a Phofung
3.4
3.9
FS193: Nketoana
3.5
4.1
FS192: Dihlabeng
3.3
3.9
FS191: Setsoto
3.3
3.7

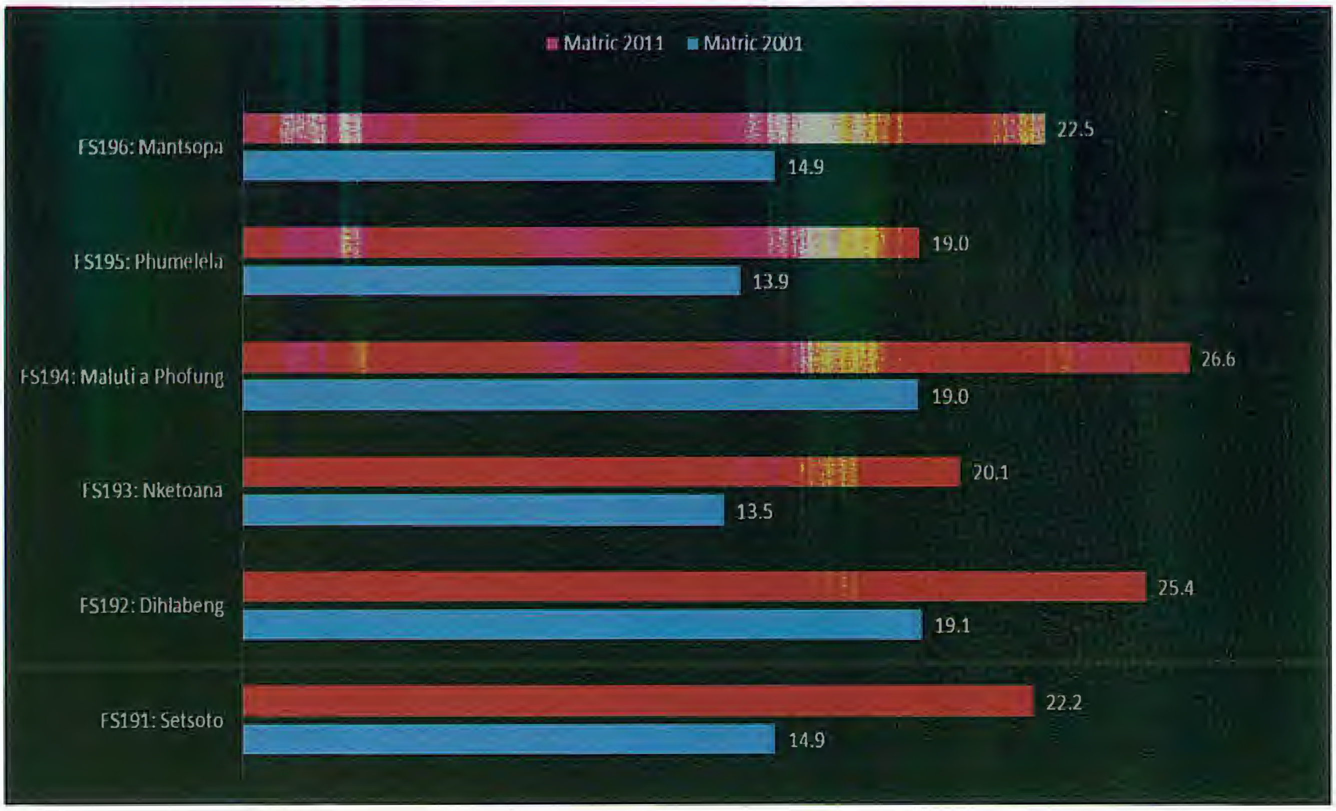

DC 19: Thabo Mofutsanyana
(Formal Dwelling %)
Household Dynamics
Formal Dwellings %
2011
77.3
2001
61.0

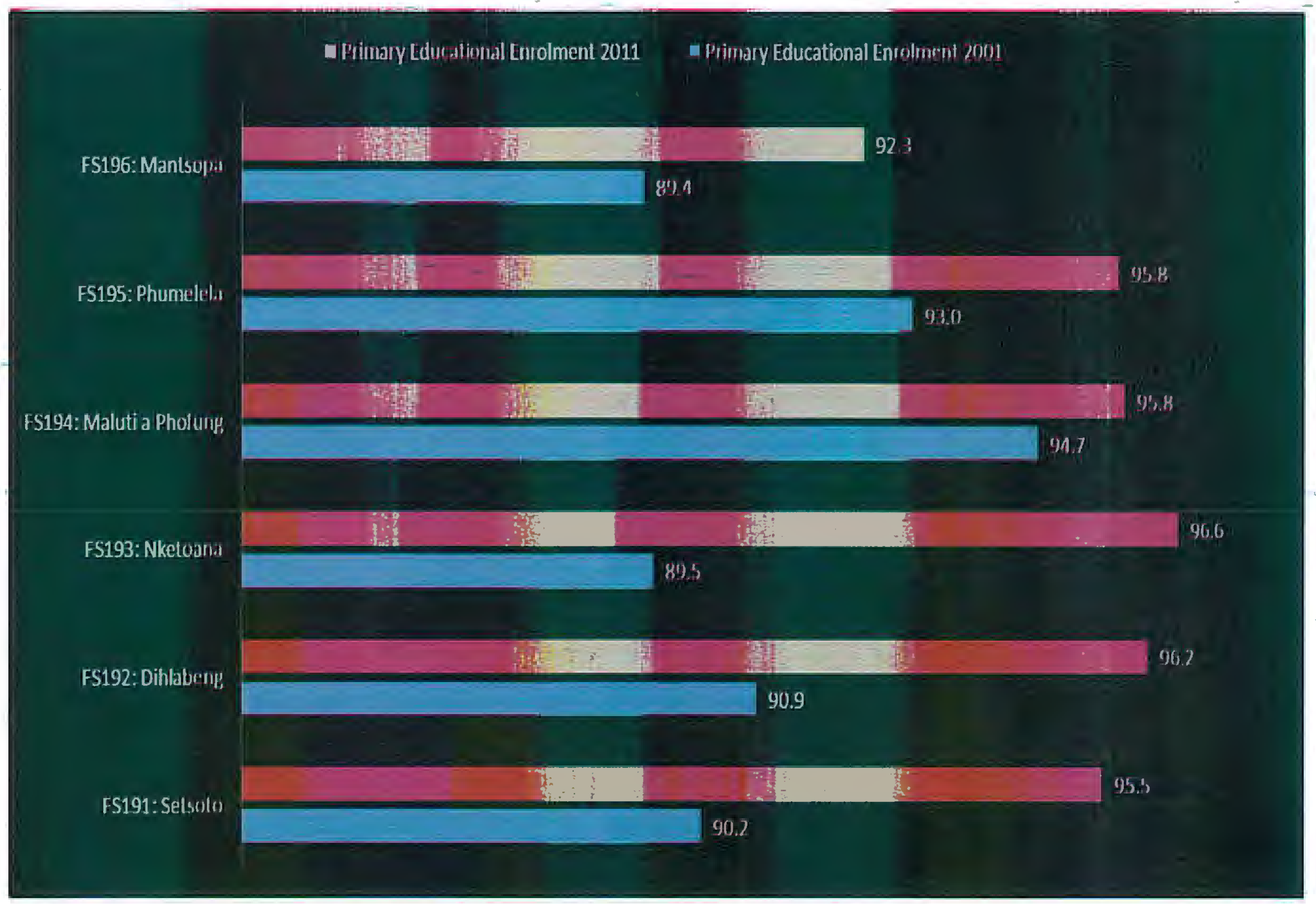

DC 19: Thabo Mofutsanyana
Municipalities
Formal Dwellings % 2011
Formal Dwellings % 2001
FS196: Mantsopa
81.8
68.4
FS195: Phumelela
73.0
56.7
FS194: Maluti a Phofung
80.4
65.2
FS193: Nketoana
73.5
57.6
FS192: Dihlabeng
76.7
63.3
FS191: Setsoto
70.2
46.8



	No Schooling	Higher education	Matric	Primary Educational Enrolment
2001	21.7	5.5	17.3	92.5
20011	9.0	4.0	24.4	95.7


Higher Education 2011
Higher Education 2001
FS196: Mantsopa
4.6
5.2
FS195: Phumelela
3.1
4.8
FS194: Maluti a Phofung
3.7
5.9
FS193: Nketoana
3.6
4.5
FS192: Dihlabeng
5.4
6.0
FS191: Setsoto
3.9
4.6


Matric 2011
Matric 2001
FS196: Mantsopa
22.5
14.9
FS195: Phumelela
19.0
13.9
FS194: Maluti a Phofung
26.6
19.0
FS193: Nketoana
20.1
13.5
FS192: Dihlabeng
25.4
19.1
FS191: Setsoto
22.2
14.9



Primary Educational Enrolment 2011
Primary Educational Enrolment 2001
FS196: Mantsopa
92.3
89.4
FS195: Phumelela
95.8
93.0
FS194: Maluti a Phofung
95.8
94.7
FS193: Nketoana
96.6
89.5
FS192: Dihlabeng
96.2
90.9
FS191: Setsoto
95.5
90.2

Chapter 2

Governance

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.

COUNCILLORS

The Thabo Mofutsanyana district has fourty 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.

ADMINISTRATIVE GOVERNANCE STRUCTURE

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 department 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

ID CAMPAIN TMDM PROGRAMME

BACKGROUND

PUBLIC MEETINGS

IDP PARTICIPATION AND ALIGNMENT

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 2016/17financial 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.

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 Sebota 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.	Motloung Puseletso Edith	7905240869084	0733331865
16.	Msimanga Noguthotha Florina	7801200765083	0716257447
17.	Ndumo Sipho Johny	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 Tsietsi 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 Mokoenanyana	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

Leaners license

We manage to make bookings for this 18 learners for their Leaner 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 to17/06/16
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 Lebohang 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 I 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 that 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 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 civil engineering graduates

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 May 2016 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 2016/17 financial year

The EPWP incentive grant from National Department of Public Works was R and the count-funding from the District Municipality is R and the total expenditure was R at the end of June 2016.

Employment generated through the EPWP incentive grant programme

Adult(M)	Youth(M)	Adult(F)	Youth(F)	Totals

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.

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:

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.

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 tits 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 trough integrated education, training and public awareness supported by scientific research. The following are the achievement and

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

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

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 a 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 responsibilities	Applied	Approved Internal Audit Plan	Council's risk responsibilities are delegated to the Risk Committee or Audit and Performance Audit Committees. The internal audit plan is based on risk assessments.
Chapter 4	Principle 4.4	Council should	Applied	Municipal	The risk register is

		delegate to management the responsibility to design, implement and monitor the risk management plan		strategic and operation risk registers	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	Applied	Municipal strategic and operation	Risk Management Committee approves the

		monitoring by management		risk registers	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 nonbinding rules, codes and standards	Applied	Approved Audit and Performance Audit Committee Charter	The Audit and Performance Audit Committee assist Council in complying with the applicable 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.

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.

Thabo Mofutsanyana District Municipality 2016/17 ANNUAL PERFORMANCE REPORT

KPA	Weight	Strategic Objective	Measurable Objective	KPI	Budget	Adjusted Budget	Frequency	Baseline	2016/17 Annual Target	Adjusted Annual Target	2016/17 Annual Actual	Status	Target Colour	Reason for deviation	Remedial action	Evidence required	Evidence submitted
KPA 1: BASIC SERVICE DELIVERY																	
		Infrastructure & Transport Services															
		Infrastructure															
		Roads and Transport															
		To promote accessibility, mobility and safe integrated road infrastructure network	Development of Rural Road Asset Management System	Development of Rural Road Asset Management System (PHASE 3) - The extend of the Road Network	R 2 304 000	Not Applicable	Q	50%	100% Completion	Not Applicable	[illegible]	[illegible]		[illegible]	[illegible]	Quarterly Progress Reports indicating the Achieved Milestones or Deliverables	Quarterly Progress Reports indicating the Achieved Milestones or Deliverables
				Number of meetings with Province (Dept. of Police, Roads & Transport) and the 5 Local Municipalities	OPEX	Not Applicable	Q	20 meetings	16 meetings	Not Applicable	[illegible]	[illegible]		[illegible]	[illegible]	Invitation, Agenda, Attendance Register & Approved Signed Minutes of Meeting	Invitation, Agenda, Attendance Register & Approved Signed Minutes of Meeting
				District Water and sanitation forum	OPEX	Not Applicable	Q	4 fora	4 fora	Not Applicable	[illegible]	[illegible]		Not Applicable	Not Applicable	Invitation, Agenda, Attendance Register & Approved Signed Minutes of Meeting	Invitation, Agenda, Attendance Register & Approved Signed Minutes of Meeting
				District Energy Forum	OPEX	Not Applicable	Q	4	4	Not Applicable	[illegible]	[illegible]		Not Applicable	Not Applicable	Invitation, Agenda, Attendance Register & Approved Signed Minutes of Meeting	Invitation, Agenda, Attendance Register & Approved Signed Minutes of Meeting
				Monthly progress Reports sent to the Municipal Manager by the 20th of every month	OPEX	Not Applicable	M	100%	100%	Not Applicable	[illegible]	[illegible]		Not Applicable	Not Applicable	Monthly reports and proof of delivery [illegible]	Monthly reports and proof of delivery [illegible]
		COMMUNITY SERVICES															
		Social Development															
		Sports															
		Provide a variety of sport and recreation facilities for staff and communities	To ensure that sport is promoted in all communities	Develop 2017/2018 OR Tambo games schedule by 27 June 2017.	R 250 000	R 295 000	Y	[illegible]	27-Jun-17	Not Applicable	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
				Number of OR Tambo games meetings attended.	Opex		Q	32	4	Not Applicable	[illegible]	[illegible]		Not Applicable	Not Applicable	Invitation, Agenda, Attendance Register & [illegible]	Invitation, Agenda, Attendance Register & [illegible]
				Delivering District team to the provincial games by 28 Oct 2016 District of the Provincial OR Tambo games by 28 Oct 2016.	Opex		Y	24-Oct-15	28-Oct-16	Not Applicable	[illegible]	Achieved		Not Applicable	Not Applicable	[illegible]	[illegible]
				Successful hosting of the District 2016/17 OR Tambo games by 08 Oct 2016 and selection of team to represent the District at the provincial OR Tambo games	Opex		Y	30-Oct-15	08-Oct-16	Not Applicable	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
		Disaster & Fire Management Services															
		Disaster Management Services															
				Review disaster management risk policy framework by 30 June 2017	OPEX	Not Applicable	Y	NEW	30-Jun-17	Not Applicable	[illegible]	Not Achieved		Not Applicable	[illegible]	[illegible]	[illegible]
			Develop Mitigation Plans (Contigency Plans)	Number of Mitigation Plans Developed for a Specific Hazard (Snow Protocol, veld fires and events)	OPEX	Not Applicable	M	New	10 mitigation plans	Not Applicable	[illegible]	[illegible]		Not Applicable	[illegible]	Contingency Plan and Report submitted to the Municipal Manager	Contingency Plan and Report submitted to the Municipal Manager
			Installation of Disaster Communication Infrastructure	Installation of Equipment: Disaster Management Centre (Phase III) by 30 June 2017	R1,452,000	R 2 712 000	Y	30-Jun-16	30-Jun-17	Not Applicable	[illegible]	Not Achieved		[illegible]	[illegible]	Completion Certificate from Service Provider	[illegible]
			Disaster Institutional Arrangement	Number of Advisory Fora Held (Chief fire officers forum)	OPEX	Not Applicable	Q	New	4 fora	Not Applicable	[illegible]	[illegible]		[illegible]	[illegible]	Invitation, Agenda, minutes & Attendance Register	Invitation, Agenda, minutes & Attendance Register
				Number of Disaster Stakeholder meetigs held	OPEX	Not Applicable	Q	New	4 disaster stakeholder meetings	Not Applicable	[illegible]	Not Achieved		[illegible]	[illegible]	Invitation, Agenda, Attendance Register & minutes	Invitation, Agenda, Attendance Register & minutes
		Fire Management Services															
			To improve the District Fire Services	Number of Trainings Attended	OPEX	Not Applicable	Q	New	4	Not Applicable	[illegible]	Not Achieved		[illegible]	[illegible]	Attendance Register, & Pictures	Attendance Register & Pictures
				Number of Education & Awareness Conducted	OPEX	Not Applicable	Q	New	4	Not Applicable	[illegible]	[illegible]		Not Applicable	Not Applicable	Attendance Register & Pictures	Attendance Register & Pictures
		Municipal Health Services															
Basic Service Delivery		To provide a comprehensive Municipal Health and Environmental Management Service to the Community of Thabo Mofutsanyana District Municipality	Food control	Number of food premises inspected	OPEX	Not Applicable	M	[illegible]	[illegible]	Not Applicable	[illegible]	Achieved		Not Applicable	Not Applicable	Inspection Report	Inspection Report
				Number of food samples taken	R [illegible]	Not Applicable	M	[illegible] samples	[illegible] samples	Not Applicable	[illegible]	[illegible]		Not Applicable	Not Applicable	Inspection Report	Inspection Report
				Number of milk samples taken			M	[illegible] samples	[illegible] samples	Not Applicable	[illegible]	[illegible]		Not Applicable	Not Applicable	Inspection Report	Inspection Report
			Water Quality monitoring	Number of water samples taken			M	[illegible] samples	[illegible] samples	Not Applicable	[illegible]	Achieved		Not Applicable	Not Applicable	Inspection Report	Inspection Report
				Number of Waste/Water treatment plants inspected	OPEX	Not Applicable	M	[illegible] inspections	[illegible] inspections	Not Applicable	[illegible]	[illegible]		Not Applicable	Not Applicable	Inspection Report	Inspection Report
			Health Surveillance of Premises	Number of Childcare Facilities Inspected	OPEX	Not Applicable	M	[illegible]	[illegible] inspections	Not Applicable	[illegible]	Achieved		Not Applicable	Not Applicable	Inspection Report	Inspection Report
				Non-food premises inspected	OPEX	Not Applicable	M	[illegible]	[illegible]	Not Applicable	[illegible]	[illegible]		Not Applicable	Not Applicable	Inspection Report	Inspection Report
				Number of Health Care Risk Waste generators inspected	OPEX	Not Applicable	M	[illegible] inspections	48 inspections	Not Applicable	[illegible]	[illegible]		Not Applicable	Not Applicable	Inspection Report	Inspection Report
			Disposal of the dead	Number funeral parlors inspected	OPEX	Not Applicable	M	[illegible] inspections	48 inspections	Not Applicable	[illegible]	[illegible]		Not Applicable	Not Applicable	Inspection Report	Inspection Report

	Environmental Health awareness	Environmental Health awareness campaigns conducted	OPEX	Not Applicable	M	20 campaigns	12 campaigns	Not Applicable	[illegible] Campaigns [illegible]	[illegible]	The Manager responsible did not provide reasons for deviation	[illegible]	Campaign Report, attendance, and Pictures	Campaign Report, attendance, and Pictures
	Pollution Control	Number of waste disposal sites inspected	OPEX	Not Applicable	M	20	20 inspections	Not Applicable	22 [illegible]	[illegible]	Not Applicable	Not Applicable	Inspection Report	Inspection Report
		Number of atmospheric emission (Air Quality) licensed premises inspected	OPEX	Not Applicable	M	45	16 premises inspected	Not Applicable	12 premises [illegible]	[illegible]	Not Applicable	Not Applicable	Inspection Report	Inspection Report
Transversal Issues														
HIV/AIDS Programmes														
	To develop, coordinate and implement a coordinated and coherent Health, HIV/AIDS programme in line with National and Provincial imperatives	Number of HIV/AIDS Campaign Launched and Implemented	[illegible]	Not Applicable	Q	4	4	Not Applicable	[illegible]	[illegible]	Incumbent responsible did not provide reasons for deviation	The matter will be elevated to the accounting officer	Photos and Signed Reports and attendance register	Photos and Signed Reports and attendance register
		Number HIV/AIDS & Health Council Seating			Q	4	4	Not Applicable	only one meeting [illegible]	[illegible]	Incumbent responsible did not provide reasons for deviation	The matter will be elevated to the accounting officer	Attendance Register and Minutes of the Meeting	Attendance Register and Minutes of the Meeting
		District Aids Day Event held by the 30th Dec 2016			Y	01-Dec-15	01-Dec-16	Not Applicable	[illegible]	[illegible]	Incumbent responsible did not provide reasons for deviation	The matter will be elevated to the accounting officer	Photos, Report of the Event and attendance register	No evidence submitted and the indicator was not realised
		Report of the World AIDS Day Event to be submitted to MM 30 days after the event			Y	30 Days	30 Days	Not Applicable	[illegible]	[illegible]	Incumbent responsible did not provide reasons for deviation	The matter will be elevated to the accounting officer	Invitations, Minutes of Meeting & Attendance Register	No evidence submitted and the indicator was not realised
Gender & Disability Programmes														
Corporate Governance, Good Governance and Community Participation	Ensure that the Disability Policy is Reviewed	To Develop Disability Policy by 30 June 2017			Y	30-Jun-16	30-Jun-17	Not Applicable	[illegible]	Not Achieved	Incumbent responsible did not provide reasons for deviation	The matter will be elevated to the accounting officer	Approved Disability Policy and Council resolution	No evidence submitted as the indicator was not realised
	Launching of 16 days of activism	To Develop 16 Days of Activism Programme by 31 Oct 2016	R [illegible]	R [illegible]	Y	31-Oct-15	31-Oct-16	Not Applicable	Programme for 16 days of activism was not [illegible]	Not Achieved	Incumbent responsible did not provide reasons for deviation	Incumbent responsible did not provide reasons for deviation	Approved Programme by Mayor, and council resolution	No evidence submitted and the indicator was not realised
		Report on the event of 16 Days Activism 30 Days after the Event			Y	30 Days	30 Days	Not Applicable	[illegible]	Not Achieved	Incumbent responsible did not provide reasons for deviation	Incumbent responsible did not provide reasons for deviation	Report	No evidence submitted and the indicator was not realised
		To Develop Women's Month Celebration Programme by 31 Jul 2016			Y	31-Jul-15	31-Jul-16	Not Applicable	[illegible] programme [illegible] developed	Not Achieved	Incumbent responsible did not provide reasons for deviation	Incumbent responsible did not provide reasons for deviation	Programme submitted to the Executive Mayor	No evidence submitted and the indicator was not realised
		Report of the Women's Month Celebration 30 Days after the event	OPEX	Not Applicable	Y	30 Days	30 Days	Not Applicable	Report on Women's month celebration was not done	Not Achieved	Incumbent responsible did not provide reasons for deviation	Incumbent responsible did not provide reasons for deviation	Report	No evidence submitted and the indicator was not realised
	Promote Public Participation of Children	Establishment of Children's Indaba by 30 Jun 2017	OPEX	Not Applicable	Y	NEW	30-Jun-17	Not Applicable	Children Indaba was not established	Not Achieved	Incumbent responsible did not provide reasons for deviation	The matter will be elevated to the accounting officer	Attendance Register & Minutes of Meeting and Report	No evidence submitted as the indicator was not realised
Local Economic Development & Tourism														
Local Economic Development														
		Hosting of Thabo Mofutsanyana fashion show partnering with SEDA and TMACC by 31 March 2017 (Inviting Managers from Retail Stores)	R [illegible]	Not Applicable	Y	New	31-Mar-17	Not Applicable	[illegible]	[illegible]	Not Applicable	Not Applicable	Attendance Register & Report and Photos	Attendance Register & Report and Photos
	To cluster SMME/ COPS accordingly	SMME's trained on cutting of patterns and how to operate a computerised machine by 31 December 2016	R [illegible]	Not Applicable	Y	NEW	31-Dec-16	30-May-17	Training [illegible] took place	[illegible]	Delay in supply chain processes	The matter will be elevated to the accounting officer	Attendance register, Report and Photos	No evidence submitted as the indicator was not realised
TOURISM MARKETING & PROMOTIONS														
Ensure the Effective Marketing of the Region for Tourism Supported by all Role Players	Marketing of Local Products at Tourism shows & exhibitions • Getaway Show (Sept) • Tourism Indaba (June) and Cherry Festival (Dec)	Attending getaway show and exhibitions to Market local products	R [illegible]	Not Applicable	Q	NEW	30-Sep-16	Not Applicable	23-Sep-16	[illegible] Achieved	Not Applicable	Not Applicable	Photos and Report	Photos and Report
		Supporting & attend Dihlabeng Airshow and exhibitions to Market local products by the 27 August 2016	[illegible]	Not Applicable	Q	NEW	27-Aug-17	Not Applicable	27-Aug-16	Achieved	Not Applicable	Not Applicable	Photos, attendance register and Report	Photos, attendance register and Report
		Financially support basotho new year show and exhibitions to Market local products by the 1st of August 2016	[illegible]	Not Applicable	Q	NEW	01-Aug-16	Not Applicable	[illegible]	[illegible]	Delay in supply chain processes	The matter will be elevated to the accounting officer	Photos and Report	Report
		Financially Support Big Folks show and to Market local products by the 5th of November 2016	[illegible]	Not Applicable	Q	NEW	05-Nov-16	Not Applicable	[illegible]	[illegible]	[illegible]	This will be fully realised in the next financial year	Photos and Report	Report
		Attend Tourism Indaba show and exhibitions to Market local products	[illegible]	Not Applicable	Q	NEW	30-Jun-17	Not Applicable	[illegible]	[illegible]	Not Applicable	Not Applicable	Photos and Report	Photos and Report
		Attend cherry festival show and exhibitions to Market local products	[illegible]	Not Applicable	Q	NEW	31-Dec-16	Not Applicable	[illegible]	[illegible]	Not Applicable	Not Applicable	Photos and Report	Photos and Report
	Marketing of Local Products at Tourism shows & Exhibitions	Erection of electrical signboard @ VIC	[illegible]	Not Applicable	Q	NEW	31-Dec-16	Not Applicable	[illegible]	[illegible]	Not Applicable	Not Applicable	Photos and certificate of completion	Photos and certificate of completion
		Hosting of TMDM Youth EXPO (Exhibitions for SMMES Targeting Youth by 30 June 2017	[illegible]	Not Applicable	Q	NEW	30-Jun-17	Not Applicable	[illegible]	[illegible]	Not Applicable	Not Applicable	Photos, Report and attendance register	Photos, Report and attendance register
	To Promote tourism product offered in TMDM • Local Newspaper • Other Forms of Advertising	advertising local tourism product offered by Thabo Mofutsanyana Product owners on Media Magazine by 30 September 2016	R [illegible]	Not Applicable	Q	NEW	30-Sep-16	Not Applicable	[illegible]	Not Achieved	Insufficient Budget	This will be fully realised in the next financial year	[illegible]	No evidence submitted as the indicator was not realised
		Training of waitresses / waiters on client services, stock taking in the menu and table laying.	R [illegible]	Not Applicable	Q	NEW	31-Dec-16	30-Jun-17	Training did not take place	Not Achieved	Delay in supply chain processes	This will be fully realised in the next financial year	Report, Attendance and Photos	Report, Attendance and Photos
		Procurement of Promotional attire/ Corporate by 30 September 2017	R[illegible], [illegible]	Not Applicable	Q	NEW	30-Sep-16	30-May-17	Promotional attire was not procured	Not Achieved	Delay in supply chain processes	This will be fully realised in the next financial year	[illegible]	Report
Agriculture and Rural Development														

		Farmer Support Programme	Assisting six farmers with production inputs	R[illegible]	[illegible]	Q	NEW	6	6	[illegible]	[illegible]	[illegible]	The Manager [illegible]	Submission request to Municipal Manager / Proof of Purchase and Pictures	Submission request to Municipal Manager / Proof of Purchase and Pictures
			Procurement of six mobile milling machines	R[illegible]	[illegible]	Q	NEW	6	6	[illegible]	[illegible]	[illegible]	The Manager [illegible]	Submission request to Municipal Manager / Proof of Purchase and Pictures	Submission request to Municipal Manager / Proof of Purchase and Pictures
			Number of District Agricultural fora meetings held	OPEX	Not Applicable	Q	4	4	Not Applicable	[illegible]	[illegible]	Not Applicable	Not Applicable	Invitations, Agenda, Attendance Register & Approved Signed Minutes of Meetings	Invitations, Agenda, Attendance Register & Approved Signed Minutes of Meetings
		Agricultural Exhibitions / Shows	Sending farmers/learners to NAMPO Day by 30 June 2017	OPEX	Not Applicable	Y	NEW	30-Jun-17	Not Applicable	[illegible]	[illegible]	Not Applicable	Not Applicable	Signed Report, Attendance Register and Photos	Signed Report, Attendance Register and Photos
			Sending farmers/ learners to Royal Agriculture Show	OPEX	Not Applicable	Y	NEW	30-Jun-17	Not Applicable	[illegible]	[illegible]	Not Applicable	Not Applicable	Report, Attendance Register and Photos	Report, Attendance Register and Photos
		Training of Emerging Farmers	Training of emerging farmers on the following : Animal Health , Piggery Production , Poultry Production , Animal Nutrition and Vegetable Production by 30 September 2016	OPEX	Not Applicable	Q	NEW	30-Sep-16	Not Applicable	[illegible]	[illegible]	Not Applicable	Not Applicable	Report, Attendance Register and Photos	Report, Attendance Register and Photos
			Monthly progress Reports on EPWP Incentive Grant sent to Public Works by the 10th of every month	OPEX	Not Applicable	M	7th	7th	Not Applicable	[illegible]	[illegible]	Not Applicable	Not Applicable	Signed Monthly Reports	Signed Monthly Reports
CORPORATE SERVICES															
Corporate Support															
	Create a Responsive and Accountable Administration	To support council and its committees	Submission of items from all departments to MM for Council Agenda 5 days before the Council meeting	Open	Not Applicable	Q	4 days	5 days before the Council meeting	Not Applicable	[illegible]	[illegible]	Not Applicable	Not Applicable	Distribution List	Distribution List
			Distribution of Agenda to Council Member 3 days before the Council meeting	Open	Not Applicable	Q	2 days	3 days before the Meeting	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Distribution List	Distribution List
			Submission of items to Mayor for MAYCO Agenda 5 days before the MAYCO meeting	Open	Not Applicable	Q	2 days	5 days before MAYCO Meeting	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Distribution List	Distribution List
			Distribution of Council Agenda to secretary of the Executive Mayor 2 days before the Council meeting	Open	Not Applicable	Q	2 days	2 days before the Meeting	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Distribution List	Distribution List
Human Resources															
		To Promote Sound Human Resource Management Practices	Number of HR Portfolio Committee meetings held	Open	Not Applicable	Q	4	12	3 Quarterly meetings	[illegible]	[illegible]	Director responsible did not provide reasons for deviations	The matter will be escalated to the accounting officer	Portfolio Committee meeting agenda, minutes and attendance register	Portfolio Committee meeting agenda, minutes and attendance register
			Number of Human Resources policies developed (Skills Development Policy and Recruitment Policy)	Open	Not Applicable	Q	2	2	Not Applicable	[illegible]	Not Achieved	Department responsible did not develop any policies	This will be fully realised in the next financial year	Proof of Submission to Council, Human Resources Policies and Council resolution	No evidence submitted and the indicator was not reviewed
			Number of Human Resources policies reviewed	Open	Not Applicable	Q	3	3	Not Applicable	[illegible]	Not Achieved	Reviewed Policies were withdrawn by Council on the 5th Dec 2016	This will be fully realised in the next financial year	Proof of Submission to Council, Human Resources Policies and Council resolution	Proof of Submission to Council, Council resolution
		To comply with the National Archives Act and Regulations	Records management policy reviewed by 31 March 2017	Open	Not Applicable	Y	31-Mar-15	31-Mar-17	30-Jun-17	[illegible]	Not Achieved	Director responsible did not provide reasons for deviations	The matter will be escalated to the accounting officer	Proof of submission to Council, Records Management Policy and Council resolution	No evidence submitted and the indicator was not reviewed
			Records management file plan reviewed by 30 Sep 2016	Open	Not Applicable	Y	30-Sep-15	30-Sep-16	30-Jun-17	[illegible]	Not Achieved	Reviewed Policies were withdrawn by Council on the 5th Dec 2016	This will be fully realised in the next financial year	Proof of submission to Council, Records Management File Plan and Council resolution	Proof of Submission to Council, Council resolution
			Records management procedure manual reviewed by 15 Dec 2016	Open	Not Applicable	Y	15-Dec-15	15-Dec-16	30-Jun-17	[illegible]	Not Achieved	Reviewed Policies were withdrawn by Council on the 5th Dec 2016	This will be fully realised in the next financial year	Proof of submission to Council, Records Management Procedure Manual and Council resolution	Proof of Submission to Council, Council resolution
		To develop HR Plan	HR Plan reviewed by 15 Dec 2016	Open	Not Applicable	Y	30-Dec-15	15-Dec-16	30-Jun-17	[illegible]	Not Achieved	Reviewed Policies were withdrawn by Council on the 5th Dec 2016	This will be fully realised in the next financial year	Proof of submission to Council, HR Plan and council resolution	Proof of Submission to Council, Council resolution
	Maintain the Institutional Capacity to implement the IDP and accompanying programmes effectively and efficiently	Review of the Municipal Organogram in order as to ensure Alignment with IDP	Review Municipal Organogram by 31 Mar 2017	Open	Not Applicable	Y	31-Mar-16	31-Mar-17	30-Jun-17	[illegible]	Not Achieved	The Municipal organogram was reviewed but not approved by Council	This will be fully realised in the next financial year	Proof of Submission to Council, Reviewed Organogram and council resolution	Reviewed Organogram
		To develop Workplace skills plan and annual training report	Workplace skills plan & ATR developed and submitted to LGSETA by the 30 April 2017	Open	Not Applicable	Y	30-Apr-16	30-Apr-17	Not Applicable	[illegible]	[illegible]	Extension for submission was granted	This will be fully realised in the next financial year	Screen Print for submission to LGSETA	Screen Print for submission to LGSETA [illegible]
			Skills Audit Forms to be Handed Over to Employees by 03 Jan 2017	Open	Not Applicable	Y	03-Jan-16	03-Jan-17	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Distribution List	Distribution List
		To create a safe and healthy working environment for staff, Councillors and community member.	Occupational Health and Safety policy reviewed by 15 Dec 2016	Open	Not Applicable	Y	15-Dec-15	15-Dec-16	30-Jun-17	[illegible]	Not Achieved	Director responsible did not provide reasons for deviations	This will be fully realised in the next financial year	Proof of Submission to Council, Reviewed OHS Policy and Council Resolution	No evidence submitted and the indicator was not reviewed
		To Promote Transformation in the Workplace	Employment Equity Plan submitted to Council for Approval by the 15 Dec 2016	Open	Not Applicable	Y	15-Dec-15	15-Dec-16	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Proof of Submission to Council, EE Plan and Council resolution	Proof of Submission to Council, EE Plan and Council resolution
			Employment Equity Report to be Submitted to the Department of Labour by the 15 Jan 2017	Open	Not Applicable	Y	15-Jan-16	15-Jan-17	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Print screen for submission to Dept of Labour and EE Plan	Print screen for submission to Dept of Labour and EE Plan
		To Maintain Sound Labour Relations	Number of LLF meetings held	OPEX	Not Applicable	Q	[illegible]	[illegible]	Not Applicable	[illegible]	Not Achieved	[illegible]	[illegible]	Attendance Register and Minutes of Meetings	Attendance Register and Minutes of Meetings
Communications															
		Ensure Communication Strategy is in place	Communication Strategy Reviewed and Submitted to the Municipal Manager by 31 March 2017	OPEX	Not Applicable	Y	30-Jul-16	31-Mar-16	To be reviewed by 31 March 2017	[illegible]	[illegible]	[illegible]	This will be fully realised in the next financial year	Signed Submission Register and Reviewed Communication Strategy	No evidence submitted as the indicator was not reviewed

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

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KPA 5: MUNICIPAL FINANCIAL VIABILITY & MANAGEMENT

Improve Access to Communication	Ensure Corporate Identity and Brand Standards Manual is in place	To Develop Corporate Identity and Brand Standards Manual by 30 Jun 2017	OPEX	Not Applicable	Y	25-Nov-15	30-Nov-16	30-Jun-17	[illegible]	Not Achieved	[illegible]	[illegible]	[illegible]	[illegible]
	Information Dissemination through various Communications Channels	Number of Internal Newsletters Published	OPEX	Not Applicable	M	12	12	Not Applicable	11	Achieved	Not Applicable	Not Applicable	Published Internal Newsletters	Published Internal Newsletters
		Number of Communication Platforms, Channels and Products used	OPEX	Not Applicable	Q	24	18	Not Applicable	23	Achieved	Not Applicable	Not Applicable	[illegible]	[illegible]
	Communications Support to Local Municipalities Communicators	Number of Communicators Fora Held	OPEX	Not Applicable	Q	4	4	Not Applicable	2	[illegible]	Manager did not provide reasons for deviations	[illegible]	[illegible]	[illegible]
		Number of Communications Workshops Held		Not Applicable	Q	4	2	Not Applicable	1	[illegible]	Manager did not provide reasons for deviations	[illegible]	[illegible]	[illegible]
		Number of Local Municipalities Assisted with Development/Review of Communication Strategies	OPEX	Not Applicable	Q	6	6	Not Applicable	[illegible]	Not Achieved	[illegible]	[illegible]	[illegible]	[illegible]
	Corporate Image and Brand Awareness	Number of branding, promotion and marketing Activities of the municipal brand conducted		Not Applicable	Q	20	20	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	[illegible]	[illegible]
	Media Engagement	Quarterly Media Analysis Report Produced 10 Days after the end of the Quarter	OPEX	Not Applicable	Q	[illegible]	[illegible]	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	[illegible]	[illegible]
		Number of Media Statements/Advisories/Announcements Released	OPEX	Not Applicable	Q	24	20	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	[illegible]	[illegible]
		Number of Media Empowerment Activities Held		Not Applicable	Q	4	2	Not Applicable	[illegible]	[illegible]	Financial constraints	[illegible]	[illegible]	[illegible]
		Number of Visits to Media Houses	OPEX	Not Applicable	Q	12	12	Not Applicable	[illegible]	[illegible]	Manager did not provide reasons for deviations	[illegible]	[illegible]	[illegible]
		Number of Media Briefings/Conferences/Networking Sessions		Not Applicable	Q	2	4	Not Applicable	1	[illegible]	Manager did not provide reasons for deviations	[illegible]	[illegible]	[illegible]
		Number of Media Slots/Interviews	OPEX	Not Applicable	Q	12	12	Not Applicable	16	Achieved	Manager did not provide reasons for deviations	[illegible]	[illegible]	[illegible]
Information Technology														
Safe IT Systems are in place	Ensure secure ICT environment	Compile IT security reports	OPEX	Not Applicable	M	[illegible]	12	Not Applicable	[illegible]	Not Achieved	Manager did not provide reasons for deviations	[illegible]	[illegible]	[illegible]
	Functional Disaster recovery solution	Test disaster recovery solution	OPEX	Not Applicable	Q	NEW	4	Not Applicable	[illegible]	Partially Achieved	Manager did not provide reasons for deviations	[illegible]	[illegible]	[illegible]
	Ensure Compliance with section 75 of MFMA	100% of Website Update Requests Carried out within a Day	OPEX	Not Applicable	M	[illegible]	100%	Not Applicable	[illegible]	[illegible]	Manager did not provide reasons for deviations	[illegible]	[illegible]	[illegible]
	Ensure that IT Meetings are held	Coordinate ICT steering committee meetings quarterly	OPEX	Not Applicable	Q	NEW	4	Not Applicable	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Security														
	Ensure timeous submission of Reports	Submit Quartely Sectional Reports to the MM within 10 Days After the end of the Quarter	OPEX	Not Applicable	Q	[illegible]	10 Days	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	[illegible]	[illegible]
		Establishment of district partitions forum by 30th July 2016	OPEX	Not Applicable	Q	NEW	30th July 2016	Not Applicable	[illegible]	Not Achieved	Manager did not provide reasons for deviations	[illegible]	[illegible]	[illegible]
	Ensure Development of Plans and Policies	Review of the Security Plan by the 31 March 2017	OPEX	Not Applicable	Y	31-Mar-16	31-Mar-17	Not Applicable	[illegible]	[illegible]	Manager did not provide reasons for deviations	[illegible]	[illegible]	[illegible]
		Review of the Security Policy by the 31 March 2017	OPEX	Not Applicable	Y	[illegible]	[illegible]	Not Applicable	[illegible]	[illegible]	Manager did not provide reasons for deviations	[illegible]	[illegible]	[illegible]
FINANCE														
	To Facilitate Payments	Payment of Creditors within 30 Days of Receipt of Invoice	OPEX	Not Applicable	M	100%	100%	Not Applicable	[illegible]	Not Achieved	Manager did not provide reasons for deviations	[illegible]	[illegible]	[illegible]
		Preparation of Cashbooks within 10 Days After the end of the Month	OPEX	Not Applicable	M	10	10 Days	Not Applicable	5 days	Achieved	Not Applicable	Not Applicable	[illegible]	[illegible]
		Preparation of Creditors Reconciliation within 10 After the end of the Month	OPEX	Not Applicable	M	10	10 Days	Not Applicable	[illegible]	Not Achieved	Manager did not provide reasons for deviations	[illegible]	[illegible]	[illegible]
		Preparation of VAT Reconciliation after Submission of VAT Return within 10 days After Submission of Return	OPEX	Not Applicable	M	10	10 Days	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	[illegible]	[illegible]
		Submission of VAT Return within 30 Days After the end of the Month	OPEX	Not Applicable	M	30	30 Days	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	[illegible]	[illegible]
		Reconciliation between Payroll and General Ledger within 5 working days After the end of the Month	OPEX	Not Applicable	M	10	5 Days	10 Days	[illegible]	Achieved	Not Applicable	Not Applicable	Approval Date:	Approval Date:
		Payment of salaries & allowances 25 Days After the beginning of each month	OPEX	Not Applicable	M	25th	25 Days	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	[illegible]	[illegible]
	Prepare Staff Benefits Expenditure	Prepare quarterly expenditure on staff benefits	OPEX	Not Applicable	Q	4	4	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	[illegible]	[illegible]
	To Facilitate Budgeting	Submit the Review of Budget & Tariffs Annually 31 Jan 2017	OPEX	Not Applicable	Y	31-Jan-16	31-Jan-17	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	[illegible]	[illegible]
		Submission of Income and expenditure report within 10 working days after the end of the month (Section 71 Report)	OPEX	Not Applicable	M	10 Days	10 Days	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	[illegible]	[illegible]
		Submissions of Annual Financial statement to Office of the Auditor General by 31 Aug 2016	OPEX	Not Applicable	Y	31-Aug-15	31-Aug-16	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	[illegible]	[illegible]
		Compile Budget time table by the 31 Aug 2016	OPEX	Not Applicable	Y	31-Aug-15	31-Aug-16	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	[illegible]	[illegible]
		Submission of draft budget and tariffs to council for noting by the 31 March 2017	OPEX	Not Applicable	Y	31-Mar-16	31-Mar-17	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	[illegible]	[illegible]
		Submission of budget by the 31 May 2017 to council for approval	OPEX	Not Applicable	Y	31-May-16	31-May-17	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	[illegible]	[illegible]

Municipal Financial Viability & Management	20%			Preparation of bank reconciliation within 20 Days (20th of every subsequent month)	OPEX	Not Applicable	M	20days	20days	Not Applicable	[illegible]	[illegible]	Manager did not provide reasons for deviations	This will be fully realised in the next financial year	Approved Council List/Recon	Approved Council List/Recon
SUPPLY CHAIN MANAGEMENT																
			Procurement of Goods & Services	Compilation and review of supplier's database quarterly within 10 days After the end of the Quarter	OPEX	Not Applicable	Q	10days	10days	Not Applicable	[illegible]	[illegible]	Manager did not provide reasons for deviations	This will be fully realised in the next financial year	Signed Suppliers Printout	Signed Suppliers Printout
				Monthly reporting of all tenders awarded within 10 Days After the end of the Month	OPEX	Not Applicable	M	10days	10days	Not Applicable	[illegible]	[illegible]	Manager did not provide reasons for deviations	This will be fully realised in the next financial year	Signed Monthly Report	Signed Monthly Report
				Annual invitation of service providers for inclusion in the Supply Chain Management Database by 31 July 2016	OPEX	Not Applicable	Y	[illegible]	[illegible]	Not Applicable	[illegible]	[illegible]	Manager did not provide reasons for deviations	This will be fully realised in the next financial year	[illegible]	No evidence submitted so the indicator was not realised
			To Develop and Support local Co-operatives	Number of Local SMME's that TMDM has procured services/goods from.	OPEX	Not Applicable	Q	20	20	Not Applicable	[illegible]	[illegible]	Manager did not provide reasons for deviations	This will be fully realised in the next financial year	Local Cooperatives Procurement Report	No evidence submitted so the indicator was not realised
				Number of Local Entrepreneurs that TMDM has procured services/goods from	OPEX	Not Applicable	Q	20	20	Not Applicable	[illegible]	[illegible]	Manager did not provide reasons for deviations	This will be fully realised in the next financial year	Local Cooperatives Procurement Report	No evidence submitted so the indicator was not realised
			Ensure Strict Internal Controls	Develop Internal Control Measures and Procedure Manuals in the Directorate by the 30 October 2016	OPEX	Not Applicable	Y	[illegible]	[illegible]	Not Applicable	[illegible]	Not Achieved	Manager did not provide reasons for deviations	This will be fully realised in the next financial year	Proposed/reviewed Internal control measures /Procedure manual	Proposed/reviewed Internal control measures /Procedure manual
				Review the Supply Chain Management Policy in terms of Chapter 11 of the MFMA and Submit it to Council for Approval by 31st May 2017	OPEX	Not Applicable	Y	31-May-16	31-May-17	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Reviewed SCM Policy and Council resolution	Reviewed SCM Policy and Council resolution
ASSET MANAGEMENT																
			To Facilitate Management of Assets	Updating of Assets on the Register within 10 Days After the end of the Month	OPEX	Not Applicable	M	10 Days	10 Days	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	GRV/Council supporting Docs	GRV/Council supporting Docs
				Monthly Asset reconciliation between the GL and the Asset Register within 10 Days After the end of the Month	OPEX	Not Applicable	M	10 Days	10 Days	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Approved Council List/Recon	Approved Council List/Recon
				Assets verification annually by the 30th July 2016	OPEX	Not Applicable	Y	[illegible]	[illegible]	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Signed Stocktake report	Signed Stocktake report
				Monthly inventory reconciliation between the inventory list and the GL within 10 working days	OPEX	Not Applicable	M	10days	10days	Not Applicable	[illegible]	Partially Achieved	Manager did not provide reasons for deviations	This will be fully realised in the next financial year	Approved Council List/Recon	Approved Council List/Recon
				100% of assets insured by the 31st July 2016	OPEX	Not Applicable	Y	[illegible]	[illegible]	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Insurance schedule/statement of assets	Insurance schedule/statement of assets
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION																
Internal Audit																
			Ensure that Internal Audit Charter and Coverage Plan are in place	Review and Submission of Internal Audit Charter to Audit Committee by 30 Sep 2016	OPEX	Not Applicable	Y	30-Sep-15	30-Sep-16	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Approved Internal Audit Charter	Approved Internal Audit Charter
				Submission of Internal Audit Charter to Council by 31 Oct 2016	OPEX	Not Applicable	Y	31-Oct-15	31-Oct-16	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Signed Submission Register	Signed Submission Register
				Submission of Internal Audit Coverage Plan to Audit Committee by 30 Sep 2016	OPEX	Not Applicable	Y	30-Sep-15	30-Sep-16	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Approved Internal Audit Plan	Approved Internal Audit Plan
				Submission of Internal Audit Coverage Plan to Council by 31 Oct 2016	OPEX	Not Applicable	Y	31-Oct-15	31-Oct-16	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Signed Submission Register	Signed Submission Register
				Overall Quarterly Internal Audit Reports submitted to the Municipal Manager by the 20th after the end of the Quarter	OPEX	Not Applicable	Q	20th After the End of the Quarter	20th After the End of the Quarter	Not Applicable	[illegible]	[illegible]	[illegible]	This will be fully realised in the next financial year	Submitted Internal Audit Reports	Submitted Internal Audit Reports
			Review of Audit Performance Charter	Review of Audit & Performance Charter by 30 Sep 2016	OPEX	Not Applicable	Y	30-Sep-15	30-Sep-16	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Reviewed Performance Audit Charter	Reviewed Performance Audit Charter
				Submission of Audit & Performance Charter to Council by 31 Oct 2016	OPEX	Not Applicable	Y	31-Oct-15	31-Oct-16	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Signed Submission Register	Signed Submission Register
			Audit and Performance Committee	Number of ordinary audit and performance committee meetings	OPEX	Not Applicable	Q	4	4	Not Applicable	4	Achieved	Not Applicable	Not Applicable	Minutes of Meetings and attendance register	Minutes of Meetings and attendance register
Risk Management																
Good Governance and Public Participation	10%	Corporate Governance, Good Governance and Community Participation	Ensure that Strategies and plans are in place	Review and Submission of Fraud Prevention Plan/Strategy, Risk Policy and Strategy to Risk Management Committee by 31 May 2017	OPEX	Not Applicable	Y	[illegible]	[illegible]	31-May-17	[illegible]	Not Achieved	[illegible]	This will be fully realised in the next financial year	[illegible]	No evidence submitted so the indicator was not realised
				Submission of Fraud Prevention Plan/Strategy, Risk Management Policy and Strategy to council for approval by 30 June 2017	OPEX	Not Applicable	Y	[illegible]	[illegible]	[illegible]	[illegible]	Not Achieved	[illegible]	This will be fully realised in the next financial year	Council Resolution, and signed off Strategy documents	No evidence submitted so the indicator was not realised
				Review of Risk management Strategy to risk management comittee by 30 Sep 2016	OPEX	Not Applicable	Y	[illegible]	[illegible]	Not Applicable	30-Sep-16	[illegible]	Not Applicable	Not Applicable	[illegible]	[illegible]
				Number of bi-annually Reports issued by Risk Management Committee to the Accounting Officer	OPEX	Not Applicable	Q	2	4	Not Applicable	1	[illegible]	[illegible]	This will be fully realised in the next financial year	Risk Minutes Reports	No evidence submitted so the indicator was not realised
				Number of risk management and fraud training sessions conducted	OPEX	Not Applicable	Q	New Indicator	4	Not Applicable	2	Partially Achieved	Manager did not provide reasons for deviations	This will be fully realised in the next financial year	[illegible]	[illegible]
				Number of strategic (annually), operational (quarterly), fraud (quarterly) and compliance (quarterly) risk assessment conducted	OPEX	Not Applicable	Q	New indicator	4	Not Applicable	2	Partially Achieved	Manager did not provide reasons for deviations	This will be fully realised in the next financial year	[illegible]	[illegible]
				Annual fire drill conducted by 31March 2017	OPEX	Not Applicable	Y	New Indicator	31-Mar-17	Not Applicable	[illegible]	Not Achieved	[illegible]	This will be fully realised in the next financial year	[illegible]	No evidence submitted so the indicator was not realised
			Risk Management Committee Meetings	Number of risk management Committee Meetings Held	OPEX	Not Applicable	Q	2	4	Not Applicable	2	Partially Achieved	Manager did not provide reasons for deviations	This will be fully realised in the next financial year	Attendance Register & Minutes of Meetings	Attendance Register & Minutes of Meetings
IDP & PMS																
			Make the IDP a working Document for all staff	Submission of 2017/18 IDP Process Plan by 31 August 2016	OPEX	Not Applicable	Y	[illegible]	31-Aug-16	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Internal Mail Register	Internal Mail Register
				Submission of 2015/16 Draft Annual Report to AG by 31 Aug 2016	OPEX	Not Applicable	Y	31-Aug-15	31-Aug-16	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	AG Acknowledgement of Receipt	AG Acknowledgement of Receipt
				Tabling of 2015/16 Draft Annual Report to Council for Inputs and Comments by 31 Jan 2017	OPEX	Not Applicable	Y	[illegible]	31-Jan-17	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Council Resolution	Council Resolution
				Crafting of 2017/18 Draft SDBIP by the 29 Feb 2017	OPEX	Not Applicable	Y	NEW	28-Feb-17	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Draft SDBIP	Draft SDBIP
				Submission of 2015/16 Final Annual Report to Council for Adoption by 31 Mar 2017	OPEX	Not Applicable	Y	31-Mar-16	31-Mar-17	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Council Resolution	Council Resolution
				Tabling of 2017/18 Draft IDP to Council by 31 Mar 2017	OPEX	Not Applicable	Y	31-Mar-16	31-Mar-17	Not Applicable	[illegible]	Achieved	Not Applicable	Not Applicable	Revised IDP	Revised IDP

			Approval of Final 2017/18 SDBIP 28 Days After Adoption of the Budget	OPEX	Not Applicable	Y	28 Days After Budget Adoption	28 Days After Budget Adoption	Not Applicable	[illegible]	[illegible]		Not Applicable	Not Applicable	Signed SDBIP	Signed SDBIP
			Number of District IDP Managers Forums Held	OPEX	Not Applicable	Q	NEW	4	Not Applicable	[illegible]	[illegible]		Not Applicable	Not Applicable	Attendance Register & Minutes of Meetings	Attendance Register & Minutes of Meetings
		Ensure the Attainment of Measurable KPI's	Submission of Quarterly Sectional Reports within 15 Days After the End of the Quarter	OPEX	Not Applicable	Q	15 Days	15 Days	Not Applicable	[illegible]	[illegible]		[illegible]	[illegible]	Copies of Received Reports	[illegible]
			Submission of Quarterly Municipal Reports to Council within 30 Days After the End of the Quarter	OPEX	Not Applicable	Q	30 Days	30 Days	Not Applicable	30 Days	[illegible]		Not Applicable	Not Applicable	Reports	Reports
			Conducting Quarterly Performance Assessments of Section 57 Managers 30 Days After the End of the Quarter	OPEX	Not Applicable	Q	30 Days	30 Days	Not Applicable	[illegible]	[illegible]		[illegible]	[illegible]	Reports	[illegible]

SIGNATURE :
MR S.K. KHOTE
ACTING MUNICIPAL MANAGER

CHAPTER 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE

(Performance Report part 11)

Component A : Introduction to the municipal personnel

Employees						
Description	2016/2017	2015/ 2016	2014 / 2015			
	Employees No	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)			
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 of 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.		
2.		
3.		
4.		
5.		

MUNICIPAL FINANCE MANAGEMENT PROGRAM: OFFICIALS

Full Qualification

Qualification	Total No. Benefited	Institution

Qualification	Total No. Benefited	Institution

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)

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 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.

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

ACTION PLAN TO ADDRESS AUDIT QUERIRES / 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

[illegible]	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date of 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 and Development Manager	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 and Development Manager	31 January 2017

Ms. T.M.P. Lebenya

Municipal Manager

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Thabo Mofutsanyana District Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2017, 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 to the financial statements, including a summary of significant accounting policies.

2. 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 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (DoRA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this report.

4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics* for *professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Material uncertainty relating to going concern

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

7. Note 28 to the financial statements indicates that the municipality incurred a net loss of R2 983 568 during the year ended 30 June 2017 and, as of that date, the municipality's current liabilities exceeded its current assets by R7 421 075. These conditions, along with other matters as set forth in note 28, indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern and to meet its service delivery objectives.

Emphasis of matters

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

Irregular expenditure

9. As disclosed in note 32 to the financial statements, irregular expenditure of R5 136 370 (2016: R8 107 589) was incurred due to non-compliance with supply chain management (SCM) requirements and overpayments of remuneration.

Restatement of corresponding figures

10. As disclosed in note 35 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2017.

Material impairments

11. As disclosed in note 4 to the financial statements, receivables from exchange transactions was impaired by R2 561 287 (2016: R2 561 287).

Other 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 municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

15. In preparing the financial statements, the accounting officer is responsible for assessing the Thabo Mofutsanyana District Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the municipality or cease operations, or there is no realistic alternative but to do so.

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

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

17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

18. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected key performance areas (KPAs) presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

19. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected KPAs presented in the annual performance report of the municipality for the year ended 30 June 2017:

KPAs	Pages in the annual performance report
KPA 2 – basic service delivery and infrastructure	x – x
KPA 3 – local economic development	x – x

21. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

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

KPA 2 – basic service delivery and infrastructure

Installation of equipment: Disaster Management Centre (Phase II) by 30 June 2017

23. The source information and method of calculation for the achievement of the planned indicator was not clearly defined, as required by the Framework for Managing Programme Performance Information (FMPPI) for the following indicators.

24. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined source information to be used when measuring the actual achievement for the indicator, as required by the FMPPI. This was due to a lack of documented system

descriptions. I was unable to test whether the indicator was well defined by alternative means.

Various indicators

25. The source information for the achievement of the planned indicator was not clearly defined, as required by the Framework for Managing Programme Performance Information (FMPPI) for the following indicators.

- District water and sanitation forum
- District energy forum
- Non-food premises inspected

26. The municipality did not have an adequate record keeping system to enable reliable reporting on achievement of the indicators listed below. Sufficient appropriate audit evidence could not be provided in some instances was also unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievements.

- Number of mitigation plans developed for a specific hazard
- Number of food premises inspected for compliance
- Number of food samples taken
- Number of milk samples taken
- Number of water samples taken
- Number of waste/water treatment plants inspected for compliance
- Number of childcare facilities Inspected
- Non-food premises
- Number of health care risk waste generators inspected for compliance
- Number of funeral parlours inspected for compliance
- Number waste disposal sites inspected
- Number of atmospheric emission (air quality) licensed premises inspected

KPA 3 local economic development

Various indicators

The targets as determined during planning for this indicator were not specific in clearly identifying the nature and required level of performance and were not measurable, as required by the FMPPI.

Planned performance indicator	Reported performance indicator	Planned target
SMMEs trained on cutting of patterns and how to operate a computerised machine by 31 December 2016	SMMEs trained on cutting of patterns and how to operate a computerised machine by 31 December 2016	31-Dec-16

Advertising local tourism product offered by Thabo Mofutsanyana product owners on media magazine by 30 September 2016	Advertising local tourism product offered by Thabo Mofutsanyana product owners on Media Magazine by 30 September 2016	30-Sep-16

Other matters

27. I draw attention to the matters below.

Achievement of planned targets

28. Refer to the annual performance report on pages x to x; x to x for information on the achievement of planned targets for the year and explanations provided for the underachievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs xx to xx of this report.

Adjustment of material misstatements

29. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA 2 – basic service delivery and infrastructure and KPA 3 – local economic development. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

30. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

31. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Expenditure management

32. 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.

33. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA.

Budgets

34. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA.

Procurement and contract management

35. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM regulation 17(a) and (c). Similar non-compliance was also reported in the previous year.

36. Some of the contracts were awarded to bidders based on functionality criteria that were not stipulated in the original invitation for bidding, in contravention of preferential procurement regulation 4.

Human resource management

37. Appointments were made in posts which were not provided for in the approved staff establishment, as required by section 66(3) of the Municipal Systems Act, .

38. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000) (Municipal Systems Act).

Other information

39. The Thabo Mofutsanyana District Municipality's accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected KPAs presented in the annual performance report that have been specifically reported in the auditor's report.

40. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

41. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected KPAs presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

42. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate, however, if it is corrected this will not be necessary.

Internal control deficiencies

43. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

44. Management did not, in all cases, ensure that the information submitted for performance reporting was validated and recorded accurately, resulting in significant differences in the reported information.

45. Management did not accurately record transactions on an accrual basis as the municipality did not have a payables module for recording transactions as they occur. Management did not monitor full compliance with Municipal Supply Chain Management Regulations, resulting in irregular expenditure that could have been avoided.

46. The audit committee was not in place for one quarter of the financial year, due to delays in the appointment process, which resulted in lack of oversight for that period.

47. Management did not, in all instances, implement effective human resource management processes for the appointments.

48. The action plans that management had put in place did not result in major changes to the outcome of the audit, as there were still repeat findings. This is caused by lack of consequence management and oversight by the municipal leadership.

Auditor-General

Bloemfontein

30 November 2017

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – auditor-general's responsibility for the audit

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

Financial statements

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

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

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

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

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

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

THABO MOFUTSANYANA *District Municipality*

MAMPOI STREET, OLD PARLIAMENT BUILDING, PRIVATE BAG X810, WITSIESHOEK 9870, SOUTH AFRICA
☎: +27 (58)-718 1036 ☏: +27 (58)718 1034

OFFICE OF THE MUNICIPAL MANAGER

PROGRESS ON ACTION PLAN TO ADDRESS AUDIT QUERIRES / MATTERS ARISING FROM THE REPORT OF THE AUDITOR-GENERAL ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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 mid-year financial statements by independent auditing firm prior to submission for audit	CFO, Manager: Financial Accountant	30 June 2018
CoAF 8	There were no advertisements, long & short list and interviews for new appointments	Management will ensure that the Human Resource Policy is adhered to when recruiting.	Director Corporate services and Human Resource Manager.	On-going
CoAF 2	No declaration of interest signed for a member of the audit committee	Management will ensure that all members have a signed declaration of interest for each financial period.	Internal Audit Manager	30 June 2018

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for implementation
CoAF 5	There were no assessments done on the internal audit by a qualified, independent assessor or assessment team from outside the organization for the 2016/17 financial year	The QAIP will serve before Audit Committee at its meeting and will be scheduled for approval by Council for adoption to enable the implementation of this program (QAIP) that is in line with IIA standards, to allow these assessments to be performed accordingly	Manager Internal Audit, Municipal Manager and Audit Committee	30 September 2019
CoAF 6	The municipality has policies that have not been approved.	Management policies as identified in the findings have been developed awaiting Council Policy Committee to review and make recommendation to Council for approval.	Municipal Manager, Director Corporate Services	31 May 2018
CoAF 4	Certain position filled could not be traced to the organisational structure e.g Infrastructure technician position	Management to submit the Organisational Structure to Council for approval.	Director Corporate services and Human Resource Manager	31 January 2018
	PROCUREMENT AND CONTRACT MANAGEMENT			
CoAF 18	SCM: Evaluation criteria not applied consistently, bids were not evaluated on the evaluation as indicated on the advert.	Management will ensure that all the bids are evaluated as per the criteria set out in the bid advertisement or any specifications set out for the bid.	Municipal Manager, Chief Financial Officer, Chairperson of Bid Evaluation Committee, Manager: SCM	On-going

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for implementation
CoAF 23	SCM Requirement, there was no bid register for the certain bids	Management maintains bid registers and the register is available for inspection.	MM, Chief Financial Officer, Head of Department, Manager: SCM	On-going
	EXPENDITURE			
CoAF 6, CoAF 10	Municipality accounted for the expenses in the incorrect period. The invoices that pertain to the 30 June 2017 year end however they are captured as part of 2018 expenditure. Payments were recorded on cash basis	Management will recognise a liability when an invoice is received from the supplier of goods or services.	Chief Financial Officer and Manager: Financial Accountant	31 October 2017
CoAF 10	Management could not provide supporting documentation such as a payment approval form, attendance register to proof that goods or services were received.	Management shall obtain attendance registers or other proof to support that the services have been rendered.	Chief Financial Officer and Manager: Financial Accountant	31 October 2017
	PAYABLES			
CoAF 6	**Limitation of scope**: Certain account balances have remained unchanged for several years but there is no supporting evidence to corroborate the balances.	The information requested hereto relates to the transaction prior to 2010, meaning that the information requested is older than 8 years way beyond archiving prescription period	CFO and Manager: Financial Accountant	30 June 2018
CoAF 15	Leave provision incorrectly calculated	Management will update leave registers to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	Director Corporate services, Human Resource Manager.	31 May 2018

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for implementation
CoAF 19	Incorrect capturing of suppliers as Vat vendors, the supplier was over paid.	Management will ensure that invoices from suppliers that are VAT registered are paid inclusive of Vat and vice versa.	CFO and Manager: Financial Accountant	28 February 2018
	PROPERTY PLANT AND EQUIPMENT			
CoAF 9	PPE and Intangible assets escalation incorrect as per Invoice.	Management performed reconciliation that indicated invoice no. 005 (Mabonti Business Enterprise) was not in line with the condition of the agreement.	MM, CFO, Manager: Disaster Management.	31 May 2018
	RECEIVABLES			
CoAF 13	**Impairment of Debtors**: It was confirmed that the municipality does not have impairment policy in place to consistently assess the recoverability of the debtors.	Management will develop a policy on impairment and debt write off for Council approval	CFO and Manager: Financial Accountant	31 March 2018
(CoAF 7)	Debt on receivables was not charged interest.	Management will develop a policy on impairment and debt write off for Council approval	CFO and Manager: Financial Accountant	31 March 2018
	REVENUE			
CoAF 25	Loss on sale of assets	Management will correct the treatment of Loss on sale of Assets as per the requirement of GRAP.	CFO and Manager: Financial Accountant	31 March 2018
	PERFORMANCE INDICATOR			
CoAF 16	AOPO: KPA 3 Local Economic development - internal control deficiencies	Management will ensure that the plans as per SDBIP are consistently	Municipal Manager Manager IDP and PMS	30 June 2018

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for implementation
		reported on the annual performance report		
CoAF 16	AOPO: KPA 2 Basic service delivery - internal control deficiencies.	Management will review supporting documents as per the above recommendation and make sure that they relate to the indicator	Municipal Manager Manager IDP and PMS	28 February 2018
CoAF 16	AoPO: IDP contain no key performance indicators and targets.	Management will ensure that they comply with all the regulations applicable to the municipality	Municipal Manager Manager IDP and PMS	31 March 2018
CoAF 21	AOPO: KPA 2 - Issues on usefulness.	Management will ensure the indicators are designed in accordance with the Framework for managing programme performance information	Municipal Manager Manager IDP and PMS	28 February 2018
CoAF 20	AOPO: KPA 3 Local Economic Development - Indicators not useful	Management will ensure the indicators are designed in accordance with the Framework for managing programme performance information	Municipal Manager Manager IDP and PMS	28 February 2018
CoAF 26	AOPO: KPA 2 - Completeness issues identified (ISSUE. 53)	Management will ensure that all the indicators have registers to monitor the performance and to ensure that all the items done for year are reported	Municipal Manager Manager IDP and PMS	30 June 2018
CoAF 21	AOPO: KPA 3 - Issues on usefulness (ISSUE. 61)	Management will ensure the indicators are designed in accordance with the Framework for	Municipal Manager Manager IDP and PMS	28 February 2018

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for implementation
		managing programme performance information		
	INFORMATION TECHNOLOGY GOVERNANCE			
	The responsibilities of IT governance champion who is supposed to drive IT governance initiatives and report progress to municipal leadership were not delegated.	The IT steering committee charter has been amended to delegate the chairperson of the IT steering committee as a governance champion. The reviewed charter is in the process of council approval.	Municipal Manager	30 June 2018
	The job description for IT manager had not been developed and formally communicated to clearly and concisely advise him of his role in assisting the municipality to achieve its objective.	The organisational structure has been reviewed pending council approval. A budgetary provision will be made to staff the ICT unit accordingly. The outstanding job descriptions are in the process of being finalised.	Municipal Manager, Director Corporate Services	30 June 2018
	The IT Technician and Webmaster positions were still vacant.	The organisational structure has been reviewed pending council approval. A budgetary provision will be made to staff the ICT unit accordingly.	Municipal Manager, Director Corporate Services	30 June 2018
	SECURITY MANAGEMENT			
	As a result of the patch management procedure not being adequately designed to guide the process of deploying security patches in a secured manner there was no	Patch management procedures have been approved by the IT steering committee.	ICT Manager	15 December 2017

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for implementation
	evidence supporting that security patches were assessed for relevance and potential issues that might compromise production; tested in a non-production environment to gauge their impact before they are deployed in the production environment.			
	Password parameter settings on e-Venus application were inadequate to prevent or delay unauthorised access. Password parameter settings on VIP application were not presented for audit	The password standards in the IT policy and procedures have been updated and approved by the IT Steering Committee to include password parameter settings in line with the leading industry practices and ensure that the password settings on all business systems are securely configured as per the policy specifications. The reviewed policy is going through the process of council approval.	ICT Manager	30 March 2018
	The firewall administrator's activities were not periodically reviewed to detect unauthorised changes allowing unauthorised network traffic into or out of the municipal environment.	The administrator activities are being monitored and reported accordingly as part of firewall reports	ICT Manager	15 December 2017
	USER ACCESS CONTROLS			
	Activities performed with administrators' accounts on e-Venus, network and VIP were not logged and reviewed to identify	User reviews are being performed on quarterly basis	ICT Manager	15 December 2017

Comm. of Audit Finding	FOCUS AREA / MATTERS RAISED	ACTION / TASK PERFORMED	Responsible Official(s)	Target date for implementation
	unauthorised activities threatening to compromise the integrity of data			
	Monitoring of failed attempts to access the network, Venus and VIP Payroll was not done to determine the reasons for excessive failed logon attempts and timing of the attempts.	User reviews are being performed on quarterly basis	ICT Manager	15 December 2017
	Performance of periodic reviews of user access rights on VIP and e-Venus to determine compatibility with the responsibilities assigned to users were also not done.	User reviews are being performed on quarterly basis	ICT Manager	15 December 2017
	IT SERVICE CONTINUITY			
	The disaster recovery plan was not tested in 2016-17 financial year	The new financial system is in the process of being configured in the DR site. The tests will be performed as soon as the configuration is completed	ICT Manager	30 May 2018
	There was no evidence that e-Venus backups were tested for restorability	A new, automated, backup system is being implemented.	ICT Manager	30 March 2018
	Backups of VIP application were not stored offsite and restorability tests were not performed thereon.	A new, automated, backup system is being implemented. The backups will be replicated on the DR site.	ICT Manager	30 March 2018

Ms. TPM Lebenya
Municipal Manager

Date: 29/01/2018

APPENDICES

Appendix A: Councillors; Committee Allocation and Council Attendance

COUNCILLORS ATTENDANCE TO COUNCIL MEETINGS FROM JULY 2016 – MAY 2017

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

⍰ = SIGNIFY MEETING ATTENDED

A = SIGNIFY APPLICATION FOR LEAVE OF ABSENCE

X = SIGNFY 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 2017

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

THABO MOFUTSANYANA District Municipality

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

SHARED AUDIT AND PERFORMANCE COMMITTEE REPORT ON ANNUAL REPORT

FINANCIAL YEAR2016/2017

AUDIT AND PERFORMANCE COMMITTEE MEMBERS	
Name and responsibility	**Date of appointment**
Mr. M K Mojatau: Chairperson of the Committee	01 April 2017 (contract extended for period of three years)
Mr. T E Femele: Ordinary member of the Committee	01 April 2017 (contract extended for period of three years)
Mr T S Morare: Ordinary member of the Committee	01 April 2017 (newly appointed for period of three years)
Ms. M R Ried: Ordinary member of the Committee	01 June 2017 (newly appointed for period of three years)
Mr G A Ntsala: Chairperson of the Committee	Contract expired on 31 December 2016
Ms. S D Lebeko: Ordinary member of the Committee	Contract expired on 31 December 2016

SUPPORT STAFF	
Name	**Role**
Mr J W Nhlapo: Manager Internal Audit (Thabo Mofutsanyana District Municipality)	Secretariat of the Committee

STANDING INVITEES: MANAGEMENT	
Name	**Role**
Me T P M Lebenya	Accounting Officer
Mr H I Lebusa	Chief Financial Officer
Ms. M P Mokoena	Chief Risk Officer
Ms T Vanqa	Manager Growth and Development (IDP and PMS)
Ms M Matobako	Chairperson Risk Management Committee
Mr Sammy Motloung Ms D Ceba	Auditor-General management team

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3	THE ADEQUACY AND EFFECTIVENESS OF INTERNAL CONTROL, RISK MANAGEMENT AND GOVERNANCE	8-10
4	CONCLUSION	10

FOREWORD BY THE CHAIRPERSON

We are pleased to submit our report to be included under Audit Committee section in the draft annual report 2016/2017 to the Council of Thabo Mofutsanyana District Municipality covering the period 01 July 2016 to 30 June 2017. This report gives an account of work performed by the Committee during the period under review.

During this period, the Committee held its meetings as follows to discuss issues relating to the Municipality's Risk Management, Internal controls, governance, financial reports, internal audit and Performance Information.

19 August 2016 (Ordinary meeting)
09 September 2016 (Ordinary meeting)
04 November 2016 (Ordinary meeting)
25 November 2016 (Ordinary meeting)
19 May 2017 (Ordinary meeting scheduled for 28 April 2017)
14 July 2017 (Ordinary meeting scheduled for 30 June 2017)

The Committee also reports that it has adopted the Audit Committee Charter as its formal Terms of Reference, internal audit standards and has regulated its affairs per this Charter and relevant standards.

The Committee wants to assure Council of its commitment to carry out its responsibilities diligently without fear, favour or any biasness to advance the objectives of the municipality of bringing municipal services to the communities of the District.

I want to thank the Council of Thabo Mofutsanyana District Municipality for affording me the opportunity to serve as a member and Chairperson of this Committee.

1. BACKGRAOUND

The Committee was re-established by the Council on **01 April 2017** as Share Audit and Performance Committee which includes Phumelela Local Municipality. The contract of two members expired on 31 December 2016, two members of the previous committee were reappointed by Council for purpose of continuity. Members had been appointed for a term of three years and these appointment letters were signed off by the Municipal Manager as delegated by Council and members entered into a contract with the municipality

The purpose of the Committee is to provide:

- Independent assurance on the adequacy of governance, risk management, internal control and performance information processes;
- Independent scrutiny of the municipality's financial and non-financial performance to the extent that it affects the municipality's exposure to risk and weakens the control environment; and to
- Oversee the financial reporting process.

The Terms of Reference for the Committee are compiled in accordance with section 166 of the MFMA and the King III Report on Corporate Governance, and are enshrined in the Audit Committee Charter.

THABO MOFUTSANYANA DISTRICT MUNICIPALITY AUDIT COMMITTEE MEETINGS ATTENDANCE BY MEMBERS DURING FINANCIAL YEAR 2016/2017

Name	Capacity	Date of appointment	Number of meetings attended	Apologies	Details
Mr G A Ntsala	Chairperson	20 February 2014	03	01	Expired 31 Dec 2016 due to be a member for second term
Mr T E Femele	Member	20 February 2014	03	01	Expired 31 March 2017 but extended
Mr M K Mojatau	Member	20 February 2014	04	0	Expired 31 March 2017 but extended
Ms S D Lebeko	Member	20 February 2014	02	02	Expired 31 Dec 2016 due to be a member for second term
NEW SHARED AUDIT AND PERFORMANCE COMMITTEE					
Mr M K Mojatau	Chairperson	01 April 2017	02	0	Extended and appointed as chairperson
Mr T E Femele	Member	01 April 2017	02	0	Extended and appointed as member of Committee
Mr S T Morare	Member	01 April 2017	02	0	Newly appointed member of Committee
Ms M R Ried	Member	01 June 2017	0	1	Newly appointed member of Committee

2. AUDIT AND PERFORMANCE COMMITTEE RESPONSIBILITIES

The Committee was re-established on 01 April 2017 to assist in improving management reporting by overseeing internal and external audit functions, internal controls, and the financial reporting process, performance information, compliance with accounting policies, legal requirements, internal controls and other policies within the Municipality.

The Committee reports that it has complied with its responsibilities arising from Section 166 of the Municipal Finance Management Act ("the Act"). The Committee consists of non-executive members including the chairperson and it has also adopted formal terms of reference as its audit committee charter. The Committee has regulated its affairs in compliance with the charter and has discharged its responsibilities as contained therein.

The Committee also reports that during the financial year under review it has reviewed and adopted appropriately:

- Schedule of Audit and Performance Committee meetings 2016/2017
- The Audit and Performance Committee Charter 2016/2017, (recommended for approval by Council)
- The Internal Audit Charter 2016/2017,
- Internal Audit Methodology 2016/2017
- Internal Audit annual strategic/Detailed plan which includes, three- year coverage plan 2016-2019 and annual coverage internal audit plan 2016/2017

The Committee further provided inputs and took note of the following risk management documents which were recommended for approval and adoption by the Council;

- Overall strategic risk-register 2016/2017
- First Quarter Risk Management Implementation plan 2016/2017

3. THE ADEQUACY AND EFFECTIVENESS OF INTERNAL CONTROL, RISK MANAGEMENT AND GOVERNANCE

The Internal Audit Unit reported several instances of non-compliance with prescribed policies and procedures for the period under review, which resulted in a breakdown in the functioning of internal controls. Hence, the systems of internal controls were not entirely effective for the year under review.

The Internal Audit Unit presented its reports during the above-mentioned sittings of the Committee, the reports of which included recommendations and management comments, which highlighted the shortcomings as outlined in the above paragraph.

Processes relating to risk management were effective and efficient, based on the premises that risk assessments were conducted, and a risk register produced to prepare a risk based Three Year Rolling Internal Audit Plan and Annual Internal Audit Plan.

3.1 Governance

Significant Governance structures and processes are in place and functioning as intended. The structures referred to include the Council, the Audit and Performance Committee, the Executive Management, MAYCO, IDP and PMS Unit and the Internal Audit function.

3.2 Risk Management

One of the significant Governance structure, Risk Management Function is in place and was functioning as intended except the fact that Risk Management Committee meeting were not convene as scheduled to discuss risk management issues before submitted to the Committee. The Committee recommends that risk registers be fully utilized by the Municipality and identified risks should be monitored by the Risk Management Committee.

3.3 Internal Controls

The Internal Audit function conducted the listed audits and the outcome thereof indicated internal control deficiencies.

- Review of Information Technology (General Control)
- Review of Risk Management processes
- Review of annual financial statement 2015/2016
- Auditing of performance outcomes-Q1-Q4
- Grants
- Payroll administration
- Personnel administration
- Follow audit: Expenditure management
- Follow audit: Supply chain management
- Follow audit: Leave administration
- Municipal Assets
- Auxiliary management (Tracking resolution)
- Bank and Cash administration
- Investment administration
- Leave pay-out on termination of service

3.4 Review of Performance Management System

Functionality of performance management system was evaluated, and the following shortcomings identified however management is committed to address the concerns raised.

Shortcomings identified on Reviewing of Performance Management System 2016/2017

- PMS Framework is not reviewed to suite current situation to accommodate PMS computer software (QPR) utilised by the municipality

- Performance Management is not cascaded down to lower positions in the municipality
- Strategic risks not included in the approved Overall risk register of the municipality
- This process of quarterly evaluating performance of Municipal Manager and Directors is not performed which is in contrary to paragraph 28(1) of Local Government: Municipal performance regulations for municipal managers and managers directly accountable to municipal managers, 2006
- Took note of the advertisement however, Performance targets of municipal manager and directors are not made public (including municipal website) within 14 days after the approval of SDBIP
- Reviewed Service Delivery and Budget Implementation Plan, Budget adjustment and Quarterly Performance Reports 2016/2017 were not placed on Municipal website in terms of section 75(1) of Municipal Finance Management Act, Act no.56 of 2003.
- No employee performance evaluation system in place, thus make it difficult for employees to be evaluated on performance.
- Automated Performance Management System (QPR) not functioning as intended because the quarterly reports are not prepared using that system

3.5 Review of draft annual financial statements 2016/2017 and Audit Committee reports to Council 2016/2017

The Audit and Performance Committee reviewed draft annual financial statements 2016/2017 in terms of section 166(2)(b) at its meeting held on 25 August 2017, provide their inputs and management made correction accordingly before they were submitted to Auditor General for audit purposes.

The Audit and Performance Committee also prepared its reports outlining shortcomings and recommendations made to Council at its meeting in 31 March 2017, 27 July 2017 and 30 October 2017 respectively.

4. CONCLUSION

In conclusion, this Committee assures Council of Thabo Mofutsanyana District Municipality that it remains committed to discharge its responsibilities and duties as outlined under section 166(2) of the Municipal Finance Management Act.

The committee further states that, it is satisfied that it has adopted appropriate formal terms of reference as its Audit Committee Charter; and will always regulate its affairs in compliance with this Charter and discharge its responsibilities as contained therein.

This report is duly submitted for inclusion under Audit Committee slot on the Annual Report.

MR. M K MOJATAU
CHAIRPERSON: AUDIT AND PERFORMANCE COMMITTEE

Appendix H: Long term Contracts and Public Private Partnership

Long term contracts (Largest contract entered into during 2016/ 2017)					
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 office of the Chief Financial Officer is responsible for compiling and preparing the financial statements that fairly present the state of affairs of the municipality in line with Municipal Finance Management Act No. 56 of 2003, sec. 122 and any other guidelines issued by National Treasury and Accounting Standard Board.

In this regard the municipality aspires to be a leading municipality and thereby ensuring that it continues with sustainable service delivery while remaining financially viable. The 2016/2017 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;

Current year

The office of the Chief Financial Officer strives towards a long-term relationship with local municipalities and other organs of state by providing high-level services 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 a manner that gives effect to the requirements of the Municipal Finance Management Act and other relevant pieces of legislation.

Summary of current year achievements

The achievements realised during the financial year 2016/ 2017 can be summarized as follows, but, not limited to:

- Management improved the audit outcome significantly from unqualified audit opinion to unqualified audit opinion without any matter "**Clean Audit**" the first municipality in the Free State Province,
- The department has again 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 succeeded in its effort to continue streamlining the financial reporting process and provided the Council, MAYCO, and Finance Portfolio Committee with more timely and credible financial information;
- Management continued to strength the internal controls and compliance by introducing an mSCOA system called Sage Evolution with various modules which guide the activities of all operational units within each department of the Municipality. Proper management of the system improves the administration and safeguarding the finances and assets of the municipality, thus preventing non-compliance that leads to irregular expenditure;
- Management maintained an unqualified audit report for the following financial years consecutively (2009/10, 2010/ 11, 2011/12, 2012/13 and 2013/14); In 2014/15 it obtained a clean audit. In the previous year 2015/16, the municipality achieved an unqualified audit report again.

The year ahead

In the coming financial year, it is anticipated that the financial operations will be improved to sustain the unqualified audit report without any matters "**Clean Audit**", the programme of action to sustain and improve the Auditor-General 's management report findings include amongst others:

- Training of staff on the relevant sections of the VAT Act and existing manuals relating to VAT as well as PAYE, to ensure strict compliance with legislation;
- Consistent training of staff on Generally Recognised Accounting Practice and the Accounting Standards Board updates,
- Preparation of quarterly / bi-annual financial statements;
- Implementation of audit action plan based on the Auditor-General's findings and recommendations;
- Converting and updating the audited assets register to Sage Evolution – Assets System;
- Ensure compliance with other laws, regulations and guidelines.

The programme anticipated in the year ahead includes:

- Building confidence and independence in implementing municipal Standard Chart of Account (mSCOA);
- Developing and maintaining a legislative compliance register;
- Improving capacity in the local municipality by deploying expertise;
- Roll out the new accounting system to other local municipalities;
- Providing a hands-on-support to the most vulnerable 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 order to strengthen internal controls management will continuously ensure that developed procedure manuals are properly used to guide operations around segregation of duties.

Ethical issues

The municipality has a code of conduct for its councillors and employees. The code encourages and discourages certain behaviour and ensures that councillors and officials conduct themselves in particular manner that does not compromise the integrity of the municipality in the face of the communities they are serving.

FINANCIAL PERFORMANCE

1. Audited Statements and Related Financial Information

Table 1

Financial and Operational Statistics		
Year ended 30th June 2017	R'000	
	2017	**2016**
Sundry receivables	1 460	1 025
VAT Receivable	2 206	1 185
Cash and cash equivalents	249	738
Finance lease obligation (Current)	387	1 168
Finance lease obligation (Long term)	-	387
Trade and other payables	16 398	11 313
Unspent conditional grant	-	444
Total Operating Revenue	104 990	104 205
Total Operating Expenditure	107 973	119 464
Operating profit / (deficit)	(2 984)	(15 259)

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) months maintained a consistent and viable financial position. As a result, the operating bank balance as at the end of the financial year 2016/2017 was R 249 450 (R 488 429 shortfall compared to previous financial year of R737 879).

1.1.2. Sundry receivables/ debtors

Material increase in sundry receivables is due to over payment of employees' remunerations and increase in sundry debtors. The total outstanding receivables from non-exchange transactions amounted to R 434 235.

Management continuously assessed individual debtors to establish if there was any likelihood of recovering outstanding debts so that should there be no success in recovering same, provide the debt impairment. During the current year, additional impairment provision is necessary to cater for increased outstanding debtors compared to balance of R 1 025 283 at end of the previous year from non-exchange transactions.

1.1.3. Operating expenditure and revenue

The total operating expenditure decreased from previous year's figure by R11 490 916 and total operating revenue increased from previous year's figure by R784 599. The major decrease in expenditure was a consequence of the then deferred payments which had to be paid in the following year. That increased the amount of current liabilities as provided for in the list of outstanding creditors at the end of the previous year. A slight increase in operating income was a result of cash shortage that necessitated the deferment of payments during the same period. The deferred payments will undoubtedly have an unpleasant burden on the new financial year's budget in that about R8m of the new budget must first settle outstanding debts and only the balance can be utilised to settle current commitments. That situation can and must be managed so that it does not get out of hand and continue year after year. It's only through disciplined spending patterns the municipality can keep going within its perfect trajectory.

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 received grant income of R103 660 952 in 2017 and R102 798 196 in 2016, an increase of .01% from the previous year.

Thabo Mofutsanyana District Municipality is funded like other district municipalities. Their budgets are funded by grants and subsidies from national and provincial governments and slightly generate own income through interest- bearing investment portfolios.

The operating expenditure of Thabo Mofutsanyana District Municipality for 2017 was largely inflexible and required sound budgeting and discipline to keep costs within budget. Most of the expenditure items were in line with the budget.

Details	2017	2016
	R '000	R '000
Employee Costs	57 954	50 993
General Expenditure	30 570	47 988
Repairs and Maintenance	2 258	2 218
Finance Cost	183	388
Debt Impairment	-	91
Depreciation and amortization	4 402	3 562
Grants and subsidies paid	2 032	1 610
Contracted services	556	2 068

Municipal services are labour intensive, and personnel remuneration constitutes a larger proportion of the municipality's expenditure budget. The staff-to-expenditure ratio of Thabo Mofutsanyana District Municipality continues to increase at an alarming rate, presently at 10.8% compared to the previous financial year. Councillors' costs comprise a minor portion of total expenditure.

Existing assets maintenance is a very important. However, it is sometimes ignored, and priority given to less worthy line 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 comprised of a very low provision due to lack of funds. This is exacerbated by a deteriorating Warden fire station, truck and additional vehicles acquired as well as buildings and other assets utilised for municipal purposes. The ratios have increased from the previous year and management remains concerned that allocation for maintenance is still not at the optimum level.

The municipality has recorded an operating loss in 2017 of R2 983 658 compared to loss of R15 259 173 that was realised in 2016. The operating budget indicates moderate increases for the next three years.

2.3 Liquidity management

The municipality operates an effective cash management system in controlling crucial aspects of financial management. However, the municipality's total liabilities exceed its total assets by R 2 983 658 in the current year, compared to prior year's deficit of R15 259 173.

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.

Although the municipality is expected to render bulk services and coordinate functions in terms of Local Government Structures Act Section 84 (Powers and Functions of the district municipalities), it lacks capacity to execute some of the functions due to lack of funding. Council cannot even contribute from its operational income towards capital development in local municipalities within the area. As a result, no expenditure of a capital nature was incurred to assist local municipalities in the 2016/2017 financial year.

Implementation of projects in local municipalities during the year 2016/17

MUNICIPALITY	PROJECT	EXPENDITURE
Maluti-A-Phofung	None	N/A
Nketoana	None	N/A
Mantsopa	None	N/A
Dihlabeng	None	N/A
Nketoana	None	N/A
Phumelela	None	N/A

3. Conclusion

The municipality's overall financial management has improved to deal with the demands for improved service delivery in order to assist local municipalities and to carry out other legislative mandates imposed on it 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 one month I was opportune to work here. Undoubtedly, this would have been a dead dream without their support and dedication.

Thank you,

Mr Makhotla Thamaha
Acting Chief Financial Officer

THABO MOFUTSANYANA DISTRICT MUNICIPALITY
Financial statements
for the year ended 30 June 2017
Auditor General of South Africa

General Information

Legal form of entity	District Municipality (DC 19)
Mayoral committee	
Executive Mayor	Mrs. M Vilakazi
	Mr. MM Radebe (Chief Whip) (Office term ended August 2016)
	Mrs. SJ Mbiwe (Chief Whip)
	Mr. M Maduna (Speaker)
	Ms. M Motloung (MPAC Chair) (Office term ended August 2016)
	Mr. MM Twala (MPAC Chair)
	Mr. K Tsoene
	Mr. G Bengell
	Mr. A Nhlapo
	Mrs. J Radebe
	Ms. S Visagie
	Mr. T Thebe
	Ms. N Mofokeng
	Mrs. T Tshabalala
Councillors	Mr. G Mokotso
	Mr. BL Venter
	Mr. S Mkhwanazi
	Mr. M Mamba
	Mr. TI Mkhwanazi
	Mr. M Motaung
	Mr. P Khanye
	Ms. M Maleka
	Mr. T Jakobo
	Mrs. M Ndlebe
	Mr. M Hlakane
	Mr. P de Wet
	Ms. D Taetsane
	Ms. T Letaona
	Mr. M Mokoena
	Ms. V Mohala
	Mr. R Bath
	Ms. M Sempe
	Mr. B Sani
	Ms. B Miya
	Ms. P Makae
	Mr. T Moloi
	Mr. M Majake
	Ms O Tolofi
	Mr. M Lebesa
	Mrs. A Oats
	Mr. L Nhlapo
	Mr. M Botha
	Mr. S Tshabalala
	Mr. T Mosikidi (Office term ended August 2016)
	Ms. P Lebesana (Office term ended August 2016)
	Mr. PB Beukes (Office term ended August 2016)
	Ms. MA Mokoena (Office term ended August 2016)

General Information

	Ms. HE Mokoena (Office term ended August 2016) Mr. TJ Tseki (Office term ended August 2016) Mr. T Ramaele (Office term ended August 2016) Mr. MA Nhlapo (Office term ended August 2016) Ms. T Tigeli (Office term ended August 2016) Ms. MR Naido (Office term ended August 2016) Ms. TN Masiteng (Office term ended August 2016) Mr. S Nkopane (Office term ended August 2016) Mr. I Vries (Office term ended August 2016) Mr. CHE Badenhorst (Office term ended August 2016) Mr. R Ndlebe (Office term ended August 2016) Ms. Z Tshabalala (Office term ended August 2016) Ms. N Taylor (Office term ended August 2016) Ms. C Msibi (Office term ended August 2016) Mr. L Kere (Office term ended August 2016) Mr. P Mavundla (Office term ended August 2016) Ms. M Nakedi(Office term ended August 2016) Ms. P Sibeko (Office term ended August 2016) Mr. SE Tshabalala (Office term ended August 2016) Ms. Y Jacobs (Office term ended August 2016) Ms. E Mohoaladi (Office term ended August 2016) Mr. S Motaung (Office term ended August 2016)
Grading of local authority	Grade 11
Accounting Officer	Ms. TPM Lebenya
Chief Finance Officer (CFO)	Mr. HI Lebusa
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	Rampai Attorneys

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

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)
IAS	International Accounting Standards
PPPFA	Preferential Procurement Policy Framework Act
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Accounting Officer's Responsibilities and Approval

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

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

The accounting officers have reviewed the municipality's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the 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 65, which have been prepared on the going concern basis, were approved by the accounting officer on 30 November 2017

SK Khote
Acting Municipal Manager

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2017. 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) (Term ended 31 December 2016)	3
Mr. MK Mojatau (Member) (Appointed Chairperson 1 April 2017)	6
Mr. TE Femele (Member)	5
Ms. SD Lebeko (Member) (Term ended 31 December 2016)	2
Mr. ST Morare (Member) (appointment 1/04/2017)	2
Ms. MS Ried (Member) (appointment 1/06/2017)	0

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: ______________________

C

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 June 2018

Accounting Officer's Report

The accounting officers submit their report for the year ended 30 June 2017.

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 2017, the municipality had accumulated deficits of (R2 983 658) and that the municipality's total liabilities exceed its assets by (R7 421 075).

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 officers are 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 officers of the municipality during the year and to the date of this report are:

SK Khote	Appointed 01 August 2017
TPM Lebenya	Resigned 31 July 2017

Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	2017	2016 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	4	1 459 518	1 025 283
VAT receivable	5	2 206 405	1 185 490
Cash and cash equivalents	6	249 450	737 869
		3 915 373	**2 948 642**
Non-Current Assets			
Property, plant and equipment	7	9 669 839	9 796 909
Intangible assets	8	4 322 358	3 266 741
		13 992 197	**13 063 650**
Total Assets		**17 907 570**	**16 012 292**
Liabilities			
Current Liabilities			
Finance lease obligation	9	386 516	1 168 376
Payables from exchange transactions	10	16 011 129	10 144 132
Unspent conditional grants and receipts	11	-	443 825
		16 397 645	**11 756 333**
Non-Current Liabilities			
Finance lease obligation	9	-	386 508
Employee benefit obligation	12	8 931 000	8 608 000
		8 931 000	**8 994 508**
Total Liabilities		**25 328 645**	**20 750 841**
Net Assets		**(7 421 075)**	**(4 738 549)**

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 35

Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016 Restated*
Revenue			
Revenue from exchange transactions			
Sundry income	15	180 961	234 006
Interest received - investments	14	1 147 633	1 172 745
Total revenue from exchange transactions		**1 328 594**	**1 406 751**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	13	103 660 952	102 798 196
Total revenue	38	**104 989 546**	**104 204 947**
Expenditure			
Employee related costs	20	(57 953 889)	(50 992 539)
Remuneration of councillors	20	(10 019 248)	(10 545 789)
Depreciation and amortisation	17	(4 402 270)	(3 562 182)
Debt impairment	16	-	(90 641)
Finance costs	18	(182 787)	(388 419)
Repairs and maintenance	21	(2 257 620)	(2 218 222)
Contracted services	36	(556 011)	(2 067 580)
Grants and subsidies paid	37	(2 031 579)	(1 610 414)
General Expenses	19	(30 569 800)	(47 988 334)
Total expenditure		**(107 973 204)**	**(119 464 120)**
Operating deficit		**(2 983 658)**	**(15 259 173)**
Deficit for the year		**(2 983 658)**	**(15 259 173)**

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 35

Statement of Changes in Net Assets

Figures in Rand	Accumulated loss	Total net assets
Balance at 01 July 2014 as restated	**5 938 058**	**5 938 058**
Changes in net assets		
Surplus / (Deficit) for the year	(15 259 173)	(15 259 173)
Total changes	(15 259 173)	(15 259 173)
Restated* Balance at 01 July 2016	**(4 437 417)**	**(4 437 417)**
Changes in net assets		
Surplus / (Deficit) for the year	(2 983 658)	(2 983 658)
Total changes	(2 983 658)	(2 983 658)
Balance at 30 June 2017	**(7 421 075)**	**(7 421 075)**

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 35

Cash Flow Statement

Figures in Rand	Note(s)	2017	2016 Restated*
Cash flows from operating activities			
Receipts			
Grants		103 026 627	103 704 289
Interest income		1 147 633	1 172 745
Other receipts		180 961	212 853
		104 355 221	105 089 887
Payments			
Employee costs		(66 788 450)	(60 396 272)
Suppliers		(30 859 436)	(59 797 783)
Finance costs		(182 787)	(388 118)
Benefits paid relating to long service awards		(331 000)	(177 000)
		(98 161 673)	(120 759 173)
Net cash flows from operating activities	22	**6 193 548**	**(15 669 286)**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(3 207 867)	(2 885 246)
Proceeds from sale of property, plant and equipment	7	99 216	15 286 181
Purchase of other intangible assets	8	(2 222 165)	(1 058 779)
Net cash flows from investing activities		**(5 330 816)**	**11 342 156**
Cash flows from financing activities			
Finance lease payments		(1 351 155)	(1 451 371)
Net increase/(decrease) in cash and cash equivalents		**(488 423)**	**(5 778 501)**
Cash and cash equivalents at the beginning of the year		737 869	6 516 364
Cash and cash equivalents at the end of the year	6	**249 446**	**737 863**

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 35

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sundry income	4 408 985	-	**4 408 985**	180 961	**(4 228 024)**	39.1
Interest received - investment	1 264 250	-	**1 264 250**	1 147 633	**(116 617)**	
Total revenue from exchange transactions	**5 673 235**	**-**	**5 673 235**	**1 328 594**	**(4 344 641)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	103 281 146	-	**103 281 146**	103 660 952	**379 806**	
Total revenue	**108 954 381**	**-**	**108 954 381**	**104 989 546**	**(3 964 835)**	
Expenditure						
Personnel	(53 175 345)	-	**(53 175 345)**	(57 953 889)	**(4 778 544)**	
Remuneration of councillors	(9 252 044)	-	**(9 252 044)**	(10 019 248)	**(767 204)**	
Depreciation and amortisation	(3 502 618)	-	**(3 502 618)**	(4 402 270)	**(899 652)**	39.2
Finance costs	-	-	**-**	(182 787)	**(182 787)**	39.3
Repairs and maintenance	(1 875 000)	-	**(1 875 000)**	(2 257 620)	**(382 620)**	39.4
Contracted Services	(760 000)	-	**(760 000)**	(556 011)	**203 989**	39.5
Grants and subsidies paid	(810 000)	-	**(810 000)**	(2 031 579)	**(1 221 579)**	39.6
General Expenses	(36 388 095)	-	**(36 388 095)**	(30 569 800)	**5 818 295**	39.7
Total expenditure	**(105 763 102)**	**-**	**(105 763 102)**	**(107 973 204)**	**(2 210 102)**	
(Deficit) / Surplus	**3 191 279**	**-**	**3 191 279**	**(2 983 658)**	**(6 174 937)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**3 191 279**	**-**	**3 191 279**	**(2 983 658)**	**(6 174 937)**	

THABO MOFUTSANYANA DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	2 705 258	-	**2 705 258**	1 459 518	**(1 245 740)**	39.8
VAT receivable	-	-	-	2 206 405	**2 206 405**	39.9
Cash and cash equivalents	313 474	-	**313 474**	249 450	**(64 024)**	39.10
	3 018 732	**-**	**3 018 732**	**3 915 373**	**896 641**	
Non-Current Assets						
Property, plant and equipment	9 240 816	-	**9 240 816**	9 669 839	**429 023**	
Intangible assets	2 339 345	-	**2 339 345**	4 322 358	**1 983 013**	39.11
	11 580 161	**-**	**11 580 161**	**13 992 197**	**2 412 036**	
Total Assets	**14 598 893**	**-**	**14 598 893**	**17 907 570**	**3 308 677**	
Liabilities						
Current Liabilities						
Finance lease obligation	723 376	-	**723 376**	386 516	**(336 860)**	39.12
Payables from exchange transactions	9 136 040	-	**9 136 040**	16 011 130	**6 875 090**	39.13
	9 859 416	**-**	**9 859 416**	**16 397 646**	**6 538 230**	
Non-Current Liabilities						
Operating lease liability	1 159 539	-	**1 159 539**	-	**(1 159 539)**	39.12
Employee benefit obligation	8 608 000	-	**8 608 000**	8 931 000	**323 000**	
	9 767 539	**-**	**9 767 539**	**8 931 000**	**(836 539)**	
Total Liabilities	**19 626 955**	**-**	**19 626 955**	**25 328 646**	**5 701 691**	
Net Assets	**(5 028 062)**	**-**	**(5 028 062)**	**(7 421 076)**	**(2 393 014)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated loss	(5 028 062)	-	**(5 028 062)**	(7 421 076)	**(2 393 014)**	

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

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.

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

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

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

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.

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.

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.

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.

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 unitised 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

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, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

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

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

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

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 recognises 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.

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.

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:

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.

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.

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.

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.

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.

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 25.

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;

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, an 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.

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.

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 -

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

1.22 Budget information

The approved budget is prepared on a 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 39 for all material differences explained.

The approved budget covers the fiscal period from 2016/07/01 to 2017/06/30. 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 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.

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.

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 2017 or later periods:

GRAP 34: Separate Financial Statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers Definitions, Preparation of separate financial statements, Disclosure, Transitional provisions and Effective date.

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

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

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

GRAP 35: Consolidated Financial Statements

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- defines the principle of control, and establishes control as the basis for consolidation;
- sets out how to apply the principle of control to identify whether an entity controls another entity and therefore must consolidate that entity;
- sets out the accounting requirements for the preparation of consolidated financial statements; and
- defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers Definitions, Control, Accounting requirements, Investment entities: Fair value requirement, Transitional provisions and Effective date.

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

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

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

GRAP 36: Investments in Associates and Joint Ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

It furthermore covers Definitions, Significant influence, Equity method, Application of the equity method, Separate financial statements, Transitional provisions and Effective date.

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

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

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

Notes to the Financial Statements

2. New standards and interpretations (continued)

GRAP 37: Joint Arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

It furthermore covers Definitions, Joint arrangements, Financial statements and parties to a joint arrangement, Separate financial statements, Transitional provisions and Effective date.

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

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

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

GRAP 38: Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgements and assumptions, Investment entity status, Interests in controlled entities, Interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

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

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

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

GRAP 110: Living and Non-living Resources

The objective of this Standard is to prescribe the:

- recognition, measurement, presentation and disclosure requirements for living resources; and
- disclosure requirements for non-living resources

It furthermore covers Definitions, Recognition, Measurement, Depreciation, Impairment, Compensation for impairment, Transfers, Derecognition, Disclosure, Transitional provisions and Effective date.

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

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

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

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:

Notes to the Financial Statements

2. New standards and interpretations (continued)

- 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
- 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.

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.

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.

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.

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.

3. Financial assets by category

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

2017	Financial assets at amortised cost	Total
Receivables from exchange transactions	1 459 518	1 459 518
Cash and cash equivalents	249 450	249 450
VAT Receivables	2 206 405	2 206 405
	3 915 373	**3 915 373**

2016	Financial assets at amortised cost	Total
Receivables from exchange transaction	1 025 283	1 025 283
Cash and cash equivalents	737 869	737 869
VAT Receivables	1 185 490	1 185 490
	2 948 642	**2 948 642**

Notes to the Financial Statements

Figures in Rand	2017	2016

4. Receivables from exchange transactions

Sundry debtors	1 088 515	746 005
Fleet management receivables	91 725	-
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	729 842	729 842
Impairment provision	(2 561 287)	(2 561 287)
	1 459 518	**1 025 283**

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 2017, R 2,561,287 (2016: R 2,561,287) sundry receivables from exchange transaction were impaired and provided for.

The ageing of these receivables is as follows:

3 to 6 months	373 002	93 292
Over 6 months	3 647 803	3 493 278
	4 020 805	**3 586 570**

Reconciliation of impairment of receivables from exchange transactions

Opening balance	2 561 287	2 470 646
Provision for impairment	-	90 641
	2 561 287	**2 561 287**

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. VAT receivable

VAT	2 206 405	1 185 490

The municipality accounts for VAT on the payment basis.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	207 768	35 223
Short-term deposits	41 682	702 646
	249 450	**737 869**

Notes to the Financial Statements

Figures in Rand	2017	2016

6. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
ABSA BANK - Account Type - 770-150-841	207 768	35 233	769 756	207 768	35 223	769 756
ABSA BANK - Account Type - 206-206-4985	-	78 445	198 531	-	78 445	198 531
FNB BANK - Account Type - 712-733-40226	-	563 188	3 816 442	-	563 188	3 816 442
ABSA BANK - Account Type - 207-523-7209	36 193	61 013	1 731 635	36 193	61 013	1 731 635
ABSA BANK - Account Type - 932-530-0160	5 489	-	-	5 489	-	-
Total	**249 450**	**737 879**	**6 516 364**	**249 450**	**737 869**	**6 516 364**

7. Property, plant and equipment

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
SMME Equipment	740 523	(88 720)	651 803	-	-	-
Furniture and fixtures	4 185 161	(2 524 888)	1 660 273	4 158 337	(2 103 992)	2 054 345
Motor vehicles	2 681 230	(1 822 343)	858 887	2 681 230	(1 357 368)	1 323 862
IT equipment	10 273 223	(5 312 834)	4 960 389	7 972 401	(3 790 532)	4 181 869
Leased assets	3 435 483	(1 896 996)	1 538 487	3 453 048	(1 216 215)	2 236 833
Total	**21 315 620**	**(11 645 781)**	**9 669 839**	**18 265 016**	**(8 468 107)**	**9 796 909**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
SMME Equipment	-	740 523	-	(88 720)	651 803
Furniture and fixtures	2 054 345	26 823	-	(420 895)	1 660 273
Motor vehicles	1 323 862	-	-	(464 975)	858 887
IT equipment	4 181 869	2 440 521	(88 302)	(1 573 699)	4 960 389
Leased assets	2 236 833	-	(10 914)	(687 432)	1 538 487
	9 796 909	**3 207 867**	**(99 216)**	**(3 235 721)**	**9 669 839**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Furniture and fixtures	2 370 963	111 613	-	-	(428 231)	2 054 345
Motor vehicles	1 776 675	-	-	-	(452 813)	1 323 862
IT equipment	5 210 182	326 580	-	(6 604)	(1 348 289)	4 181 869
Infrastructure - Work in progress	12 839 128	2 447 053	(15 286 181)	-	-	-
Leased assets	2 926 867	-	-	-	(690 034)	2 236 833
	25 123 815	**2 885 246**	**(15 286 181)**	**(6 604)**	**(2 919 367)**	**9 796 909**

7. Property, plant and equipment (continued)

Office equipment with a carrying value of R 2,236,833 (2016: R 2,926,867) is leased under a finance lease.

8. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	7 374 708	(3 052 350)	4 322 358	5 152 543	(1 885 802)	3 266 741

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software, other	3 266 741	2 222 165	(1 166 548)	4 322 358

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software, other	2 938 975	1 058 779	(731 013)	3 266 741

9. Finance lease obligation

	2017	2016
Minimum lease payments due		
- within one year	414 667	1 350 175
- in second to fifth year inclusive	-	414 667
	414 667	1 764 842
less: future finance charges	(28 159)	(209 957)
Present value of minimum lease payments	**386 508**	**1 554 885**
Present value of minimum lease payments due		
- within one year	386 508	1 168 376
- in second to fifth year inclusive	-	386 508
	386 508	**1 554 884**
Non-current liabilities	-	386 508
Current liabilities	386 516	1 168 376
	386 516	**1 554 884**

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% (2016: 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.

Notes to the Financial Statements

Figures in Rand	2017	2016

10. Payables from exchange transactions

Trade payables	9 137 612	4 415 289
Accrued leave pay	4 328 349	3 504 067
Accrued bonus	1 124 139	1 086 733
Other payables	1 014 869	826 153
Councillors pension funds	4 020	4 020
UIF over deducted from employees	193 496	193 496
Councillors salaries under payments	6 637	6 637
Metropolitan	251	251
Fleet management payables	201 756	107 486
	16 011 129	**10 144 132**

11. 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

Movement during the year		
Balance at the beginning of the year	443 826	214 984
Additions during the year	5 302 627	6 264 039
Income recognition during the year	(5 746 453)	(5 820 213)
Deducted from equitable share grant	-	(214 984)
	-	**443 826**

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 13 for reconciliation of grants from National/Provincial Government.

12. Provisions

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.

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 2017:

	Long-service leave benefits	Post-retirement health care benefits	Total
Balance as at 30 June 2017	(2 868 000)	(5 740 000)	(8 608 000)
Current service	(425 000)	(149 000)	(574 000)
Interest cost	(263 000)	(558 000)	(821 000)
Actuarial (loss) - change in financial assumption	172 000	712 000	884 000
Actuarial (loss) - experience variance	102 000	(245 000)	(143 000)
Benefits payments	203 000	128 000	331 000
	(3 079 000)	**(5 852 000)**	**(8 931 000)**

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 2016	(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)**

Notes to the Financial Statements

Figures in Rand	2017	2016

12. Provisions (continued)

Discount rate

The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations.

The estimated discount rate was set equal to the yield on the BESA zero-coupon yield curve with a term of 15 years for post-retirement health care and 7 years for long service award, the expected duration of the liability based on the current membership data, as at 30 June 2017.

Key assumptions used
The economic assumptions for the 30 June 2017 valuation are shown in the table below, and compared to those used for the previous valuation.

	30 June 2016	30 June 2017
Gross discount rate - Long service award	8,80%	8,70%
Gross discount rate - Medical aid	9,70%	10,00%
Healthcare cost inflation	9,30%	8,80%
Salary inflation	8,50%	7,50%
Net discount rate - Long service award	0,28%	1,12%
Net discount rate - Medical aid	0,37%	1,10%

Membership Data
Key features of the membership data used in the valuation of post-retirement healthcare subsidy are summarised below:

Current employees	2017	2016
- Number of current employees		
Males	5	5
Females	1	1
- Average age of employees		
Males	57,6	56,6
Females	50,6	49,6
- Average years of past service		
Male	25,3	24,3
Female	18,7	27,7
- Average total monthly premium of Principal members (R)		
Male	R 3,697	R 3,248
Female	R 2,977	R 2,756
- Average total monthly premium of Adult dependants (R)		
Male	R 2,647	R 2,208
Female	R 1,601	R 1,482
Continuation members		
- Number of continuation members		
Male	1	1
Female	2	2
-Average age of continuation members		
Male	66,7	65,7
Female	70,2	69,2
- Actual percentage married		
Male	100%	100%
Female	0%	0%
- Average total monthly premium of Principal members (R)		
Male	R 2,964	R 2,695
Female	R 5,490	R 4,902
- Average total monthly premium of Adult dependants (R)		
Male	R 2,144	R 1,865
Female	R 3,940	R 3,373

12. Provisions (continued)

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 2015	30 June 2016	30 June 2017
Active members	(3 929)	(3 675)	(3 800)
Continuation members	(1 242)	(2 065)	(2 052)
	(5 171)	**(5 740)**	**(5 852)**

Post-retirement healthcare subsidy sensitivities

The value of the liabilities is particularly sensitive to the assumed rate of healthcare cost inlfation. 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 (8,80%)	1% increase
Defined benefit obligation	(5 078)	(5 852)	(6 792)
Service cost (next financial year)	(129)	(154)	(183)
Interest cost (next financial year)	(509)	(588)	(683)
	(5 716)	**(6 594)**	**(7 658)**

Assumptions used

The economic assumptions for the 30 June 2017 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 2016	30 June 2017
Gross discount rate	9,70%	10,00%
Healthcare cost inflation	9,30%	8,80%
Net discount rate	0,37%	1,10%

Figures in Rand	2017	2016

12. Provisions (continued)

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 6.80% as at 30 June 2017. Thus, the healthcare cost inflation has been set as 8.80% 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 1.10% (calculated as (1 + discount rate)/(1 + healthcare cost inflation rate) – 1) for the 30 June 2017 valuation.

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 for the 30 June 2017 valuation and compared to those used for the previous valuations are shown in the tables below.

Summary of key demographic assumptions	30 June 2016 & 2017
Pre-retirement mortality	SA85-90 L rated down 1 year for males and females
Post-retirement mortality	PA(90) rated down 1 year for males and females plus 1% future mortality improvement from 2010
Withdrawal	See rationale for demographic assumption below
Expected retirement age	63 years for males and females
Percentage married for in-service members	See rationale for demographic assumption below
Spouse and principal member age difference	Male 3 years older than female
Employees' continuation percentage at retirement	90.00%

Figures in Rand	2017	2016

12. Provisions (continued)

Percentage of widows continuing membership	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.

Pre-retirementmortality

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-retirementmortality

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%

Figures in Rand	2017	2016

12. Provisions (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 principalmember 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.

13. Government grants and subsidies

Operating grants		
Equitable share	97 724 000	96 977 983
Financial Management Grant	1 250 000	1 250 000
Department of Public Works Programme	1 120 000	1 208 000
Rural Roads Assets Management System Grant	2 750 825	1 781 174
LG Seta skills development grant	105 277	92 964
Service SETA Grant	-	333 900
Municipal System Improvement Grant	-	930 000
TETA Grant	710 850	224 175
	103 660 952	**102 798 196**

Equitable Share

Current-year receipts	97 724 000	96 978 000
Tranfer to reveue	(97 724 000)	(96 763 000)
Conditions met - transferred to revenue	-	(215 000)
	-	-

Rural Roads Assets Management System Grant

Balance unspent at beginning of year	443 825	214 983
Current-year receipts	2 307 000	2 225 000
Conditions met - transferred to revenue	(2 750 825)	(1 781 175)
Transferred from Equitable Share	-	(214 983)
	-	443 825

Notes to the Financial Statements

Figures in Rand	2017	2016

13. Government grants and subsidies (continued)

Department of Public Works Programme

Current-year receipts	1 120 000	1 208 000
Conditions met - transferred to revenue	(1 120 000)	(1 208 000)
	-	-

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
Conditions met - transferred to revenue	-	(930 000)
	-	-

TETA Grant

Current-year receipts	710 850	224 175
Conditions met - transferred to revenue	(710 850)	(224 175)
	-	-

LG Seta - skills development grant

Current-year receipts	105 277	92 964
Conditions met - transferred to revenue	(105 277)	(92 964)
	-	-

Service SETA Grant

Current-year receipts	-	333 900
Conditions met - transferred to revenue	-	(333 900)
	-	-

14. Interest received - investments

Interest revenue		
Bank	1 147 633	1 172 745

The amount included in Investment revenue arising from exchange transactions amounted to R 1,147,633.

15. Sundry income

Tender documents	49 183	21 500
Other income / Unallocated deposits recognised in the current year	102 312	212 506
	151 495	**234 006**

Notes to the Financial Statements

Figures in Rand	2017	2016

16. Debt impairment

Impairments		
Contribution to doubtful debt allowance	-	90 641

17. Depreciation and amortisation

Property, plant and equipment	3 235 722	2 831 169
Intangible assets	1 166 548	731 013
	4 402 270	**3 562 182**

18. Finance costs

Finance leases	182 787	388 419

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 182,787 (2016: R 388,419).

19. General expenses

Advertising	1 079 144	1 068 340
Auditors remuneration	2 209 871	2 244 353
Bank charges	86 149	274 231
Cleaning and consumables	92 301	69 342
Catering	1 353 080	1 534 152
ICT and programming	4 359 675	2 964 512
Disaster intervention	901 393	123 697
Entertainment	-	88 842
Donation	472 567	226 870
Insurance	349 098	144 465
Events management	1 014 376	1 709 483
Motor vehicle expenses	1 505 059	984 222
SCM Electronic system	-	145 440
EPWP incentive grant - salaries expenditure	2 448 424	4 871 052
Placement fees	1 924	21 926
Poverty alleviation expense - food security expense	688 003	1 107 703
Printing and stationery	1 118 623	697 716
Uniform and protective clothing	72 813	369 549
Transport	1 517 061	1 463 840
Subscriptions and membership fees	716 084	534 450
Telephone and fax	1 043 367	1 017 700
Training	806 851	734 459
Travel and subsistence	2 953 343	3 499 934
Legal fees	1 314 505	1 682 953
Service SETA Learnership	710 850	542 175
MFMA programme - accounting support expenditure	563 814	936 315
District audit committee	227 613	265 176
Sampling of food and water	261 818	387 605
Veterinary department	29 466	-
Bursary fund	1 261 185	1 389 705
Sports development programme	-	208 998
Lease rentals on operating lease	1 341 593	1 392 948
Donation of asset	69 750	15 286 181
	30 569 800	**47 988 334**

General expenses line items were re-classified in line with the nature of the expenses for the current year and prior year.

Notes to the Financial Statements

Figures in Rand	2017	2016

20. Remuneration related cost

Basic	42 111 805	36 540 870
Bonus	2 456 889	2 036 656
Medical aid - company contributions	3 335 672	2 637 969
UIF	194 821	192 494
SDL	541 671	473 113
Other payroll levies	25 146	724 551
Leave pay provision charge	824 282	294 513
Overtime payments	737 381	486 038
Long-service awards	323 000	1 231 000
Car allowance	5 322 765	4 909 943
Housing benefits and allowances	204 792	201 244
Cellphone allowance	429 000	376 000
Leave redemption	1 446 665	888 148
	57 953 889	**50 992 539**

Remuneration of Accounting Officer - Ms. TPM Lebenya

Annual Remuneration	1 015 866	1 019 092
Car allowance	228 000	228 000
Contributions to UIF, Medical and Pension Funds	72 412	67 417
Travel, motor car, accommodation, subsistence and other allowance	93 005	154 603
Cellphone allowance	18 000	18 000
Performance bonus	176 973	-
	1 604 256	**1 487 112**

Ms. TPM Lebenya was appointed as the Accounting Officer and commenced her term of office from 2 March 2015 to 31 July 2017.

Remuneration of Chief Financial Officer - Mr. HI Lebusa

Annual Remuneration	945 336	886 037
Car allowance	180 000	180 000
Performance Bonuses	157 570	111 945
Contributions to UIF, Medical and Pension Funds	339 681	22 885
Travel, motor car, accommodation, subsistence and other allowance	152 157	119 368
Cellphone	14 400	14 400
	1 789 144	**1 334 635**

Remuneration of Executive Manager Corporate Service - Mr. SK Khote

Annual Remuneration	896 351	837 395
Car allowance	205 000	205 000
Contributions to UIF, Medical and Pension Funds	13 879	11 943
Travel, motor car, accommodation, subsistence and other allowance	101 705	53 439
Cellphone	14 400	14 400
Performance bonus	139 462	-
	1 370 797	**1 122 177**

Mr. SK Khote - Executive Manager Corporate Service, was appointed as the acting municipal manager from 1 August 2017

Figures in Rand	2017	2016

20. Remuneration related cost (continued)

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 31 December 2016. The remuneneration was paid by Maluti-A-Phofung Local Municipality.

Remuneration of councillors

Executive Mayor - Ms. M Vilakazi	974 810	1 013 079
Chief Whip - Mrs. SJ Mbiwe	509 831	-
Chief Whip - Mr. MM Radebe	72 345	634 857
Speaker - Mr. MS Maduna	651 724	404 983
Chairperson MPAC - Ms. M Motloung	26 643	350 185
Chairperson MPAC - Mr. M M Twala	240 946	-
Mayoral Committee Members	4 653 575	4 775 024
Councillors	2 889 374	3 370 661
	10 019 248	**10 548 789**

In-kind benefits

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.

21. Repairs and maintenance

Maintenance buildings	452 948	413 465
Maintenance general	1 697 891	1 228 854
Maintenance rental equipment	106 782	575 903
	2 257 621	**2 218 222**

22. Cash (used in) generated from operation

Deficit	(2 983 658)	(15 259 173)
Adjustments for:		
Depreciation and amortisation	4 402 270	3 562 182
Finance costs - Finance leases	182 787	388 419
Impairment deficit	-	90 641
Movements in provision for long service awards	323 000	1 231 000
Gain on sale of assets	-	6 604
Changes in working capital:		
Receivables from exchange transactions	(434 235)	687 114
Payables from exchange transactions	6 168 124	(7 940 111)
VAT	(1 020 915)	1 335 196
Unspent conditional grants and receipts	(443 825)	228 842
	6 193 548	**(15 669 286)**

Notes to the Financial Statements

Figures in Rand	2017	2016

23. Financial liability by category

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

2017	Financial liabilities at amortised cost	Total
Finance lease - current	386 516	386 516
Payables from exchange transactions	10 558 642	10 558 642
	10 945 158	**10 945 158**

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	5 252 205	5 252 205
	6 807 089	**6 807 089**

24. Commitments

Commitments in respect of operating expenditure

	2017	2016
Contracted for and authorised by accounting officer		
• Development of rural road asset management system (RRAM for TMDM)	-	2 278 089
• Supply and delivery of SMME's Equipment	-	608 390
• Research, compile, design and printing of accomodation guide brouchures	-	99 500
• Management of telephone system for a period of three (3) years	1 051 879	-
• Internet Service Provider (ISP)	249 550	850 750
• Disaster Communication System	-	1 612 089
• Server based data backup and storage	1 901 530	-
• mSCOA Implementation	2 742 486	-
• Disaster recovery plan and hosting	1 353 175	2 599 000
• PricewaterhouseCoopers	-	326 164
• Electrification programme	6 000 000	-
	13 298 620	**8 373 982**

	2017	2016
Total operational commitments		
Contracted for and authorised by accounting officer	13 298 620	8 373 982

This committed expenditure relates to various projects and will be financed by available bank facilities.

Operating leases - as lessee (expense)

	2017	2016
Minimum lease payments due		
- within one year	934 103	434 363
- in second to fifth year inclusive	1 209 150	94 027
	2 143 253	**528 390**

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.

25. 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.

Auditor General of South Africa vs Thabo Mofutsanyana

Office of the Auditor General has file a case against Thabo Mofutsanyana District Municipality for outstanding audit fee amounting to R 1,220,986.48 for the audit period 2015/16. The outstanding audit fee is made of audit over-runs and interest charged.

The municipality estimates that approximately R250 000 in legal fees to its attorneys Rmapai Attorneys will be incurred in defending this action as Auditor General of South Africa has issued a letter of demand to recover the audit fee.

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.

Name of employee	Effective date	2017	2016
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**

Figures in Rand	2017	2016

26. 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.

27. 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.

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.

27. 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 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	10 558 642	-	-	-
Gross finance lease obligation	414 667	-	-	-

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	5 252 205	-	-	-
Gross finance lease obligation	1 350 175	414 667	-	-

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.

27. Risk management (continued)

Financial assets which exposed the economic entity to credit risk at year end were as follows:

Financial instrument	2017	2016
ABSA Bank - Cheque account	207 768	35 223
ABSA Bank - Liquidity plus	5 489	-
ABSA Bank - Fixed deposit	36 193	61 013
ABSA Bank - Fixed deposit	-	78 445
First National Bank - Fixed deposit	-	563 188
Receivables from exchange transactions	1 459 518	1 025 283
VAT receivables	2 206 405	1 185 490

The entity is exposed to a number of guarantees for housing loans of employees. Refer to note 25 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.

28. 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 2017, the municipality incurred a net loss of (R 2 983 658) and the municipality's total liabilities exceed its assets by (R 7 421 075), in addition the municipality has a possible obligation of R36 million pending the court ruling as disclosed in note 25.

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.

29. Events after the reporting date

The were no material events to report after the reporting date.

30. Unauthorised expenditure

	2017	2016
Opening balance	10 840 549	2 816 833
Unauthorised expenditure - current year expenditure	3 229 865	8 023 716
Unauthorised expenditure - written off as irrecoverable	(10 840 549)	-
	3 229 865	**10 840 549**

30. Unauthorised expenditure (continued)

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 unathorise expenditure relate to overspending on operational spending for VOTE 1: Council and VOTE 3: Planing and development

A Municipal Public Accountant Committee is to convene to analyse and review the findings on unathorised 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.

31. Fruitless and wasteful expenditure

Opening	184 457	-
Fruitless and wasteful expenditure - current year expenditure	-	184 457
Fruitless and wasteful expenditure - written of as irrecoverable	(184 457)	-
	-	**184 457**

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.

32. Irregular expenditure

Opening balance	8 495 390	387 801
Less: Expenditure written-off to be recovered from debtor	(834 910)	-
Less: Expenditure written-off as irrecoverable	(8 384 352)	-
Expenditure - SCM none compliance incurred in the current year (see details below)	4 692 309	7 786 296
Overpayment - councillor remuneration	15 120	134 709
Overpayment - municipal manager remuneration	125 815	186 584
Remuneration paid for position not in the organisational structure	303 126	-
	4 412 498	**8 495 390**

Management has performed a review of transactions and identifiy transactions which did not comply with SCM Regulation, sec. 36 (emergency) to be irregular expenditure in accordance to the guidelines set per Chapter 1 of the MFMA.

33. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	601 941	500 000
Amount paid - current year	(601 941)	(500 000)
	-	-

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

Material losses through criminal conduct

The municipality incurred a material losses through criminal conduct during the reporting period.

Incident - Internet banking payment to fraudulent account

The municipality paid an amount of R1 535 097 on 28th April 2017 to a fraudulent account FNB bank account, the fraud case was reported to South African Police Services (SAPS) (case number 23/05/2017) at Phuthaditjhaba police station, an amount of R529 760 has been recovered thus far, therefore, the possible mateiral losses amount to R1 005 337, which is currently under investigation by Police, FNB and ABSA forensic department. This balance has been disclosed under General Expense Note. 19 Disaster Intervention

Incident - Fleet card misused theft

Municipal employee committed a theft by using a municipal fleet card to procure motor vehicle spares for his own benefits, the disciplinary action was instituted against the employee and he was found guilty of fraud alternatively theft, the employee was dismissed on the 08 August 2017. The material losses amount to R6,817.20.

Audit fees

Opening balance	-	94 087
Current year subscription / fee	3 740 239	2 232 799
Amount paid - current year	(2 519 253)	(2 326 886)
	1 220 986	-

PAYE and UIF

Opening balance	825 721	824 262
Current year subscription / fee	12 011 272	10 176 801
Amount paid - current year	(11 823 737)	(10 175 342)
	1 013 256	825 721

Pension and Medical Aid Deductions

Current year subscription / fee	13 473 314	10 102 429
Amount paid - current year	(12 287 729)	(10 102 429)
	1 185 585	-

VAT

VAT receivable	2 206 405	1 185 490

34. 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.

35. Prior period errors

35.1. Remuneration overpayment - Accounting Officer

During the current financial year, Council investigated the irregular expenditure and resolved that overpayment relating to accounting officer be recovered, this expense was previouosly disclosed under the notes to the finanicial statement as irregular expenditure pending the investigation.

The impact is as follow:

Statement of Financial Position (30 June 2016)	
Increase in receivables from exchange transaction	186 584
Statement of Financial Performance (30 June 2016)	
Decrease in remuneration cost	(186 584)
Statement of Financial Position (30 June 2015)	
Increase in receivables from exchange transaction	157 591
Statement of Financial Performance (30 June 2015)	
Decrease in remuneration cost	(157 591)

35.2. Remuneration overpayment - Councillors

During the current financial year, Council investigated the irregular expenditure and resolved that overpayment relating to councillors be recovered, this expense was previouosly disclosed under the notes to the finanicial statement as irregular expenditure pending the investigation.

The effect of this correction is:

Statement of Financial Position (30 June 2016)	
Increase in receivables from exchange transaction	134 709
Statement of Financial Performance (30 June 2016)	
Decrease in remuneration of councillors	(134 709)
Statement of Financial Position (30 June 2015)	
Increase in receivables from exchange transaction	230 211
Statement of Financial Peformance (30 June 2015)	
Decrease in remuneration of councillors	(230 211)

35.3. Property, plant and equipment

During the current financial year, management received an invoice for installation which relates to the Disaster Management System project and escalation cost which related to phase 2 and 3 of the project, both the cost were not taking into account in each phase.

Management also identify in the current year, two assets which were errorneously expensed.

The impact of re-classification is as follows:

35. Prior period errors (continued)

Statement of Financial Position (30 June 2016)	
Increase in property, plant and equipment (Computer)	69 202
Increase in intangible assets	323 659
Increase in property, plant and equipment (Furniture)	83 340
Increase in trade payables	(392 861)
Increase in accumulated depreciation (PPE)	(18 482)
Increase in accumulated depreciation (Intangible)	(5 391)
Decrease in accumulated surplus	(59 467)
	-

Statement of Financial Position (30 June 2015)	
Increase in property, plant and equipment (Computer)	274 981
Increase in property, plant and equipment (Leased assets)	14 675
Increase in trade payables	(274 981)
Increase in accumulated depreciation (PPE)	(98 642)
Increase in accumulated surplus	83 967
	-

35.4. Trade payables

At the end of the prior year, the creditor relating to various traveling claims and consumable expense were overstated / duplicated by an amount of R11,522 and the other creditors amounting to R16,914 were not accounted for in the period 2016.

The effect of this correction is as follow:

Statement of financial position (30 June 2016)	
Decrease in payables from exchange transaction	11 522
Increase in payables from exchange transaction	(301 127)

Statement of finanical performance (30 June 2016)	
Decrease in general expenditure	11 522
Increase in general expenditure	-301 127

35.5. Property, plant and equipment (over / under statement)

Management conducted assets reconciliation process and identify that the following assets were overstated - accumulated depreciation IT Equipment, Motor vehicle cost and the following assets were understated IT Equipment cost and accumulated depreciation motor vehicle.

The effect of this correction is as follow:

Statement of financial position	
Increase in property, plant and equipment (IT Equipment)	2 325
Decrease in property, plant and equipment (Motor vehicle)	(11 170)
Decrease in accumulated depreciation (IT Equipment)	14 154
Decrease in accumulated depreciation (IT Equipment)	11 616
Increase in accumulated surplus	(16 925)
	-

36. Contracted services

Contracted Financial Support	556 011	987 816

36. Contracted services (continued)

Performance Management System	-	1 079 764
	556 011	**2 067 580**

37. Grants and subsidies paid

Other subsidies

Local government assistance	2 031 579	1 610 414

38. Revenue

Sundry income	180 961	234 006
Interest received - investment	1 147 633	1 172 745
Government grants & subsidies	103 660 952	102 798 196
	104 989 546	**104 204 947**

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

Sundry income	180 961	234 006
Interest received - investment	1 147 633	1 172 745
	1 328 594	**1 406 751**

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

Transfer revenue

Government grants & subsidies	103 660 952	102 798 196

39. Budget differences

Material differences between budget and actual amounts

39.1. Sundry income - the actual revenue over the final budget indicates a decline of 97%, these was due to incorrect treatment of surplus cash errorneously included in the budget and provision for non-cash items.

39.2. Depreciation and amortisation – the actual expenditure over the final budget indicates an increase of 23%, these was as the results of additions bought during the current year, the timing of purchases which was earlier than the planned date this has led to an increase in the depreciation value.

39.3. Finance charges - the actual expenditure over the final budget indicate an increase of 100%, these was as the results of misallocation of finance charges which was allocated under general expenditure in the budget.

39.4. Repairs and maintenance – the actual expenditure over the final budget indicate an increase of 20%, these was due to repairs and maintenance on building and vehicles which was unforseen.

39.5. Contracted services – the actual contracted service expenditure over the final budget indicates a decrease of 27%, these was as a result of less consultants been used.

39.6. Grants and subsidies paid - the acutal expenditure over the final budget indicate an increase of 151%, these was as a results of incorrect classification of rural roads assets mangement expense which was included under the general expenditure as oppose to grants and subsidies in the budget.

39.7. General expenditure - the actual expenditure over the final budget indicate a decrease of 14%, this was due to misallocation as detailed in 39.3 and 39.6

39.8. Receivables from exchange transaction - the actual receivables from exchange transaction over the final budget indicate a decrease of 46%, these was due to an overstatement of receivables account.

Notes to the Financial Statements

Figures in Rand

39. Budget differences (continued)

39.9. VAT Receivables – the actual VAT receivable over the final budget indicates an decrease of 100% these was due to the fact that VAT refunds for the periods March, May and June 2017, still outstanding from SARS.

39.10. Cash and cash equivalents – the actual cash and cash equivalents over the final budget indicates a decrease of 20%, this was due to incorrect financial projections.

39.11. Intangible assets – the actual intangible assets over the final budget indicates an increase of 85%, this was due to procurement of mSCOA Financial Management System which was not planned.

39.12. Finance lease (current and non-current) - the actual finance lease current and non-current over the final budget indacate a decrease of 47% and 100% respectively, these was due to provision made with anticipation for the procurement of new finance lease contract on printers.

39.13. Payables from exchange transaction - the actual payables from exchange transaction over the final budget indicate an increase of 75% these was due to financial constraint experience during the year.