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## **CHAPTER 1**

### **1. INTRODUCTION**

#### **1.1 Foreword by the Executive Mayor**

I am deeply honoured by the opportunity to present the 2011/2012 Annual Performance Report of the Dr Kenneth Kaunda District Municipality for scrutiny. This report is published in the interest of open, transparent and accountable governance to which we are relentlessly committed.

It is presented in accordance with the provisions of Section 46 of Municipal Systems Act, Act of 2000 and 121 of the Municipal Finance Management Act, No 56 of 2003 and includes a generic core of demographic and geographic information that is relatively consistent from year to year.

However, the intention remains to provide an easily readable and summarized statement of the Dr Kenneth Kaunda District Municipality's progress towards the targets set out in our Integrated Development Plan 2007-2012

The achievement of service delivery targets and deliverables is obviously also required to be viewed together with the Municipality's financial performance and our compliance with the whole suite of municipal legislation.

This Annual Report of the Dr Kenneth Kaunda District Municipality provides an audited account of our performance and management of our resources during the year under review. It seeks to portray our activities during the review period and is based on sound information and management systems.

This Report is therefore intended to attest to the collective efforts of our Municipal administration and the executive to progressively address the expectations of our people.

We have endeavoured in our operations to address the expectations of communities as expressed in our IDP Representative Forum and other consultative processes.

Notwithstanding the fact that our successes are real and measurable and that our achievements are a source of pride to us, it will of course remain true for some time to come that the challenges of poverty, underdevelopment and the historical legacy of neglect will remain with us beyond our term of office.

We believe that this Annual Report highlights a number of positives that exist in our District. Viewed collectively, it should give our people a sense of hope and optimism that we are indeed serious about achieving our vision of exploring prosperity through sustainable service delivery for all.

Together with the Mayoral Committee, all Councillors and the Municipal Administration, I am confident that we remain on course to deliver on the promise of a better life for all our people and that working together we can do more to turn ours into a winning district for all those who live and work here.

A handwritten signature in black ink, appearing to be 'B. Moloi', written over a horizontal line.

**COUNCILLOR: BOITUMELO. MOLOI**  
**THE EXECUTIVE MAYOR:**

## 2. OVERVIEW OF THE MUNICIPALITY

The Dr Kenneth Kaunda DM consists of four local municipalities i.e. Matlosana, Tlokwe, Maquassi Hills, and Ventersdorp. The area covered by the District Municipality appears on the map below (Figure B.1) and this is followed by the demographics. The statistical information is the combination of the projections of the 2006 population based on the 2001 Census, the 2007 Community Survey by StatsSA, the Quantec Research of 2008, the Dr Kenneth Kaunda DM Spatial Development Framework of 2011 and other analyses described hereunder. The analyses are based upon demarcations boundaries as at 2010 provided by Statistics South Africa

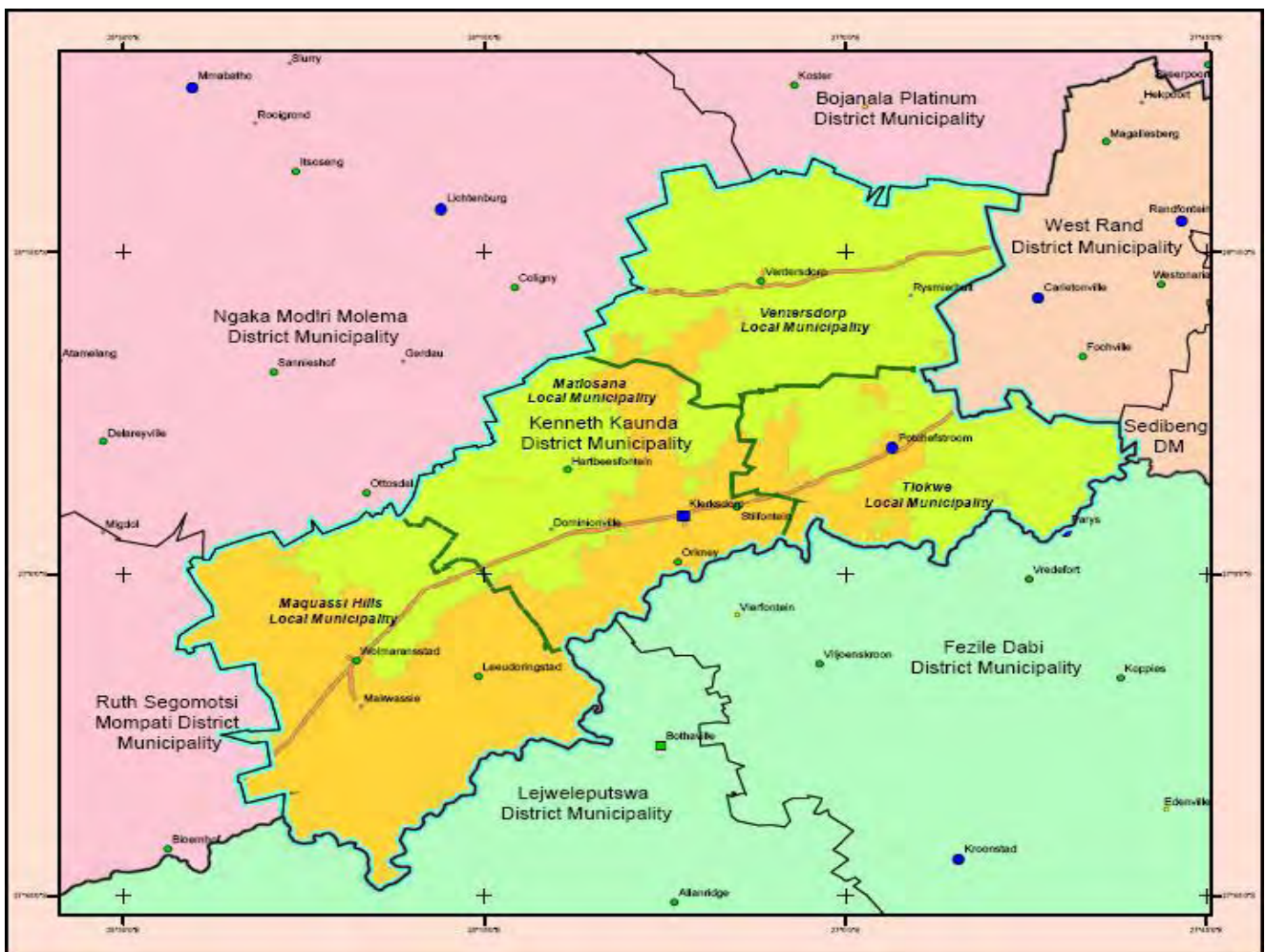


Figure B.1 Map of Dr Kenneth Kaunda District Municipality

### 3. THE MUNICIPAL DEMOGRAPHICS

#### 3.1. Total Population

According to Statistics South Africa (Community Survey, 2007), the population of the Dr. Kenneth Kaunda District (based on 2010 boundaries) was 634 134 (Consider Table B.1). The population is unevenly distributed among the four Local Municipalities.

Table B.1: Population Composition

Area	Statistics SA		KKDM GDS (2007)	
	Total 07	% of SDF	Population	% of SDF
Ventersdorp LM	36532	5.8	48800	7.1
Tlokwe LM	124350	19.6	145500	21.1
City of Matlosana LM	385784	60.8	409600	59.3
Maquassi Hills LM	87468	13.8	87300	12.6
Kenneth Kaunda DM (new boundaries)	634134	100.0	691200	100.0

The majority of the Dr. Kenneth Kaunda District population reside within the City of Matlosana LM (60.8%), followed by City of Tlokwe LM (19.6%). Two Local Municipalities with the smaller percentages of the Dr. Kenneth Kaunda District population are Maquassi Hills (13.8%) and Ventersdorp (5.8%). The number of wards per local municipality is Matlosana (35), Tlokwe (26), Maquassi Hills (11) and Ventersdorp (6) for a total of 78 in the DM, as on 02 September 2010. The number of households within the Dr. Kenneth Kaunda District was estimated at about 287,000 during 2007 (StatsSA, Community Survey, 2007).

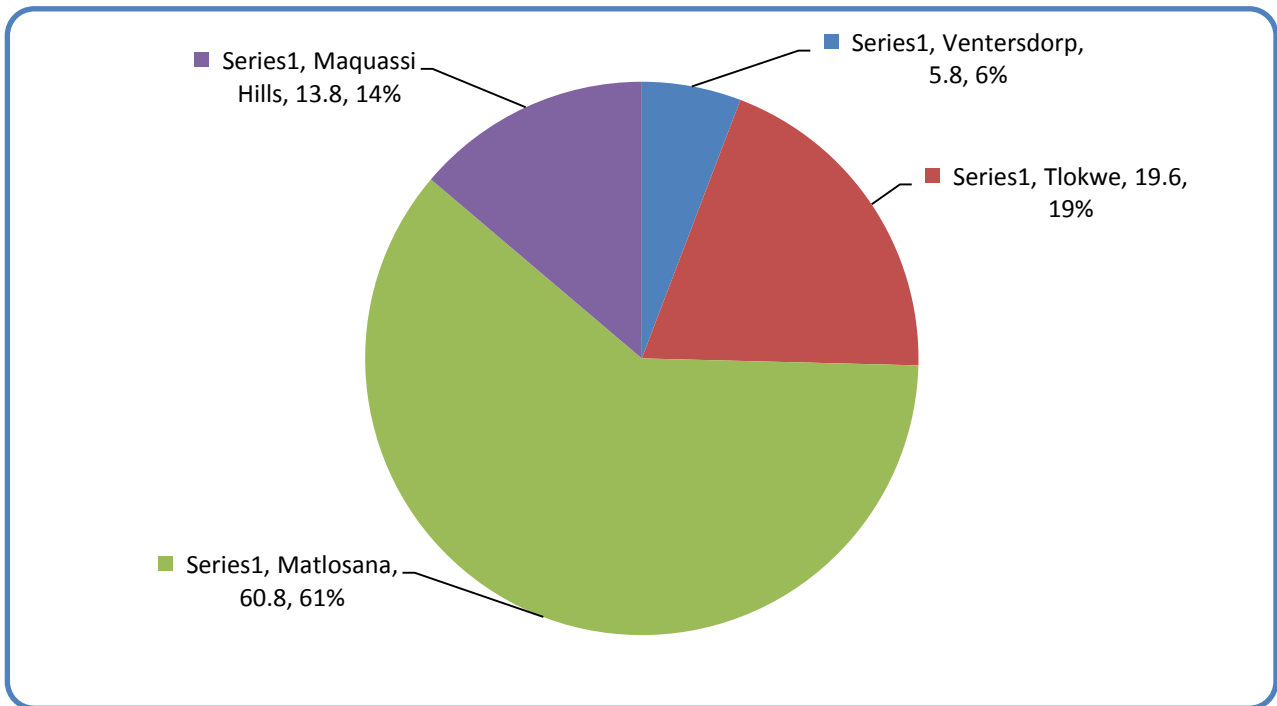
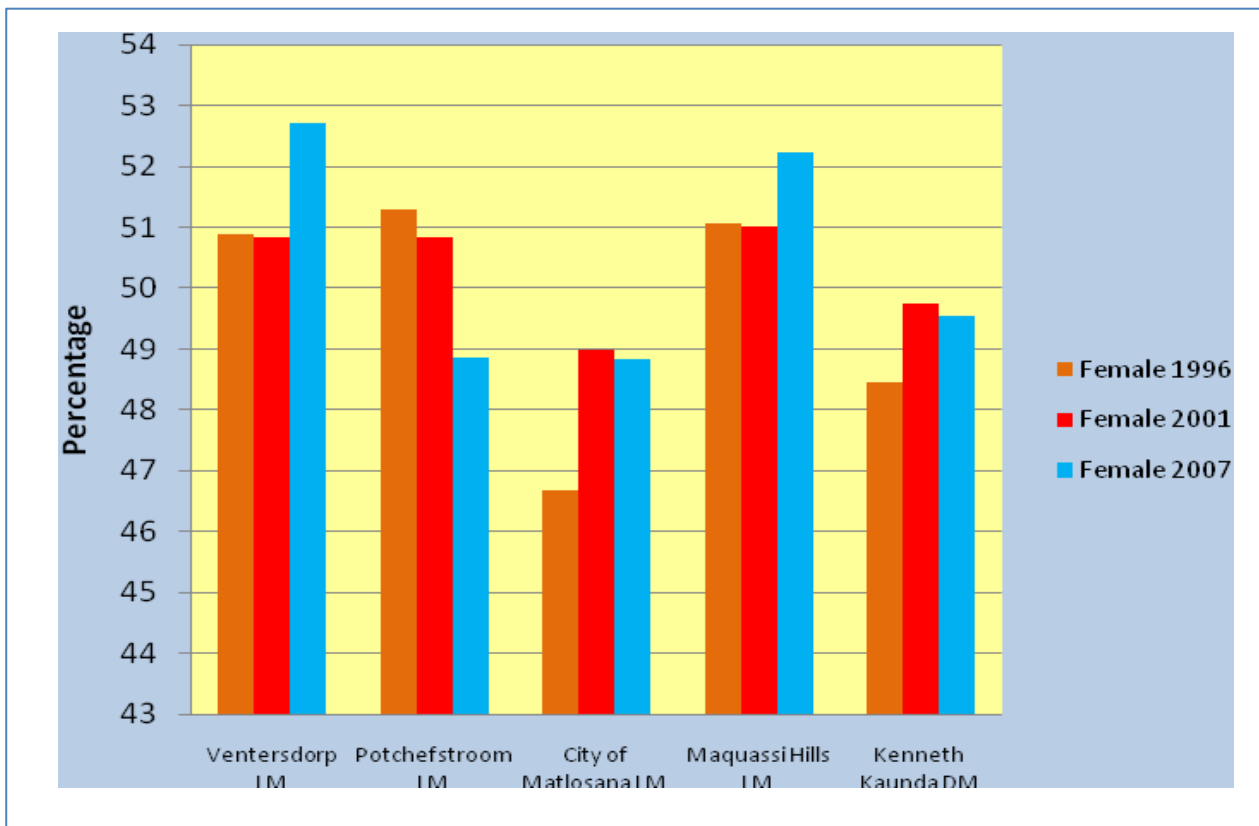


Figure B.2.1 Estimated Population of Dr Kenneth Kaunda DM (StatsSA, Community Survey, 2007).

### 3.2. Age and Gender

The gender structure of the Kenneth Kaunda District Municipality and its constituent local municipalities is depicted in Figure B.2.2. This information indicates a fairly equal distribution between male and female population in all constituent municipalities. In all instances the proportion of the female population ranges between 49% in Tlokwe and Matlosana to just fewer than 53% in Ventersdorp. There are also no apparent significant changes that have occurred between 2001 and 2007. It would normally be expected that the gender structure of the population in an area dominated by the mining sector (such as Matlosana) is dominated by males due to the presence of migrant workers. There is however no clear evidence of this hypothesis in KKDM.

Figure B.2. 2: Percentage Female Population



Source: 1. Statistics SA, Census 1996  
 2. Statistics SA, Census 2001  
 3. Statistics SA, Community Survey 2007

### 3.3 Population Growth Rate

The population growth figures for the district between 2001 and 2007 are summarized in Table B.2.3. According to the official Statistics SA data the total population have increased from just under 600 000 to 634 134 in 2007. This represents an average annual growth rate of approximately 1%. If the population growth rate is calculated based on the old municipal boundaries the figure will be slightly lower at an estimated rate of 0.8% per annum over this period.

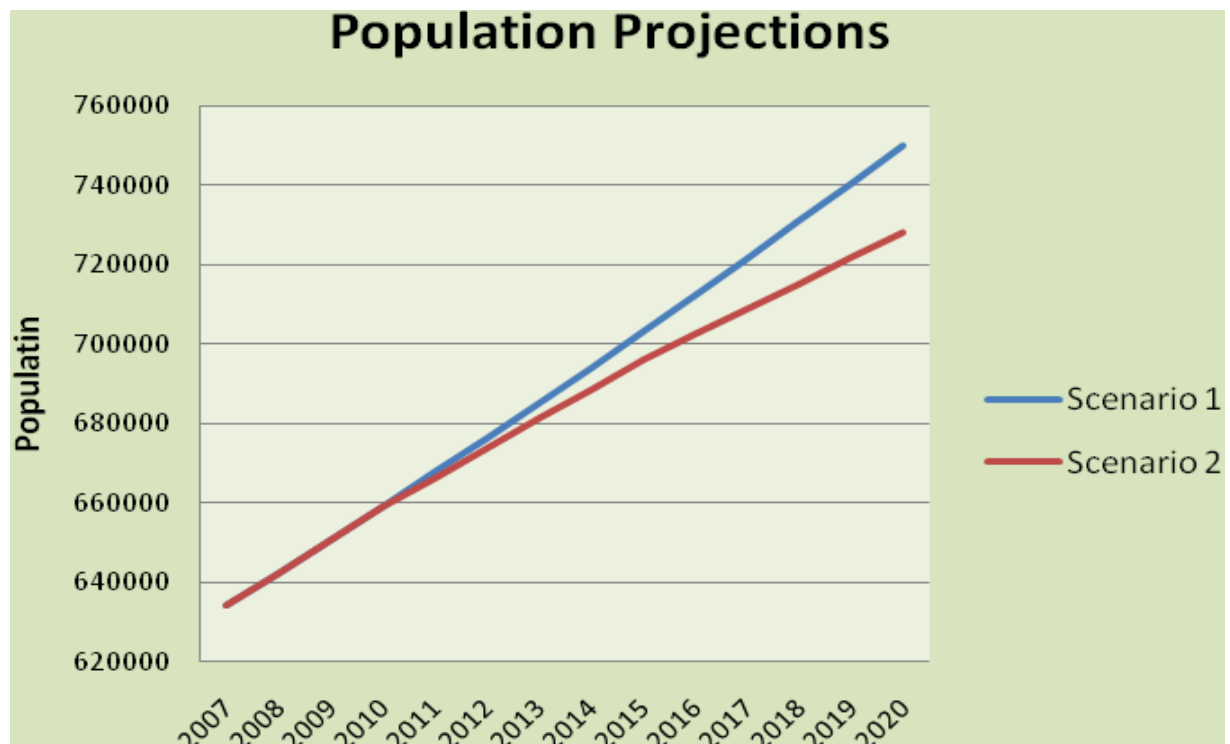


Table B.2.3: Historical population growth rate

	<b>Total 2001</b>	<b>Total 2007</b>	<b>Annual Growth (%)</b>
Kenneth Kaunda DM (new boundaries)	599673	634134	1.0
Kenneth Kaunda DM (old boundaries)	810154	849997	0.8

Various population growth rates are being utilized for the purpose of population projections in the various existing policy documents and plans. Two alternative population projections utilizing the base year figure in 2007 as provided by Statistic SA (634 134) is provided for the purpose of the SDF. The first scenario assumes a constant annual growth rate remaining at 1.3% per annum from 2007 to 2020. The second scenario assumes a decreasing growth rate using a figure of 1.3% per annum up to 2010, a figure of 1.1% per annum from 2011 to 2015, and 0.9% from 2016 to 2020. The projected 2020 population figure based on these alternative scenarios will be 750 000 and 728 000 respectively.

Figure B.2.3: Population Projections (StatsSA, Community Survey, 2007)



The population characteristics and trends as referred to above also needs to take cognizance of migration trends to and from the district and its surrounding areas

### 3.4. Population Education Levels

It is widely accepted that the skills profile of a particular area significantly influences the economic performance and growth of that region. The education profile of the population older than 20 year of age from 1996 to 2007 is depicted on Figures 2.4 (a) to 2.4 (d). These figures clearly indicate the limitations of the skills profile of the district and the large differences prevalent within the district. Despite significant improvements since 1996, the occurrence of adult illiteracy is still prevalent in areas such as Maquassi Hills (24.1%) and Ventersdorp (19.5%) by 2007. On the other end of the scale, the proportion of the adult population with tertiary education remains limited with only 3% of the population in the district in possession of a certificate or diploma, and 3.7% with degrees. These high level skills are also mainly concentrated in the Tlokwe LM with a relatively high proportion of 9.6% of the population with degrees. This can be attributed to the location of the North West University in Potchefstroom. The extent of high level skills in the other three local municipalities are however very limited. In the case of Ventersdorp and Maquassi Hills this category only represents 1.2% and 0.5% of the total population in 2007.

Figure B.2.4 (a): Education profile of population older than 20 years (1996)

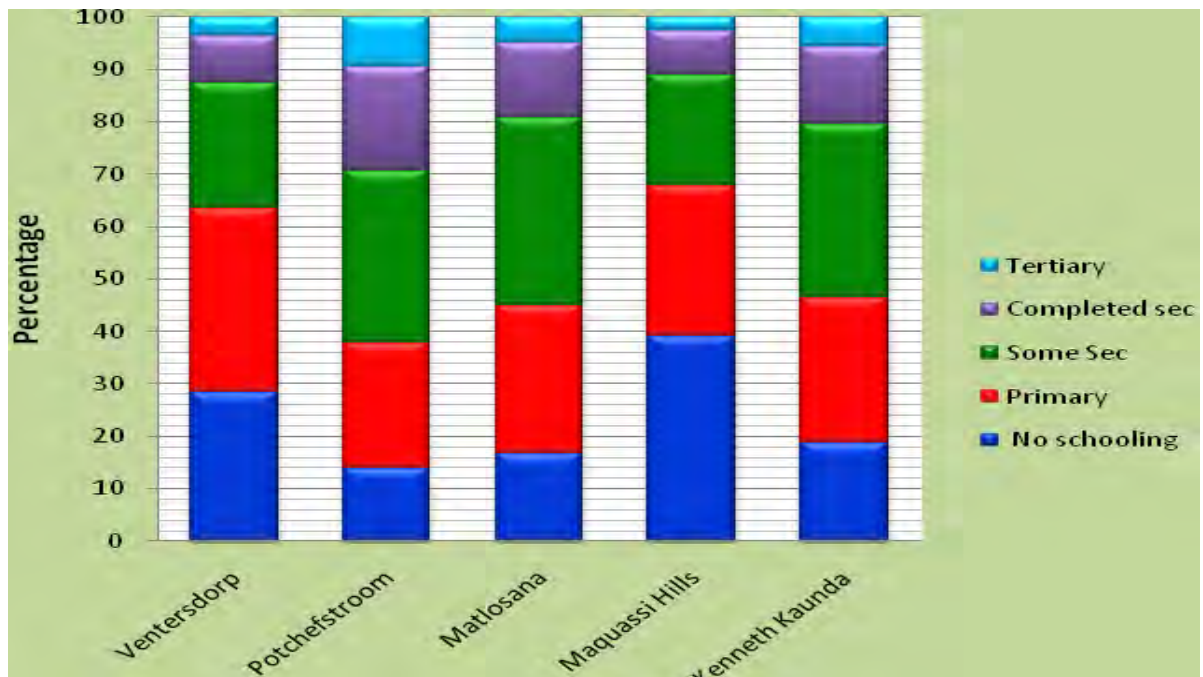
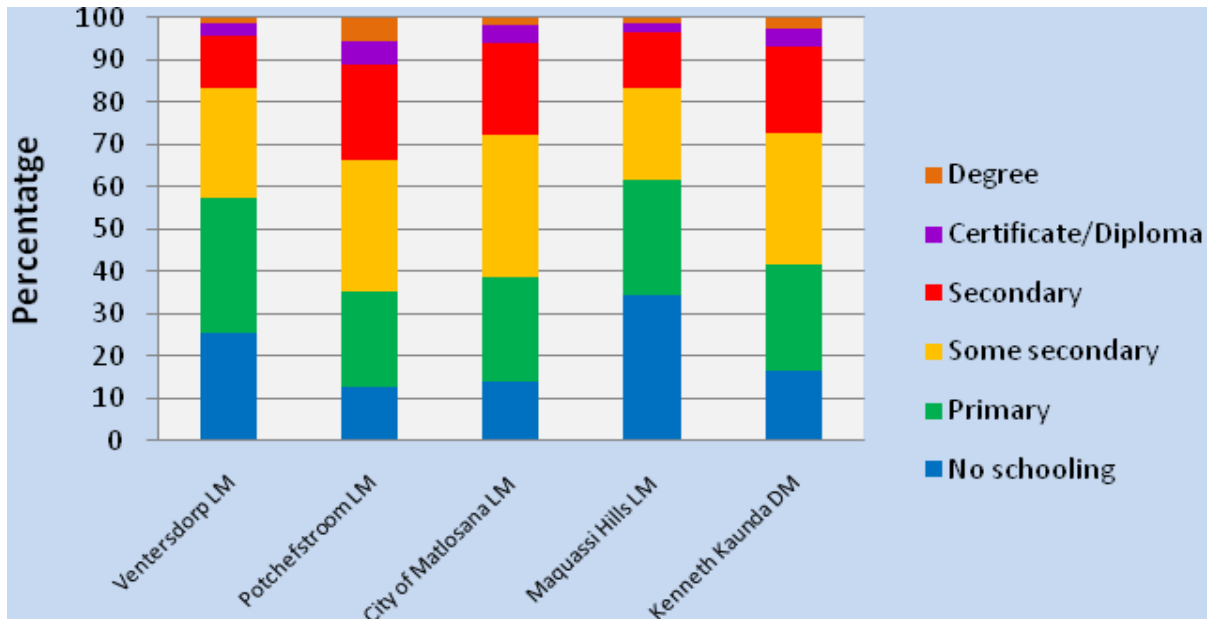
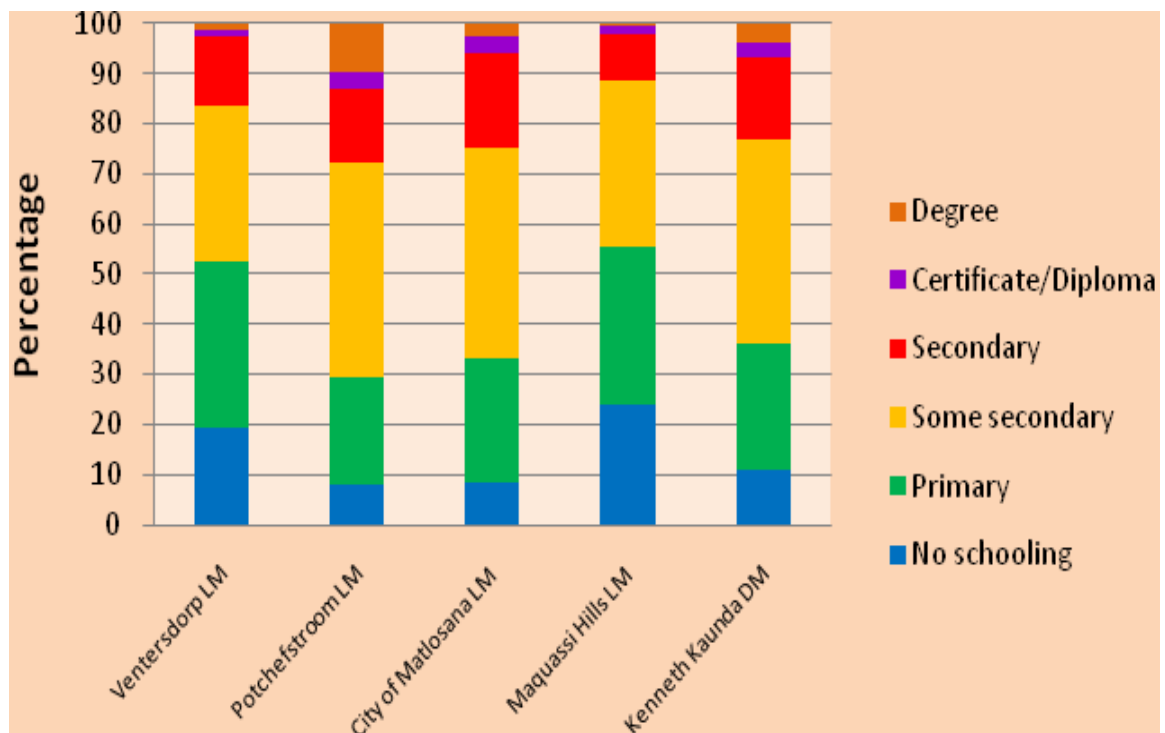


Figure B2.4 (b): Education profile of population older than 20 years (2001)



Source: Statistics SA, 2001

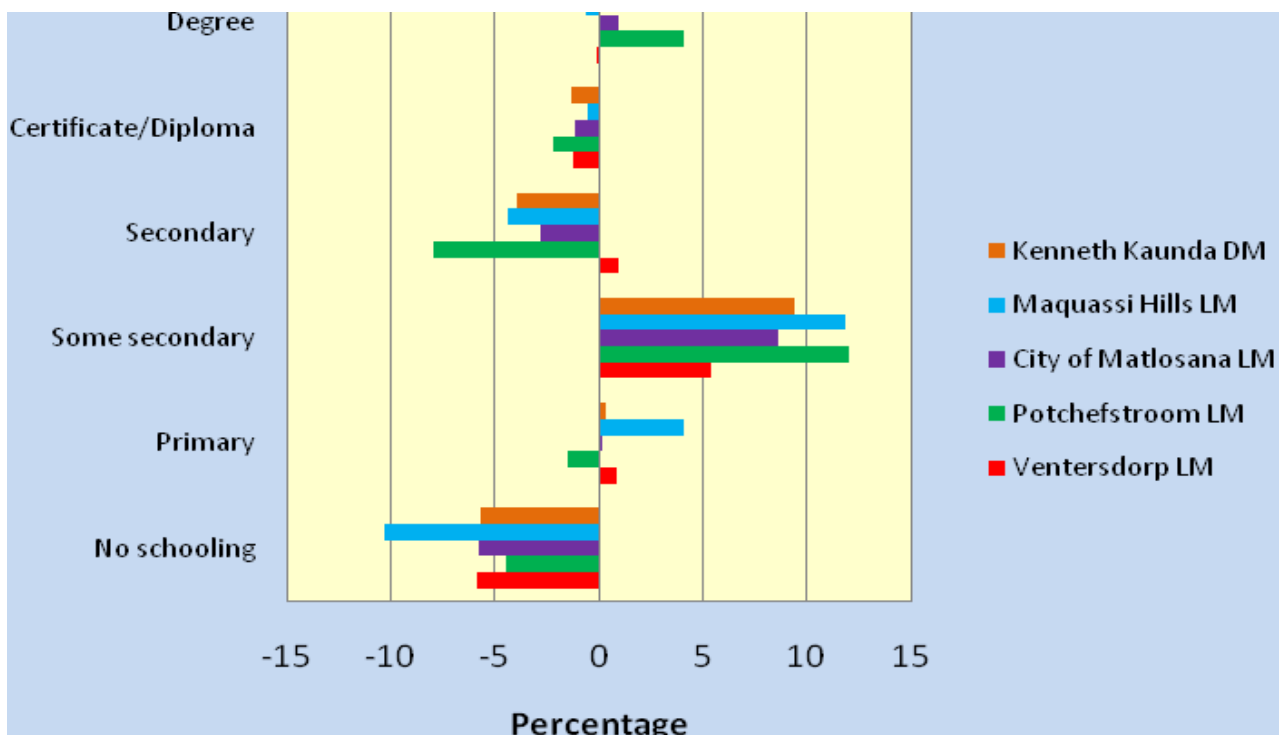
Figure 2.4 (c): Education profile of population older than 20 year: 2007



Source: Statistics SA, 2007

The changes in the education profile of the district population between 2001 and 2007 are depicted on Figure 2.4 (d). Although there has been a significant improvement in overall skills levels (most notably the decrease of adult illiteracy), the increase in the proportion of population with tertiary degrees have been very limited. The most notable feature is the substantial decrease in adult literacy ranging between 4% in the case of Tlokwe to more than 10% in the Maquassi Hills LM. However, the proportion of the population with tertiary education has shown very modest proportional increases with the biggest gain in the Tlokwe LM with a 4% proportional increase in tertiary education. Both Ventersdorp and Maquassi Hills experienced a decrease in the extent of the population with tertiary education.

Figure 2.4 (d): Change in education profile: 2001 to 2007



Source: 1. Statistics SA, Census 2001  
 2. Statistics SA, Community Survey 2007

### 3.5 Population Density

The population density within the Dr. Kenneth Kaunda District has steadily increased since 1995. While the population density was 45 people per square kilometre in 1995, it increased to 49 people per square kilometre in 2000 and 53 people per square kilometre in 2007.

<b>Population Density within DM, 2007</b>	
Area	<b>People per km<sup>2</sup></b>
Dr. Kenneth Kaunda District	53
Ventersdorp	12
Tlokwe	53
Matlosana	100
Maquassi Hills	15

Source: StatsSA Community Survey, 2007

### 3.6. Citizenship

According to 2001 Census data, 95% of people residing in the Dr. Kenneth Kaunda District were South African citizens. Of those that are not South African citizens a large percentage are from neighbouring Southern African countries that migrated to the area in search of economic opportunities.

<b>Citizenship of DM Residents, 2001</b>	
SA Citizens	95%
SADC	4%
Rest of Africa	0.01%
Europe	0.1%
Asia	0.02%
North America	0.002%
Central/South America	0.01%
Australia/New Zealand	0.003%

Source: StatsSA (Census 2001)

### 3.7. Migration Trends

In 2001, 14.2% of people residing in the DM had moved there within the previous five years. This figure gives an indication of the migration rate into the District.

The Local Municipality that experienced the highest in-migration rate according to this measure was Merafong City, with 17.9% of residents who moved to the area within the previous five years. The percentages for the other Local Municipalities were 13.8% for the City of Matlosana, 12.9% for Tlokwe, 11.6% for Ventersdorp and 9.4% for Maquassi Hills.

Of those that had settled in the Dr. Kenneth Kaunda District within the five years prior to 2001, 3% had moved there in 1996, 13% in 1997, 16% in 1998, 17% in 1999, 21% in 2000 and 29% in 2001, a trend that also generally applies to the Local Municipality level.

<b>Percentage of migrants that moved to area within each year, 1996 – 2001</b>						
<b>Area</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
Dr. Kenneth Kaunda DM	3%	13%	16%	17%	21%	29%
Ventersdorp LM	2%	19%	14%	21%	19%	25%
Tlokwe LM	3%	13%	15%	19%	23%	27%
Matlosana LM	3%	12%	15%	17%	22%	30%
Maquassi Hills LM	4%	15%	18%	21%	23%	21%

*Source: Statistics South Africa (Census 2001)*

The above data seems to indicate a fairly high rate of migration in and out of the Dr. Kenneth Kaunda District, with people settling in the area for relatively short periods of time before moving on to a new locality. This trend reflects on the livelihood strategies of people, who move from place to place in search of economic opportunities.

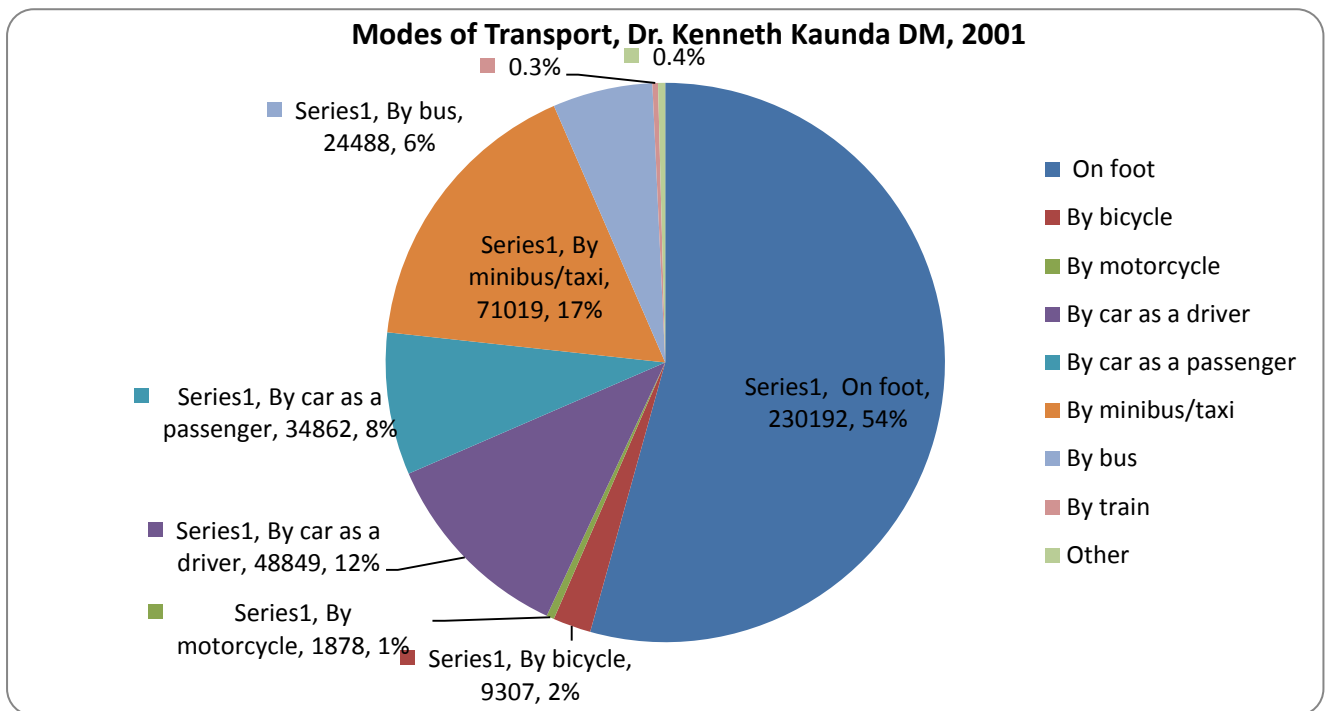
### **3.8. Modes of Transport**

A large amount of people travel by foot, while a fairly small percentage makes use of public transport (23%). It points to an urgent need for a more effective and affordable public transport system in DM.

Majority (54%) of DM residents travel to work/school by foot

- 17% travel by minibus/taxi
- 12% of travel by car as a driver
- 6% travel by bus
- 0.3% travel by train

Figure B.2.8 Modes of Transport in the DM

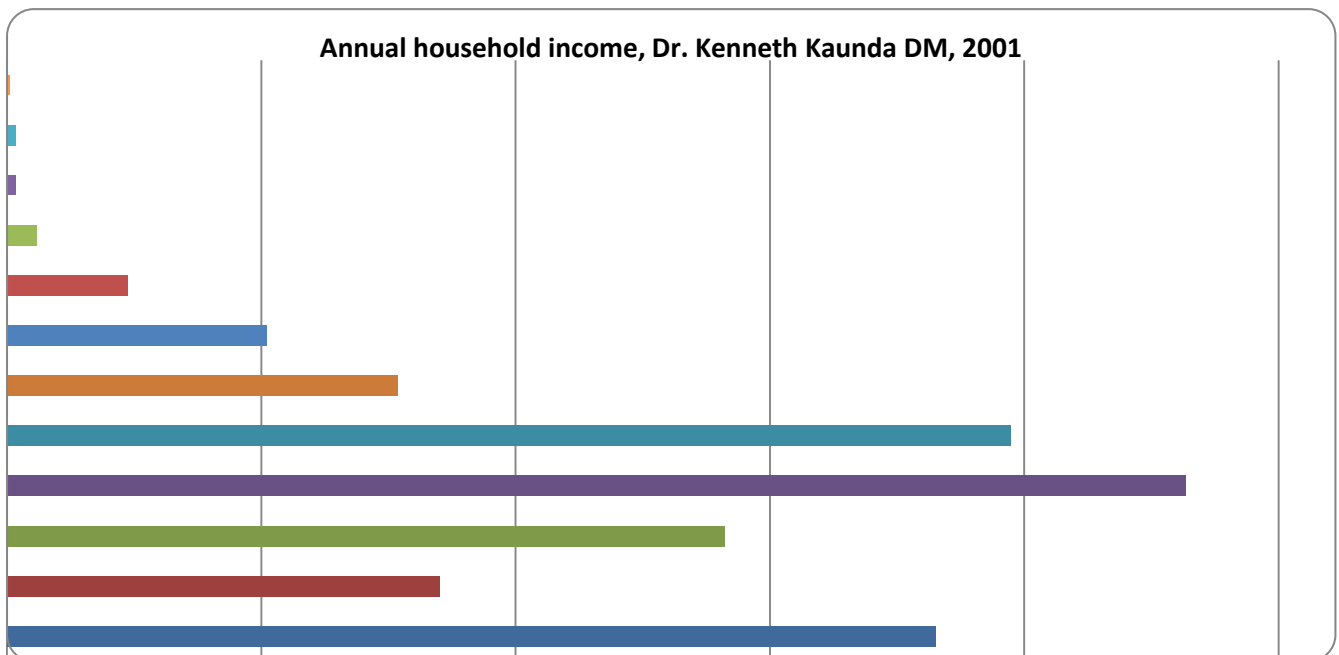


Source: Statistics South Africa (Census 2001)

### 3.9 Household Income

The following graph depicts the distribution of annual household income among the different income groups in the Dr. Kenneth Kaunda District Municipality, as measured in the 2001 Census.

Figure B.2.9 Annual Household Income in the DM



Source: Statistics South Africa (Census 2001)

According to the above graph, the majority of households in the DM earn between R4,801 and R38,400 per annum. The data also shows that almost 66% of households earned a monthly income of R3,200 or less. The average weighted income (AWI\*) as measured in 2001 was as follows:

<b>South Africa</b>	<b>North West</b>	<b>DM</b>
R5,443	R3,557	R4,077

Assuming that the % distribution of households by income category remain constant between 2001 and 2007, the estimated AWI\* of DM in 2007 was R4,989, compared to R4,635 in NW (Source: Quantec Research & Urban-Econ calculations).

\*AWI is the average income of households, taking into account the distribution of households across income categories.

#### Spatial Analysis

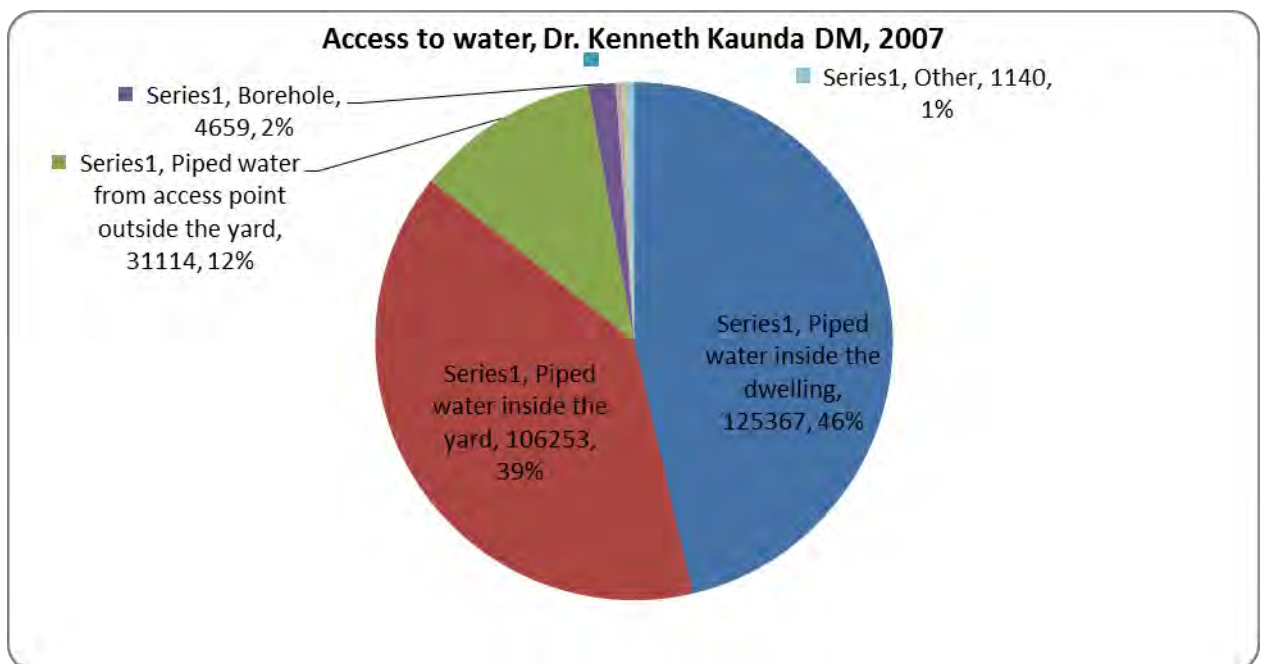
The spatial analysis of the Dr Kenneth Kaunda DM is given in the Spatial Development Framework (SDF) review document adopted in March 2011. The review, which started in 2009, was of the original 2004 document which had become outdated due to the many developments that had occurred since it was completed-including Merafong City Local Municipality being incorporated into and out of the District Municipality.

### **3.10. Access to Basic Services**

The following graphs indicate the access to basic services for households within the DM. The majority of households in the DM (97%) have access to piped water either inside the dwelling, inside the yard or from an access point outside the yard (Fig.B.4.1 (a)).

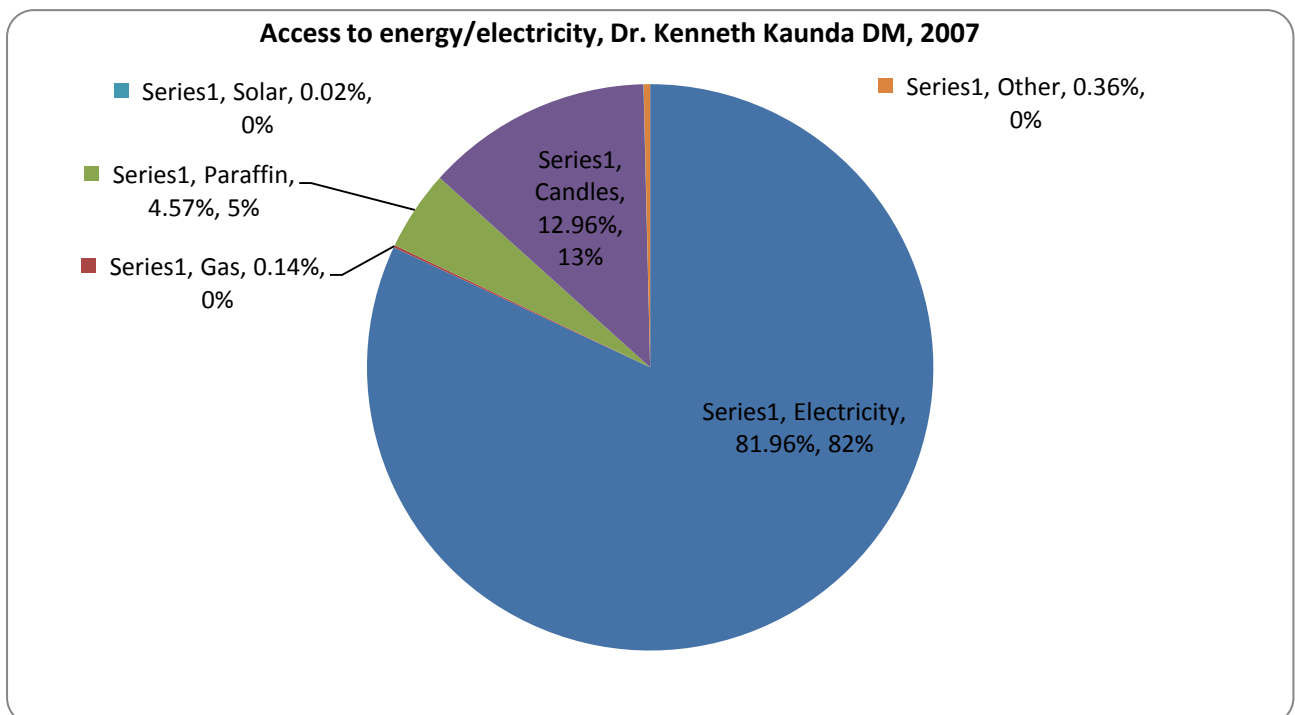


Figure B.4.1 (a) Access to Water in the DM



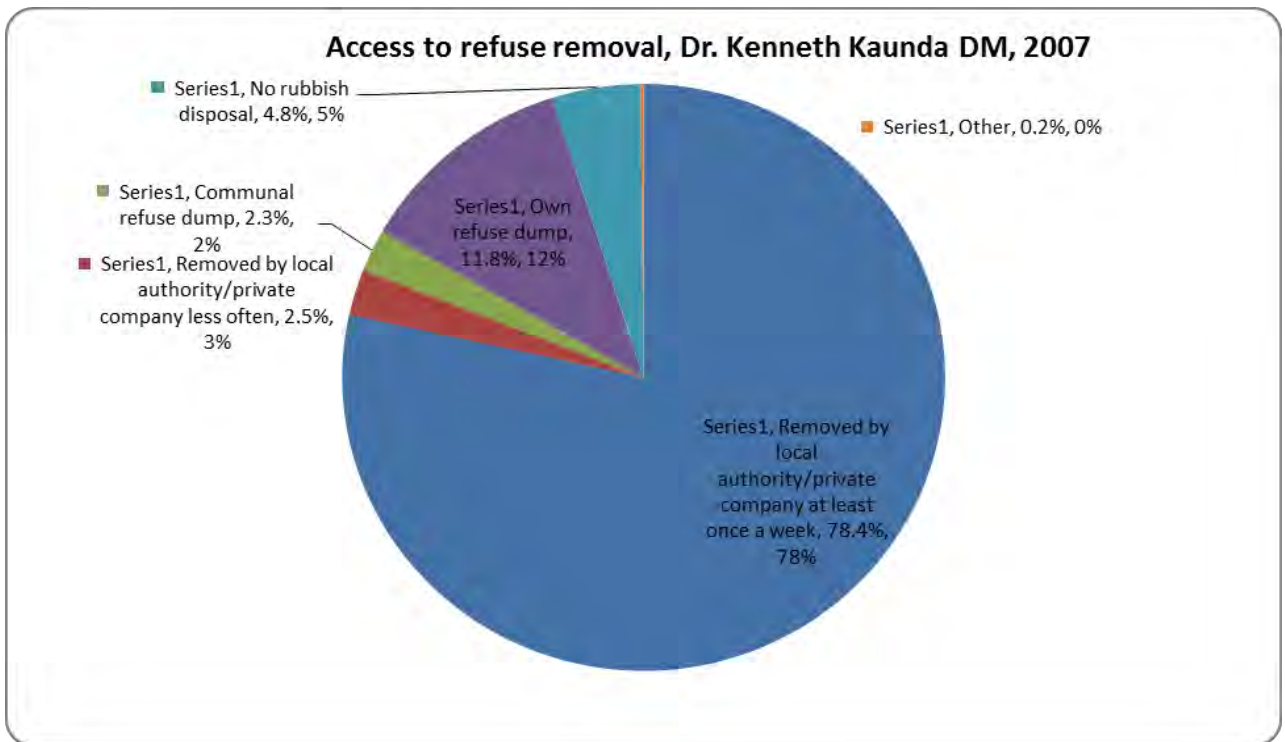
Source: StatsSA Community Survey, 2007

Figure B.4.1 (b) Access to Energy in the DM



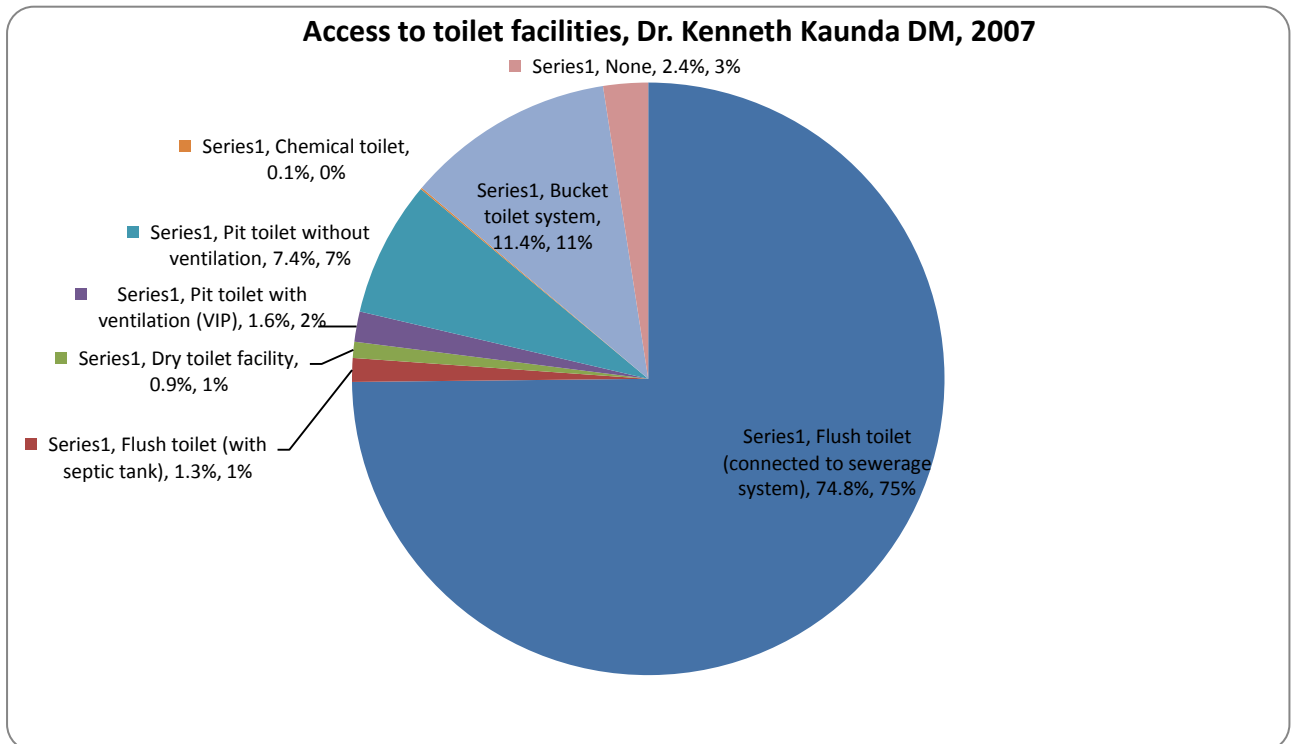
Source: StatsSA Community Survey, 2007

Figure B.4.1 (c) Access to Refuse Removal in the DM



Source: StatsSA Community Survey, 2007

Figure B.4.1 (d) Access to Toilet Facilities in the DM



Source: StatsSA Community Survey, 2007

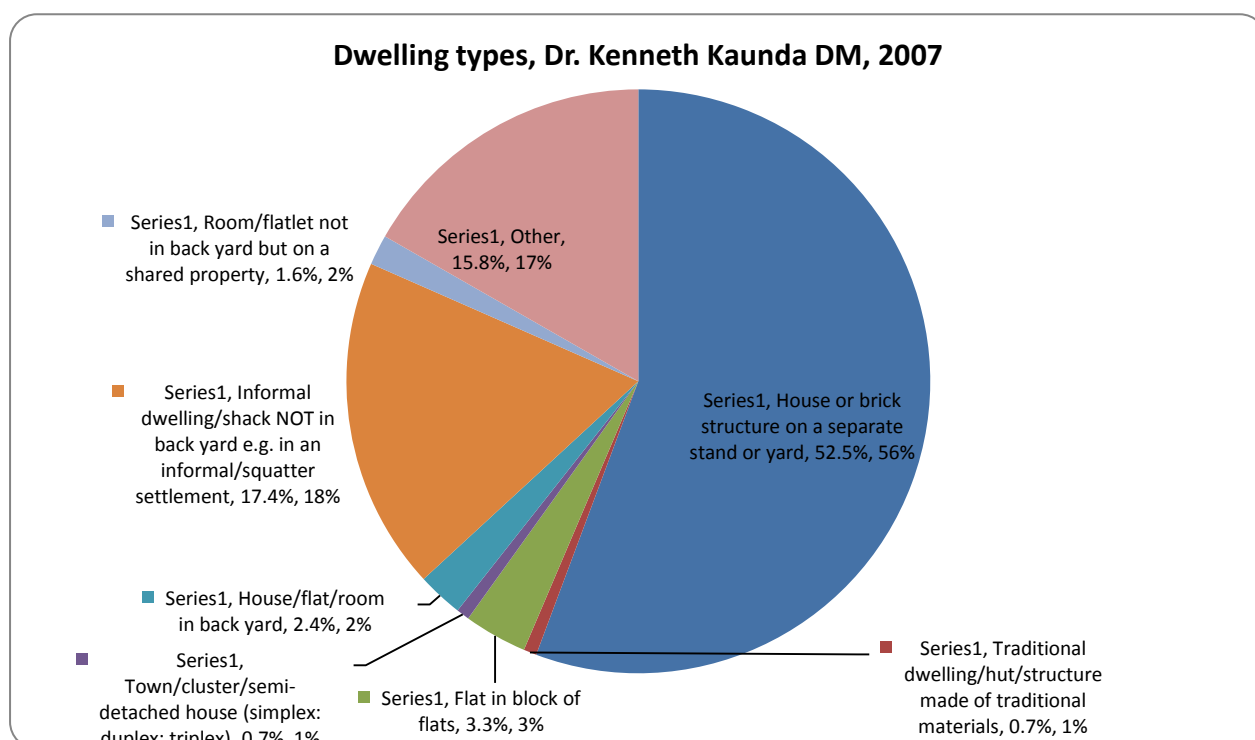
The majority of households in the DM (82%) have access to electricity in their homes for lighting, cooking, etc. Only about 8% of households do not have access to electricity (Fig B.4.1 (b)).

The majority of households in the DM (81%) have access to refuse removal by a local authority/private company, either once a week or less often. 14% of households have access to a communal or their own refuse dump. Only about 5% of households have no access to rubbish disposal (Fig B.4.1 (c)).

The majority of households in the DM (76%) have access to flush toilets, either connected to a sewerage system or with a septic tank. 10% of households have access to either a dry toilet facility, or pit latrine or chemical toilet. Almost 14% of households have inadequate access to toilet facilities, in that they either have no access or make use of the bucket latrine system (Fig B.4.1 (d)).

### 3.11. Housing: Dwelling Types

Figure B.4.2 Dwelling Types in DM



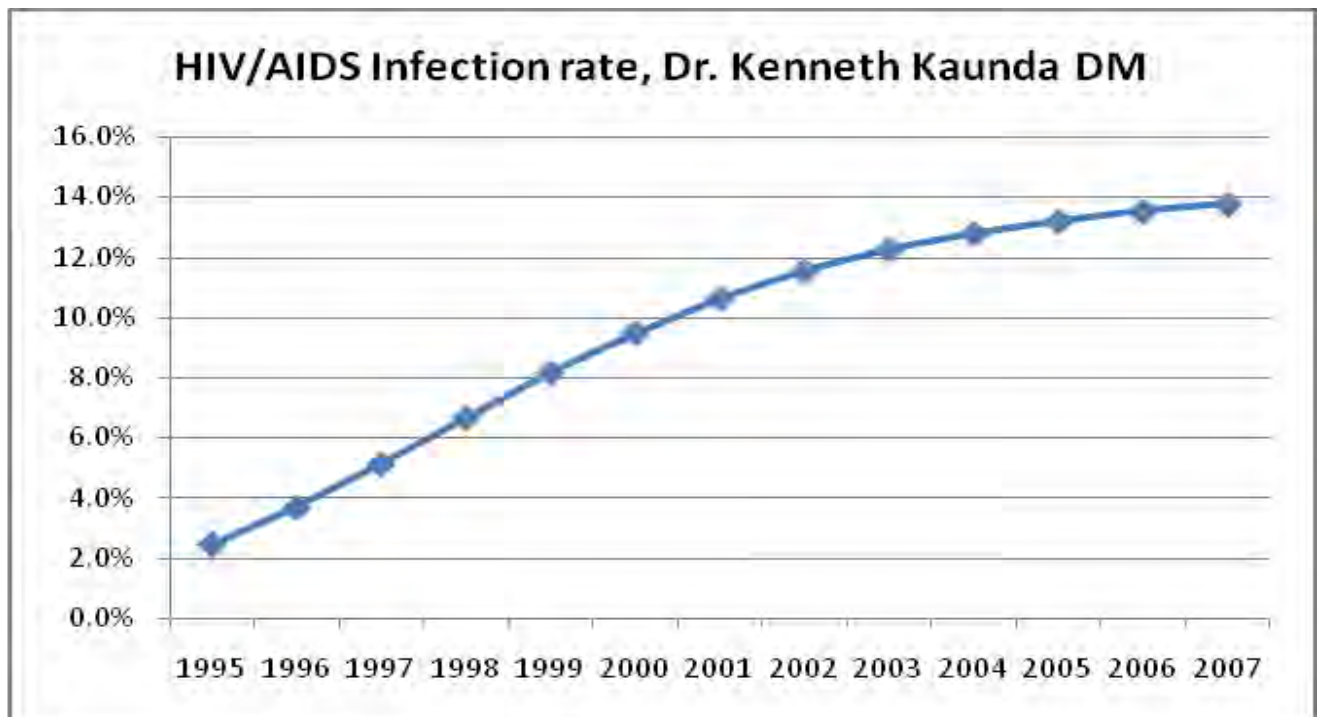
Source: StatsSA Community Survey, 2007

According to the StatsSA Community Survey of 2007, almost 53% of households live in a house or brick structure on a separate stand. 6.4% of households live in a flat/townhouse/semi-detached house, or in a flat/room in a backyard. 17.4% of households in the DM live in informal dwellings in informal settlements.

#### HIV/AIDS and other Health Indicators

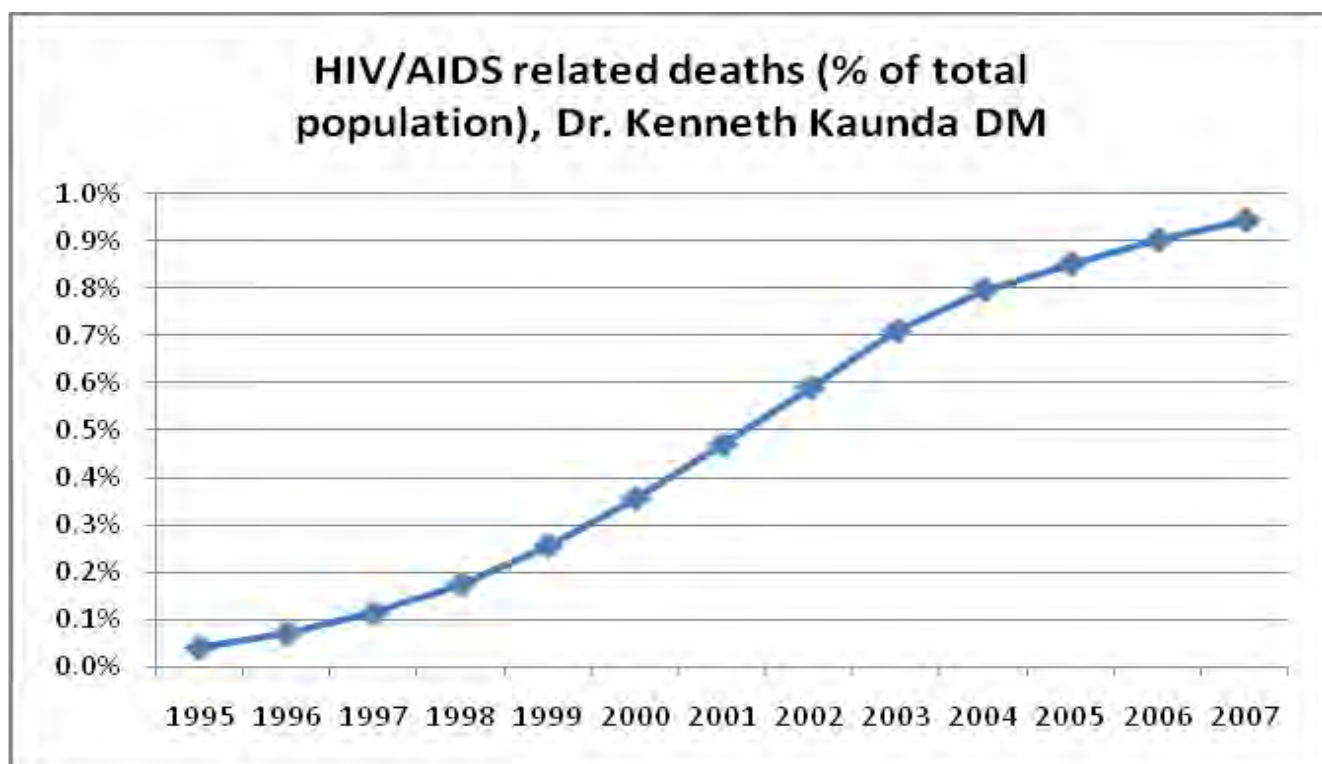
The Dr Kenneth Kaunda District is experiencing a high and climbing HIV infection rate. The HIV infection rate was measured as 13.8% in 2007, up from 9.5% in 2000 and 2.4% in 1995 (Fig B.4.3 (a)). The number of AIDS related deaths, as a percentage of the DM population is growing at an increasing rate. In 2007, 0.9% of the population died of AIDS related causes (Fig B.4.3 (b)).

Figure B.4.3 (a) HIV/AIDS Infection Rate



Source: Actuarial Society of South Africa (2003 AIDS & Demographic Forecast Model)

Figure B.4.3 (b) HIV/AIDS Related Deaths



Source: Actuarial Society of South Africa (2003 AIDS & Demographic Forecast Model)

The South African Survey (2007) by the South African Institute of Race Relations (SAIRR) indicates the following trends in terms of important health indicators:

The infant mortality rate (the number of infant deaths per 1,000 live births per annum) for the North West province has decreased by 15% between 1998 and 2006. Since the NW province and the DM share a similar population growth trend, this decrease is expected to apply to the DM as well.

The under-five mortality rate (the number of children under the age of 5 who die in a year, per 1,000 live births) also decreased between 1998 and 2006, by 5%. This decrease is lower than the decrease in the national average (9%).

The rate of children under 5 years of age with severe malnutrition also decreased in the NW province, from 17.8% in the 2001 to 13.3% in 2004.

The number of tuberculosis cases in the NW province increased by 51% between 2000 and 2002, which is an extremely worrying trend.

64.3% of tuberculosis cases reported in the NW province were also HIV co-infected.

In terms of provincial expenditure on health, the NW province spent 22.6% of total expenditure on health, which is slightly lower than the national average (29.2%).

The number of public sector doctors in the NW province increased from 361 in 2000 to 506 in 2006. The 2006 people-to-doctor ratio was 6,668:1.

The number of public sector nurses in the NW province experienced only a slight increase from 2,855 in 2000 to 3,029 in 2006. The 2006 people-to-nurses ratio was 1,114:1.

The number of beds in public hospitals in the NW province equalled 7,026 in 2004, while the number of beds in private hospitals equalled 1,538.

### **3.12. Economic Performance and Trends**

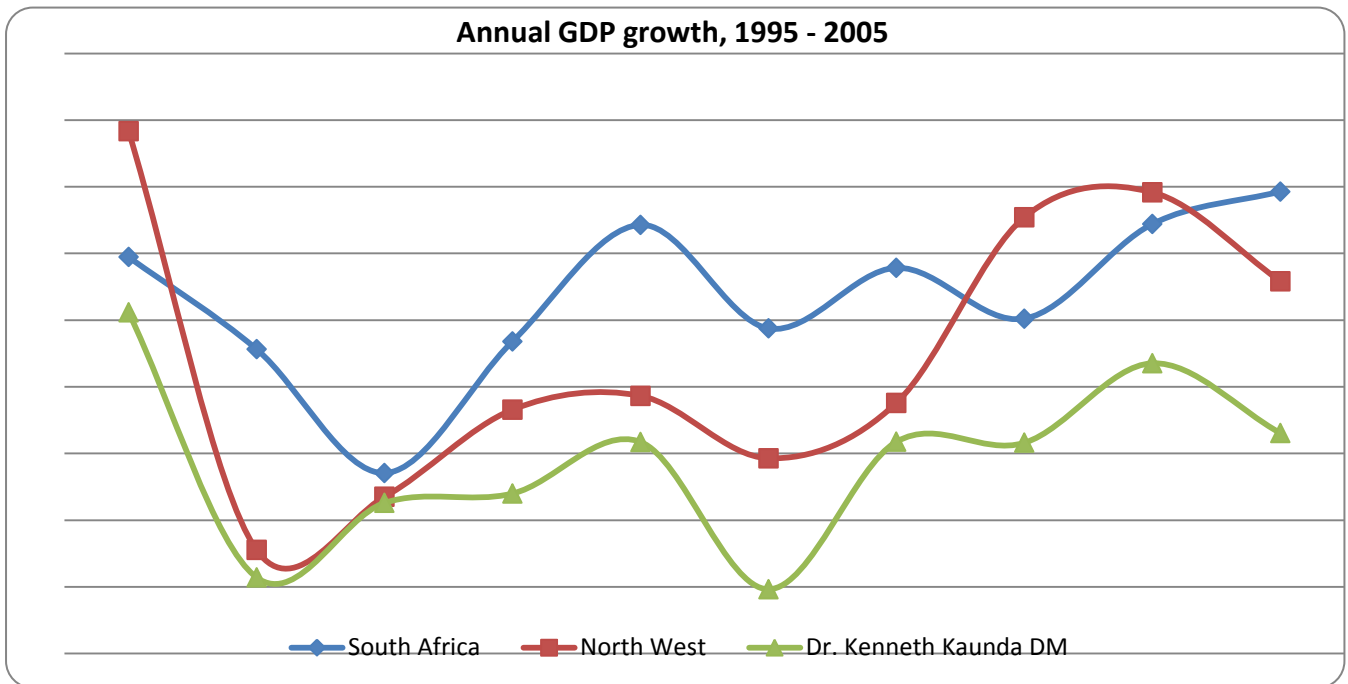
The following information on the economic profile of the DM is based on the old boundaries that included Merafong City Council. Much of the analysis is based on the Dr Kenneth Kaunda DM LED Strategy of 2008, but additional information and analyses (excluding Merafong) which may duplicate some of the following information, derived from the Dr Kenneth Kaunda DM SDF of 2011 follows immediately after that.

Annual GDP growth in the DM broadly follows the national trend. DM GDP growth is generally lower than both the national and provincial average. An upward trend in GDP growth rates has been experienced in the DM since 2001 (Fig.B.4.4 (a)). The next graph (Fig.B.4.4 (b)) indicates annual GDP growth rates for the local municipalities within the DM over the period 1995 – 2008. Although data was only available up to 2005, growth rates for the local municipalities were extrapolated to obtain estimates of GDP growth between 2005 and 2008.

The graph indicates a fairly stagnant economic growth trend within the DM, i.e. the rate of growth has remained fairly constant.

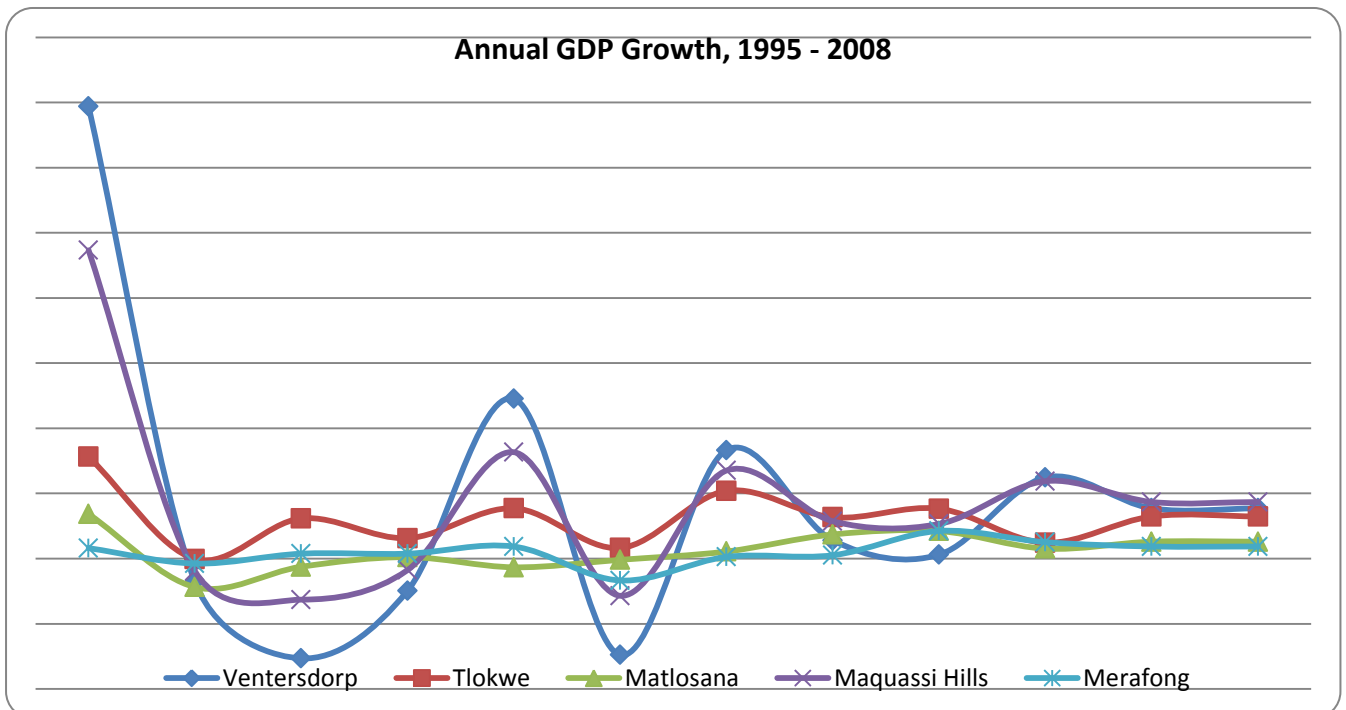
Negative growth rates were experienced in certain local municipalities in some years, mainly in Ventersdorp and Maquassi Hills.

Figure B.4.4 (a) Annual GDP Growth Rate, DM



Source: Quantec Research and Urban-Econ calculations, 2008

Figure B.4.4 (b) Annual GDP Growth Rate, Local Municipalities



Source: Quantec Research and Urban-Econ calculations, 2008

### **3.13. North West PGDS – General guidelines for growth & investment**

Focus on diversification of economic base

Focus on areas/industries with comparative advantage and/or development potential

Identification of skills gaps, leading to skills development initiatives

Creating an enabling environment for small businesses

Public sector interventions should be focused on physical infrastructure and technical support of SMME's

Economic growth viewed as prerequisite for achievement of all other policy objectives.

Growth target for NW: 6.6% per annum

Investment target for NW: R6.3 billion per annum

Targets are not fixed, but are normative guidelines

Growth target for Dr Kenneth Kaunda District Municipality: 6.4% per annum.

Investment going to DM: 22.17% of NW investment budget

Municipalities are encouraged to prepare implementation & business plans in order to access these funds. These plans & project lists must meet certain basic requirements to qualify for approval

Implications for Dr Kenneth Kaunda District LED Strategy

GDS must focus on bringing marginalized communities into economic mainstream

Deliberate diversification of the economic base is of prime importance

Industries targeted by PGDS incl. Food processing, agro-processing, mining & mineral beneficiation, manufacturing, tourism & cultural industries, transport & communications

Transversal objectives: SMME development, skills development and tourism

Strengthening and concentration of developments along N12

Identification of available land and infrastructure to accommodate development along the corridor

Identification of infrastructural backlog that should be addressed



### 3.14. Sectoral Comparative Advantage

The comparative advantage of an area indicates a relatively more competitive production function for a product or service in that specific economy, than in the aggregate economy. The economy therefore produces the product or renders the service more efficiently. The location quotient is an indication of the comparative advantage of an economy. A location quotient of larger than one indicates a relative comparative advantage in that sector.

Table: Location quotients for Dr Kenneth Kaunda District, 2007

<b>Sector</b>	<b>Sectoral % contribution to GGP: Dr Kenneth Kaunda District</b>	<b>Sectoral % contribution to GGP: North West Province</b>	<b>Location Quotient: Dr. Kenneth Kaunda District</b>
Agriculture	2.3	2.5	0.9
Mining	19.6	26.0	0.8
Manufacturing	8.8	7.6	1.2
Electricity & water	1.4	1.1	1.3
Construction	3.5	2.9	1.2
Trade	17.3	13.6	1.3
Transport & Comms	9.1	10.6	0.9
Finance	16.2	14.5	1.1
Services	8.0	8.6	0.9
Government	13.8	12.7	1.1

*Source: Quantec Research and Urban-Econ calculations, 2008*

The Dr Kenneth Kaunda District economy therefore has a comparative advantage in several sectors, relative to the aggregate provincial economy, namely in: Manufacturing, Electricity & water provision, Construction, Trade, Finance & business services and Government services.

## **The following analysis is presented in the Dr Kenneth Kaunda DM SDF of 2011**

The economic performance of the district can mainly be attributed to the decline in the gold mining sector. This information indicates that the mining sector in the KKDM has been growing negatively at a rate of 6.6% per annum over the decade from 1996 to 2005 and at a negative rate of 3.7% per annum for the period 2005 to 2010. This trend is further highlighted by the decrease in the proportional contribution of the KKDM to the total GVA of the mining sector in the North West Province. It decreased from 52.6% in 1996 to an expected 29.8% in 2010. At the same time the share of mining output from Bojanala Platinum increased from 44.7% to in excess of 70%. Clearly this negative trend of the mining economic sector in the KKDM has significantly impacted on the economic performance of the district over the last decade.

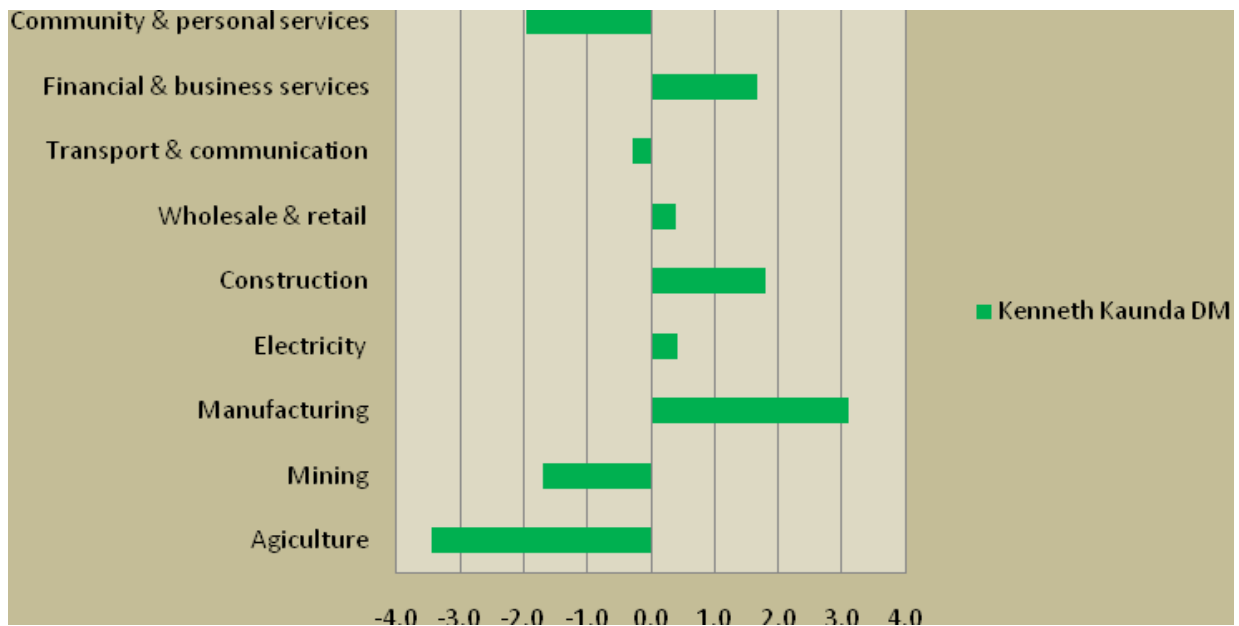
This negative performance in the mining sector however also had positive spinoffs for the district with an improved performance in the tertiary sector of the economy in the district with significant growth in the retail and trade; transport and communication; financial and business services; and community and social services sectors. The decrease in the output of the mining sector has to some extent been offset by the performance of these sectors.

The latest available information of the sectoral contribution to the district economy as contained in the KKDM Integrated Development Plan of 2009/2010 shows that the contribution of the retail and trade (17.3%) and financial and business services (16.2%) to total district GGP now nearly equals the contribution of the mining sector (19.6%).

The spatial distribution of employment opportunities within the district is mainly concentrated in the Matlosana municipality and to a lesser extent in Tlokwe. In 2007, approximately 64% of all employment opportunities within the district were located in Matlosana. This is in stark contrast to the Ventersdorp Local Municipality which accounted for less than 4% of employment in the district.

As outlined in Figure B.4.5, the most notable decrease in the sectoral contribution to total employment between 2001 and 2007 has been in the agricultural and mining sectors. Conversely, the largest proportional gains has been achieved in the manufacturing, construction, and financial and business services sectors over the same period.

Figure B.4.5: Change in sectoral contributin to employment: 2001 to 2007



Source: 1. Statistics SA, Census 2001  
 2. Statistics SA, Community Survey 2007

The economic structure of the Kenneth Kaunda District Municipality closely resembles the composition of the two adjacent district municipalities in the Free State Province i.e. the Lejweleputswa and Fazile Dabi District Municipalities.

### 3.15. Income Profiles

The income profile of the municipalities within the district in 2007 is depicted in Table B.4.6. A total of 46% of all households within the district earned less than R1600 per month and a further 25.3% between R1600 and R3200 per month. The proportion of households in the high income categories in excess of R12 800 per month is limited to 7.8%. These figures also indicate a proportionally higher income profile in Tlokwe compared to the other three local municipalities and particular low affordability levels being prevalent in both the Ventersdorp and Maquassi Hills municipalities. The proportion of households earning less than R1600 per month in the latter two areas is 62.4% and 65.3% respectively

Table B.4.6: Income Profile

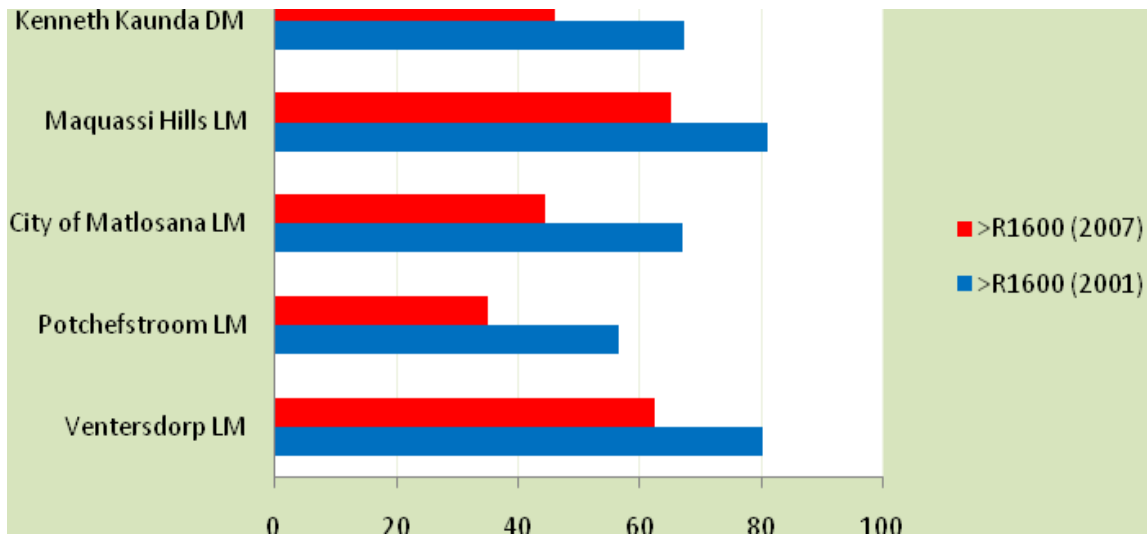
<b>Municipality</b>	<b>&lt;R1600</b>	<b>R1600- R3200</b>	<b>R3200 - R6400</b>	<b>R6400- R12800</b>	<b>&gt;R12800</b>	<b>Total</b>
Ventersdorp LM	62.4	20.9	8.5	3.4	4.9	100.0
Tlokwe LM	35.2	21.9	19.4	11.4	12.1	100.0
City of Matlosana LM	44.4	27.6	12.8	7.5	7.7	100.0
Maquassi Hills LM	65.3	20.4	7.3	3.7	3.3	100.0
Kenneth Kaunda DM	46.1	25.3	13.1	7.6	7.8	100.0

Source: Statistics SA, Community Survey 2007

Despite the limited affordability levels in KKDM, there have been notable improvements over the period 2001 to 2007. This is reflected in the information depicted on Figures B.4.6 (a) and B.4.6 (b). This information depicts the extent of change in the proportion of households earning less than R1600 per household per month. The overall figure for the district decreased from 67.2% of households in 2001 to 46.1% by 2007 (thus representing an improvement of more than 20%). The spatial differences in income levels in various parts of the district is also clearly depicted with 35.2% of households in Tlokwe and 44.4% in Matlosana earning less than R1600 per household per month in 2007. Conversely the figures for Ventersdorp and Maquasi Hills are nearly double that of Tlokwe at 62% and 65% respectively.

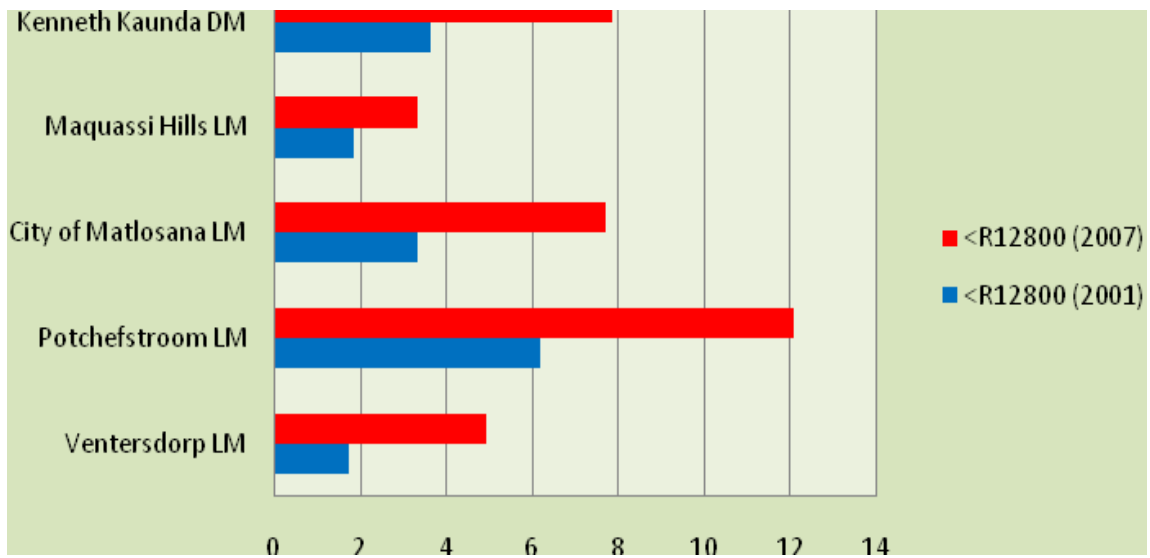
The proportion of households earning in excess of R12800 per month have also shown significant increases. The overall figure for the district more than doubled from 3.6% to 7.8% between 2001 and 2007. The largest proportion of higher income earning households are located in Tlokwe (12.1%) followed by Matlosana at 7.7%. Once again, the proportion of households earning in excess of R12 800 per month are very low in both the Ventersdorp and Maquassi Hills municipalities with figures of 4.9% and 3.3% respectively. The spatial discrepancies in terms of income patterns however remains deeply rooted, with especially large concentrations of lower income earning households in the rural, northern and western parts of the district.

Figure B.4.6 (a): Income smaller than R1600: 2001 vs 2007



Source: 1. Statistics SA, Census 2001  
2. Statistics SA, Community Survey 2007

Figure B.4.6 (b): Income smaller than R12 800: 2001 vs 2007



Source: 1. Statistics SA, Census 2001  
2. Statistics SA, Community Survey 2007

According to the information of the 2007 Community Survey of Statistics SA, as much as 19% of the total population of the district receives some type of social grant support. The extent of the population who receive social grants is an indication of the number of people who earns below a certain level and therefore qualifies for social grant support. Child support grants of the most common type of grant and represents 65.4% of residents who receive some of social grant.

Table B.4.6: Social Grant Support

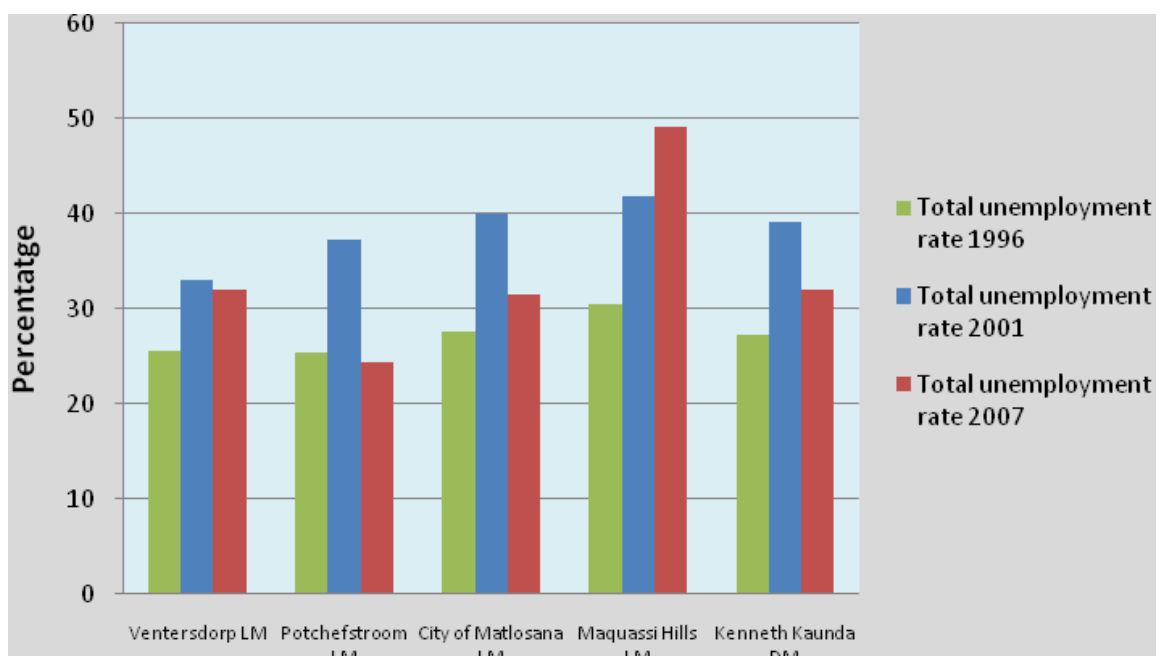
<b>Social Grant Support</b>		
<b>Type of Social Grant</b>	<b>%</b>	<b>Number</b>
Child support grant	65.4	104,794
Old age pension	17.4	27,913
Disability grant	12.3	19,738
Care dependence grant	2.2	3,582
Grant in aid	1	1,597
Social relief	0.8	1,348
Multiple social grants	0.5	858
Foster care grant	0.3	524

### 3.16. Employment and Labour Profile

The overall unemployment rate in the Kenneth Kaunda District Municipality decreased from 39% to 32% between 2001 and 2007, representing a notable decrease of 7.1%. This decrease is mainly the result of the performance in the Tlokwe LM where the unemployment rate have decreased by more than 12% from 37.2% to 24.5% and the Matlosana Local Municipality from 40.1% to 31.5% (a decrease of 8.5%). Although the unemployment rate of the Ventersdorp Local Municipality is only marginally higher (32%) than that of the City of Matlosana, this area only achieved a marginal improvement from the rate of 33% in 2001. In contrast the unemployment rate of the Maquassi Hills LM has increased from 41.8% to 49.1%, thus representing the only local municipality with an increase in unemployment rate over the period 2001 to 2007.

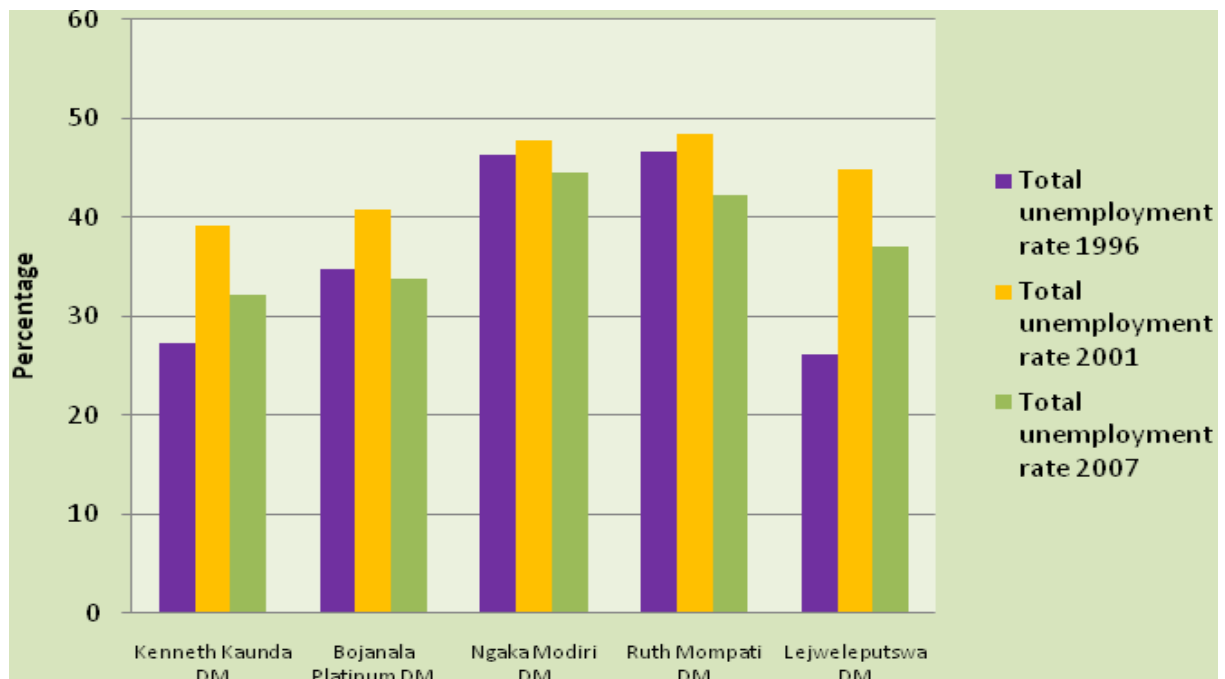
In the broader context of the surrounding district municipalities, the unemployment rate and the rate of decrease in the Kenneth Kaunda District Municipality is very similar to that of the Bojanala Platinum DM who experienced a decrease from 40.8% to 33.7% and the Lejweleputswa District Municipality in the Free State with a decrease from 44.8% to 37%. A notable feature is the persistent higher unemployment rates in the adjacent areas north and west of the Kenneth Kaunda District Municipality at 44.6% in the Ngaka Modiri District Municipality and 42.2% in Ruth Mompoti. This factor may also be found expression in the migration figures referred to earlier with the possibility of unemployed economically active population of these two districts relocating to the Kenneth Kaunda area in pursuit of the possibility of improved economic conditions and finding a source of employment

Figure B.4.7 (a): Unemployment rate for the total population: Kenneth Kaunda DM



Source: 1. Statistics SA, Census 1996  
 2. Statistics SA, Census 2001  
 3. Statistics SA, Community Survey 2007

Figure B.4.7 (b): Unemployment rate for the total population: KKDM and surrounding Municipalities



Source: 1. Statistics SA, Census 1996  
 2. Statistics SA, Census 2001  
 3. Statistics SA, Community Survey 2007

Considering the unemployment rate of the total population alone many however may hide further important development information in terms of different unemployment rates of the male and female population. Unemployment rates differ significantly amongst the male and female population, with the unemployment rate of the female population being higher in all four the local municipalities. What is evident from these figures is that the unemployment rate of the female population across all municipalities within the district is nearly double that of the male population. The unemployment rate of the male population ranges from a low of 17.6% in Tlokwe to a high of 34.4% in Maquassi Hills. These two municipalities also represent the two ends of the spectrum of the female unemployment rate, but in this instance ranging from a figure of 31.9% in the case of Tlokwe to and extraordinary high figure of 65.5% in the Maquassi Hills Local Municipality. The overall district unemployment rate is 22.5% for the male population and 45.1% for the female population.

The comparative male and female unemployment rates for the period 1996 to 2007 are further given in the Dr Kenneth Kaunda DM 2011 SDF. This information indicates that the decrease in unemployment rate for both the male and female population has been most pronounced in the Tlokwe Local Municipality over the period 2001 to 2007. It again highlights



the challenges in the Maquassi Hills Local Municipality exhibiting the highest unemployment rate for both males and females in the district and with the overall unemployment rate increasing over the period 2001 to 2007.

The Dr Kenneth Kaunda DM LED Strategy adopted in 2008 (which included Merafong LM), provides the following analysis (the analysis is still highly relevant for the DM);

Mining is still by far the most important sector in terms of formal employment

However, there has been a decline in formal employment in this industry over the past decade. This highlights the need for diversification of the economic base.

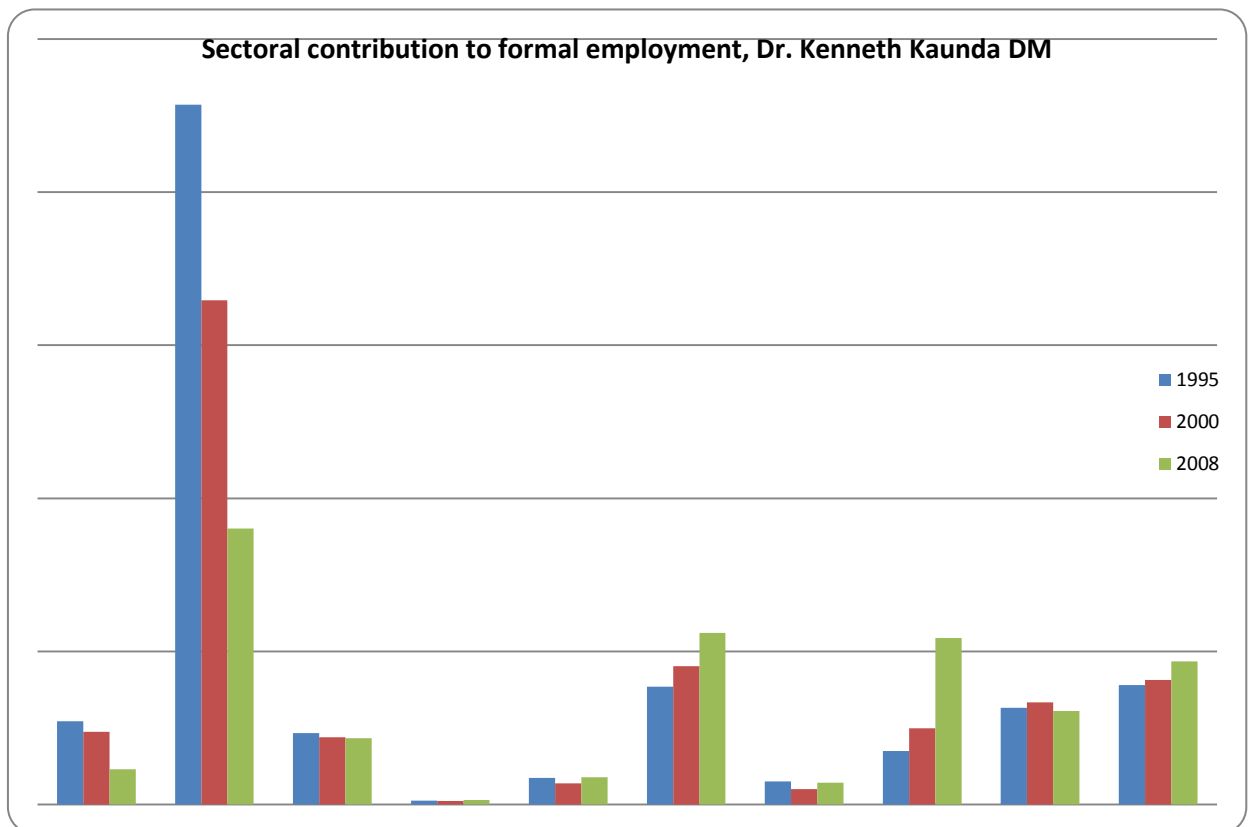
Other important employment sectors: Trade, financial & business services and government services.

Data shows a steady increase in the number of people employed in the trade and finance sectors over the past decade.

No significant increase in the % of the labour force employed in the manufacturing sector.

Percentage (%) employed in manufacturing is small relative to its contribution to GGP, which implies a need for more labour-intensive manufacturing industries.

Figure B.4.6 (c): Sectoral Contribution to Formal Employment, DM



Source: Quantec Research and Urban-Econ calculations, 2008

### 3.17. Institutional Analysis

The organizational structure of the Dr Kenneth Kaunda DM is under review and the changed structure will first be adopted in Council and will be reflected in future documents.

### 3.18 Political Leadership

The following is the political leadership of the Dr Kenneth Kaunda DM:

<b>PORTFOLIO</b>	<b>NAME</b>
Executive Mayor (BF)	Cllr. BE Moloji
Speaker (BM)	Cllr. M. Zephe
MMC Corporate Services (BM)	Cllr. W.M. Matinyane
MMC Roads, Public Transport, Community Safety and Disaster Risk Management (BF)	Cllr. M.F. Dlamini
MMC District Economic Development and Tourism (BF)	Cllr. N.M. Koloti
MMC Municipal Health Services (BM)	Cllr. K. Ndincede
MMC Financial Services (BM)	Cllr. O. Mogale
MMC Infrastructure Development (BF)	Cllr. R. Martins
MMC Rural Development and Special Projects (BM)	Cllr. T.K. Lehloo
MMC Sports, Arts and Culture (BF)	Cllr. M. Mataboge

### 3.19. Administrative Leadership

The following top management (director) positions are on the basis of fixed term performance based contracts and presently the status is as indicated:

<b>POSITION</b>	<b>NAME</b>
Municipal Manager (Acting) (BM)	S.K. Sebolai
Director: Corporate Services (Acting) (BF)	S.C. Abrams
Chief Financial Officer (Acting) (WM)	M. Daffue
Director: Infrastructure Development (Acting) (BM)	T. Tshukudu
Director: District Economic Development and Tourism (Acting) (BM)	T. Rampedi
Director: Roads, Public Transport, Community Safety and Disaster Risk Man. (Acting) (WM)	R. Lesar
Director: Municipal Health Services (BF) (Acting)	N.P Tenza (Xaba)

The municipality has a strategic unit, with the four managers reporting directly to the municipal manager, and the positions of which are as follows

<b>POSITION</b>	<b>NAME</b>
Manager: Internal Audit (BF)	P. Gaaname
Manager: Communications (BF)	W. Sokupha
Manager: Performance Management Systems	Vacant
Manager: Planning (IDP) (BM)	T. Mokatsane

According to the information of the 2007 Community Survey of Statistics SA, as much as 19% of the total population of the district receives some type of social grant support. The extent of the population who receive social grants is an indication of the number of people who earns below a certain level and therefore qualifies for social grant support. Child support grants of the most common type of grant and represents 65.4% of residents who receive some of social grant.

## **4. EXECUTIVE SUMMARY**

Dr. Kenneth Kaunda District Municipality (DC 40) has been established in terms of the Local Government: Municipal Structures Act, (No. 117 of 1998). The municipality has become the successor in law of the old Southern District Council. Dr. Kenneth Kaunda District Municipality's area of jurisdiction with effect 01<sup>st</sup> of June 2009, comprise of City of Matlosana, City Council of Tlokwe, Ventersdorp and Maquassi Hills Local Municipalities.

The authorization by the Honourable Minister of Provincial and Local Government has placed the Municipal Health (Environmental) Services as the core functions. Powers that relate to potable water supply, bulk electricity supply and domestic waste-water and sewage disposal systems from the Dr. Kenneth Kaunda District Municipality to the local (Category B) municipalities within Dr. Kenneth Kaunda District Municipality area of jurisdiction are Water Services Authority (WSA's).

The Section 12(6) (a) infrastructural assets that are within these local municipalities' area of jurisdiction will be transferred through the Local Government: Municipal Systems Act, No. 32 of 2000, Section 78 process. The transfers should be done before 30 June 2007 to the local municipalities for incorporation in their 2007/2008 Annual Financial Statements.

### **4.1.1 Vision of Dr Kenneth Kaunda DM**

To provide an integrated district management framework in support of quality service delivery

### **4.1.2 Mission of Dr Kenneth Kaunda DM**

Exploring prosperity through sustainable service delivery for all

### **4.1.3 Strategic Goals of Dr Kenneth Kaunda DM**

- To promote physical infrastructure development and services
- To promote socio-economic development
- To provide municipal health services
- To ensure disaster risk management
- To promote integrated transport services
- To promote community safety
- To ensure internal municipal excellence

### **4.1.4 Core Business Values**

- Innovativeness
- Teamwork
- Integrity
- Decisiveness
- Batho Pele

## CHAPTER 2

### 2. PERFORMANCE HIGHLIGHTS

#### 2.1 KPA: 1: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
<i>To provide budgetary and financial management services according to MFMA.</i>	To update financial management systems and perform monthly reconciliations and generate all section 71 reports timorously	Section 71 Reports are submitted timeously to all the stakeholders .	Number of Monthly budget Statements (Section 71 reports) submitted by the 10th working day.	12 budget Statement s (Section 71 reports)	12 budget Statements (Section 71 reports)	Part of Internal Processes. No specific budget for this purpose.	n/a	n/a	n/a	12 reports signed by CFO.
	To submit Quarterly reports to council timorously.	4 Quarterly reports are submitted to council timorously.	Number of Quarterly reports to be submitted council	4 Quarterly reports	4 Quarterly reports	Part of Internal Processes. No specific budget for this purpose.	n/a	n/a	n/a	4 reports signed by CFO.
	To gather monthly and quarterly reports to compile midterm budget report	2010/11 Midyear budget performance report submitted	2011/12 Midyear budget performance report to be submitted by 25 January 2012.	25 January 2012	2011/12 Midyear budget performance report compiled and submitted by 25 January 2012.	Part of Internal Processes. No specific budget for this purpose	n/a	n/a	n/a	Council Resolution.
	To prepare and submit the adjustment budget to council for it to be tabled by end of February.	Adjustment budget for 2010/11 tabled in February 2011.	Adopted Budget Adjustment to be submitted to council by end of February 2012.	Adopted Adjustmen t budget	Complied adjustment budget and submitted to council for adoption		n/a	n/a	n/a	Adjustment budget book and council Resolution
<i>To provide budgetary and financial management</i>	To implement all the budget related policies.	2010-11 budget related policies	Reviewed and adopted budget related policies	All the budget related policies	Reviewed and adopted all budget related policies		n/a	n/a	n/a	Budget book with budget related policies and council

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
<i>services according to MFMA.</i>		developed and reviewed.		reviewed and implemented.						resolutions.
	To ensure that 2012/13 budget is approved by 31 May 2012.	2011/12 budget approved by 31 May 2011.	Approved 2012/13 budget before the beginning of the new financial year.	2012/13 budget approved by 31 May 2012.	2012/13 budget approved by 31 May 2012.	n/a	n/a	n/a	n/a	Budget book and council resolution.
	To update financial management systems and perform monthly reconciliations and generate 2010/11 annual financial statements in line with GRAP	2009-10 AFS submitted end of August 2010.	Submitted 2010/11 Annual Financial Statements to Auditor General	2010/11 Annual Financial Statements submitted by 31 August 2011	2010/11 Annual Financial Statements submitted by 31 August 2011	n/a	n/a	n/a	n/a	Printed Copy of AFS (Signed by Accounting Officer) and Confirmation letter of submission of 2009/10 Annual Financial Statements by Auditor General.
	To respond to audit queries timeously, hold weekly Audit steering committee meetings to clear issues on the audit queries.	Audit Report 2009/10 - Qualified Audit Opinion.	Developed corrective measures to address queries raised by the Office of the Auditor-General	Less qualification.	92.50% percent of the audit queries raised by the Auditor General office were addressed	n/a	n/a	Due to capacity and basically on supply chain issues	Planning to increase the % of addressing all queries toward clean audit with 2.5% per year	Audit Report.
<i>To provide budgetary and financial management services according to MFMA.</i>	To ensure regular and accurate monthly payment of salaries.	Monthly payment of salaries done regularly.	Number of Accurate payments of salary report to personnel made on 26th of each month.	12 monthly payroll.	12 monthly payroll /salary report made 26th of each month.	Part of Internal Processes. No specific budget for this purpose	n/a	n/a	n/a	Written proof of balancing between salary system & GL.

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
<b>To provide budgetary and financial management services according to MFMA.</b>	To ensure that creditors are paid within 30 days.	Creditors paid within 30 days	number of creditors reconciliation payments within 30 days	12 creditors reconciliation on statement	12 creditors reconciliation statement conducted	N/A	n/a	n/a	n/a	Annual Creditors Recon
	To conduct verification and valuation of all municipal assets, update additions on a monthly basis and compile GRAP compliant asset register	70% completion of unbundling of assets and verification thereof.	Updated asset register and unbundling of assets	Monthly updating of asset register	asset register Updated on monthly basis and unbundling of assets	Part of Internal Processes. No specific budget for this purpose	n/a	n/a	n/a	GRAP Compliant Asset Register.
	To update inventory records quarterly.	Inventory records not updated timeously.	Updated inventory records	All inventory safeguarded and monitored by Monthly	All inventory safeguarded and monitored by Monthly	N/A	n/a	n/a	n/a	All records of inventories updates & reduction in stores differences
	To ensure all assets are insured	Assets insured	Insured assets versus monitoring claims	All assets insured and monitoring of claims	All assets insured and monitoring of claims conducted	N/A	n/a	n/a	n/a	Asset list compared to insurance cover
	To review credit control policy.	Debt management Programme to be reviewed.	Reviewed credit control Policy (so that payment rate should be 90% or more)	Average Payment rate be 90% or more.						Report on the payment rate .
	To implement credit control policy and improve on debt collection.	Increase in outstanding debtors amount.	% of increased amount on outstanding debtor's	10% increase on collection rate.	More than 20% reduction of debt were achieved	N/A	n/a	n/a	n/a	Monthly Financial Reports
	<b>Revenue Enhancement Management</b>	To build capacity to implement internal control procedures, perform monthly debtors	Monthly debtors Recons are performed.	12 debtors reconciliations	Monthly debtors reconciliations performed	Monthly debtors reconciliations performed	N/A	n/a	n/a	n/a

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
	reconciliations									
<b>Establishment and management of a fully functional supply chain management.</b>	To update supplier database.	No valid list of accredited prospective suppliers	Updated supplier database register	Update supplier database quarterly.	Updated supplier database quarterly.	N/A	n/a	n/a	n/a	Register of Suppliers
	To develop the procedure manual for SCM unit and workshop to the entire organisation.	Draft Procedure manual	Developed procedure manual and be workshopped	Developed procedure manual on SCM and workshopped by December 2011.		N/A	n/a	n/a	n/a	Procedure manual and minutes of the workshop.
<b>Establishment and management of a fully functional supply chain management.</b>	To submit quarterly Supply Chain Management reports.	4 Supply Chain Management Reports are submitted.	Number of SCM quarterly reports to be submitted	4 SCM quarterly reports	4 SCM quarterly reports to be submitted	N/A	n/a	n/a	n/a	Report signed by CFO/Ass manager.
	To report monthly awards over R100 000.	Awards (over R100 000) are reported.	Number of SCM awards reports over R100 000	12 SCM awards reports (over R100 000)	12 SCM awards reports (over R100 000) submitted	N/A	n/a	n/a	n/a	Report signed by CFO/Ass manager.
	To determine and comply with turnaround time to award the bids	None	Maximum days after closing date time to award bids	30 days						Report signed by CFO
<b>Revenue and expenditure Management</b>	To Manage, monitor and control budget procedures and expenditures of the Departmental Operational, Capital Budget & Revenue income generated effectively and according to the MFMA and SCM	Ongoing	% of total allocated budget spending versus revenue collected per quarter	100%						Income and expenditure list
			% of a municipality's							



STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
			capital budget actually spend on capital projects identified in the IDP							
			% of amount actually spent on repairs and maintenance							

**SCM AWARDS**

DESCRIPTION	COMPANY	LOCAL	HDI STATUS	YOUTH	WOMEN	AMOUNT	ANY DEVIATION		IF DEVIATION-REASON PROVIDE
							Y	N	
PROCUREMENT ITEM: 04 QUOTATIONS ACCOMMODATION AND VENUE FOR CBDRA IN LINDEQUESDRIF	INGWE LODGE	0	0	0	0	35 160.00	N		
PROCUREMENT ITEM: 05 KKDM 27/11 CONSTRUCTION OF A NEW COMMUNITY HALL IN MAQUASSI HILLS (TSWELELANG PROPER)	LEBOGANG KATLEGO BUSINESS PROJECT	100	100	50	50	2 840 253.57	N		
ITEM: 03 KKDM 2011/01 CONSTRUCTION OF MATLWANG VEGETABLE PROJECTS FENCING (±650M)	SERITI SA BATHO TRADING & PROJECTS	100	100	100	0	85 250.00	N		
ITEM: 01 KKDM 22/11 ELECTRICAL CONSULTING ENGINEERING SERVICE OF THE DESIGN, SPECS AND CONSTRUCTION MONITORING FOR THE REFURBISHMENT OF BOSKUIL ELEC. NETWORK MAQUASSI HILLS LM.	INGPLAN AFRICA (PTY) LTD	100	100	0	0	112 008.29	N		
ITEM 06: KKDM 28/11 CONSTRUCTION OF A NEW COMMUNITY HALL IN MAQUASSI HILLS (CHRIS HANI SECTION)	GAGOIWE CONSTRUCTION ENTERPRISES CC	100	100	0	20	3 100 558.80	N		
ITEM 07: BULK STATIONERY FOR THE DR. KKDM	RONMAR	100	0	0	0	70 377.35	N		
ACCOMMODATION & FLIGHTS (XABA.N,MOJAPELO.F,MONKU.J,VAN NIEKERK.J,VAN NIEKERKJ& MONKU.J)ATTENDING AIR QUALITY CONFERENCE	FLIGHT SPECIALS	100	0	0	0	109885.40			
PRE TRAINING FOR SMME'S (AARDKLOP)	THE KEY	100	0	0	0	52 323.00	N		

**AWARDS FROM 01/10/2011 – 31/12/2011**

DESCRIPTION	COMPANY	LOCAL	HDI STATUS	YOUTH	WOMEN	AMOUNT	ANY DEVIATION		IF DEVIATION-REASON PROVIDE
							Y	N	
REGISTRATION FOR INTERNAL AUDITORS	INSTITUTE INTERNAL AUDITORS	0	0	0	0	53352.00	N		
ACCOMMODATION FOR INTERNAL AUDITORS	GARDEN COURT	0	0	0	0	36 127.76	N		
ACCOMMODATION FOR PARTICIPANTS FROM THE DR. KKD IN SAMRA GAMES HARRISMITH	AFRICAN SKY HOTEL	0	0	0	0	154 242.00	N		
TRANSPORTATION OF PARTICIPANTS FROM THE DR. KKD IN THE SAMRA GAMES HARRISMITH	MIDWAY BUS SERVICE	100		0	0	35 360.00	N		
ITEM: 16 DR. KKDM RESOURCE CENTRE – TRANSFER OF FUNDS 3/10/2011	NW UNIVERSITY	0	0	0	0	50 000.00	N		
ITEM: 15 TRANSFER OF FUNDS	TLOKWE CITY COUNCIL	0	0	0	0	35 000.00	N		
ITEM: 14 ACCOMMODATION FOR SMME'S – AARDKLOP POTCHEFSTROOM 09/11/2011	MARYLAND GUEST FARM	100	0	0	0	61 047.00	N		
ITEM: 10 GIRRL PROJECT LEADERSHIP TRAINING FOR GIRLS IDENTIFIED FROM VULNERABLE HOUSEHOLDS IN KANANA.	NW UNIVERSITY	0	0	0	0	187 500.00	N		
ITEM: 9 PARTICIPATION AT ANNUAL AARDKLOP NATIONAL ART FESTIVAL	AARDKLOP	100	0	0	0	109 440.00	N		
ITEM:19 TENDER - KKDM 15/11 RURAL WATER NETWORK SUPPLY IN WOLWERAND 22/11/2011	MAKWESHE BUSINESS ENTERPRISE	100	100	0	0	291 299.80	N		
ITEM: 13 TOURISM AND INVESTMENT DIRECTORY 2011/2012	EAST CAPE PUBLISHERS	0	0	0	0	79800.00	N		
ITEM: 22 KKDM 23/11 – CONSULTING SERVICES – WARD COMMITTEE OFFICES IN RULAGANYANG, WITPOORT (MAQUASSI HILLS L/M)	NALKO ENGINEERING	100	100	100	0	3 33 895.54	N		
ITEM: 23 KKDM 30/11 – CONSULTING SERVICES WELGEVONDEN CLINIC IN VENTERSDORP VILLAGES	NALKO ENGINEERING	100	100	100	0	1 73 053.65	N		
IIMFO CONFERENCE – ATTENDEES: TLADI, LEGOETE, MAKHALE, MOKATSANE, GANAAME	IMFO	0	0	0	0	32 400.00	N		
REGISTRATION FOR ENVIRONMENTAL HEALTH		0	0	0	0	37620.00	N		

DESCRIPTION	COMPANY	LOCAL	HDI STATUS	YOUTH	WOMEN	AMOUNT	ANY DEVIATION		IF DEVIATION-REASON PROVIDE
							Y	N	
PRACTITIONERS – AIR QUALITY CONFERENCE PHASE TWO LIT COMPETITION	LIT CONSULTANTS	0	0	0	0	74 579.65	N		
PRIZES FOR AWARDS FOR LIT COMPETITION	INCREDIBLE CONNEXION	100	0	0	0	105 797 .80	N		
CATERING FOR THE LIT COMPETITION	LEREFOLO CATERING	100	100	100	0	30 000.00	N		
PROMOTERS FOR ARTIST – LIQUIDEEP AT THE TOURISM AWARDS	BAKWENA CORPORATE EVENT	0	0	0	0	47 500.00	N		
CATERING FOR TOURISM AWARDS	DXTRA TRD & PROJECT	100	100	0	0	78 000.00	N		
MAQUASSI HILLS L/M TRANSFER WOMENS MONTH CELEBRATIONS	MAQUASSI HILLS L/M	0	0	0	0	220 000.00	N		
PURCHASING OF A NEW FRANKING MACHINE (POSTAGE)	HASLER BUSINESS SYSTEMS	0	0	0	0	42 498 .06	N		
MAYORAL DISABILITY PROJECT – RENOVATIONS OF HOUSE 972, EXT 6 JOUBERTON (MPHO)	KETSHABILE TRADING ENTERPRISE	100	100	100	0	49 284.00	N		
CATERING FOR VIP’S PREMIER IMBIZO	LEREFOLO CATERING	100	100	100	0	30 000.00	N		
TRANSPORTATION FOR 450 PEOPLE FROM VENTERSDORP TO MAQUASSI HILLS FOR A PREMIERS IMIZO	MAYEKISO TRANSPORT	100	100	0	0	47600.00	N		
SUPPLY OF (300) 2 PLY D/B BLANKETS FOR THE DR. KKDM DISASTER CENTRE	SODARA TRADING ENTERPRIZES	100	100	100	0	42000.00	N		

Description 01/04/2012 – 30/06/2012	Company	Local %	BBBE level status contributor	Amount	Any Deviation		If Deviation-Reason Provide
					Y	N	
ITEM: 50 QUOTATION KKDM 2011/25 - DRILLING AND EQUIPPING OF BOREHOLES IN MATLWANG	MAKWESHE BUSINESS ENTERPRISE	100	3	182 680.00	N		N
ITEM: 46 /51 KKDM 35/11 RFP FROM CONSULTING ENGINEERS FOR THE CLOSING OF THE LANDFILL SITE IN KGAKALA T/SHIP , LEEUDORINGSTAD & IDENTIFICATION OF A REGIONAL LANDFILL SITE FOR THE WHOLE OF MAQUASSI HILLS LM	KING AND ASSOCIATES ENG	100	3	335 160.00	N		N
ITEM: 49 MEETING AFRICA 2012	NW PARKS AND TOURISM BOARD	100	0	60000.00	N		N
KKDM :39/11 RFP FROM CONSULTING ENGINEERS FOR THE DESIGN, TENDER DOCUMENTATION AND CONSTRUCTION MONITORING AND SUPERVISION OF THE NEW ORKNEY COMMUNITY HALL, MATLOSANA	NALKO ENGINEERING	100	3	556797.95	N		N
KKDM: 38/11 RFO FROM CONSULTING ENGINEERS FOR THE ASSESSMENT OF MHLM CEMETRIES	KING AND ASSOCIATES	100	3	319770.00	N		N
KKDM: 74/11 MATLOSANA RURAL DEVELOPMENT PROJECT SUPPLY AND DELIVERY OF FARMING IMPLEMENTS	SENPAKWE TRADING PROJECTS	100	0	1 891 381.00	N		N
KKDM 62/11 APPOINTMENT OF PROFESSIONAL LANDSCAPERS: MATLOSANA N12 BEAUTIFICATION PROJECT – DESIGN AND PROJECT MANAGEMENT OF THE N12 ISLANDS	TRADELANDERS 57CC T/A IMPRESSION LANDSCAPES AND PLANTS	100	4	139 557.60	N		N
KKDM: 44/11 RFP FROM CONSULTING ENGINEERS FOR THE DESIGN, TENDER DOCUMENTATION AND CONSTRUCTION MONITORING AND SUPERVISION OF THE UPGRADING OF OPPENHEIMERS STADIUM, MATLOSANA	NALKO ENGINEERING	100	3	273 128.95	N		N
ITEM: 66/91 QUOTE: 2011/28 SUPPLY AND DELIVERY OF PROTECTIVE CLOTHING FOR THE MAYORAL CLEANING CAMPAIGN, MHLM	D K BOTHALE TRADING	100	3	157 084.24	N		N
ITEM 62: QUOTE: KKDM 2011/36 PROMOTIONS AND MARKETING RFP FOR THE PRODUCTION SUPPLY OF THE DISTRICT TOURISM MARKETING DVD	WORLD FOCUS 217	100	3	169 461.00	N		N
ITEM: 60 QUOTE: HIRING OF DISTRICT TOURISM	EAST CAPE	0	4	139 599.84	N		N

EXHIBITION STAND FOR THE TOURISM INDABA 2012	PUBLISHING					
ITEM: 65 KKDM 45/11 SUPPLY AND INSTALL PUMPS FOR SEWER PUMP STATION IN TSHING, V/DORP	PHAULO TRADING ENTERPRISE	100	3	408 075.80	N	N
ITEM: 79 KKDM 49/11- DEVELOPMENT OF AN ENVIRONMENTAL MANAGEMENT FRAMEWORK FOR DR. KKDM (PHASE 1)	K2M TECHNOLOGIES	100	3	424 900.00	N	N
ITEM: 75 KKDM 77/11 SUPPLY AN DELIVERY OF 3M3 TIPPER TRUCK FOR TLOKWE CITY COUNCIL	HOUSE OF SHADES TRD. & PROJECTS	0	0	333 333.33	N	N
ITEM: 78 KKDM 31/11 REVIEW OF AN INTEGRATED WASTE MANAGEMENT PLAN FOR DR. KKDM	WORLEY PARSONS	0	3	665 473.86	N	N
ITEM: KKDM 63/11 REQUEST FOR PROPOSALS: DISTRICT AUDIO VISUAL PRODUCTION	WORLD FOCUS 217	100	3	199 500.00	N	N
ITEM: 88 KKDM 56/11 UPGRADING OF GRAVEL INTERNAL ROADS IN APPELDRAAI VILLAGE	UDUMO TRADING 26	100	5	1 174 057.00	N	N
ITEM: 86 KKDM 54/11: SUPPLY AND DELIVERY OF EQUIPMENT IN MHLM	MORNING TIME TRADING	100	3	422 845.20	N	N
ITEM: 90 RFQ CORPORATE GIFT TOURISM INDABA 2012	KETSHABILE TRD ENTERPRISE	100	3	101 370.00	N	N
ITEM 89: QUOTE: KKDM 2011/38 PROMULGATION OF ENVIRONMENTAL HEALTH BYLAWS IN GOVERNMENT GAZETTE	GOVERNMENT PRINTING WORKS	0	0	61 270.65	N	N
ITEM 81: KKDM 58/11 TSHING STREET LIGHTS (CONTRACTOR FOR THE CONSTRUCTION)	UNITRADE 1191 (PTY)LTD	100	8	1 516 417.58	N	N
ITEM 80: KKDM 51/11 ELECTRICITY NETWORK REFURBISHMENT IN BOSKUIL, MHLM	UNITRADE 1191 (PTY) LTD	100	8	1 045 159.40	N	N
ITEM 93: KKDM 42/11 SUPPLY AND INSTALLATION OF CONCRETE PALISADE FENCING AT APPELDRAAI CEMETRY, V/DORP	DAKUSE TRADING	100	3	617 030.70	N	N
ITEM 98: KKDM 66/11 FURNITURE AND EQUIPMENT FOR BESAFE CENTRE	EXECT STATIONERS CC	100	2	329 808.94	N	N
ITEM: 99: SUPPLY OF A D/CAB LDV FOR DISASTER	THUTA MOTORS	100	4	312 188.85	N	N
QUOTATION: CATERING FOR BURSARY AWARD CEREMONY 22/06/2012 (18121)	LEREFOLO CATERING	100	3	46 250.00	N	N
QUOTATION: HIRING OF 1 TLB AND 3 TIPPER TRUCKS FOR 15 DAYS – EHS	T P MOKASULE AND SONS	100	3	114 000.00	N	N
QUOTATION: ACCOMMODATION FOR 5 PEOPLE FOR 6 NIGHTS (TOURISM INDABA – DURBAN)	SOUTHERN AMBITION	100	0	62 832.00	N	N
QUOTATION: FLOOR SPACE TOURISM INDABA – DURBAN	WITCH AND WIZARD	0	0	43 818.72	N	N
QUOTATION: ACCOMMODATION FOR 60 PARTICIPANTS FOR SAMRA GAMES	MMABATHO PALMS	0	0	90 900.00	N	N
QUOTATION: SCHOOL UNIFORMS FOR 150	A K BAZAAR	100	0	118 698.86	N	N

LEARNERS						
QUOTATION: DECORATION FOR COOPERATIVE SUMMIT VENUE (18207)	REYAKOPELE TRADING	100	0	43 790.00	N	N
QUOTATION: CAR WASH PRODUCTS FOR CAR WASH PROJECT, Matlosana (18225)	TSIRELE TSEGO	100	0	67 699.50	N	N
ITEM 100: KKDM 68/11 SUPPLY OF PROTECTIVE CLOTHING FOR FIRE FIGHTING	ELGAVAX (PTY)	0	3	649 062.50	N	N
ITEM 101: KKDM 69/11 FIRE FIGHTER TRAINING (R/A)	RURAL METRO EMS	0	2	1 259 643.00	N	N
ITEM 102: KKDM 70/11 FIRE FIGHTING EQUIPMENT – VELD FIRE FIGHTERS	RURAL FIRE RESCUE	0	2	773 056.80	N	N
ITEM 82 KKDM 50/11 CONSTRUCTION OF WARD COMMITTEE OFFICES RULAGANYANG, M/HILLS	MATSOJA CONSTRUCTION	100	3	880 139.96	N	N
ITEM 94 QUOTE: 2011/24 SUPPLY AND DELIVERY OF SPRING STEEL TYPE RODS AND TRAILER	D K BOTLHALE	100	3	87 500.00	N	N
ITEM 103: KKDM 71/11 CONSULTANCY SERVICES FOR THE TRANSFER OF FIRE DEPARTMENT IN M/HILLS AND V/DORP TO DR. KKDM	RURAL METRO EMERGENCY SERVICES	0	2	222 300.00	N	N
ITEM 105 KKDM 75/11 FIRE FIGHTING EQUIPMENT- VELD FIRE FIGHTER TRAILERS	JUBACOM	0	3	503 116.90	N	N
ITEM 106 KKDM 11/11 GIS CONSULTING SERVICES: FOR CONDUCTIONG THE USER REQUIREMENT ANALYSIS, AND THE PROCUREMENT PLUS INSTALLATION OF THE GIS SOFTWARE AND RELATED HARDWARE	GEO SPARTIAL	0	3	443 751.38	N	N
ITEM 108 QUOTE: PROCUREMENT OF PEST CONTROL CHEMICALS	COOPERS ENVIRONMENTAL SCIENCE	0	0	44 254.80	N	N
ITEM 109 QUOTE: CONDITION ASSESSMENT OF MOVEABLE ASSETS	DUCHARME	0	4	145 863.00	N	N
QUOTATION: LAPTOPS FOR MMC'S (6) (18110)	ZAMEKULE TRADING	100	3	80 835.00	N	N
QUOTATION: VENUE FOR EDUCATION INDABA (SPEAKERS OFFICE)	ELGRO HOTEL	100	0	68 000.00	N	N
QUOTATION: HIRING OF 1 FRONT END LOADER & 3 TIPPER TRUCKS FOR 10 DAYS	MORNING TIME TRADING	100	3	139 500.00	N	N
QUOTATION: CATERING COOPERATIVE SUMMIT 14-15 JUNE 2012	MILNER BRIDGE COOPERATIVE	100	3	88 800.00	N	N

## 2.2 KPA: 1 BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

### TECHNICAL SERVICES

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
To Promote Physical Infrastructure Development	To build four roomed clinic To provide the community with health facilities	New project	Number of clinic rooms to be constructed s per Dept of Health proposal	Four Room Clinic by Dec 2011	Not yet achieved Designs completed, Tender for contractors advertised, adjudicated	<b>R2,742,000,00</b>	R 210,034	Delayed Due To Bid Committees Not Sitting Regularly final Appointment of Contractor on hold pending MPAC report	MPAC To Advise Council On the Matter - Appointment of Contractor, Roll Over of funds and Completion of project by 2013	Advert Adjudication Report
	To construct and increase capacity of community hall at Maquassi Hills	New project	250 seating capacity for new hall 250 seating capacity for refurbishment of existing community hall	New Community hall completed by March 2012 Completion of the refurbishment of existing hall by March 2012	Building structures of the two community halls completed (95%), Built the second hall instead of refurbishing due to the dilapidated structure.	R 5,450,000 + R 352,000 (budget adjustment )	R5,693,099	Contractors not sticking to timeframes	The remaining 5% to be completed in 2012/13 (painting, burglars, ceiling and tiling)	Appointment Letter Progress report Physical verification
	To purchase waste collection Truck	New project	Number of trucks to be purchased	1 truck	Waste Collection Truck Purchased and Delivered to Maquassi hills	<b>R650,000,00</b>	R568,070		<b>None</b>	Tender Advert Appointment Letter physical verification



STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
	To comply with legislative improved management and enhance Private Ownership	New project	size of vacant land to be formalized	1010 Stands	-180 hectares of vacant land formalized and produced 1010 .stands registered with surveyor General Office 1010 stands' title deeds registered	<b>R1,000,000</b>	R 607,207		None	Progress report Completion report Physical verification
	To register Solid Waste Site	Ongoing	Legalized dumping site	Completion of the solid waste site by March 2012	Not yet achieved Designs Completed, Council approved additional funding of R 15.1million, EIA process underway	<b>R900,000 + R 7.1 (12/13 budget) million + R 8 million (13/14 budget)</b>	R193,138	Inadequate funds led to additional funding request to Council	Construction to start in the 2 <sup>nd</sup> quarter of 2012/13	Technical report
	To install street lights	New Project	Approximately 3km of street lighting	Completion of Tshing street lights in June 2012	Not achieved Tender Re-advert due to unresponsive tenders by the 4 <sup>th</sup> Quarter	<b>R1, 700 000</b>	R87,798	unresponsive tenders	Completion of Tshing street lights by 2012	Progress report Advert
	To provide bulk electricity to a rural area as well as lighting To refurbish electricity network in Boskuil village	New Project	Number of Highmast lights to be installed Upgraded bulk electricity line to Appledraai Number of household connected with a electricity	June 2012 200	Designs completed -New connections not done -Appointment of Consultants Designs Completed -Procurement process Appointment of contractor done	<b>R2, 700 000</b> R800-000 +R780-000 for Maquassi-hills	R370,609 R98,252	Bid non-responsive The delay in the finalisation of appointment of the contractor	To be re-advertised in 2012/13 Due to the delay in the finalisation of appointment of the contractor the implementation of the project will be rolled over to 2012/13	Advert Progress report Appointment letter Progress report

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
	To upgrade rural road (Boikhutso – Appeldraai)	On going	3km (10m wide)	Sept 2011	3km (10m wide) re-gravelled	R400,000	R 400,000	None	None	Completion Report
	To reticulate Water Networks in rural areas - Boikhutso	On going	Number of stands connections	20 stands	20 stands Connections completed	R100,000-00	R99,833	None	None	Project report
	To reticulate Water Network in rural areas - Tsetse	On going	Number of house connections	10 stands	10 stands Connections completed	R50,000-00	R48,779	None	None	Project report
	To reticulate Water Network in rural areas - Goedgevonden	On going	Number of house connections	40 stands	40 stands Connections completed	R200,000-00	R147,444	None	None	Project report
	To conduct Geo-study in the District	New project	Approved Geo-study by the Council	June 2012	Project & the budget transferred to IDP section	R00	-	None	None	Council resolution
	To supply Wolwerand Water and Sanitation	New project	Drilled and equipped borehole, water tank and stand, taps	June 2012	Drilling and equipping of borehole, installation of water stand and tank plus 4 taps completed	R150,000 + R 150,000 (Budget adjustment )	R291,299	None	None	Advert, Appointment letter and Completion report
	To supply water at Appledraai	Excavation	Number of household water connections	97	Project Completed	R 300,000-00 + R 270,000 (Budget adjustment )	R290,477	None	None	Completion report
	To Augment water for Oersonskraal and Boskuil	On going	Number of installed communal taps	40	40 communal taps installed in 2 villages	R 250,000-00 + R 138,033	R388,033	None	None	Completion report
	To upgrade Khuma Reservoir	On going	10 ML Reservoir	Dec 2012	Construction up to foundation level	R 8,000,000 + R 12,000,000	R4,102,954	Delays in appointment of contractor	Due to the delay in the finalisation of appointment	Progress report

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
						(MIG funds of Matlosana)			of the contractor the implementation of the project will be rolled over to 2012/13	
	To secure the Old Hoskins Cemetery with concrete palisade fencing	New project	Perimeter of fencing (1000m in length)	June 2012	Re-advert due to non-responsive tenders	R800-000-00	R0.00	Late adoption of projects by Council in Dec 2011	Due to late adoption of new projects by Council and non-responsive tenders received, funds to be rolled over to the 2012/13	Advert, Council resolution
	To close the landfill site and identify and upgrade a new one in Kgakala township	New project	Size of land fill site	June 2013	Appointed Consultant	R800-000-00	R0.00	Late adoption of projects by Council in Dec 2011	Due to late adoption of new projects by Council funds to be rolled over to the 2012/13	Advert, appointment letter
	To install street naming signage in the whole of Maquassi hills' urban areas	New project	No. Of street names signages	June 2013	Designs completed	R800-000-00	R228,535	Late adoption of projects by Council in Dec 2011	Due to late adoption of new projects by Council funds to be rolled over to the 2012/13	Advert, appointment letter
	To maintain/repair area lighting in the whole Maquassi hills	New project	No. Street lights/highmast lights	June 2013	Non-responsive tenders received, project to be re-advertised in the 2012/13	R800-000-00	R82,832	Late adoption of projects by Council in Dec 2011	Due to late adoption of new projects by Council and non-	Advert, Council resolution

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
	area								responsive tenders received, funds to be rolled over to the 2012/13	
	To assess the state of cemetery in the whole Maquassi hills area	New project	No. of cemeteries	June 2013	Compilation of assessment report by Consultant still in progress	R800-000-00	R0.00	Late adoption of projects by Council in Dec 2011	Due to late adoption of new projects by Council funds to be rolled over to the 2012/13	Advert, appointment letter

## **TECHNICAL SERVICES ASSESSMENT**

### **JULY 2011 – JUNE 2012**

#### **HUMAN RESOURCE ISSUES**

- The department lost a Junior Technician in the last quarter of the 2010/11 financial year, the post was advertised and to date no interviews took place and it's still vacant.

#### **ACHIEVEMENTS – CAPITAL PROJECTS**

The Capital budget comprised of projects that were rolled over from the 2010/11 financial year to the 2011/12 financial year and uncommitted amount of R 52.9million that was awaiting projects from local municipalities. Those projects were approved by Council in October 2011 as a basket which exceeded the available funds. Subsequently, on the 01<sup>st</sup> December 2011, only projects that fitted the available budget were then approved by Council for implementation. Most of the rolled-over projects were completed in the first quarter of this financial year, namely:

- ❖ **Ventersdorp Rural Roads Regravelling** – a three kilometre gravel road linking Appeldraai and Boikhutso villages (see photos below of the road). The initial approved budget was R 2million and only R 400,000 was rolled-over into this financial year. The project was completed in early August 2011 and handed over to the community. The completion of this project enabled the two communities to have an accessible link.
- ❖ **Water network extension to the Villages of Boikhutsong, Goedgevonden and Tsetse** – due to regular expansion of this villages, water provision at RDP standard was essential i.e. taps located 200m apart on the streets. The initial approved budget was R 1.3million and only R 350,000 was rolled over into this financial year. The project was completed in September 2011 and handed over to the community (see attached photos of the project).
- ❖ **Appeldraai water network supply** – the initial plan was to supply water at RDP standard but it was later changed to yard connections which resulted in 97 households getting access to basic water in their own yards. The initial approved budget was R1.3million and only R

300,000 was rolled over into this financial year. The project was completed in October 2011 and handed over to the community (see attached photos of the project).

- ❖ **Oersonskraal & Boskuil Water Augmentation** – the scope of works for Boskuil was to extend water supply to the Western side of the village and for Oersonskraal, for the first time in the history of that community they received basic water supply at RDP standard which included borehole drilling and equipping, water tank and stand and taps. The original budget was R 700,000 with R 250,000 being rolled over and the project was successfully completed in November 2011 and handed over to the community (see attached project photos).

**The following rolled over projects are still on-going:**

- **Tshing street lights** – at procurement stage of contractor.
- **Appeldraai solar lighting** – at procurement stage of contractor.
- **Ventersdorp township establishment** – finalization of the draft township layout plan
- **Registration of solid waste site, Ventersdorp** – finalization of designs, an item to be presented to Council to request funding for construction as the current approved budget is too low to effect that.
- **Khuma reservoir (10 MI)** – at procurement of contractor stage of contractor (**implementing agent is City of Matlosana**).
- **Boskuil refurbishment of electricity network** – finalization of the designs, to procure services of the contractor to do refurbishments.

## **CHALLENGES**

- Capacity challenges in terms of human capital as the current staff members comprised mainly of non-technical personnel. (3 x CDO's and 2 technically qualified personnel (1 has since resigned in June 2011) and an Office Administrator). Council has since taken a resolution that a Project Management Unity be established as a matter of urgency in this financial year. The inability of the municipality to fill up the posts of HoD and a Technician further compound this problem. This is a serious challenge as both posts are budgeted for.

- The late approval of projects by Council has a detrimental effect in terms of implementation. Projects for the local municipalities were approved by Council in October 2011.
- It takes approximately 90 days to have a contractor on site, taking into consideration the planning cycle and the procurement of the service providers.
- The District municipality is implementing infrastructure projects without making any provision for Operation and Maintenance budget for these facilities after completion. It then becomes the responsibility of the local municipalities to budget for O & M and most of them have no resources to this effect.
- Some of the local municipalities submit list of projects without knowing exactly what needs to be done in terms of scoping thereby creating a burden for the district municipality to do the scoping on their behalf.
- Over-budgeting on certain projects results in a lot of savings being realised after the completion of projects.
- Council approved approximately R 52.9 million as allocation for projects for the 2011 / 12 financial year as follows: R 20m - City of Matlosana, R 15m - Tlokwe City Council, R 10m - Ventersdorp LM, R 7.9m - Maquassi hills LM and to date, no projects have been submitted for implementation in relation to these bulk allocations. This will definitely hamper planning and eventually implementation of projects thereby leading to another budget roll-over

## 2.3 KPA 2: BASIC SERVICES AND INFRASTRUCTURE DEVELOPMENT

### MUNICIPAL HEALTH

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
To Promote Municipal Health Services	To respond to customer complaints and enquiries	98%	Percentage of complaints responded to within (7) working days	99%	99%	Employee related costs R 20 923 100	R 12, 6 Million (Opex)	No deviation	None	Complaint register
	To develop a district calendar of environmental awareness campaigns	12	Number of environmental awareness campaigns	15	20	R594 000	673 571	No deviation Extra R110 000 was added during budget adjustment	None	Campaign Reports, pictures
	To train and develop staff members	24	Number of staff members trained	30	33	R 540 000	R 431 618	No deviation	None	Invoices, Certificates
	To develop a uniform set of district environmental health by-laws	Draft bylaws	Approved Environmental health by-laws by the Council	Approved Environmental Health Bylaws	Approved Environmental Health Bylaws	R 150 000	R 132 300	No deviation	None	Council resolution, Government gazette
	To ensure that food sold to public is safe	760	Number of food premises to be monitored and inspected	880	5070	Employee related costs R 20 923 100	R 12,6 Million (Opex)	No deviation	None	Monthly reports, Inspection notes, Notices and Warnings
	To monitor quality of water used for domestic purposes	120	Number of samples taken on drinking water	240	1519	R 150 000	R 160 503	No deviation. Extra R50 000 was added during budget adjustment	None	Sample results
	Liaison with the public, donors and other	16	Number of relevant stakeholders	18	18	Employee related costs R	R 12,6 Million (Opex)	No deviation although Ventersdorp	Ventersdorp MM was requested to	Minutes of meetings, Attendance



STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
	conservation related Government departments and NGO's		meetings to be held			20 923 100		forum meeting cancelled due to non-attendance.	intervene.	registers
	To ensure proper disposal of the dead and hygienic handling of corpses	200	Number of inspection on funeral undertakers	280	288	Employee related costs R 20 923 100	R 12,6 Million (Opex)	No deviation	None	Monthly reports, Inspection notes, Notices and Warnings
	To identify and manage air quality issues around the district by developing an Air Quality Management Plan (AQMP)	Inception report and stakeholder engagement report	Approved Air Quality Management Plan by Council	Approved AQMP	Draft status quo report	R 650 000	R 195 510	Delays are caused by resignation of the Project Manager.  Service provider producing poor quality reports that was rejected by stakeholders	Intervention meeting was held in May 2012.  Service provider did not deliver on agreement  Termination of contract	Draft Status quo report.  Minutes of Project Steering meeting in May 2012.
	To minimize environmental impacts related to urbanisation and developmental activities by developing an Environmental Management Framework (EMF)	New Plan	Approved Environmental Management Framework by Council	Approved EMF	Inception report	R 540 000		Consultation with National & Provincial Environmental Affairs Department delayed procurement process.  Agreement needed to be reached on	Project will be continued in 2012/13 financial year where Phase1 will be completed  Agreement that amount will only be sufficient for	Minute of meeting Attendance register

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
								TOR before an advert could be done	Phase 1 of the project. Extra funding to be sourced from National Dept of Environmental Affairs	
	To minimise environmental pollution by reviewing an Integrated Waste Management Plan (IWMP)	New Plan	Approved Integrated Waste Management Plan by Council	Approved Integrated Waste Management Plan by Council	Status Quo and Needs Analysis report completed	R 500 000	R 276 716	Advice on specifications was requested from province so as to comply with relevant guidelines.  This process delayed procurement.  Comments not yet received from Environmental Affairs.  Delays in evaluation process also resulted in late appointment of service provider.	Project will be continued in 2012/13 financial year where Phase1 will be completed	Tender advert/ Evaluation agenda Reports

### Awareness campaigns 2011/12

<b>AREA</b>	<b>CAMPAIGN</b>	<b>DATE</b>	<b>TARGET</b>
Matlosana	Environmental Awareness campaign	29-Feb-12	Hostel Residents
	Educational tour to Marupeng/Sterkfontein caves		
	Follow-the-smoke campaign	20-Mar-12	Air Quality Forum Members, Municipal officials
	Law Enforcement operation	Aug-11	Illegal shops in Klerksdorp
Ventersdorp	World Food Day celebration	28-Oct-11	Tshing Community
Maquassi Hills	Health and Hygiene Awareness	07-Sep-11	Witpoort community
	National school nutrition Programme capacity building	13-Oct-11	Daeraad School
	Educational Tour to Sedibeng Water	08-Mar-12	Ntlatseng School
	World Environment Day Celebratrion	05-Jun-12	Kgakala Township
Tlokwe	Educational Tour to Midvaal water	29-May-12	Botoka High School
	Hand-washing campaign	04-Jun-12	Totius Akademie
	Food Safety for Food Handlers	06-Jun-12	Ikageng Food Handlers

## Clean-up campaigns 2011/12

AREA	DATE	LOCATION
Matlosana	05-Aug-11 05-Apr-12 04-May-12 17-May-12 19 April - 11 May 2012 (15 days)	Phamodzi 4 & 5 Jouberton Ext 10 Kanana Ward 24,26 & 27 Khuma Ext 9 Jouberton, Khuma, Kanana, Tigane, Jouberton, Alabama
Ventersdorp	02-Mar-12 16-Mar-12 23-Mar-12 30-Mar-12 11-May-12 18-May-12 25-May-12	Van Riebeeck and Carmichael Streets (Two main streets)
Maquassi Hills	15-Sep-11 23-Feb-12 22-Mar-12 25-Mar-12 10-May-12 11-May-12 31-May-12	Kgakala Township Tsweleng Extension 10 Tsweleng Extension 13 Chris Hani Lebaleng
Tlokwe	25-May-12	Ikageng (near the stadium)

## 2.4 KPA 1: DISASTER MANAGEMENT SERVICES

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
disaster management services	To provide Disaster Management Relief	Provided on a needs basis.	Provision of Disaster Management Relief	Provide relief material to Local Municipalities when Emergencies occur	Relief provided from stores  Additional stock (Mattresses) purchased	275 000	88 240	none	none	Relief Register
	CCTV Camera Surveillance of Public Areas	Ongoing	Functional CCTV System.	Functiona I CCTV System	System Functional	13 000 000	4 109 780	none	none	Report
	Update Disaster Management Plan	Plan Completed	Update 1 Contingency Plan per Quarter  Conduct 1 CBDRA per Quarter	Update 4 Contingen cy Plans  Conduct 4 CDRA	Updated 4 Contingency Plans  3 CBDRA Conducted	550 000	273 143	CBDRA not conducted	Reschedule CBDRA	Contingency Plans CBDRA Reports
	To conduct Disaster Awareness Campaigns	4 Campaigns	4 Four awareness campaigns to be conducted	Conduct 4 awareness campaigns	4 Awareness Campaigns Conducted	600 000	558 946	none	none	Report

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
	Disaster Management Advisory Forum Meetings	3 Meetings	Four Advisory Forums to be held	Conduct 4 Advisory Forum Meetings	3 Advisory Forums Conducted	62 500	18 861	No Meeting in Q4	Reschedule meeting	Attendance Reg
	Training and Development of Fire Fighters and Volunteers	25 Volunteers Trained	50 volunteers trained	Train 50 Volunteers	50 Volunteers Trained	1 500 000	1 249 936	none	none	Agendas, SLA, Report
	To conduct Risk Reduction Projects	Ongoing	Conduct 1 Risk Reduction Project	Conduct 1 Risk Reduction Project	GIRRL Project conducted	348 000	307 016	none	none	Agendas, SLA, Report
	To establish a PIER "Be Safe Centre"	1	BESAFE Centre Functionality Rating	Furnish and equip the BESAFE Centre	Service provider appointed but furniture not supplied.	1 200 000	0	Furniture not supplied	Delivery in Q1 2012/2013	Agendas, SLA, Report/assets

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
	To provide Volunteers with protective clothing	New Project	Number of volunteers provided with protective clothing	Provision of protective clothes to 50 Volunteers	Service provider appointed but protective clothing not supplied.	750 000	0	Protective clothing not supplied	Delivery in Q1 2012/2013	Agendas, SLA, Report
	To provide uniform for Volunteers	150 Volunteers	Provision of uniform to Volunteers as need arises	Provision of uniform to 150 volunteers	Uniform Supplied for 150 Volunteers	180 000	96 712	none	none	Agendas, SLA, uniform register

This report applies to the occurrence of incident or major incidents within the municipal areas of the Dr. KKDM.

This report applies to the following:

**VENTERSDORP LM**

<b>Date</b>	<b>Address</b>	<b>Type of incident</b>	<b>People affected</b>	<b>Relief provided</b>
<input type="checkbox"/> 31 May 2011	431 Goedgevonden Ventersdorp	Shack fire	6	8 blankets 3 matrasses
<input type="checkbox"/> 05 August 2011	Ext 3, 2378	Shack fire	5	3 blankets 3 matrasses
<input type="checkbox"/> 03 September 2011	Goedgevonden	Windstorm	20	2 tents 15 matrasses 30 blankets
<input type="checkbox"/> 03 September 2011	Welgewonden	Shack fire	4	5 blankets 5 matrasses
<input type="checkbox"/> 03 September 2011	No. 7, Welgevonden	Shack fire	05 fatalities	Information not provide
<input type="checkbox"/> 31 October 2011	Tsetse village	Windstorm	21 families affected	15 blankets 15 matrasses
<input type="checkbox"/> 19/20 November 2011	Ga-mogopa & Welgewonden	Windstorm	38 families affected	18 matrasses 34 blankets 5 tents R4500 - food
<input type="checkbox"/> 09 January 2012	10039 Appledraai	Shack fire	5	10 blankets 4 matrasses
<input type="checkbox"/> 08 April 2012	10371, Welgevonden	Shack fire	Information not provide	None (owner not available)
<input type="checkbox"/> 31 May 2012	Ext 2, 1218. Tshing	RDP house	Information not provide	None (owner not available)
<input type="checkbox"/> 11 June 2012	Ext 5, 9064. Tshing	Shack fire	Information not provide	None (owner not available)



List of Equipment's	Number female fire fighters	Total staff
None : 1x water tank: 1 x skit unit/ structure	Permanent x 1 Volunteers x 09	Permanent x 06 Volunteers x 25

Run-away fires	Structural fires
Veldt x 84	Formal x 21 Informal settlements x 26 MVA x 114 Pole fire x 1 Vehicle fire x 2

Remarks: fatalities due to fires x 12

➤ **MAQUASSI HILLS LM**

Date	Address	Type of incident	People affected	Relief provided
<input type="checkbox"/> 03 April 2011	Lebaleng, Ward 6	Shack fire	2	2 blankets 2 matrasses
<input type="checkbox"/> 21 July 2011	Ext 13, Tswelolang	Shack fire	7	4 blankets 2 matrasses
<input type="checkbox"/> 09 March 2012	Tswelolang	Shack fire	3	6 blankets 3 matrasses
<input type="checkbox"/> 22 April 2012	Tambo 2	Shack fire	3	4 blankets 2 matrasses
<input type="checkbox"/> 14 June 2012	Ward 8	Shack fire	3	6 blankets
<input type="checkbox"/> 10 June 2012	Ward 7	Shack fire	5	10 blankets 3 matrasses

List of Equipment's	Number female fire fighters	Total staff
None (0 %): 2x fire engine destroyed : 1 x skit unit broken : land cruiser broken	Permanent x 1 Volunteers x 14	Permanent x 03 Volunteers x 25

Run-away fires	Structural fires
<ul style="list-style-type: none"> <li>• Veldt x 14</li> <li>• Waste fire x 1</li> </ul>	<ul style="list-style-type: none"> <li>• Formal x 10</li> <li>• Informal settlements x 6</li> <li>• Vehicles x 1(truck)</li> <li>• Pole fire x 1</li> </ul>

Remarks: fatalities due to fires x 5 (3x children & 2 x male adults)

➤ **CITY OF MATLOSANA LM**

Date	Address	Type of incident	People affected	Relief provided
☐ 01April 2012	Jakaranda , Ward 15	Shack fire	15	16 blankets 08 matrasses
☐ 07 April 2012	27274 Jouberton	Self - built house	4	8 blankets 3 matrasses
☐ 16 April 2012	Ward 33	RDP	1	2 blankets 1 matrasses
☐ 21April 2012	Ward 12	RDP	4	8 blankets 4 matrasses
☐ 22 April 2012	Ward 22	Shack fire	1	2 blankets 1 matrasses
☐ 05 May 2012	Ward 5	Shack fire	8	6 blankets 3 matrasses
☐ 09 May 2012	Stilfontein, 64- 66- 68	Road Cracks	3 families	None
☐ 17 May 2012	Ext 13, Jouberton 14925	Shack fire	5	None (CoM provided)
☐ 06 June 2012	7589 Khuma	Shack fire	8	8 blankets 4 matrasses
☐ 19 June 2012	Ward 27	Shack fire	6	6 blankets

**2.5 KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION**

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
<b>To Good Governance And Public Participation</b>	To implement Performance Management System	6 acting section 56	Number of Signed PA by section 56 Managers and Municipal Manager for 2011/12	5 section 56 and MM July 2011	Not signed	N/A	N/A	SDBIP was not approved	To encourage SDBIP Approval	Comprehensive report to be provided
		Submitted in 2009/10	Compiled and submitted section 46report of MSA	August 2011	Compiled and submitted section 46report of MSA	N/A				Comprehensive report to be provided
		None	Number of strategic sessions to be conducted	One sessions Jan 2012	One sessions Jan 2012	N/A				Comprehensive report to be provided
		Approved by Council for April 2011	Adopted oversight report	Adopted oversight report by March 2012	oversight / MPAC report was adopted	N/A				MPAC report resolution
		Approved 2010/2011 SDBIP In place	Approved 2011/2012 corporate strategy and technical SDBIP	July 2011	2011/2012 corporate strategy and technical SDBIP developed but not approved	N/A				Comprehensive report to be provided
		4 quarterly report in place 2010/11	Number of performance report	4 quarterly performance reports	4 quarterly performance reports conducted					4 quarterly performance reports

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
		PMS Process Plan In place	Approved PMS Process Plan	July 2011	PMS Process Plan was Approved	N/A				PMS Process Plan resolution
		In place	Functional PMS software	January 2012	PMS software not fully functional	N/A				Comprehensive report to be provided
<b>To Good Governance And Public Participation</b>	To Coordinate IDP Coordinating Committee Meetings	3 meetings	Number of IDP Committee Meeting to be conducted	3 meetings	One IDP Committee Meeting conducted	N/A		Due to new council Mayoral Committee and IDP Steering Committee were not established , Local Municipalities not finalized with Public Participation		Attendance register and minutes
	To Coordinate IDP Steering Committee Meeting	4 meetings	Number of IDP Steering Committee Meeting to be conducted	4 meetings	2 IDP Steering Committee Meeting conducted	N/A		Due to new council Mayoral Committee and IDP Steering Committee were not established , Local Municipalities		Attendance register and minutes

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
								s not finalized with Public Participation		
	To Coordinate Sector Departments Meeting (Planning)	1 meeting	Number of Sector Departments Meeting to be conducted	1 meetings	One Sector Departments Meeting conducted	N/A		Due to new council Mayoral Committee and IDP Steering Committee were not established	Consider cancelling the April meeting and merging it with the IDP Rep Forum.	Attendance register and minutes
	To table 2012/2017 Draft IDP document in Council Meeting	Tabling	Tabled IDP Draft to Council	March 2012	Draft IDP Tabled to Council	N/A				IDP and council resolution
	Place IDP Draft Document for 21 days public comments	Submitted to public	Placed IDP Draft Document for 21 days public comments	April 2012	Placed IDP Draft Document for 21 days public comments	N/A				IDP Advert
	To submit IDP Document to Council for Adoption	Adoption	IDP Draft Document Submitted to Council for Adoption	May 2012	IDP Draft Document was Submitted to Council for Adoption, Actual Adoption was 14 June 2012	N/A		Final local municipality projects to be funded by DM were being finalized to align with Budget		Advert, IDP Final Document, Council Resolution, Submission Letter to Province
<b>To Ensure Good</b>	To Adopt the 2012/2017 IDP	Review Document	Adoption and 2012/2017 IDP	31 May 2012	Adoption was 14 June 2012	R334,8000-00				Council resolution

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
<b>Governance And Public Participation</b>	Document		IDP Document							
	To conduct GIS Professional Services	New Programme	Functional GIS	Ongoing	GIS not yet Functional,	R1,250-000-00		Delay in Implementation of Assessment Programme by Official Service Provider (SITA). The major reason is that SITA delayed in finalizing the Memorandum of Agreement, which would also become a Service Level Agreement.	Continued correspondence and discussions . To Consider to terminate the current agreement with SITA and procure a private Service Provider,	Report
	To buy GIS Equipment	New Programme	Purchased of GIS apparatus	30 Sept 2011	GIS apparatus not yet Purchased	R650,000-00		Delay in SCM process, Delays with evaluation process	To Purchase GIS apparatus (hardware): Phase 1	Report
	To install GIS Software	New Programme	Installed GIS Software	31 Dec 2011	GIS Software not yet Installed	R584,000-00		Appointment of Service Provider conducted on 26 June 2012	To Install GIS Software	Report
<b>Communic</b>	To review	In place	Reviewed	September	Communication	n/a		The	To use the	Reviewed

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
Communications	Communication Strategy		Communication Strategy	2011	strategy reviewed on third quarter			provincial coms strategy review session delayed	SONA as baseline for government strategic focus.	Communication Strategy document
	To develop an internal communication policy	In place	adopted internal coms policy and procedure manual	September 2011	Approved policy	R100 000		The tender was withdrawn after evaluation	Redraw specifications and advertise nationally	Policy and procedure manual adopted by council
	To coordinate district communicators forum	4	Number of Communicators forum sessions to be held	4	6 Communicators forum sessions held	R50 000		No deviation		Comprehensive Report Meeting agenda and attendance register
	To promote corporate image of the Municipal	Ongoing	Adherence to all Municipal programmes	Ongoing	Adhered to all Municipal programmes , Internal and external compliance with CI manual	R400 000		Lack of collaboration between communications and corporate services communication system.	Workshop all employees on brand reputation management aspects.	Comprehensive Report
Communications										
	To promote Public relations and special events	New programme	Number of special events to be held	4	15	R250 000		Departments specific events and campaigns were centralised for better	Develop a comprehensive district calendar of events, and establish a formalized	Comprehensive Report Invitations And Notices

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
								coordination through communications unit	municipal events committee	
	To review marketing strategy of the Municipality	In place	Reviewed marketing strategy for the municipality	30 SEP 2011		R50 000		Municipal strategic priorities not reviewed as no strategic planning session did not happen and departments still did not submit plans		Reviewed strategy
	Website development	In place but under review	Updates of key governance compliance documents compiled and posted			R100 000		Delay in SCM process, Delays with evaluation process Appointment of Service Provider conducted on 26 June 2012		Actual Municipal compliance Documents posted on the website
	Media relations		Number of print and electronic engagements /activities	12 activations	8 activations	R150 000		Poor planning of municipal activities not leaving enough time for media	Improve on mediated and unmediated communication activities by	Copies of adverts/ feature sheets completed



STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
								strategies	setting monthly thematic focus media activities	
<b>INTERNAL AUDIT</b>	Develop an internal audit plans for the District, Maquassi Hills, Ventersdorp, and Economic Agency	Approved audit plans for 2010/11 (3audits plans)	Approved audit plans(4 audit plans)	Approved audit plans (4 approved audit plans)	3 Approved audit plans	None	N/A	The audit plan of the Agency was not developed because the risk assessment was finalised late.	The audit plan of the Agency will be developed for 2012/13 using the risk assessment, and submitted to Audit Committee in July 2012.	Audit committee resolutions (Minutes) and adoption at council(Council resolutions)
<b>INTERNAL AUDIT</b>	Implement internal audit plan- DRKKDM (project planning, time management, supervision, monitoring, review and reporting	Implemented 8 audit project instead of 12	Number of audit reports issued for PMS, and other audits	Implement 8 audit projects, as per approved audit plan	5 audit reports issued for PMS, and other audits	None	N/A	The plan was not realistic; the new plan will be based on realistic base line. DORA Audits & Infrastructure projects was combined with SCM PMS 3 <sup>rd</sup> & 4 <sup>th</sup> Quarter was	Outstanding audits will be included in 2012/13 audit plan, and the audit will be based on audit completed in 2011/12.	Audit committee resolutions (Minutes) and adoption at council(Council resolutions)

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
								taken out of the audit plan due to timing. The IT audit and SCM overlapped to 2012/13 audit plan.		
	Implement internal audit plan- VLM ( project planning, time management, supervision, monitoring, review and reporting	Implemented 6 audit project instead of 10	Number of audit reports issued for PMS, and other audits	Implement 8 audit projects, as per approved audit plan	3 audit reports issued for PMS, and other audits	None	N/A	The audits were paused due to AG's audits two prior years. There was a deviation from the audit plan, one audit was taken out of the audit plan and two combined with one audit.	The new plan will be based on realist base line. The audit completed in 2011/12 will be used as a base line.	Audit committee resolutions (Minutes) and adoption at council(Council resolutions)
	Implement internal audit plan- MHLM ( project planning, time management, supervision, monitoring,	Implemented 8 audit project instead of 10	Number of audit reports issued for PMS, and other audits	Implement 8 audit projects, as per approved audit plan	4 audit reports issued for PMS, and other audits	None	N/A	The plan was not realistic; the audits were pause during the year due to 2 financial year audits	The new plan will be based on realist base line. The audit completed in 2011/12	Audit committee resolutions (Minutes) and adoption at council(Council)

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
	review and reporting							conducted by AG, and the unrest and lack of stability at the municipality	will be used as a base line.	resolutions)
INTERNAL AUDIT	Implement internal audit plan- DRKKDEA( project planning, time management, supervision, monitoring, review and reporting	Implemented 2 audit project without the audit plan	Number of audit reports issued for PMS, and other audits	Implement 4 audit projects, as per approved audit plan	One audit report issued for PMS	None	N/A	The audit committee approved 3 audits to be executed, only 1 audit was executed due to lack of capacity, and 1 audit was at the planning stage.	2 audits will be rolled over to 2012/13 audit plan, and the risk assessment will also be used to develop the audit plan to ensure realistic audit plan.	Audit committee resolutions (Minutes) and adoption at council(Council resolutions)
	Review internal audit (IA) Charters.(for DRKKDM, VLM, MHLM, and DRKKDMEA)	In place	Approved internal audit charters (4 IA Charters)	4 approved IA Charters	4 IA charters approved in the 3 <sup>rd</sup> quarter	None	N/A	The IA charters were approved in July 2012.	The IA charters were approved in July 2012, will be submitted to Council(s) the end of the October 2012.	Audit committee resolutions (Minutes) and adoption at council(Council resolutions)
	Review audit committee	In place	Approved audit committee	Approved audit	4 AC charter approved in the	4 AC charter approved in the	None	N/A	The AC Charters	The IA charters

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
	(AC) charters.(for DRKKDM, VLM, MHLM, and DRKKDMEA)		charters(4 AC Charters	committee charters by Dec 2011 (4 approved AC Charters)	3 <sup>rd</sup> quarter			were approved in July 2012	were approved in July 2012 will be submitted to Council(s) the end of the October 2012.	resolutions (Minutes) and adoption at council(Council resolutions)
	Review internal audit methodology & audit manual	In place	Reviewed and approved audit methodology & audit manual	March 2012	Reviewed and approved audit methodology & audit manual	None	N/A	IA manual not yet reviewed, due to work load. IA manual still in progress	The Audit Manual will be completed in the second quarter in 2012/13 financial year, and submitted to AC for approval.	Audit committee resolutions (Minutes)
	Developed internal audit training plan	In place	Developed internal audit training plan	1 training plan	1 internal audit training plan Developed	None				Submission to skills development, inclusion in the skills development plan
	Prepare for and attending audit committee meetings	9	Number of meeting held and audit committee reports issued	10	11 meeting held and audit committee reports issued		R325,111	Additional special AFS meeting was conducted	Special AC meeting for AFS will be scheduled for 2 days	Audit committee (AC) minutes, and AC

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
									in 2012/13	reports.
	Prepare for portfolio committee meetings, and attending MAYCCO, and Council meetings	8 council meeting held	Number of meetings attended	4 ( items for councils meetings)	Half yearly AC report was submitted to Council( quarter 1 &2)	None	N/A	Half yearly report was submitted to Council, the AC meeting schedule did not correspond with the Council meeting.	AC meeting schedule will be made in line with Council meeting schedule to ensure timely submission of reports.	Council minutes
	Internal Quality Assurance (IQA	1	Number of IQA	Annually	Internal Quality Assurance (IQA was not conducted	None	N/A	The internal review was not performed, as the prior year IQA overlapped to 2011/12.	The IQA will be performed in 2012/13 1 <sup>st</sup> & 2 <sup>nd</sup> quarter.	IQA reports submitted to the audit committee, and council.
<b>OFFICE OF THE</b>	To promote Youth	New programm	Number of youth to be send to	50	Still in a planning stage	R250-000-00	R0		Intensive consultatio	

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
EXECUTIVE MAYOR	Development through programme/projects	e	driving school  Car wash business for youth	20	seeking local buy-in 20 Car-wash starter packs benefited 80 youth	R250-000-00	R178 810.00		n meeting with Local Municipality ongoing for ensuring buy-in	Report to records and council
	To create awareness programme for Woman's month	Ongoing	Number of awareness programme for woman's month	Holding of 2 awareness campaign	Purchasing of stoves, bed set, kitchen unit for women with distress	R150-000-00	R39 419.00	R110 500.00 transferred to gender development	A program 2012/2013 has been developed	Reports to records
	To provide funeral Assistance indigents communities	20 beneficiaries	As per request from the families	As per request from the families	16 families benefited	R250-000-00	R143 578.00			Report to records and council
	To host Mandela Day event in the District	Ongoing (third year)	Developing program that will assist needy as per the theme of that year	18 July 2011	Ikalafeng disabled school was renovated Eye tumour operation of Mamello done at Krugersdorp private hospital	R150-000-00	R155 959.00	R10 000.00 received from surplus		Report to records and council
	To provide hand-out and financial Aid	Ongoing	Number of institutions/individuals to benefit from this fund (Donations)	6 Institutions/Individuals		R300-000-00	R251 630.00			
	To provide Sponsorship for School Sports	6 School	Number of schools to receive sponsorship	5 Schools		R250-000-00	R133 500.00			Detailed report to be submitted
	To establish District Cleaning	New programm	Establishment of Cleaning Project	March 2012		R3,000-000-00	R6 000 000.00	R3 000 000.00		Detailed report to be

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
	Project	e						received from saving during adjustment		submitted
	To award Bursaries for student	150 Students	Number of student to be awarded Bursary	284 Students	235 students assisted	R2,000-000-00	R2 480 629.00	R1 000 000.00 received from saving during adjustment	Advertising for application of bursary to be done in time	Report at records and send to council
	To coordinate and conduct Gender workshops/projects	Four workshops	Number of workshops/projects to be conducted	3 workshops/projects	Summit held at Mayfair Workshop for women in Maquassi Hills	R500-000-00	R129 048.00 R220 000.00	R110 500.00 received from women's month	Avoiding giving local municipality to procure	Report to records and council  Still awaiting report from Maquassi Hill municipal
	Disability development	New programme	Number of disability people getting developed and assisted	As per the request and expenses	Organised birthday party and refurbish the house of Mathibela family	R500-000-00	R202 063.00			Report to records and council
	To launch Children Advisory Council	New programme	Established of Advisory Council	March 2012	Establishment of girl in risks reduction leadership (GIRRL) December 2011 Take a girl child to work May 2012	R500-000-00	R168 470.00		Process of establishment of advisory Council awaiting National guidelines	Detailed report to be submitted

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
	To promote recreational programmes for Elderly persons	3 recreational programmes	Number of sport recreational programme for Elderly persons	3 recreational programmes	One golden games	R250-000-00	R15 350.00			
	To support Business/Entrepreneurs development	2 Business/Entrepreneurs	Number of funded Business/Entrepreneurs	3		R300-000-00	R43 625.00			Detailed report to be submitted
	To provide Poverty Relief to indigent community	1200 Poverty Relief	Number of families to benefit from the project	1200 Poverty Relief	600 food parcels bought for Aurora victims	R800-000-00	R111 578.00			Report to records and council
	To promote Sport, Arts and Culture in the District	2 promotions	Promotion of school, community and Municipal employee sports	2 promotions	SAMSRA games provincial at Mafikeng and national at Qwaqwa Ikageng tennis club donation North West table tennis Board donation Tsa Ga Etsho school development program North West Hockey Secondary Schools tournament SA Association of performing art	R3,000-000-00	R1 690 587.00  (R49 950.00)  (R128 460.00)  (R83 299.80)  (R4 300.00)			Detailed report to be submitted



STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
					Matlosana Athletic club Majoro creations class of '96 Matlosana Rugby Academy Sasfa NW Stilfontein Hoerskool athletic championship Music Land Vaal Reefs Marathon REMO Entertainment and production Ajex Alabama ladies club Tlokwe Athletic Club NW School netball NW KYOKUSHIN Karate		(R68 400.00)  (R27 520.00) (R200 000.00)  (R34 800.00)  (R40 050.00)   (R50 000.00) (R24 960.00)  (R10 500.00)   (R8 000.00)  (R35 877.00)  (R30 400.00)  (R107 600.00)			
	To host Mayoral Golf Day	2007 Mayoral Golf Day	Fundraising for NGO'S and CBO'S	January 2012		R200-000-00	R 0			Report to be submitted to Council

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
	To facilitate Literary Competition		Literary Competition to be conducted district wide	October 2011	25 Students awarded for poetry and speech writing	R1,500 000-00	R539 605.00	R200 000.00 transferred for savings pool.		Run-up activity to the ceremony held and award ceremony held.
<b>Office of the Speaker</b>	To establish Ward Committee Offices	0 per Municipality	Number of Ward Committees Offices to be established	4 per municipality	Ward Committees Offices not yet established , only Plenary phase conducted	R2,000-000-00		Non availability of office space to establish ward offices	To encourage local municipalities to avail land for construction of Ward offices	Report to Council
	To facilitate Anti-Corruption Forum workshop	One workshop	Number of Anti-Corruption forums to be held	2	1	R200 000-00	R204 104.42	Non availability of facilitators	To ensure that we get the facilitators	Report to Council
	To facilitate Anti-Corruption awareness campaign	0	Number of anti-corruption awareness campaigns	4	2 Anti-Corruption awareness campaigns held and website Launched			District was unable to get a date from the two local municipalities	Engaged the two the local municipalities and finalise the date	Report to Council attendance registers for plenary meetings
	To coordinate Community Bases Plan (CBP)	0	Number of ward committee members to trained on Community	780	<b>78 CBPs worker were trained on the CBP</b>	R2,000-000-00	R191 0014.60	The actual target was supposed to be 78 and not 780	To develop reliable indicators and targets in the next	Submit a report to council Attendance registers

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
			Bases Plan						financial year	and minutes, reports to council
	To develop a business plan for community plan	0	Developed business plan Community Based plan	Nov 2011	Business plan was developed by November 2012					Submit a report to council
	To set up/develop Community Support Programme	0	Provision of financial support to indigent communities	As per the needs of the communities	Provided financial support to indigent households and NGOs	R300-000-00	R300-000-00			Cheques, Business plan as provided by NGOs, and letters of request
	To conduct Public Participation Programmes	2	Number of Public Participation programmes to be conducted	4	4 public participation were conducted	R300-000-00	R40 381.50	None		Report to Council Attendance registers and minutes
	To host District Performance Awards	0	Performance Awards ceremony to be held	Dec 2011	It was not achieved	R300-000-00	R180 000.00	There was no criteria and capacity to do the awards	Develop a criteria for the awards	Report to Council
	To train and develop incoming Councillors	34 Councillors	Number of Councillors to be developed	39 Councillors	39 councillors underwent various development training	R400-000-00	R 166 241.00	None		Report to Council

## 2.6 KPA 4. MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
To promote internal excellence	To develop and present a comprehensive HR report.	Review	Adopted HR Plan	Adopted HR Plan by June 2012	Draft HR Plan developed	N/A	N/A	HR Plan not Adopted by June 2012	To submit HR plan for adoption	Report to Council, HR plan
	To facilitate the process of approving the organisational structure	Approved organizational structure is in place	Reviewed and adopted organizational structure	Reviewed and adopted organizational structure February 2012	Draft proposed organizational structure in place but not yet finalised and adopted	N/A	N/A	Proposed organizational structure not yet finalised and reviewed due to lack of strategic plan	To conduct strategic plan and finalise the review of organizational structure and send it for adoption	Report to Council
		6 Section 56 positions and MM position	Number of critical vacant posts filled	7 posts	Critical vacant posts not yet filled but on acting positions	Operational budget	Operational budget			6 appointment letters
	To develop and implement a proper induction process	8	Newly appointed employees underwent an intensive induction programme	15	15 Newly appointed employees underwent an intensive induction programme	N/A	N/A	N/A	N/A	Signed declarations and third party forms
	To develop a proper employer/employee relation policies	8	Number of HR related policies approved and implemented (3 per quarterly)	12	2 HR and 21 IT related policies approved and implemented	N/A		Due to the upgrading of the IT system, the development and review of IT policies became a priority, therefore much emphasis was placed		Report to Council, Copy of policies and resolutions

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
								on these policies. Only two of the critical HR policies were developed.		
	To facilitate a good employer/employee relation	4	Number of convened LLF meetings and reports submitted to Council.	4	1 LLF meetings convened and reports submitted to Council	N/A	N/A	Council approved the names of councillors representing council at the LLF on the 1 <sup>st</sup> December 2011 and first meeting of the forum took place on the 18 <sup>th</sup> May 2012 due to Postponement of meetings due to unavailability of members.	To encourage members to avail themselves for the meetings and provide a schedule of meeting and constantly remind the LLF members of the next meetings	Report to Council, attendance register and minutes
	To develop and implement sound and proper leave management system	4	Number of Reconciled individual leave records submitted on a monthly basis.	2	Individual leave records Reconciled and submitted on a monthly basis to finance but not no managers.	N/A	N/A	Lack of capacity and skills.	.	Leave registers. Updated leave records on the payday system
	To provide assistance to employees to	New program	Communicated to all employees the availability of the	Bi-annual	Not achieved	N/A	N/A	Lack of capacity in the HR	To be done during workshops	

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
	ensure that they function effectively.		EAP Programme during induction and ad hoc awareness workshops.					department and the resignation of the policy developer also contributed to the workshops not taking place.	for policies in 12/13 financial year. Policy researcher will be appointed by the end of October 2012 due to the fact that through the initial advert that closed 27 August 2012 not enough candidates applied especially those who qualifies.	
	To create an environment that is conducive to deal with HIV/AIDS in the workplace.	New Program	Number of HIV/AIDS communicated to all employees through awareness and workshops.	Bi-annual	Not achieved	N/A	N/A	Lack of capacity in the HR division.	The manager HR will be appointed by the end of September 2012 and will ensure that programmes of this nature unfolds working together with the policy researcher to be	

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
									appointed.	
	To create a safe working environment without risks to the health of employees by appointing an OHS Officer	resigned	Appointed an Occupational Health and Safety Practitioner and Reps.	October 2011	Occupational Health and Safety Practitioner and Reps not yet Appointed	Operational budget		The delay in the advertisement of the post was due to the benchmarking that was to be done in relation to the responsibilities of the position, to ensure that it covers all legislative requirements.	The position is going to be re-advertised before the end of September 2012.	
	To develop a budgetary monitoring process to ensure financial input from line for improved budget consolidation	Monthly reporting	% of municipality's budget actually spent on implementing its workplace skills plan	100%	R630 999.72 % budget actually spent on implementing its workplace skills plan	N/A	N/A	Some people they decide not to attend the training as required and they cannot be forced.		Training report
	To compile a Workplace Skills Plan	Submitted in June 2010	Submission of Workplace Skills Plan to LGSETA.	September 2012	Workplace Skills Plan submitted to LGSETA by 29 June 2012.	N/A	N/A	N/A	N/A	Acknowledgement letter from LGSETA and the WSP document.
	To compile and submit training reports	6	Number of training reports submitted to Council.	4 meetings	Training reports compiled but not submitted to council.	N/A		Non functionality of the training committee due to late	Encourage members to be available for meetings. Develop a meeting	Training committee reports

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
								council decision to appoint members.	schedule.	
	To convene and facilitate Training Committee meetings	None	Number of meetings Convened and facilitated	4 meetings	Meetings were not convened.	N/A		Non functionality of the training committee due to late council decision to appoint members. Once members were appointed non-availability of members contributed towards the committee not seating.	Encourage members to be available for meetings. Develop a meeting schedule.	
	To submit Employment Equity Reports	1	Number of Employment Equity Reports submitted to Department of Labour (1 Report)	One	One (1) Employment Equity Reports submitted to Department of Labour	N/A	N/A	N/A	N/A	EE Plan
	To employ people from equity targets in the three high level of Management	Acting Directors	Number of people from equity target group employed in the three high level of management in compliance with a municipality's	Three	Six (3) people from equity target group employed in the three high level of management in acting positions in compliance with a	Operational budget	N/A	N/A	N/A	Appointment letters and Equity report.



STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
			approved employment equity plan		municipality's approved employment equity plan					
	To convene and facilitate Employment Equity Forum meetings	None	Number of meetings Convened and facilitated	4	No meetings Convened and facilitated	N/A		The forum was only established the beginning of the new financial year in July 2012 due to the adherence to the legislation.	The forum to function as it should and reports be submitted to council. This process has already begun.	Report to Council Council resolution
	To continuously review policies on a quarterly basis.	10	Number of policies to reviewed in a year (12).	12	31 policies reviewed in a year	N/A	N/A	N/A	N/A	Report to Council and council resolution.
	To develop procedure manuals for existing and new policies.	New program	Number of procedure manuals developed.	6	Not achieved	N/A		Policy Researcher resigned.		N/A
	To conduct workshops on policies for staff members.	New program	Number of workshops conducted.	2	2 workshops conducted on 7 and 8 February	N/A				Attendance registers
	To establish a functioning policy forum	New program	Number forums established	1	Not achieved	N/A		The item was withdrawn from the agenda by council		Report to Council Council resolution
	To ensure that Council minutes are distributed	seven (7) days	Minutes were distributed within seven (7) days	Seven days	Minutes were distributed within seven (7) days	N/A	N/A	N/A	N/A	Report to Council

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
	on time.		after the meeting.		after the meeting.					
	To review Records Related Policies.	New programme	Number of policies to be reviewed	3 policies	Not achieved	N/A		Senior Records officer position was vacant	Position was filled 1 <sup>st</sup> July 2012 and the process of reviewing the policies has began.	Appointment letter
	To develop and Implement disposal system (Disposal Register)	New programme	Successful appraisal of Records and obtaining of disposal authorities	March 2012	Not achieved	N/A	N/A	Senior Records officer position was vacant	Position was filled 1 <sup>st</sup> July 2012 and the process of reviewing the policies has began	Appointment letter
	To source a service provider who will advise on the process of upgrading the system.	New	Appointed service provider to improve IT infrastructure system	June 12	Not Achieved due to lack of funds.			Did not budget properly	Budget be made available during the adjustment budget for the project.	

## 2.7 KPA: DISTRICT ECONOMIC DEVELOPMENT & TOURISM

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
	To conduct feasible study for Agri-Hub Establishment at Ventersdorp	New project	Approved report for Agri-Hub Establishment at Ventersdorp by Council	June 2012	Approved report for Agri-Hub Establishment at Ventersdorp by Council	R550 000				Report to Council ITEM A.29/09/2011 COUNCIL AGENDA 6 October 2011
	To conduct technical study on Olive Oil Orchard at Ventersdorp	New project	Approved report on Olive Oil Orchard at Ventersdorp by Council	June 2012	Approved report on Olive Oil Orchard at Ventersdorp by Council	R580 000				Report to Council ITEM A.29/09/2011 COUNCIL AGENDA 6 October 2011
	To conduct technical study on Agro Processing Incubator at Marquassi Hills	New project	Approved report on Agro Processing Incubator at Marquassi Hills by Council	June 2012	Approved report on Agro Processing Incubator at Marquassi Hills by Council	R1,000,000				Report to Council ITEM A.29/09/2011 COUNCIL AGENDA 6 October 2011
	To conduct study on Head Cattle Feedlot at Maquassi Hills	New project	Approved report on the Head Cattle Feedlot at Maquassi Hills by Council	June 2012	Approved report on the Head Cattle Feedlot at Maquassi Hills by Council	R840 000				Report to Council ITEM A.29/09/2011 COUNCIL AGENDA 6 October 2011
	To conduct pre feasibility study on	New project	Approved report on Matlosane feasibility	June 2012	Approved report on Matlosane feasibility	R250 000				Report to

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
	Matlosana Tannery		by Council		by Council					Council ITEM A.29/09/2011 COUNCIL AGENDA 6 October 2011
	To conduct Matlosana SME Industrial and Manufacturing Park	New project	Approved report on Matlosana SME Industrial and Manufacturing Park	June 2012	Approved report on Matlosana SME Industrial and Manufacturing Park	R450 000				Report to Council ITEM A.29/09/2011 COUNCIL AGENDA 6 October 2011
	To conduct Feasibility Study at Tlokwe Cement Factory	New project	Approved report on Tlokwe Cement Factory	June 2012	Approved report on Tlokwe Cement Factory	R450 000				Report to Council ITEM A.29/09/2011 COUNCIL AGENDA 6 October 2011
	To conduct feasibility Study on Tlokwe Metal Forming & Casting Factory	New project	Approved report on Tlokwe Metal Forming & Casting Factory	June 2012	Approved report on Tlokwe Metal Forming & Casting Factory	R450 000				Report to Council ITEM A.29/09/2011 COUNCIL AGENDA 6 October 2011
	To conduct Research on Manufacturing Industry	New project	Research on Manufacturing Industry to be Conducted	Dec 2011		R230 000				
	To provide financial aid to Dr. KKDM	Ongoing	Transferred funds to Dr. KKDM	Dec 2011	Transferred funds to Dr. KKDM	R1,500 000	R1,500 000			Financial

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
	Development Agency		Development Agency		Development Agency					Report Cheque no 14670
	To fence Matlwang Vegetable Production Project	New project	650m fencing of the Project and erection of Tunnels	June 2012	650m fencing of the Project and erection of Tunnels	R300 000	R195 689,00			
	To provide Technical Support to Small Scale Farmers and	Ongoing	30 Compliant Small Scale Farmers to be supported	March 2012	Received twenty two (22) applications, fourteen (14) Compliant Small scale farmers approved and six (12) conditional approved.	R500 000	R500 000	Non compliance by majority of applicants with regards to returnable documents. Furthermore we have experienced a delay by Finance Unit to procure for approved applicants.	Engagement with the Accounting Officer to grant DED & Tourism Unit permission to assist Finance in the procurement of goods for approved applicants.	Minutes of Validation Committee and Approvals by the MM
	To provide Technical Support assistance to SMME & Co-operative	Ongoing	30 complaint SMME & Co-operative	June 2012	twenty two (22) applications, fourteen (14) Compliant Small scale farmers approved and six (12) conditional approved.	R500 000	R409 819, 00	Non compliance by majority of applicants with regards to returnable documents. Furthermore we have experienced a delay by Finance Unit to procure for approved applicants.	Engagement with the Accounting Officer to grant DED & Tourism Unit permission to assist Finance in the procurement of goods for approved applicants.	Minutes of Validation Committee and Approvals by the MM
	To host Road-shows and Campaigns	2 Road-shows	Number of Road-shows and Campaigns to be held	4	4 Road-shows and Campaigns held	R200 000	R107 000,00			Attendance register and report to Council
	To partake on	4 Tourism	Number of	4	2 Exhibitions	R450 000	R305 760,00			Report to

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
	Tourism Exhibitions	Exhibitions	Exhibitions to be attended		attended by June 2012					Council ITEM A73/11/2011, ITEM A20/09/2011,
	To maintain Tourism Information Centre	Ongoing	Transferred funds for Air conditioners and general maintenance	June 2012	Transferred funds for Air conditioners and general maintenance	<b>R35 000</b>				Municipal Financial Records Cheque no 14302
	To support Dr. Kenneth Kaunda Tourism Association	Ongoing	Transferred funds to Tourism Association	March 2012	Transferred funds to Tourism Association	<b>R50 000</b>	<b>R50 000</b>			Municipal Financial Records CHEQUE NO 16482
	To upgrade and maintain Heritage Sides	Ongoing	Number of consultative Road shows to be held	4	4 consultative Road shows held	<b>R600 000,00</b>	<b>R224 696,00</b>			Attendance reports and report to Council
	To provide SMME's with Skills and Training	Ongoing	Number of SMME's / Co-operatives to be trained	300	155 SMME's / Co-operatives trained	<b>R1,000 000</b>	<b>R81 172,00</b>	SMMEs and Cooperatives were not trained on Basic Financial Management due to lack of responsive bidders as a result Tender was re-advertised.	awaiting approvals and appointment of Service Providers	Attendance register and report to Council.
	Dr. Kenneth Kaunda Resource & Support Centre	Ongoing	Transferred funds to North West University	March 2012	Funds transferred and land transferred to Dr.	<b>R53 500</b>	<b>R43 859,00</b>			Financial statement and report to Council CHEQUE NO 14303
	To market our District through	Ongoing	Erection of District wide sign boards for	June 2012	Tourism Awards held successfully on	<b>R500 000</b>	<b>R262 642,00</b>			Advert and Audio visual

STRATEGIC OBJECTIVE	MEASURABLE OBJECTIVE	BASELINE 2010/11	KEY PERFORMANCE INDICATOR	ANNUAL TARGET 2011/2012	ANNUAL ACTUAL PERFORMANCE	BUDGET	EXPENDITURE	REASON FOR DEVIATION	REMEDIAL ACTION	PORTFOLIO EVIDENCE
	boards and signs		24 hours tourism kiosks and of Provincial Tourism Awards		02 <sup>nd</sup> November 2011 in Potchefstroom _ Tlokwe					material
	To host SMME Summit	Ongoing	Number of Summits to be held	2	Hosted a two (2) days District Cooperative Summit @ Vaal Reefs Indoor Sports Complex for 300 Cooperators.	R300 000	R246 597,00			Attendance register and report to Council
	District and National SMME Expos	Ongoing	Number of SMME to be supported	100 SMME	150 SMME supported	R300 000	R319 141,00			Attendance register and report to Council
	To host Entrepreneurial Month Seminar	Ongoing	Number of Entrepreneurial Seminar to be held	1 Seminar	Only Plenary meeting for Entrepreneurial Seminar held, the seminar is postponed	R100 000	R2 250,00		To streamline Seminar so as to coincide with (GEW) Global Entrepreneur Week 2012. The new date for 2012 activities will be around 12-18 November 2012.	
	To create jobs through local economic development		Number of job created through municipal's local economic development initiatives including capital projects							

## **STRATEGIC DEVELOPMENT PRIORITIES AND OBJECTIVES**

### **1. LOCAL ECONOMIC DEVELOPMENT**

- Contribute to the creation of an enabling and conducive legislative, policy and regulatory environment for increased and sustainable investments and trade activities
- Identify, support, implement and manage economic development strategies and projects that government should invest in to serve as a catalyst for economic development

### **2. INVESTMENT AND TRADE FACILITATION**

- Set competitive investment climate for local and international companies
- Promote Foreign Direct Investment (FDI) within the Dr. Kenneth Kaunda District Municipality
- Promote Domestic Direct Investment (DDI) within the Dr. Kenneth Kaunda District Municipality
- Offer innovative solutions to companies' investment issues
- Increase DR. KKDM's exposure to potential investors and promote DR. KKDM as a preferred destination for business location and investment
- Co-ordinate all assistance available to investors in order to provide them with solutions in one area rather than forwarding their requests to other organisations
- Build relations with other organisations who have something to offer the investors
- Work with investors and those involved in trade – local companies and international companies to facilitate projects
- Stimulate DR. KKDM and South African based exports
- Source viable export potential products and facilitating sales
- Expand Trade promotion with reference to export base

### **3. PROJECT FACILITATION**

- Provide business appraisals on viable and non viable projects
- Source local and international investment/trade partners
- Source financial assistance in support of the Economic Agency operations
- Source information in support of the Economic Agency operations
- Assist investors with work permit applications
- Source sites or location for business location
- Formulate networking opportunities
- Assist with packaging of projects



#### **4. ECONOMIC RESEARCH ACTIVITIES**

- Conduct economic profiles in partnership with local municipalities and other local players to identify economic development opportunities and threats
- Formulate strategies to enhance medium and long term competitiveness of DR. KKDM local municipalities
- Retain and expand established local and international business in the DR. KKDM

**Total Adjusted DED & Tourism Budget for 2011/2012 financial year was R12, 549,237 and year to date actual budget spent is R9, 536,076. In a nutshell, that translates to 75.99 % of the total budget was spent.**

#### **Challenges:**

1. Lost one employee due to resignation and taking up an offer with Taung Municipality and that has impacted on slow delivery of projects due to a lack of manpower.
2. Late approval of Projects by Local Municipalities that impacts on the service delivery
3. Late procurement of Technical Equipments by Finance Department in regards to the DED & Tourism Community Conditional Grants

#### **Achievements:**

- 1) Hosting of “Know Your Own City Campaign” Tour for Matlosana High Schools together with Matlosana Municipality in October 2011
- 2) Hosting of a successful Provincial Tourism Awards on the 02<sup>nd</sup> November 2011
- 3) Exhibition at Major Tourism Expos
- 4) Revival of the N12 Treasure Route Association
- 5) Revival of Cooperatives and setting up of District Cooperative Structures
- 6) Hosting of a Successful District Cooperative Summit for 300 Cooperators on the 14-15 June 2012
- 7) Hosting of three (3) Successful District Economic Development Road-Shows in collaboration with SEDA and SARS
- 8) Hosting of four (4) Heritage Consultative Road-Shows in collaboration with NW Provincial Department of Sports,

## CHAPTER 3

### 3. Organisational Structure

The municipality is still operating on the organisational structure that was approved in 2009. Management has proposed a number of dates on which the strategic planning session was to take place, during which session the organogram was to be reviewed for council's approval. Unfortunately, the dates were postponed and a new date has not been determined.

#### 3.1 Filling of Vacant Positions

There were 32 vacant positions excluding the critical positions, 23 positions were filled and the nine (9) remaining vacant positions are in the process of being filled by the end of the financial year.

#### 3.2. Administration Organogram



### **3.3 HR Policies**

Two (2) HR policies were reviewed and approved by council under item **ITEM A.64/11/2011**

### **Other Policies**

- A total number of 21 IT Policies were reviewed and approved by council under Item **ITEM A.64/11/2011**
- A total number of 6 finance policies were reviewed and approved by council under **ITEM A.86/11/2011**

### **3.4 Resignations**

One resignation was received in the current financial year.

### **3.5 Local Labour Forum**

The Local Labour Forum (LLF) was established by council at its meeting held on December 2011 **ITEM A.04/09/2011**. Two meetings of the forum took place during the fourth quarter of the year. The forum addresses issues that relate to both labour and management to ensure that there is mutual understanding and solutions are reached that contribute to the growth of the institution. The two trade unions that is, IMATU and SAMWU are represented in the forum. The members of the forum are highly committed to the success of the forum.

### **3.6 Staff Disciplinary Cases/IR Cases**

#### **Old Cases**

- One (1) at the labour court.
- Two (2) at final stages of arbitration.
- One (1) at pre-arbitration" 4-5 November 2011.

#### **New Cases**

- Two were finalised at the labour court and one with costs.
- One (1) dispute was dismissed at conciliation.
- One (1) dispute is to proceed to arbitration.

### 3.7. Training

APPROVED TRAINING PER WSP	SCHEDULED TRAINING PER FOR THE YEAR	TRAINING ATTENDED	NO OF EMPLOYEES TRAINED	BUDGET	ACTUAL
242	109	109	109	R1, 052. 700.00	R630 999.72

- Environmental Practise Learnership - 50 learners
- Interns = 4 {2 Finance and 2 Internal Audit}
- Grant from LGSETA = R1,2 million

#### Internal Audit Training Attended

NAME	DESIGNATION	CURRENTLY STUDYING	TRAINING/CONFERENCE ATTENDED
Patricia Gaaname	Audit Manager	Registered part 3 & 4 CIA: IIA	<ul style="list-style-type: none"> <li>• IMFO Risk &amp; Audit Indaba &amp; IMFO conference,</li> <li>• IIA conference.</li> <li>• NWIIA Net working session</li> <li>• NWCAE Forum</li> <li>• Advance project management</li> <li>• IT risk base auditing</li> </ul>
Lucas Motepe	Senior Internal Auditor	B.TCH(Internal Audit): UNISA	<ul style="list-style-type: none"> <li>• IMFO Risk &amp; Audit Indaba &amp; IIA conference.</li> <li>• Advance project management</li> </ul>
Rebaone Seremo	Senior Internal Auditor – Transferred to IT	NO	<ul style="list-style-type: none"> <li>• IIA conference.</li> <li>• IT risk base auditing</li> <li>• CPMD- Left with two modules</li> </ul>
Gloria Ngxongo	Senior Internal Auditor	B.TCH UNISA, registered for part 1 & 2 CIA	IIA conference.
Kebarileng Mroke	Senior Internal Auditor	Hons (Accounting) UNISA	<ul style="list-style-type: none"> <li>• IIA conference.</li> <li>• CPMD- Left with two modules</li> </ul>
Mmusakgotla Mothoagae	Internal Auditor	CIA : Part 1, 2, & 4	CPMD: started in 2010/11, not completed
Masego Taunyane	Interns	NO	<ul style="list-style-type: none"> <li>• IIA conference.</li> <li>• MFMA Training- left with three modules</li> </ul>
Boitumelo Chope	Interns	B.TCH (Internal Audit)	<ul style="list-style-type: none"> <li>• IIA conference.</li> <li>• MFMA training- left with three modules</li> </ul>

### 3.8. Name of Accredited Pension Funds and Medical Aids

#### PENSION FUND

1	Municipal Employees Pension Fund
2	Municipal Gratuity Fund
3	Municipal Councillors Pension Fund
4	SAMWU Provident Fund
5	National Funds for Municipal Workers

#### MEDICAL AID

1	Bonitas
2	Samwumed
3	Munimed
4	Hosmed
5	Keyhealth

### 3.9 FINANCIAL DISCLOSURE OF COUNCILLORS

<b>Executive Councillors</b>														
<b><u>NAMES</u></b>	<b>10059</b>	<b>MRS BE</b>	<b>10131</b>	<b>MR M</b>	<b>10080</b>	<b>MR</b>	<b>MI</b>	<b>10085</b>	<b>MRS</b>	<b>MF</b>	<b>10134</b>	<b>MRS</b>	<b>MM</b>	
	<b>MOLOI</b>		<b>ZEPHE</b>		<b>MARTINS</b>			<b>DLAMINI</b>			<b>MATABOGO</b>			
<b>Salary Allowance</b>	436 543.00		324 012.00		286 482.00			164 976.0			286 482.00			
								0						
<b>Travelling</b>	158 833.00		127 074.00		854.40			71 484.00			119 133.00			
<b>Telephone</b>	18 840.00		18 840.00		18 840.00			7 092.00			18 840.00			
<b>Contributions:</b>														
<b>Medical Aid</b>	17 280.00		8 640.00		17 280.00			17 280.00			17 213.70			
<b>Pension</b>	22 692.00		58 703.31		53 613.00			32 167.80			54 844.84			
<b>Salary Correction</b>					-13 420.00									
<b>Total</b>	<b>654 188.00</b>		<b>537 269.31</b>		<b>363 649.40</b>			<b>292 999.80</b>			<b>496 513.54</b>			
<b>According To</b>	635 343.00		508 274.00		476 507.00			476 507.00			476 507.00			
<b>Gazette</b>														
	18 840.00		18 840.00		18 840.00			7 092.00			18 840.00			
	635 348.00		518 429.31		344 809.40			285 907.80			477 673.54			
	5.00		10 155.31		-131 697.60			-190 599.20			1 166.54			
<b>Other Council SAA</b>					190 603.00			190 603.00						
					58 905.40			3.80						
					<b>Seconded from</b>			<b>Seconded from</b>						
					<b>Potchefstroom</b>			<b>Klerksdorp</b>						

**EXECUTIVE COUNCILLORS**

<b><u>NAMES</u></b>	<b>10137 MR TK LEHLOO</b>	<b>10138 MS NM KOLOTI</b>	<b>10146 MR MW MATINYANE</b>	<b>10152 MR OM MOGALE</b>	<b>10135 MR K NDINCEDE</b>
<b>SALARY ALLOWANCE</b>	287 922.00	308 012.20	214 080.00	214 426.80	296 983.00
<b>TRAVELLING</b>	119 132.40	119 132.40	76 154.40	71 484.00	119 124.00
<b>TELEPHONE</b>	18 840.00	18 840.00	7 092.00	7 092.00	18 840.00
<b>CONTRIBUTIONS:</b>					
<b>MEDICAL AID</b>	15 840.00	1 440.00	14 400.00		11 596.62
<b>PENSION</b>	54 856.54	50 855.28		-	50 701.58
<b>SALARY CORRECTION</b>					
<b>TOTAL</b>	<b>496 590.94</b>	<b>498 279.88</b>	<b>311 726.40</b>	<b>293 002.80</b>	<b>497 245.20</b>
<b>According to Gazette</b>	476 507.00	476 507.00	476 507.00	476 507.00	476 507.00
	18 840.00	18 840.00	7 092.00	7 092.00	18 840.00
	477 750.94	479 439.88	304 634.40	285 910.80	478 405.20
	<b>1 243.94</b>	<b>2 932.88</b>	-171 872.60	-190 596.20	<b>1 898.20</b>
<b>OTHER COUNCIL SAA</b>			171 884.00	190 603.00	
			11.40	6.80	
			<b>Seconded from Ventersdorp</b>	<b>Seconded from Klerksdorp</b>	

### 3.10 FINANCIAL DISCLOSURE OF SENIOR MANAGERS

#### SECTION 57 MANAGERS

<u>NAMES</u>	<b>SK SEBOLAI</b>	<b>MB DAFFUE</b>	<b>SC ABRAMS</b>	<b>KT TSHUKUDU</b>
<b>SALARY ALLOWANCE</b>	360 000.00	335 007.00	303 426.00	303 426.00
<b>TRAVELLING</b>		89 882.40	99 941.40	99 153.60
<b>ACTING ALLOWANCE</b>	15 000.00	280 453.08	353 672.61	332 161.70
<b>BONUS</b>		27 917.25	25 285.50	25 285.50
<b>OTHER: PENS/ MED/HOUS/LEAV/ CELL</b>		181 825.38	107 837.14	137 136.75
<b>TOTAL</b>	<b>375 000.00</b>	<b>915 085.11</b>	<b>890 162.65</b>	<b>897 163.55</b>

#### SECTION 57 MANAGERS

<u>NAMES</u>	<b>RS LESAR</b>	<b>NP TENZA</b>	<b>TM RAMPEDI</b>
<b>SALARY ALLOWANCE</b>	303 426.00	303 426.00	421 687.10
<b>TRAVELLING</b>	87 779.25	121 585.20	68 413.80
<b>ACTING ALLOWANCE</b>	343 283.27	289 287.07	278 418.84
<b>BONUS</b>	25 285.50	25 285.50	54 404.27
<b>OTHER: PENS/ MED/HOUS/LEAV/ CELL</b>	133 515.08	142 854.42	30 211.44
<b>TOTAL</b>	<b>893 289.10</b>	<b>882 438.19</b>	<b>853 135.45</b>



**3.11. TWELVE MONTHS REPORT FOR 2011/2012 UPPER LIMITS**

<b>2010/2011</b>	<b>GRAT 7.5</b>	<b>GRAT 9</b>	<b>GRAT10</b>	<b>GRAT 12</b>	<b>MWPF</b>	<b>NFMW 9</b>	<b>NFMW 7.5</b>	<b>CLLRS PEN</b>	<b>SAMWU 7.5</b>	
<b>JULY</b>	148 054.06	68 979.90	4 073.74	-	104 279.56	23 262.36	16 784.24	43 922.42	9 317.66	418 673.94
<b>AUGUST</b>	148 560.50	68 979.90	4 073.74	-	104 966.40	23 262.36	16 784.24	43 922.42	9 524.02	420 073.58
<b>SEPTEMBER</b>	156 400.64	64 481.34	4 073.74	-	105 126.78	23 262.36	18 005.68	44 153.37	9 524.02	425 027.93
<b>OCTOBER</b>	156 434.30	64 660.42	4 073.74	-	105 126.78	23 262.36	18 005.68	42 301.42	9 524.02	423 388.72
<b>NOVEMBER</b>	158 265.58	64 660.42	4 280.10	-	105 333.14	23 262.36	18 005.68	42 301.42	9 524.02	425 632.72
<b>DECEMBER</b>	158 566.76	60 586.68	4 280.10	-	101 341.02	23 262.36	18 212.04	45 371.06	9 524.02	421 144.04
<b>JANUARY</b>	154 678.48	60 586.68	4 280.10	-	100 245.64	23 262.36	18 587.58	44 417.76	9 524.02	415 582.62
<b>FEBRUARY</b>	154 942.92	60 586.68	4 280.10	-	100 245.64	23 262.36	18 587.58	44 417.76	9 524.02	415 847.06
<b>MARCH</b>	153 847.54	60 586.68	4 280.10	-	98 126.82	23 262.36	18 587.58	44 417.76	9 524.02	412 632.86
<b>APRIL</b>	154 256.08	55 342.76	4 280.10	-	95 025.26	23 262.36	18 587.58	44 417.76	9 524.02	404 695.92
<b>MAY</b>	154 388.08	55 342.76	4 280.10	-	95 025.26	23 262.36	18 587.58	32 957.26	9 524.02	393 367.42
<b>JUNE</b>	154 388.08	55 342.76	4 280.10	-	95 059.36	23 262.36	18 597.04	9 992.00	9 524.02	370 445.72
	<b>1 852 783.02</b>	<b>740 136.98</b>	<b>50 535.76</b>	<b>-</b>	<b>1 209 901.66</b>	<b>279 148.32</b>	<b>217 332.50</b>	<b>482 592.41</b>	<b>114 081.88</b>	
	2 643 455.76					496 480.82				
<b>GRATUITY</b>	67.00									
<b>MWPF</b>	27.00									
<b>NFMW</b>	12.00									
<b>CLLR</b>	4.00									
<b>PENSION</b>										
<b>SAMWU</b>	5.00									
<b>PROV</b>										

**3.12 Arrears Awed to the Municipality:**

<b>NAMES</b>	<b>STATUS</b>
MR. Mathiso	Still with the Municipal Attorneys
MS. Tabane	Still with the Municipal Attorneys



## **REPORT OF THE AUDITOR-GENERAL TO THE NORTH WEST PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE DR KENNETH KAUNDA DISTRICT MUNICIPALITY**

### **REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **Introduction**

1. I have audited the consolidated and separate financial statements of the Dr. Kenneth Kaunda District Municipality set out on pages 109 to 185, which comprise the consolidated and separate statement of financial position as at 30 June 2012, the consolidated and separate statements of financial performance, changes in net assets and the cash flow statements for the year then ended, and 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 consolidated and separate financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), 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, 2011 (Act No. 6 of 2011) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate 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 consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and 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 consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate 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 consolidated and separate 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 and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

## **Basis for qualified opinion on the consolidated financial statements**

### **Expenditure**

6. I was unable to obtain sufficient appropriate audit evidence to confirm the occurrence, accuracy, classification, cut-off and completeness of project expenditure of R6 260 737 paid by the Dr. Kenneth Kaunda District Economic Development Agency due to a theft of documents during the year. I was unable to confirm the transactions by alternative means. Consequently I was unable to determine whether any adjustments to grants and subsidies paid of R59 384 081 as disclosed in the consolidated and separate statement of financial performance were necessary.

### **Opinion on the consolidated financial statements**

7. In my opinion, except for the effect of the matter described in the basis for qualified opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Dr. Kenneth Kaunda District Municipality and its entity as at 30 June 2012 and their financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and the DoRA.

### **Opinion on the separate financial statements**

8. In my opinion the separate financial statements present fairly, in all material respects, the financial position of the Dr. Kenneth Kaunda District Municipality as at 30 June 2012 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and the DoRA.

### **Emphasis of matters**

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

### **Irregular and fruitless and wasteful expenditure**

10. As disclose in note 42 to the consolidated and separate financial statements, irregular expenditure of R5 141 436 (2011: R27 273 184) was incurred in the current year as proper supply chain management procedures had not been followed in the procurement of goods and services.
11. As disclose in note 41 to the consolidated and separate financial statements, fruitless and wasteful expenditure of R3 373 864 (2010: R3 335 205) was not investigated by Council.

### **Restatement of corresponding figure**

12. As disclose in note 38 to the consolidated and separate financial statements, loans paid on behalf of the Tlokwe City Council in prior years, have been restated as grants and subsidies paid to the Tlokwe City Council.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

13. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

### **Predetermined objectives**

14. I performed procedures to obtain evidence about the usefulness and reliability of the information on predetermined objectives as set out on pages 35 to 95 of the annual report.
15. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are



measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information (FMPPI).

16. The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
17. The material findings are as follows:

### **Usefulness of information**

18. Improvement measures for a total of 57% of the planned targets not achieved were not disclosed in the annual performance report as required by section 46 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA). This was due to inadequate internal policies and procedures over the processes pertaining to the reporting of performance information.
19. Section 46 of the MSA requires the disclosure of measures taken to improve performance, in the annual performance report where planned targets were not achieved. Adequate and reliable corroborating evidence could not be provided for 32% of measures taken to improve performance, as disclosed in the annual performance report. The municipality records did not permit the application of alternative audit procedures. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the validity of the measures taken to improve performance.
20. Section 41(c) of the MSA requires that the integrated development plan should form the basis for the annual report, therefore requiring the consistency of objectives, indicators and targets between planning and reporting documents. A total of 23% of the reported indicators and targets are not consistent with the indicators and targets as per the approved integrated development plan. This is due to the lack of inadequate internal policies and procedures over the processes pertaining to the reporting of performance information.
21. The FMPPI requires that performance indicators be well defined and verifiable and targets be specific, measureable and time bound:
  - A total of 39% of the indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently.
  - A total of 52% of the targets were not time bound in specifying a time period or deadline for delivery.

This was due to the lack of key controls in the relevant systems of collection, collation, verification and storage of actual performance information as well as the fact that management was not aware of the requirements of the FMPPI and did not receive the necessary training to enable application of the principles.

### **Reliability of information**

22. The FMPPI requires that documentation addressing the systems and processes for identifying, collecting, collating, verifying and storing information be properly maintained. The municipality could not provide sufficient appropriate evidence to support 52% of the actual reported performance of KPA1: Municipal financial viability and management, KPA2: Basic service delivery and infrastructure development and KPA5: Economic research activities. The institution's records did not permit the application of alternative audit procedures. Consequently, I was unable to obtain sufficient, appropriate audit evidence to satisfy myself as to the validity, accuracy and completeness of the actual performance reported in the annual performance report.

### **Additional matter**

23. I draw attention to the matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

### **Achievement of planned targets**

24. Of the total number of 168 planned targets, 79 were not achieved during the year under review. This represents 47% of the total planned targets that were not achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.

### **Compliance with laws and regulations**

25. I performed procedures to obtain evidence that the Dr. Kenneth Kaunda District Municipality has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

### **Annual financial statements, performance and annual reports**

26. The separate 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 relating to disclosure notes were identified by the auditors which were adequately corrected, resulting in the separate financial statements receiving an unqualified audit opinion.

### **Human resource management**

27. The district municipality did not comply with sec 54A(2A)(a) and 56(1)(c) of the MSA which requires that the acting period of the municipal manager and senior managers be limited to a maximum period of 3 months, which may only be extended for a period that does not exceed another three months, if approved by the MEC: Local Government in the Province.

### **Expenditure management**

28. The accounting officer did not take effective steps to prevent irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

### **Procurement and contract management**

29. Awards were made to providers whose directors/ principal shareholders are persons in the service of other state institutions in contravention of the requirements of regulation 44 of the Supply Chain Management Regulations. Furthermore these providers failed to declare that he/she is in the service of the state as required by regulation 13(c) of the Supply Chain Management Regulations.

30. Sufficient appropriate audit evidence could not be obtained to confirm if goods and services with a transaction value above R200 000 were procured by means of inviting competitive bids and that deviations approved by the accounting officer were only if it was impractical to invite competitive bids, as required by regulations 19(a) and 36(1) of the Supply Chain Management Regulations.

### **Internal control**

31. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.



## Leadership

32. The finance, supply chain management and human resources departments are understaffed, which resulted in matters relating to non-compliance to supply chain management regulations and predetermined objectives, being reported.

## Financial and performance management

33. Internal controls to monitor compliance with laws and regulations relating to supply chain management and predetermined objectives have not been effectively applied, resulting in the reoccurrence of findings in this regard.

## Governance

34. Governance structures did not appropriately address the internal control deficiencies relating to the matters reported in the prior year, resulting in the reoccurrence of findings.

*Auditor General*

Rustenburg

20 December 2012



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## DR KENNETH KAUNDA DISTRICT MUNICIPALITY

### 1. GENERAL INFORMATION

Executive Mayor	Councillor B E Moloji (Ms)
Speaker	Councillor Zephe M

### **MEMBERS OF MAYORAL COMMITTEE**

MMC Financial Services	Councillor OM Mogale
MMC District Economic Development	Councillor NM Koloti
MMC Corporate Services	Councillor WM Matinyane
MMC Health and Social Services	Councillor K Ndincede
MMC Infrastructure Development	Councillor MI Martins
MMC Public Works and Transport	Councillor Dlamini MF
MMC Sports, Arts and Culture	Councillor MM Mataboge
MMC Rural development Special Projects	Councillor TK Lehloo

### **PART – TIME COUNCILLORS**

Councillor D L Davel  
Councillor TB Mpukwana  
Councillor S S Nkatlo (Ms)  
Councillor S B Mokgothu  
Councillor S P Terblanche  
Councillor T Hart  
Councillor Coetzer C J  
Councillor Groenewald I M  
Councillor Lethoba M D  
Councillor Lesie S J  
Councillor Maseko N M  
Councillor Madiehe-Teme M J (till December 2011)  
Councillor KB Mampe (from January 2012)  
Councillor Malete N G  
Councillor Makhaza M J  
Councillor Mjekula N W  
Councillor Maje P M

Councillor Montoedi D  
Councillor Mohlope P A  
Councillor Motoboli M A  
Councillor Muller G J  
Councillor Postma E M  
Councillor Ramphele G A  
Councillor Seakane K S  
Councillor Taoleng M A  
Councillor Tagaree F I  
Councillor van Zyl K L  
Councillor Adoons NG (from 01/08/2011)  
Councillor Moeng

**Dr KENNETH KAUNDA DISTRICT ECONOMIC AGENCY – BOARD MEMBERS**

JT Monama - CEO  
Malefane SR Proffessor (acting Chairperson)  
MM Mothopi (Dr)



**DR KENNETH KAUNDA DISTRICT MUNICIPALITY**

**GRADING OF MUNICIPAL COUNCIL**

Grade 4: Determination of Upper Limits  
Grade 10: Bargaining Council

**BANKERS**

ABSA Bank Ltd  
91 O R Tambo Street  
**KLERKSDORP**  
2570

**AUDITORS**

Office of the Auditor-General  
Private Bag X1204  
**POTCHEFSTROOM**  
2520

**REGISTRATION OFFICE**

Civic Centre  
Patmore Road  
**ORKNEY**  
2620

Tel: (018) 473 8000  
Fax: (018) 473 2523  
E-mail: [admin@kaundadistrict.gov.za](mailto:admin@kaundadistrict.gov.za)

Private Bag X5017  
**KLERKSDORP**  
2570

**ACTING MUNICIPAL MANAGER**

**SK SEBOLAI**



**CERTIFIED AS CORRECT**

**31 August 2012**  
**DATE**

**ACTING CHIEF FINANCIAL OFFICER**

MB Daffue



**CERTIFIED AS CORRECT**

**31 August 2012**  
**DATE**

**DR KENNETH KAUNDA DISTRICT MUNICIPALITY**

**2. CERTIFICATION BY ACTING MUNICIPAL MANAGER**

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 4 to 41, in terms of Section 126(1) of the Local Government: Municipal Finance Management Act, No. 56 of 2003 (MFMA) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 24 of these Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, No 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with this Act.



**SK SEBOLAI**  
**ACTING MUNICIPAL MANAGER**

31 August 2012

**DATE**

## **Accounting Officer's Report**

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The accounting officer submits his report for the year ended 30 June 2012.

### **1. Review of activities**

#### **Main business and operations**

The economic entity is engaged in service delivery and operates principally in South Africa.

The operating results for the year were satisfactory. The financial position of the municipality is stable.

Net surplus of the municipality was R 16 341 004 (2011: profit R 12 728 706).

### **2. Going concern**

We draw attention to the fact that at 30 June 2012, the municipality's total assets exceeds its liabilities by R 197 851 431.

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

### **3. Accounting policies**

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

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Statement of Financial Position

Figures in Rand	Note(s)	Group		Municipality	
		2012	2011	2012	2011
<b>Assets</b>					
<b>Current Assets</b>					
Receivables from exchange transactions	10	1 975 330	5 442 065	1 846 324	5 420 131
VAT receivable	11	2 958 132	4 389 199	2 817 118	4 313 000
Cash and cash equivalents	12	215 914 805	183 323 205	209 503 739	176 817 076
		<b>220 848 267</b>	<b>193 154 469</b>	<b>214 167 181</b>	<b>186 550 207</b>
<b>Non-Current Assets</b>					
Property, plant and equipment	2	11 979 322	13 679 722	11 818 362	13 523 294
Intangible assets	3	219 119	457 037	215 152	452 409
Investments	5	34 678	26 732	34 678	26 732
		<b>12 233 119</b>	<b>14 163 491</b>	<b>12 068 192</b>	<b>14 002 435</b>
Non-current assets held for sale		230 000	319 082	230 000	319 082
Less: Impairment		(136 000)	(89 082)	(136 000)	(89 082)
<b>Net: Non-current assets held for sale</b>		<b>94 000</b>	<b>230 000</b>	<b>94 000</b>	<b>230 000</b>
Non-Current Assets		12 233 119	14 163 491	12 068 192	14 002 435
Current Assets		220 848 267	193 154 469	214 167 181	186 550 207
Non-current assets held for sale		94 000	230 000	94 000	230 000
<b>Total Assets</b>		<b>233 175 386</b>	<b>207 547 960</b>	<b>226 329 373</b>	<b>200 782 642</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Finance lease obligation	16	166 723	121 380	166 723	121 380
Operating lease liability	8	29 957	468 600	29 957	468 600
Trade and other payables	20	25 399 488	18 597 925	25 267 314	18 434 151
Unspent conditional grants and receipts	17	4 301 128	3 028 663	2 930 667	2 541 627
Post Retirement Medical Aid benefit	9	104 448	61 104	104 448	61 104
Long Services defined Benefit Plan - Current portion	19	72 195	71 023	72 195	71 023
		<b>30 073 939</b>	<b>22 348 695</b>	<b>28 571 304</b>	<b>21 697 885</b>
<b>Non-Current Liabilities</b>					
Finance lease obligation	16	118 548	285 271	118 548	285 271
Post Retirement Medical Aid benefit	9	3 326 602	2 240 193	3 326 602	2 240 193
Long Service Awards	19	1 804 866	1 163 372	1 804 866	1 163 372
		<b>5 250 016</b>	<b>3 688 836</b>	<b>5 250 016</b>	<b>3 688 836</b>
Non-Current Liabilities		5 250 016	3 688 836	5 250 016	3 688 836
Current Liabilities		30 073 939	22 348 695	28 571 304	21 697 885
Liabilities of disposal groups		-	-	-	-
<b>Total Liabilities</b>		<b>35 323 955</b>	<b>26 037 531</b>	<b>33 821 320</b>	<b>25 386 721</b>
Assets		233 175 386	207 547 960	226 329 373	200 782 642
Liabilities		(35 323 955)	(26 037 531)	(33 821 320)	(25 386 721)
<b>Net Assets</b>		<b>197 851 431</b>	<b>181 510 429</b>	<b>192 508 053</b>	<b>175 395 921</b>
<b>Net Assets</b>					
Accumulated surplus		197 851 431	181 510 429	192 508 053	175 395 921
<b>Total Net Assets</b>		<b>197 851 431</b>	<b>181 510 429</b>	<b>192 508 053</b>	<b>175 395 921</b>

## Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

### Statement of Financial Performance

Figures in Rand	Note(s)	Group		Municipality	
		2012	2011	2012	2011
<b>Revenue</b>					
Government grants & subsidies	23	155 413 662	153 689 173	156 159 085	152 670 140
Discount received		-	2 206	-	-
Marketing material assistance received		-	150 000	-	-
Other income	24	246 386	1 271 056	246 386	1 271 056
Tender procurement		13 400	-	-	-
Insurance claims received		-	1 049	-	-
Gains on disposal of property, plant and equipment		11 474	-	-	-
Interest received - investment	29	12 187 756	11 366 064	11 904 088	11 201 891
Dividends received	29	1 261	1 116	1 261	1 116
<b>Total Revenue</b>		<b>167 873 939</b>	<b>166 480 664</b>	<b>168 310 820</b>	<b>165 144 203</b>
<b>Expenditure</b>					
Personnel	26	(45 852 748)	(44 441 638)	(44 161 194)	(43 336 269)
Remuneration of councilors	27	(6 845 932)	(6 223 474)	(6 845 932)	(6 223 474)
Administration		(176 149)	(302 332)	-	-
Depreciation, impairment and amortisation	30	(2 915 383)	(2 481 127)	(2 854 931)	(2 417 559)
Finance costs	31	(695 656)	(896 843)	(695 519)	(896 605)
Debt impairment	28	(1 261 024)	(95 454)	(1 261 024)	(95 454)
Repairs and maintenance		(811 478)	(1 203 054)	(704 170)	(1 021 558)
Operational fees - Economic Agency		(5 708 819)	(2 028 648)	-	-
Contracted services	33	(1 865 457)	(2 346 468)	(1 514 891)	(2 096 797)
Grants and subsidies paid	34	(59 384 081)	(61 056 314)	(67 044 818)	(66 608 316)
Contributions to Leave Reserve		(1 945 995)	-	(1 945 995)	-
Loss on disposal of assets		-	(9 405 047)	-	(9 404 504)
General Expenses	25	(24 070 218)	(23 271 559)	(24 170 213)	(23 271 558)
<b>Total Expenditure</b>		<b>(151 532 935)</b>	<b>(153 751 958)</b>	<b>(151 198 687)</b>	<b>(155 372 094)</b>
		-	-	-	-
<b>Surplus for the year</b>		<b>16 341 004</b>	<b>12 728 706</b>	<b>17 112 133</b>	<b>9 772 109</b>

**Dr Kenneth Kaunda District Municipality**  
Annual Financial Statements for the year ended 30 June 2012

**Statement of Changes in Net Assets**

Figures in Rand	Accumulated Surplus / (Deficit)
<b>Group</b>	
Opening balance as previously reported	168 586 717
Adjustments	
Correction of errors	350 208
Prior year adjustments	(155 377)
<b>Balance at 01 July 2010 as restated</b>	<b>168 781 548</b>
Changes in net assets	
Appropriations	175
Net income (losses) recognised directly in net assets	175
Surplus for the year	12 728 706
Total recognised income and expenses for the year	12 728 881
Total changes	12 728 881
<b>Balance at 01 July 2011</b>	<b>181 510 429</b>
Changes in net assets	
Surplus for the year	16 341 002
Total changes	16 341 002
<b>Balance at 30 June 2012</b>	<b>197 851 431</b>
Note(s)	
<b>Municipality</b>	
Opening balance as previously reported	165 428 982
Adjustments	
Correction of errors	350 208
Prior year adjustments	(155 377)
<b>Balance at 01 July 2010 as restated</b>	<b>165 623 813</b>
Surplus for the year	9 772 108
Total changes	9 772 108
<b>Balance at 01 July 2011</b>	<b>175 395 921</b>

**Statement of Changes in Net Assets**

Figures in Rand	Share capital / contributions from owners	Capital replacement reserve	Government grant reserve	Total reserves	Accumulated surplus	Total equity
Surplus for the year						17 112 132
Total changes						17 112 132
<b>Balance at 30 June 2012</b>						<b>192 508 053</b>

## Cash Flow Statement

Figures in Rand	Note(s)	Group		Municipality	
		2012	2011	2012	2011
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Sale of goods and services		158 252 725	151 064 004	158 966 427	149 888 108
Interest income		12 187 756	11 366 064	11 904 088	11 201 891
Dividends received		1 261	1 116	1 261	1 116
		170 441 742	162 431 184	170 871 776	161 091 115
<b>Payments</b>					
Suppliers		(136 203 515)	(134 919 441)	(136 591 474)	(137 881 708)
Finance costs		(695 656)	(896 843)	(695 519)	(896 605)
		(136 899 171)	(135 816 284)	(137 286 993)	(138 778 313)
Total receipts		170 441 742	162 431 184	170 871 776	161 091 115
Total payments		(136 899 171)	(135 816 284)	(137 286 993)	(138 778 313)
<b>Net cash flows from operating activities</b>	35	<b>33 542 571</b>	<b>26 614 900</b>	<b>33 584 783</b>	<b>22 312 802</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	2	(727 729)	(1 322 883)	(655 488)	(1 246 220)
Proceeds from sale of property, plant and equipment	2	21 930	2 176	-	-
Purchase of other intangible assets	3	(123 792)	(9 138)	(121 253)	(2 856)
<b>Net cash flows from investing activities</b>		<b>(829 591)</b>	<b>(1 329 845)</b>	<b>(776 741)</b>	<b>(1 249 076)</b>
<b>Cash flows from financing activities</b>					
Finance lease payments		(121 380)	(67 040)	(121 380)	(67 040)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>32 591 600</b>	<b>25 218 015</b>	<b>32 686 662</b>	<b>20 996 686</b>
Cash and cash equivalents at the beginning of the year		183 323 205	158 105 190	176 817 077	155 820 390
<b>Cash and cash equivalents at the end of the year</b>	12	<b>215 914 805</b>	<b>183 323 205</b>	<b>209 503 739</b>	<b>176 817 076</b>

## Accounting Policies

### 1.1. Basis of Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 ( Act NO 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

1.1.1 These accounting policies are consistent with the previous period, except for the changes in Accounting Policy set out in note 3.1.1

1.1.2 Critical Judgement, estimations and assumptions is set out in note 2.1.1

## **Accounting Policies**

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### **2.1 Consolidation**

#### **Investment in associates**

An associate is an entity over which the controlling entity has significant influence and which is neither a controlled entity nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in associate is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with Standard of GRAP on Non-current Assets Held-For-Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the economic entity's share of net assets of the associate, less any impairment losses.

Equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the economic entity's share of net assets of the investee. The surplus or deficit of the economic entity includes the economic entity's share of the surplus or deficit of the investee.

The economic entity's share of the surplus or deficit of the investee is recognised in surplus or deficit.

Distributions received from an investee reduce the carrying amount of the investment.

The most recent available annual financial statements of the associate are used by the economic entity in applying the equity method. When the reporting date's of the economic entity and the associate are different, the associate prepares, for the use of the economic entity, annual financial statements as of the same date as the annual financial statements of the economic entity unless it is impractical to do so. When the annual financial statements of an associate used in applying the equity method are prepared as of a different reporting date from that of the economic entity, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the economic entity's annual financial statements. In any case, the difference between the reporting date of the associate and that of the economic entity is more than three months. The length of the reporting periods and any difference in the reporting dates is the same from period to period.

The economic entity's annual financial statements are prepared using uniform accounting policies for like transactions and events in similar circumstances.

Deficits in an associate in excess of the economic entity's interest in that associate are recognised only to the extent that the economic entity has incurred a legal or constructive obligation to make payments on behalf of the associate. If the associate subsequently reports surpluses, the economic entity resumes recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment; however, a gain on acquisition is recognised immediately in surplus or deficit.

Surpluses and deficits on transactions between the economic entity and an associate are eliminated to the extent of the economic entity's interest therein.

The controlling entity discontinues the use of the equity method from the date that it ceases to have significant influence over an associate and account for the investment in accordance with the Standard of GRAP on Financial Instruments: Recognition and Measurement from that date, unless the associate becomes a controlled entity or a joint venture, in which case it is accounted for as such. The carrying amount of the investment at the date that it ceases to be an associate is regarded as its cost on initial measurement as a financial asset in accordance with the Standard of GRAP on Financial Instruments: Recognition and Measurement

#### **2.1.1 Critical judgements, estimation and assumptions**

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These 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. The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:



## **Accounting Policies**

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### **Critical judgements, estimation and assumptions (continued)**

#### **Revenue Recognition**

Accounting Policy 10.2 on Revenue from Exchange Transactions and Accounting Policy 10.3 on Revenue from Nonexchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality. In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GAMAP 9: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation above). In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of portance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

#### **Financial assets and liabilities**

The classification of financial assets and liabilities, into categories, is based on judgement by management. Accounting Policy 2.4.1 on Financial Assets Classification and on Financial Liabilities Classification describe the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities. In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in IAS 32: Financial Instruments - Presentation and IAS 39: Financial Instruments - Recognition and Measurement.

#### **Impairment of financial assets**

Accounting Policy 6.4 on Impairment of Financial Assets describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in IAS 39: Financial Instruments – Recognition and Measurement , and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate. The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

#### **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. 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 economic entity 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. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

#### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

## **Accounting Policies**

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### **Critical judgements, estimation and assumptions (continued)**

#### **Post retirement benefits**

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 9.

#### **1.2.1 Property, plant and equipment**

##### **Initial Recognition**

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 year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with

an item of property, plant and equipment, they are accounted for as property, plant and equipment.

##### **Subsequent Measurement**

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, including for Infrastructure Assets, are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

## **Accounting Policies**

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### **Depreciation**

Land is not depreciated as it is regarded as having an infinite life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the assets future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are initially based on the following originally estimated useful lives and thereafter on the estimated remaining useful lives as at year-end.

#### **2.2.1 Property, plant and equipment**

Any increase in the carrying amount of land and buildings, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

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

<b>Item</b>	<b>Average useful life</b>
Buildings	30 Years
Furniture and fixtures	7-10 Years
Motor vehicles	4-7 Years
Office equipment	3-7 Years
IT equipment	3-5 Years
Mini bus	9 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. Depreciation only commences when the asset is available for use, unless stated otherwise.

#### **Derecognition of property, plant and Equipment**

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 economic entity 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.

#### **Finance leases**

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

#### **Derecognition of property, plant and Equipment.**

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

## **Accounting Policies**

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### **Impairment of assets**

#### **Impairment of Cash generating assets**

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

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

"An impairment of assets carried at revalued amount in reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset."

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit.

The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

#### **Impairment of Non -Cash generating assets.**

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

If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the assets remaining service potential. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for non cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase. 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

## **Accounting Policies**

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recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

### **2.2.2.1 Intangible assets**

#### **Initial Recognition**

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only 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.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with IPSAS 21/ IAS 36.

"Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset 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."

#### **Subsequent Measurement, Amortisation and Impairment**

After initial recognition, an intangible asset are carried at its cost less any accumulated amortisation and any accumulated impairment losses.

In terms of GRAP 102, intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, such intangible assets are subject to an annual impairment test.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

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

<b>Item</b>	<b>Useful life</b>
Computer software, other	2 Years

Intangible assets are derecognised:

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

## **Accounting Policies**

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The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

### **2.3.1 Investments in controlled entities**

#### **Company annual financial statements**

##### **Initial measurement**

An controlled entity is an entity over which the municipality as the investor is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee and which is neither a controlled entity nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The municipality exercises judgement in the context of all available information to determine if it has significant influence over an investee.

The municipality commences accounting for an investment in an associate from the date that significant influence exists and discontinues the application of the equity method when it no longer has significant influence over an associate. The equity method involves recognising the investment initially at cost, then adjusting for any change in the investor's share of net assets of the associate since it acquired it. A single line-item in the Statement of Financial Performance presents the investor's share of the associate's surplus or deficit for the year.

The municipality uses the most recent available financial statements of the controlled entity in applying the equity method. The equity method involves recognising the investment initially at cost, then adjusting for any change in the investor's share of net assets of the associate since it acquired it. A single line-item in the Statement of Financial Performance presents the investor's share of the associate's surplus or deficit for the year. The carrying value of the investment in associates is adjusted for the municipality's share of operating surpluses/ (deficits) less any dividends received.

Where the reporting periods of the controlled entity and the municipality are different, separate financial statements for the same period are prepared by the associate unless it is impracticable to do so. When the reporting dates are different, the municipality makes adjustments for the effects of any significant events or transactions between the investor and the associate that occur between the different reporting dates. Adjustments are made to ensure consistency between the accounting policies of the associate and the municipality.

Where the municipality or its entities transact with an associate, unrealised gains and losses are eliminated to the extent of the Municipality's or its Municipal Entities' interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

### **2.4.1 Financial instruments**

#### **Classification**

##### **Financial Asset - Classification.**

A financial asset is any asset that is a cash or contractual right to receive cash. In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows into the four categories allowed by this standard:

Loans and Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

Held-to-Maturity Investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions:

- they are classified as held for trading; or
- upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

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Available for sale investments are financial assets that are designated as available for sale or are not classified as:

- Loans and Receivables;
- Held-to-Maturity Investments; or
- Financial assets at fair value through profit and loss

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: available for sale. The economic entity classifies financial assets and financial liabilities into the following categories:

- Investments in Fixed Deposits - Held-to-maturity investment
- Long-term Receivables - Loans and receivables  
Trade and other receivables - Loans and receivables
- Short-term Investment Deposits – Call - Available-for-sale financial assets
- Bank Balances and Cash - Available-for-sale financial assets

### **Financial Liabilities - Classification**

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

Finance lease obligations  
Operating lease liability  
Certain Other Payables (see note 20)  
Employees medical aid benefits liability  
Current Portion of Long-term Liabilities

There are three main categories of Financial Liabilities, the classification determining how they are measured. Financial liabilities may be measured at:

- (i) Fair value through profit or loss; or
- (ii) Other financial liabilities (Financial liabilities measured at amortised cost)
- (iii) Financial guarantee contract

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Any other financial liabilities are classified as "Other financial liabilities" in accordance with IAS 39.09. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

### **2.4.1 Financial instruments (continued)**

#### **Initial recognition and measurement**

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument. The Entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **Subsequent measurement**

##### **Financial assets:**

Held-to-maturity Investments are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives).

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"Loans and Receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an effective yield basis. Trade and other receivables (excluding Value Added Taxation, prepayments and operating lease receivables), loans to group entities and loans that have fixed and determinable payments that are not quoted in an active market are classified as loans and receivables."

Available-for-Sale Financial Assets are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of financial performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the statement of financial performance.

**Financial liabilities** that are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance. Any other financial liabilities are classified as "Other financial liabilities" (All payables, loans and borrowings are classified as other liabilities) and are initially measured at fair value, net of transaction costs. Trade and other payables, interest bearing debt including finance lease liabilities, noninterest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate. Bank borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the accrual basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise. Prepayments are carried at cost less any accumulated impairment losses.

**Derecognition of financial assets:** The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability. If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received

**Derocgnition of financial liabilities:** The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire. The municipality recognises the difference between the carrying amount of the 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, in the Statement of Financial Performance.

### **2.4.1 Financial instruments (continued)**

#### **Fair value methods and assumptions**

The fair values of financial instruments are determined as follows:

The fair values of quoted investments are based on current bid prices.

If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

#### **The effective interest rate method**

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability 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

#### **Amortised cost**

Amortised cost 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 for impairment or uncollectibility.



## **Accounting Policies**

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### **Impairment of financial assets**

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

### **Available-for-sale financial assets**

"When a decline in the fair value of an available-for-sale financial asset has been recognised directly in net assets and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in net assets shall be removed and recognised in the Statement of Financial Performance even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from net assets and recognised in the Statement of Financial Performance is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in Statement of Financial Performance." Impairment losses recognised in the Statement of Financial Performance for an investment in an equity instrument classified as available-for-sale are not reversed through the Statement of Financial Performance

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss is recognised in the Statement of Financial Performance, the impairment loss must be reversed, with the amount of the reversal recognised in the Statement of Financial Performance.

### **Financial assets carried at amortised cost**

Accounts receivables encompasses long term debtors, consumer debtors and other debtors. Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at yearend. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of accounts receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with IAS 39.64 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial. Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets carried at amortised cost with the exception of consumer debtors, where the carrying amount is reduced through the use of an allowance account. When a consumer debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of Available-for-Sale equity instruments, 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 through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### **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 or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is

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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 expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

### **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, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

### **Held to maturity**

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

### **Financial liabilities and equity instruments**

Financial liabilities are classified according to the substance of contractual agreements entered into. Trade and other payables are stated at their nominal value. Equity instruments are recorded at the amount received, net of direct issue 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.

#### **2.5.1 Leases**

**Lease Classification:** 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.

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### **The Municipality as lessee**

**Finance leases:** Where the Municipality enters into a finance lease, Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term. 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.

### **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. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### **2.5.2.1 Non-current assets held for sale**

**Initial measurement:** Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**Subsequent measurement:** Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell. A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit. The gain or loss on the eventual sale of non-current assets held for sale is included in the Statement of Financial Performance as gain or loss on sale of assets. The gain or loss on the eventual sale of non-current assets held for sale, is calculated on the difference between the net disposal proceeds and the carrying amount of the individual asset or the disposal group.

## **2.2 Share capital / contributions from owners**

### **2.1 Compound instruments**

Compulsory convertible preference shares [Compulsory convertible debentures] are compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible instruments and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the economic entity, is included in equity.

Combined units are compound instruments, consisting of a debenture (liability) component and a share (equity) component. The debentures are carried at amortised cost, and any premium or discount on issue is written off over the redemption period using the effective interest rate method. Issue costs are apportioned between the liability and equity components of the compound instruments based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

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### **2.6.1 Employee benefits**

#### **Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted. The municipality treats its provision for leave as an accrual. 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 expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

**Post employment benefits:** The municipality provides retirement benefits for its employees and councillors and has both defined benefits and defined contribution post employment plans.

#### **Defined contribution plans**

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods. The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### **Post retirement health care benefits**

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its 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 this liability.

#### **Long service awards**

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, after 10, 15, 20, 25 and 30 years of continued service. 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 longterm incentives are accounted for through the statement of financial performance.

#### **Defined benefit plans**

The municipality has an obligation to provide Post-retirement pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The Entity contributes monthly to the funds.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using 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 to the terms of the related pension liability.

Actuarial gains or losses are accounted for using the "corridor method". Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period. Actuarial gains and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

For defined benefit plans 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.

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Consideration is given to any event that could impact the funds up to statement of financial position date where the interim valuation is performed at an earlier date. Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

Actuarial gains or losses recognised immediately in the Statement of Financial Performance, as well as past-service costs are recognised immediately in the Statement of Financial Performance.

### 2.7.1 GRAP 19: Provisions,Contingent liabilities and Assets

Provisions are recognised when:

- the economic entity has a present or constructive 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.

Provisions for environmental restoration, rehabilitation, restructuring costs and legal claims are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation

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

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision.

Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

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

### 2.8.1 Revenue from exchange transactions

#### General

Revenue, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be measured reliably, except when specifically stated otherwise.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts. The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

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# Dr Kenneth Kaunda District Municipality

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## Accounting Policies

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Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

### Sale of goods

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

- The municipality has transferred to the buyer 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.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

### Dividends

The substance of the relevant agreement, where applicable. Dividends received on Sanlam shares

### Finance Income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

"Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on trust funds is allocated directly to the fund.
- Interest earned on unutilised conditional grants is allocated directly to the creditor: unutilised conditional grants, if the grant conditions indicate that interest is payable to the funder."

### 2.8.2.1 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange. An inflow of resources from a non-exchange transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. A present obligation arising from a non-exchange transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

### Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councilors or officials is virtually certain. Such revenue is based on legislated procedures.

### Government grants

Equitable share allocations are recognised revenue at the start of the financial year if no time-based restrictions exist.

### Conditional Grants and receipts.

Income 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. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

"Government grants and conditional receipts are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
  - the amount of the revenue can be measured reliably, and
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# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Accounting Policies

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- to the extent that there has been compliance with any restrictions associated with the grant."

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

### 2.9.1 Investment income

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

### 2.10.1 Comparative figures

#### Current year comparatives

Budgeted amounts have, in accordance with GRAP 1, been provided to these financial statements and forms part of the Annual Financial Statements.

#### Prior year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

### Budget information

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. 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 firstly reasons for overall growth or decline in the budget and secondly motivations for over- or underspending on line items. The annual budget figures included in the financial statements are for the Municipality and do not include budget information relating to subsidiaries or associates. 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.

### 2.11.1 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

### 2.11.2 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

### 2.11.3 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

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.

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Accounting Policies

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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.

### 2.12.1 Use of Estimates

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

### 2.13.1 Offsetting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP. Included in the accumulated surplus of the municipality, are the following reserves that are maintained in terms of specific requirements.

### 2.14.1 Statutory Funds and Reserves

Included in the accumulated surplus are the following reserves:

#### Capital replacement reserve (CRR)

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR) in terms of a Council resolution. The cash allocated to the CRR can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

- "• The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- The CRR is reduced and the accumulated surplus/(deficit) credited with corresponding amounts when the funds are utilised.
- The amounts transferred to the CRR are based on the Municipality's need to finance future capital projects.
- The Council determines the annual contribution to the CRR.
- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in the Statement of Financial

Performance, and is then transferred via the Statement of Changes in Net Assets to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR, as it is regarded as revenue



## Accounting Policies

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### Government grant reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

### 2.15.1 IPSAS 20 - Related parties

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. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

### 2.16.1 Value Added Tax

The Municipality is registered with SARS for VAT on the payment basis, in accordance with the Sec15(2)(a) of the Value- Added Tax Act no 89 of 1991.

### 2.17.1 Commitments

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources. Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are be non-cancelable or only cancelable at significant cost contracts should relate to something other than the business of the municipality

## Notes to the Annual Financial Statements

	Group		Municipality	
Figures in Rand	2012	2011	2012	2011

### 3.1.1. Changes in accounting policy, estimates and errors

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets,

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 39 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

### 3.1.2. New standards and interpretations

#### 3.2.1 Standards and interpretations effective and adopted in the current year

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

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or After</b>	<b>Expected impact:</b>
• IGRAP 1: Interpretation of GRAP: Applying the Probability Test on Initial Recognition of Exchange Revenue	01 April 2011	Minimum impact
• IGRAP 2: Changes in Existing Decommissioning, Restoration and Similar Liabilities	01 April 2011	Minimum impact
• IGRAP 3: Determining Whether an Arrangement Contains a Lease	01 April 2011	Minimum impact
• IGRAP 4: Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	01 April 2011	Minimum impact
• IGRAP 5: Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies	01 April 2011	Minimum impact
• IGRAP 6: Loyalty Programmes	01 April 2011	Minimum impact
• IGRAP 8: Agreements for the Construction of Assets from Exchange Transactions	01 April 2011	Minimum impact
• IGRAP 9: Distributions of Non-cash Assets to Owners	01 April 2011	Minimum impact
• IGRAP 10: Assets Received from Customers	01 April 2011	Minimum impact
• IGRAP 13: Operating Leases – Incentives	01 April 2011	Minimum impact
• IGRAP 14: Evaluating the Substance of Transactions Involving the Legal Form of a Lease	01 April 2011	Minimum impact
• IGRAP 15: Revenue – Barter Transactions Involving Advertising Services	01 April 2011	Minimum impact
• GRAP 1 (as revised 2010): Presentation of Financial Statements	01 April 2011	Minimum impact
• GRAP 2 (as revised 2010): Cash Flow Statements	01 April 2011	Minimum impact
• GRAP 3 (as revised 2010): Accounting policies	01 April 2011	Minimum impact
• GRAP 4 (as revised 2010): Changes in Accounting Estimates and Errors	01 April 2011	Minimum impact
• GRAP 4 (as revised 2010): The Effects of Changes in Foreign Exchange Rates	01 April 2011	Minimum impact
• GRAP 9 (as revised 2010): Revenue from Exchange Transactions	01 April 2011	Minimum impact
• GRAP 10 (as revised 2010): Financial Reporting in Hyperinflationary Economies	01 April 2011	Minimum impact
• GRAP 11 (as revised 2010): Construction Contracts	01 April 2011	Minimum impact
• GRAP 12 (as revised 2010): Inventories	01 April 2011	Minimum impact
• GRAP 13 (as revised 2010): Leases	01 April 2011	Minimum impact
• GRAP 14 (as revised 2010): Events After the Reporting Date	01 April 2011	Minimum impact
• GRAP 16 (as revised 2010): Investment Property	01 April 2011	Minimum impact
• GRAP 17 (as revised 2010): Property, Plant and Equipment	01 April 2011	Minimum impact
• GRAP 19 (as revised 2010): Provisions, Contingent Liabilities and Contingent Assets	01 April 2011	Minimum impact

## Notes to the Annual Financial Statements

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- GRAP 100 (as revised 2010): Non-current Assets Held for Sale and Discontinued Operations 01 April 2011 Minimum impact
- GRAP 102: Intangible Assets 01 April 2011 Minimum impact
- GRAP 6: Consolidated Financial Statements 01 April 2011 Minimum impact

### 3.2.1 Standards and interpretations issued, but not yet effective

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 July 2012 or later periods:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or After</b>	<b>Expected impact:</b>
• GRAP 18: Segment Reporting	01 April 2013	Medium impact
• GRAP 23: Revenue from Non-exchange Transactions	01 April 2012	Minimum impact
• GRAP 24: Presentation of Budget Information in the Financial Statements	01 April 2012	Minimum impact
• GRAP 103: Heritage Assets	01 April 2012	
• GRAP 21: Impairment of non-cash-generating assets	01 April 2012	Minimum impact
• GRAP 26: Impairment of cash-generating Assets	01 April 2012	Minimum impact
• GRAP 25: Employee benefits	01 April 2013	Minimum impact
• GRAP 104: Financial Instruments	01 April 2012	Minimum impact
• GRAP 20: Related Party Disclosures (Revised)	01 April 2012	Minimum impact
• GRAP 105: Transfers between entities under common control	01 April 2012	Minimum impact
• GRAP 106: Transfers between entities not under common control	01 April 2012	Minimum impact
• GRAP 107: Mergers	01 April 2012	Minimum impact

Where no effective dates have been indicated for the GRAP standards issued but not effective the relevant standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011

### 2. Property, plant and equipment

Group	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	5 529 601	(1 126 208)	4 403 393	5 433 699	(940 808)	4 492 891
Furniture and fixtures	3 547 328	(1 502 678)	2 044 650	3 452 016	(815 668)	2 636 348
Motor vehicles	5 078 788	(1 389 463)	3 689 325	5 078 787	(824 697)	4 254 090
Office equipment	1 887 576	(929 458)	958 118	1 682 554	(429 162)	1 253 392
Computer equipment	1 369 610	(791 526)	578 084	1 129 057	(500 605)	628 452
Community	10 926	(8 858)	2 068	10 926	(5 917)	5 009
Other property, plant and equipment	632 358	(328 673)	303 685	617 788	(208 248)	409 540
<b>Total</b>	<b>18 056 187</b>	<b>(6 076 864)</b>	<b>11 979 323</b>	<b>17 404 827</b>	<b>(3 725 105)</b>	<b>13 679 722</b>

Municipality	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and Buildings	5 529 601	(1 126 208)	4 403 393	5 433 699	(940 808)	4 492 891
Furniture and fittings	3 347 625	(1 407 404)	1 940 221	3 235 780	(740 134)	2 495 646
Motor vehicles	5 078 788	(1 389 463)	3 689 325	5 078 787	(824 697)	4 254 090
Office equipment	1 870 876	(914 985)	955 891	1 665 854	(418 029)	1 247 825
Computer Equipment	1 253 048	(729 269)	523 779	1 024 898	(406 605)	618 293
Community	10 926	(8 858)	2 068	10 926	(5 917)	5 009
Other property, plant and equipment	632 358	(328 673)	303 685	617 788	(208 248)	409 540
<b>Total</b>	<b>17 723 222</b>	<b>(5 904 860)</b>	<b>11 818 362</b>	<b>17 067 732</b>	<b>(3 544 438)</b>	<b>13 523 294</b>

The carrying value of motor vehicles as at 30 June 2011 increased with an amount of R 44,233 due to take on assets not previously recognised (Refer to note 38)

#### Reconciliation of property, plant and equipment - Group - 2012

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	4 492 891	95 902	-	(185 400)	4 403 393
Furniture and fixtures	2 636 348	118 807	(10 441)	(700 064)	2 044 650
Motor vehicles	4 254 091	-	-	(564 766)	3 689 325
Office equipment	1 253 392	205 021	-	(500 295)	958 118
Computer equipment	628 452	293 428	(15)	(343 781)	578 084
Community	5 009	-	-	(2 941)	2 068
Other property, plant and equipment	409 540	14 570	-	(120 425)	303 685
	<b>13 679 723</b>	<b>727 728</b>	<b>(10 456)</b>	<b>(2 417 672)</b>	<b>11 979 323</b>

#### Reconciliation of property, plant and equipment - Group - 2011

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011

### 2. Property, plant and equipment (continued)

	Opening balance	Additions	Disposals / write - offs	Depreciation write - offs	Depreciation	Total
Buildings	13 590 143	103 699	(10 839 106)	1 794 363	(156 208)	4 492 891
Furniture and fixtures	2 979 269	167 477	(26 666)	11 597	(495 329)	2 636 348
Motor vehicles	4 435 208	788 096	(868 207)	407 982	(508 988)	4 254 091
Office equipment	975 824	594 601	(4 185)	158	(313 006)	1 253 392
Computer equipment	836 807	124 589	(69 059)	44 532	(308 417)	628 452
Community	7 269	920	(360)	81	(2 901)	5 009
Other property, plant and equipment	498 341	20 103	-	-	(108 904)	409 540
	<b>23 322 861</b>	<b>1 799 485</b>	<b>(11 807 583)</b>	<b>2 258 713</b>	<b>(1 893 753)</b>	<b>13 679 723</b>

### Reconciliation of property, plant and equipment - Municipality - 2012

	Opening balance	Additions	Depreciation	Total
Land and Buildings	4 492 891	95 902	(185 400)	4 403 393
Furniture and fixtures	2 495 646	111 846	(667 271)	1 940 221
Motor vehicles	4 254 090	-	(564 766)	3 689 325
Office equipment	1 247 825	205 021	(496 955)	955 891
Computer Equipment	618 293	228 149	(322 663)	523 779
Community	5 009	-	(2 941)	2 068
Other property, plant and equipment	409 540	14 570	(120 425)	303 685
	<b>13 523 294</b>	<b>655 488</b>	<b>(2 360 421)</b>	<b>11 818 362</b>

### Reconciliation of property, plant and equipment - Municipality - 2011

	Opening balance	Additions	Disposals / write - offs	Depreciation write - offs	Depreciation	Total
Land and Buildings	13 590 143	103 699	(10 839 106)	1 794 363	(156 208)	4 492 891
Furniture and fixtures	2 883 370	92 383	(26 666)	11 597	(465 038)	2 495 646
Motor vehicles	4 435 208	788 096	(868 207)	407 982	(508 989)	4 254 090
Office equipment	966 917	594 601	(4 185)	158	(309 666)	1 247 825
Computer equipment	800 126	120 109	(66 339)	44 532	(280 135)	618 293
Community Assets	7 269	920	(360)	81	(2 901)	5 009
Other property, plant and equipment	498 341	20 103	-	-	(108 904)	409 540
	<b>23 181 374</b>	<b>1 719 911</b>	<b>(11 804 863)</b>	<b>2 258 713</b>	<b>(1 831 841)</b>	<b>13 523 294</b>

### Pledged as security

No carrying value of assets was pledged as security for liabilities:

### Assets subject to finance lease (Net carrying amount)

Samsung DSC PABX System	236 750	386 276	236 750	386 276
	<b>236 750</b>	<b>386 276</b>	<b>236 750</b>	<b>386 276</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011

### 3. Intangible assets

Group	2012			2011		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 490 276	(1 271 157)	219 119	1 409 522	(952 485)	457 037

Municipality	2012			2011		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 470 712	(1 255 560)	215 152	1 389 117	(936 708)	452 409
<b>Total</b>	<b>1 470 712</b>	<b>(1 255 560)</b>	<b>215 152</b>	<b>1 389 117</b>	<b>(936 708)</b>	<b>452 409</b>

#### Reconciliation of intangible assets - Group - 2012

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software, other	457 037	123 797	(5)	(361 710)	219 119

#### Reconciliation of intangible assets - Group - 2011

	Opening balance	Additions	Amortisation	Total
Computer software, other	946 191	9 138	(498 292)	457 037

#### Reconciliation of intangible assets - Municipality - 2012

	Opening balance	Additions	Amortisation	Total
Computer software, other	452 409	121 253	(358 510)	215 152
	<b>452 409</b>	<b>121 253</b>	<b>(358 510)</b>	<b>215 152</b>

#### Reconciliation of intangible assets - Municipality - 2011

	Opening balance	Additions	Amortisation	Total
Computer software, other	946 191	2 856	(496 638)	452 409
	<b>946 191</b>	<b>2 856</b>	<b>(496 638)</b>	<b>452 409</b>

#### Pledged as security

No Carrying value of intangible assets pledged as security:

# Dr Kenneth Kaunda District Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
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### 4. Investments in controlled entities

Name of company	Listed / Unlisted	% holding 2012	% holding 2011	Fair value 2012	Fair value 2011
Dr Kenneth Kaunda District Economic Development Agency	Unlisted	100,00 %	100,00 %	(889 693)	120

The municipality has a 100% holding in the Dr Kenneth Kaunda District Municipality Economic Agency. The carrying value and fair value is determined by the office of PriceWaterhouseCoopers 10 Rykstr Welkom. The cost price of the investment is nul.

### 5. Investments

#### Available-for-sale

Listed shares	34 678	26 732	34 678	26 732
Sanlam shares (970 shares with a share price of R 35.75 ( 2011: R27.56)). Listed shares are investments in shares of public companies with no specific maturity dates or interest rates.				
	<b>34 678</b>	<b>26 732</b>	<b>34 678</b>	<b>26 732</b>

#### Non-current assets

Available-for-sale	34 678	26 732	34 678	26 732
	<b>34 678</b>	<b>26 732</b>	<b>34 678</b>	<b>26 732</b>

The maximum exposure to credit risk at the reporting date is the carrying amount of the held to maturity financial assets.

The economic entity has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

Call deposits are investments with a maturity period of less than 12 months and earn interest at rates varying from 5,50% to 5,60% per annum.

Deposits of R4,599,800 ( 2011:R 5,688,730) are ring - fenced and attributable to the capital replacement reserve. (CRR)

Deposits of R4,301 128 ( 2011:R 3,028 663)

are ring - fenced and attributable to unspent conditional grants and receipts.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2012 and 2011, as all the financial assets were disposed of at their redemption date.

# Dr Kenneth Kaunda District Municipality

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### 5. Investments (continued)

#### Loans and receivables impaired

No loans and receivables were impaired during the year under review  
The amount of the provision was R (3 500) as at 30 June 2012 (2011: R (6 500)).

The ageing of these loans is as follows.

Over 6 months	3 500	6 500	3 500	6 500
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#### Reconciliation of provision for impairment of loans and receivables

Opening balance	(6 500)	(9 500)	(6 500)	(9 500)
Unused amounts reversed	3 000	3 000	3 000	3 000
<b>Provision for impairment</b>	<b>(3 500)</b>	<b>(6 500)</b>	<b>(3 500)</b>	<b>(6 500)</b>

The creation and release of provision for impairment receivables have been included in operating expenses in surplus or deficit. Amounts are generally written off when there is no expectation of recovering the cash.

The maximum exposure to credit risk at the reporting date is carrying value of each class of loan mentioned above. The economic entity does not hold any collateral as security.

### 6. Summary of Long-term Receivables

Study loans	3 500	6 500	3 500	6 500
Study loans approved to children of employees before implementation of MFMA				
Total Long -Term Receivables	3 500	6 500	3 500	6 500
Less: Impairment of Long -Term Receivables	(3 500)	(6 500)	(3 500)	(6 500)
<b>Total Long- Term Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Study loans are classified as Long term receivables as it will not be realised within 12 months of balance sheet date.



# Dr Kenneth Kaunda District Municipality

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Figures in Rand	Group		Municipality	
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### 7. Financial assets by category

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

#### Group - 2012

	Loans and receivables	Available-for-sale	Total
Trade and other receivables	1 975 330	-	1 975 330
Cash and cash equivalents	-	215 914 805	215 914 805
VAT receivables	2 958 132	-	2 958 132
Listed investments	-	34 678	34 678
	<b>4 933 462</b>	<b>215 949 483</b>	<b>220 882 945</b>

#### Group - 2011

	Loans and receivables	Available-for-sale	Total
Trade and other receivables	5 442 065	-	5 442 065
Cash and cash equivalents	-	183 323 203	183 323 203
VAT receivables	4 389 199	-	4 389 199
Listed investments	-	26 733	26 733
	<b>9 831 264</b>	<b>183 349 936</b>	<b>193 181 200</b>

#### Municipality - 2012

	Loans and receivables	Available-for-sale	Total
Receivables from exchange transactions	1 846 324	-	1 846 324
Cash and cash equivalents	-	209 503 739	209 503 739
VAT receivables	2 817 118	-	2 817 118
Listed investments	-	34 678	34 678
	<b>4 663 442</b>	<b>209 538 417</b>	<b>214 201 859</b>

#### Municipality - 2011

	Loans and receivables	Available-for-sale	Total
Receivables from exchange transactions	5 420 131	-	5 420 131
Cash and cash equivalents	-	176 817 075	176 817 075
VAT receivables	4 313 000	-	4 313 000
Listed investments	-	26 733	26 733
	<b>9 733 131</b>	<b>176 843 808</b>	<b>186 576 939</b>

### 8. Operating leases

Current liabilities	29 957	468 600	29 957	468 600
<b>Total Current Liabilities</b>	<b>29 957</b>	<b>468 600</b>	<b>29 957</b>	<b>468 600</b>

This amount represent the the current lease liability with regards to on the leases entered into with Morubisi Technologies for CCTV surveillance services, and Old Mutual for the lease of office buildings.

### 9. Employee benefit obligations

#### Post retirement medical aid benefit liability

# Dr Kenneth Kaunda District Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>9. Employee benefit obligations (continued)</b>				
Post-Employment Health Care Benefit Liability	3 431 049	2 301 297	3 431 049	2 301 297
<b>Total: Post-Employment Health Care Benefit Liability</b>	<b>3 431 049</b>	<b>2 301 297</b>	<b>3 431 049</b>	<b>2 301 297</b>
Less: Transfer to current provisions	(104 447)	(61 104)	(104 447)	(61 104)
<b>Net Post-Employment Health Care Benefit Liability</b>	<b>3 326 602</b>	<b>2 240 193</b>	<b>3 326 602</b>	<b>2 240 193</b>

### Post retirement medical aid plan

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee. The Municipality operates an unfunded defined benefit plan for these qualifying employees.

The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2012 by ARCH Actuarial Consulting, a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other post retirement benefits are provided by the municipality.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

#### Member category

In-service (employee) members	3	4	3	4
Continuation (retiree and widow) members	4	3	4	3
	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>

The change in the in -service members from 92 to 4 is due to post retirement medical aid changes in legislation since 2007 that was given to Arch Consulting for the actuarial valuation in 2010-2011

The unfunded liability in respect of past service has been estimated to be as follows:

#### Member category

In-service members	1 439 341	1 205 470	1 439 341	1 205 470
Continuation members	1 991 708	1 095 827	1 991 708	1 095 827
	<b>3 431 049</b>	<b>2 301 297</b>	<b>3 431 049</b>	<b>2 301 297</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes

- Bonitas
- Hosmed
- LA Health
- Key Health
- Samwumed:

The future service cost for the ensuing year is established to be R 81,252, whereas the interest-cost for the next year is estimated to be R 253,537

#### The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate %	7,50	8,50	7,50	8,50
Health Care Cost Inflation Rate %	6,57	7,12	6,57	7,12
Net Effective Discount Rate %	0,87	1,29	0,87	1,29
Continuation of membership at retirement	90%	90%	90%	90%
Proportion assumed married at retirement	90%	90%	90%	90%

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## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>9. Employee benefit obligations (continued)</b>				
Average retirement age	63	63	63	63
<b>The movement in the defined benefit obligation over the year is as follows:</b>				
Balance at the beginning of the year	2 301 297	2 638 153	2 301 297	2 638 153
Current service cost	80 156	81 381	80 156	81 381
Interest cost	193 151	233 790	193 151	233 790
Benefits paid	(61 104)	(87 600)	(61 104)	(87 600)
Actuarial loss/(gain) on the obligation	917 549	(564 427)	917 549	(564 427)
<b>Balance at end of year</b>	<b>3 431 049</b>	<b>2 301 297</b>	<b>3 431 049</b>	<b>2 301 297</b>

The total liability has increased by 49% (or R 1,130 million) since the last valuation. The main reasons for this movement are set out below.

### **In-service members**

The average in-service member liability has increased by 59% over the year due to the following factors: A significant increase in the average future employer contribution; an increase in the average age; a decrease in the net discount rate. The total in-service member liability has also increased by 19% due to the above combined with the fact that there is one fewer in-service member, who retired since the last valuation.

### **Continuation members**

The average continuation member liability has increased by 36% due to an increase in the average employer contribution and a decrease in the net discount rate, partly offset by an increase in the average age.

The total continuation member liability has increased by 82% due to that one continuation member who was previously modelled as a child member is now included as a continuation member, and because of the addition of one continuation member since the last valuation.

The table below indicates, for example, that if health care inflation is 1% greater than the long-term assumption made, the liability will be 13% higher than that shown. The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

<b>Increase of 1%</b>				
Effect on the aggregate of the current service cost and the interest cost	38 393	38 300	38 393	38 300
	<b>38 393</b>	<b>38 300</b>	<b>38 393</b>	<b>38 300</b>
<b>Decrease of 1%</b>				
Effect on the aggregate of the current service cost and the interest cost	(32 507)	(32 600)	(32 507)	(32 600)
	<b>(32 507)</b>	<b>(32 600)</b>	<b>(32 507)</b>	<b>(32 600)</b>

### **Multi-Employer Pension Scheme Arrangements**

The personnel of the Dr Kenneth Kaunda District Municipality are members of the funds as set out below. The relevant law requires every fund to do an actuarial valuation at least every three years. Sufficient information is not available to make more detailed disclosures.

**Municipal Councilors Pension fund.** The Municipal Councilors Pension Fund operates as a defined contribution scheme. The scheme is subject to an actuarial valuation every three years. The latest statutory valuation was performed as at 30 June 2009, and the latest interim valuation was performed as at 30 June 2010, and was reported to be in a sound financial position. The interim valuation performed as at 30 June 2010 revealed that the fund had assets to the amount of R 1, 483,786,381 (30 June 2009: R1,123,672,020). The contribution rate paid by the members (13,75%) and council (15%) is sufficient to fund the benefits accruing from the fund in the future.

# Dr Kenneth Kaunda District Municipality

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## Notes to the Annual Financial Statements

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### 9. Employee benefit obligations (continued)

**Municipal Gratuity Fund.** The defined benefit scheme is a multi-employer plan and the contribution rate payable is 9 %, by the members and 22 % by Council. The last valuation performed for the year ended 30 June 2010 revealed that the fund had assets of R 9,774,174 million and in a sound financial state as at 30 June 2010.

**Municipal Employees Pension Fund.** The contribution rate payable is 7,5 % by the members 22 % by Council. The last Actuarial valuation on this fund was performed in February 2008 certified that the fund is in a sound financial state. The total assets amounts to R 5715,557 million and liabilities to R4,900,548 million.

**SAMWU Provident Fund.** The contribution rate payable is 7,5 % by the members 22 % by Council. The last actuarial valuation on this fund was performed for the year ended 30 June 2007 certified that the fund is in a sound financial state. The total assets amounts to R2,764,426 million.

**National Fund for Municipal workers.** The above mentioned fund is a defined contribution Fund and according to Regulation 2 of the Pension Funds Act no 24 of 1956 exempt from the provisions of sections 9A and 16 of the Act. The contribution rate paid by the members is 9 % and by the council is 22 %. The latest voluntary valuation was done on 30 June 2009 (30 June 2008). As at 30 June 2008 the results state that the way the benefits are structured in the rules, the fund is limited to an amount equal to the accumulation of all the contributions plus investment returns less administration costs. The NFMW Retirement Fund does not have any reserve accounts or surpluses which could be allocated to members Fund. The total assets amounts to R 3,633,119 as at 30 June 2009

### Defined Contribution (DC) Multi-Employers Pension scheme

It is the policy of the economic entity to provide retirement benefits to all its employees [or specify number of employees covered] GRAP 25 paragraph .55 corresponds to IAS 19 Paragraph 53 which required disclosure of the amount recognised as an expense in the current financial year.

The economic entity is under no obligation to cover any unfunded benefits.

Municipal Councillors Pension Fund - No of members of this fund: 12 (2011: 4)	475 697	482 592	475 697	482 592
Municipal Gratuity Fund - No of members of this fund: 57 (2011: 67)	2 627 465	2 643 456	2 627 465	2 643 456
National Fund for Mun. Workers - No of members of this fund: 21 (2011: 12)	750 862	496 481	750 862	496 481
Samwu Provident Fund - No of members of this fund: 2 (2011: 5)	123 209	114 082	123 209	114 082
The amount recognised as an expense for defined contribution plans is	3 977 233	3 736 611	3 977 233	3 736 611

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## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
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### 9. Employee benefit obligations (continued)

#### Defined Contribution (DB) Multi-Employers Pension scheme

Paragraph 31 of GRAP 25 corresponds to paragraph 34 and 148(d) of IAS 19 (2011) outline disclosure of a plan which is a Multi-Employer Funds and is a Defined Benefit Plans, but due to the fact that sufficient information is not available to enable the municipality to account full DB accounting disclosure. The reason why sufficient information is not available to enable the economic entity to account for the plan as a defined benefit plan is that the scheme assets are held as one portfolio and not notionally allocated to each participating employer, The scheme 's financial statements is not constructed seperately for each participating employer and contribution rates do not vary by participating employer.

Municipal Employee Pension Fund - No of members of this fund: 12 (2011: 27)	1 168 981	1 209 902	1 168 981	1 209 902
The amount recognised as an expense for defined contribution plans is	<b>1 168 981</b>	<b>1 209 902</b>	<b>1 168 981</b>	<b>1 209 902</b>

The most recently actuarial available valuation was done at 28/02/2009. The funding level of the fund is at 102.2% The basis key assumptions are as follow: Gross discount rate 11.1%; Salary inflation 7,4%; Net post-ret discount rate 4.4%

The current surplus is relatively small and is not expected to have any impact on the required employer discount rate. The total in-service membership of the MEPF was 15.978 as at 28/02/2009.

### 10. Receivables from exchange transactions

Prepayments	630 240	648 141	630 240	648 141
Deposits	21 914	21 914	-	-
Fruitless and wasteful expenditure to be investigated	153 024	76 000	153 024	76 000
Sundry debtors	2 907 795	5 183 207	2 800 703	5 183 187
Control Accounts	-	17 448	-	17 448
Less: Provision for bad debt	(1 737 643)	(504 645)	(1 737 643)	(504 645)
	<b>1 975 330</b>	<b>5 442 065</b>	<b>1 846 324</b>	<b>5 420 131</b>

#### Trade and other receivables pledged as security

The municipality did not pledge any of its receivables as security for borrowing purposes

# Dr Kenneth Kaunda District Municipality

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### 10. Receivables from exchange transactions (continued)

#### Other receivables from exchange transactions past due but not impaired

Trade and other receivables which are less than 1 month past due are not considered to be impaired. Included in sundry debtors is accrued interest on investments as at 30 June 2012, which were past due but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

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

30-60 days past due	1 250 723	5 070 944	1 216 084	5 014 575
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#### Reconciliation of provision for impairment of trade and other receivables

Opening balance	(504 645)	(4 524 517)	(504 645)	(4 524 517)
Provision for impairment	(1 261 024)	(98 454)	(1 261 024)	(98 454)
Amounts written off as uncollectible	28 026	-	28 026	-
Unused amounts reversed	-	4 118 326	-	4 118 326
	<b>(1 737 643)</b>	<b>(504 645)</b>	<b>(1 737 643)</b>	<b>(504 645)</b>

IAS 39 states that short term receivables with no stated interest rate may be measured at original contract value if the effect of the discounting is immaterial. Discounting procedures were performed on accounts receivable to an amount of R 0 (2011: R4,000,000) and the results showed that the effect of discounting amounts to R 0 (2011:R18 250) which is immaterial. The calculations were based on the rate of 5.50% received on investments.

### 11. VAT receivable

VAT	2 958 132	4 389 199	2 817 118	4 313 000
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VAT is payable on the payment basis. Only once payments are made to creditors VAT is paid over to SARS. No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date

### 12. Cash and cash equivalents

Bank balances and cash equivalents included in the cash flow statement comprise of the following bank statement amounts :

Cash on hand	6 589	7 056	5 600	5 100
Bank balances	8 707 626	16 572 541	8 080 991	15 774 331
Call investment deposits	207 200 590	166 743 608	201 417 148	161 037 645
<b>Cash and cash equivalents</b>	<b>215 914 805</b>	<b>183 323 205</b>	<b>209 503 739</b>	<b>176 817 076</b>

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### 12. Cash and cash equivalents (continued)

The Municipality does not have any overdrawn current account facilities with its bankers and therefore does not incur interest on overdrawn accounts. Interest on overdrawn accounts is earned at different rates per annum on favourable balances.

No restrictions have been imposed on the municipality in terms of the utilization of its cash and cash equivalents.

The fair value of current investment deposits, bank balances, cash and cash equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

The municipality did not pledge any of its cash and cash equivalents as collateral for its financial liabilities.

# Dr Kenneth Kaunda District Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>12. Cash and cash equivalents (continued)</b>				
<b>Call investment deposits</b>				
Call investment deposits is invested with the following banks :				
<b>Held to Maturity</b>				
Call investment Deposits - ABSA	51 200 000	36 200 000	51 200 000	36 200 000
Call deposits invested in ABSA for a period of 1 to 3 months				
Call investment Deposits - Absa Asset Management	10 217 148	9 837 645	10 217 148	9 837 645
Call deposits invested in Absa Asset Managers for a period of 6 to 12 months				
Call investment Deposits - First National Bank	25 000 000	25 000 000	25 000 000	25 000 000
Call deposits invested in FNB for a period of 1 to 3 months				
Call investment Deposits - Nedbank	55 000 000	45 000 000	55 000 000	45 000 000
Call deposits invested in Nedbank for a period of 1 to 3 months				
Call investment Deposits - Standard Bank	60 000 000	45 000 000	60 000 000	45 000 000
Call deposits invested in Standard Bank for a period of 1 to 3 months				
Call Accounts invested in Standard Bank Money Market Account no 03-867-186-7-001	5 783 442	5 705 963	-	-
	<b>207 200 590</b>	<b>166 743 608</b>	<b>201 417 148</b>	<b>161 037 645</b>



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## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
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### 12. Cash and cash equivalents (continued)

The group had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2012	30 June 2011	30 June 2010	30 June 2012	30 June 2011	30 June 2010
Current Account (Primary Bank Account ABSA Klerksdorp Account no 950 000 627)	11 263 167	7 719 994	5 088 296	5 697 666	13 724 658	3 582 285
Current Account (Local Government Support Grant) ABSA Klerksdorp Account no 405 643 8304	1 858 001	1 703 465	2 120 940	1 858 001	1 817 381	1 772 575
Current Account (Premiers Support Grant) ABSA Klerksdorp Account no 950 000 244	2 377	582 909	540 413	2 377	88 007	655 555
Current Account (Disaster Risk Management grant) ABSA Pretoria Account no 40 7293 0455)	435	2 011 028	-	435	542	316 397
Current Account (Fire Support Grant) ABSA Pretoria Account no 40 7293 0340	23 677	7 592 239	-	23 677	23 659	1 374 272
Current Account (Merafong Flora) Standard bank Klerksdorp Account no 02 137 020 6)	-	702 884	334 585	-	-	532 110
Current Account (Geysdorp plaaslike gebiedsmomitee) ABSA Klerksdorp Account no 9 5014 6036	186 646	1 276 419	1 236 592	186 646	120 083	1 276 360
Current Account (Primary Bank Account) Standard Bank Account no 03-071-300-5	626 635	327 797	175 810	626 635	327 787	175 810
Standard Bank Credit Card Account no 05221-1897-3057-2966	-	470 413	107 656	-	470 413	107 656
<b>Total</b>	<b>13 960 938</b>	<b>22 387 148</b>	<b>9 604 292</b>	<b>8 395 437</b>	<b>16 572 530</b>	<b>9 793 020</b>

### 13. Non - current assets held for sale

During the prior financial year, Council made a resolution to dispose of the Executive Mayors's vehicle. The disposal decision was based on the ageing of the asset.

The vehicle was sold on the 11th of July 2012. Although council approved the sale of the vehicle on the 5th of October 2010, no sufficient tender price could be obtained and therefore the vehicle was not sold within 12 months after being reclassified as held for sale as required by GRAP 100.

Non - Current assets held for sale	-	-	-	-
Vehicle at carrying value	230 000	319 082	230 000	319 082
Less: Impairment	(136 000)	(89 082)	(136 000)	(89 082)
	<b>94 000</b>	<b>230 000</b>	<b>94 000</b>	<b>230 000</b>

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## Notes to the Annual Financial Statements

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### 14. Accumulated surplus

#### Ring-fenced internal funds and reserves within accumulated surplus - Municipality - 2012

	Capital replacement reserve	Government grant reserve	Accumulated Surplus / Deficit due to operations	Total
Opening balance	(5 688 730)	(20 487)	(169 686 704)	(175 395 921)
Surplus /Deficit for the year	-	-	(17 112 133)	(17 112 133)
Property, plant and equipment purchases	1 088 930	-	(1 088 930)	-
Offsetting of depreciation	-	12 442	(12 442)	-
	<b>(4 599 800)</b>	<b>(8 045)</b>	<b>(187 900 209)</b>	<b>(192 508 054)</b>

#### Ring-fenced internal funds and reserves within accumulated surplus - Municipality - 2011

	Capital replacement reserve	Government grant reserve	Accumulated Surplus / Deficit due to operations	Total
Restated opening balance	(5 688 730)	(211 816)	(159 723 265)	(165 623 811)
Surplus /Deficit for the year	-	-	(9 772 110)	(9 772 110)
Offsetting of depreciation	-	191 329	(191 329)	-
	<b>(5 688 730)</b>	<b>(20 487)</b>	<b>(169 686 704)</b>	<b>(175 395 921)</b>

#### Ring-fenced internal funds and reserves within accumulated surplus - Group - 2012

	Capital replacement reserve	Government grant reserve	Accumulated Surplus / Deficit due to operations	Total
Opening balance	(5 688 730)	(20 487)	(175 801 212)	(181 510 429)
Offsetting of depreciation	-	12 442	(12 442)	-
Property, plant and equipment purchases	1 088 930	-	(1 088 930)	-
Surplus / Deficit for the year	-	-	(16 341 002)	(16 341 002)
	<b>(4 599 800)</b>	<b>(8 045)</b>	<b>(193 243 586)</b>	<b>(197 851 431)</b>

#### Ring-fenced internal funds and reserves within accumulated surplus - Group - 2011

	Capital replacement reserve	Government grant reserve	Accumulated surplus / Deficit due to operations	Total
Opening balance	(5 688 730)	(211 816)	(162 881 002)	(168 781 548)
Offsetting of depreciation	-	191 329	(191 329)	-
Surplus / Deficit for the year	-	-	(12 728 706)	(12 728 706)
Appropriations	-	-	(175)	(175)
	<b>(5 688 730)</b>	<b>(20 487)</b>	<b>(175 801 212)</b>	<b>(181 510 429)</b>

Accumulated surplus has been restated due to corrections of errors. Refer to note 38 for details of the restatements.

# Dr Kenneth Kaunda District Municipality

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## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>15. Finance lease obligation</b>				
<b>Minimum lease payments due</b>				
- within one year	196 595	170 952	196 595	170 952
- in second to fifth year inclusive	124 125	320 719	124 125	320 719
	320 720	491 671	320 720	491 671
less: future finance charges	(35 448)	(85 020)	(35 448)	(85 020)
<b>Present value of minimum lease payments</b>	<b>285 272</b>	<b>406 651</b>	<b>285 272</b>	<b>406 651</b>
<b>Present value of minimum lease payments due</b>				
- within one year	166 723	121 380	166 723	121 380
- in second to fifth year inclusive	118 548	285 271	118 548	285 271
	<b>285 271</b>	<b>406 651</b>	<b>285 271</b>	<b>406 651</b>
Non-current liabilities	118 548	285 271	118 548	285 271
Current liabilities	166 723	121 380	166 723	121 380
	<b>285 271</b>	<b>406 651</b>	<b>285 271</b>	<b>406 651</b>

### Lease of Samsung 7200,7400 and 7070 PABX System.

The municipality lease a Samsung DSC PABX System. The lease was classified as a finance lease on the following grounds:

1. All risks and rewards are therefore substantially transferred to the municipality.
2. The lease term therefore covers the major part of the asset's economic life
3. The present value of the minimum lease payments approximates the fair value of the Asset

Clause 6 of the " terms of business" states that the item must be insured by the municipality.

The agreement was signed on 24 January 2011 and the period for the lease is 36 months.

The monthly lease amount as per the agreement is R13,408. The cost of the system was determined as R 448,578.

### General description of lease arrangements

No contingent rent

No restrictions – the lease is for a period of 36 months as from 25 February 2011

The interest rate is 13.95%

15% annual escalation in rent

No stipulation for further leasing

PABX must be insured by the Lessee as from 24January 2011 when agreement was signed.

### Market risk

The management of the municipality is of the opinion the carrying value of long term liabilities recorded at amortised cost in the annual financial statements approximate their fair values.

The fair value of long term liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financial institutions.

The municipality does not have an option to purchase the leased Property ,Plant & Equipment at the conclusion of the lease agreements. The municipality's obligation under financial leases are secured by the lessor's title to the leased assets.

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>16. Unspent conditional grants and receipts</b>				
<b>Unspent conditional grants and receipts comprises of:</b>				
<b>Unspent conditional grants and receipts</b>				
Disaster Management Fund	600 435	542	600 435	542
Finance Management Grant	709 589	997 040	709 589	997 040
Expanded Public Works Program Grant	36 000	-	36 000	-
Fire Support Grant	23 390	23 373	23 390	23 373
Integrated Municipal Monitoring Grant (IMMIS)	161 394	161 394	161 394	161 394
LED Learnership (Seta)	86 859	92 083	86 859	92 083
LG Seta Environmental Learnership Grant	5 078	-	5 078	-
Local Government Support Grant	1 303 956	1 263 336	1 303 956	1 263 336
Premier Support Grant	2 400	2 293	2 400	2 293
2010 Soccer world cup grant	1 566	1 566	1 566	1 566
Unspent Grants Economic Agency	1 370 461	487 037	-	-
	<b>4 301 128</b>	<b>3 028 664</b>	<b>2 930 667</b>	<b>2 541 627</b>

### Movement during the year

Balance at the beginning of the year	3 028 664	3 727 519	2 541 627	3 240 482
Additions during the year	5 050 145	4 044 554	3 575 145	4 044 554
Income recognition during the year	(3 129 681)	(4 743 409)	(2 538 105)	(4 743 409)
Transfer back to National Treasury	(648 000)	-	(648 000)	-
	<b>4 301 128</b>	<b>3 028 664</b>	<b>2 930 667</b>	<b>2 541 627</b>

The municipality complied with the conditions attached to the grants received to the extent of revenue recognised. Unspent grants were cash backed

See note 22 for reconciliation of grants from National/Provincial Government.

### 17. Provisions

#### Reconciliation of provisions - Group - 2012

	Opening Balance	Additions	Utilised during the year	Total
Post - employment Health Care Benefits	61 104	104 448	(61 104)	104 448
Long - Service awards	71 023	72 195	(71 023)	72 195
	<b>132 127</b>	<b>176 643</b>	<b>(132 127)</b>	<b>176 643</b>

#### Reconciliation of provisions - Group - 2011

	Opening Balance	Additions	Utilised during the year	Total
Post - employment Health Care Benefits	87 600	60 709	(87 205)	61 104
Long - Service Awards	111 346	94 947	(135 270)	71 023
	<b>198 946</b>	<b>155 656</b>	<b>(222 475)</b>	<b>132 127</b>

#### Reconciliation of provisions - Municipality - 2012

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011

### 17. Provisions (continued)

	Opening Balance	Additions	Utilised during the year	Total
Post - employment Health Care Benefits	61 104	104 448	(61 104)	104 448
Long - service Awards	71 023	72 195	(71 023)	72 195
	<b>132 127</b>	<b>176 643</b>	<b>(132 127)</b>	<b>176 643</b>

### Reconciliation of provisions - Municipality - 2011

	Opening Balance	Additions	Utilised during the year	Total
Post - employment Health Care Benefits	87 600	60 709	(87 205)	61 104
Long - service Awards	111 346	94 947	(135 270)	71 023
	<b>198 946</b>	<b>155 656</b>	<b>(222 475)</b>	<b>132 127</b>

Performance bonuses- the outflow is depended on the evaluation of the performance of the managers provided for.

Post - employment health care benefits- the outflow is periodic as and when employees retired from service  
Long service awards - the outflow is linked to when employees are due for long service awards.

### 18. Long Service Awards

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality. The said award comprises a certain number of vacation leave days which, in accordance with the option exercised by the beneficiary employee, can be converted into a cash amount based on his/her basic salary applicable at the time the award becomes due or, alternatively, credited to his/her vacation leave accrual. The provision represents an limitation of the awards to which employees in the service of the Municipality at 30 June 2012 may become entitled to in future, based on an actuarial valuation performed at that date.

The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2012 by ARCH Actuarial Consulting, a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other long service benefits are provided by the municipality.

Provision for Long Service Awards	1 877 061	1 234 395	1 877 061	1 234 395
<b>Total Provision for Long Service Awards</b>	<b>1 877 061</b>	<b>1 234 395</b>	<b>1 877 061</b>	<b>1 234 395</b>
Less: Transfer to Current Liabilities	(72 195)	(71 023)	(72 195)	(71 023)
<b>Net Long Service Awards liability</b>	<b>1 804 866</b>	<b>1 163 372</b>	<b>1 804 866</b>	<b>1 163 372</b>

### The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate %	6,80	7,97	6,8	7,97
Expected Rate of Salary Increase (long-term) %	5,95	6,31	5,9	6,31
Net Effective Discount Rate %	0,80	1,56	0,8	1,56
Expected Retirement Age	63	63	6	63
Mortality during emolument	SA 85-90	SA 85-90	SA 85-90	SA 85-90

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>18. Long Service Awards (continued)</b>				
<b>The movement in the long service awards obligation over the year is as follows:</b>				
Balance at beginning of year	1 234 395	1 038 300	1 234 395	1 038 300
Current service cost	209 426	224 043	209 426	224 043
Interest cost	95 551	90 107	95 551	90 107
Benefits paid	(71 023)	(111 346)	(71 023)	(111 346)
Actuarial (gain)/loss on the obligation	408 712	(6 709)	408 712	(6 709)
<b>Balance at end of year</b>	<b>1 877 061</b>	<b>1 234 395</b>	<b>1 877 061</b>	<b>1 234 395</b>
<b>19. Trade and other payables</b>				
Trade payables	16 575 965	11 928 120	16 509 836	11 830 391
Levy debtors in advance	-	(528)	-	(528)
Provisions	66 045	66 045	-	-
Retention Creditors	2 518 398	2 144 196	2 518 398	2 144 196
Staff Leave	4 674 024	2 728 029	4 674 024	2 728 029
Control Accounts	34 153	109	34 153	109
Other Creditors	1 530 903	1 731 954	1 530 903	1 731 954
	<b>25 399 488</b>	<b>18 597 925</b>	<b>25 267 314</b>	<b>18 434 151</b>

Staff leave accrue to the employees of the municipality on an annual basis, subject to certain conditions. The provision is based on the value of the actual leave days at the reporting date.

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011

### 19. Trade and other payables (continued)

#### Fair value of trade and other payables

Financial liabilities are measured at amortised cost using the effective interest rate method. A net present value calculation of accounts payable and credit purchases was therefore performed. Because the effect of discounting on accounts payable is not material, the balances disclosed in the note above were not adjusted. The effect of discounting with regards to accounts payable amounted to R219,913 (2011: R 187,926)

The average credit period on purchases is 30 days from receipt of invoice as determined by the MFMA. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit time frame.

### 20. Financial liabilities by category

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows:

#### Group - 2012

	Financial liabilities at amortised cost	Total
Finance lease obligations	166 723	166 723
Operating lease liabilities	29 957	29 957
Unspent Conditional Grants	4 301 128	4 301 128
Post retirement medical aid benefit	104 448	104 448
Long service awards	72 195	72 195
Trade and other payables	25 399 488	25 399 488
	<b>30 073 939</b>	<b>30 073 939</b>

#### Group - 2011

	Financial liabilities at amortised cost	Total
Finance lease obligations	121 380	121 380
Operating lease liabilities	468 600	468 600
Unspent Conditional Grants	3 028 663	3 028 663
Post retirement medical aid benefit	61 104	61 104
Long service awards	71 023	71 023
Trade and other payables	18 597 925	18 597 925
	<b>22 348 695</b>	<b>22 348 695</b>

#### Municipality - 2012

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011

### 20. Financial liabilities by category (continued)

	Financial liabilities at amortised cost		Total	
Finance lease obligations	166 723		166 723	
Operating lease liability	29 957		29 957	
Unspent conditional grants	2 930 667		2 930 667	
Trade and other payables	25 267 314		25 267 314	
Post retirement medical aid benefit	104 448		104 448	
Long service defined benefit plan	72 195		72 195	
	<b>28 571 304</b>		<b>28 571 304</b>	

### Municipality - 2011

	Financial liabilities at amortised cost		Total	
Finance lease obligations	121 380		121 380	
Operating lease obligations	468 600		468 600	
Unspent conditional grants	2 541 627		2 541 627	
Trade and other payables	18 434 151		18 434 151	
Post retirement medical aid benefit	61 104		61 104	
Long service awards	71 023		71 023	
	<b>21 697 885</b>		<b>21 697 885</b>	

### 21. Revenue

Government grants & subsidies	155 413 662	153 689 173	156 159 085	152 670 140
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The amount included in revenue arising from non-exchange transactions is as follows:

#### Transfer revenue

Government grants and subsidies	155 413 662	153 689 173	156 159 085	152 670 140
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# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>22. Government grants and subsidies</b>				
Equitable share	23 596 000	21 696 000	23 596 000	21 696 000
RSC Levy Replacement Grant	130 026 000	126 231 457	130 026 000	126 231 457
Conditions met - Transfer to Revenue	1 791 662	4 742 683	2 537 085	4 742 683
Grants Economic Agency - Unspent admin funds transfer to revenue	-	1 019 033	-	-
	<b>155 413 662</b>	<b>153 689 173</b>	<b>156 159 085</b>	<b>152 670 140</b>

### Equitable Share

Current year receipts	23 596 000	21 696 000	23 596 000	21 696 000
	<b>23 596 000</b>	<b>21 696 000</b>	<b>23 596 000</b>	<b>21 696 000</b>

The grant is unconditional and is utilised to fund operational and capital program

### RSC Levy Replacement Grant

Current year receipts	130 026 000	126 231 457	130 026 000	126 231 457
	<b>130 026 000</b>	<b>126 231 457</b>	<b>130 026 000</b>	<b>126 231 457</b>

The grant has replaced the RSC Levies that were collected by Districts and Metropolitan Municipalities. These municipalities receives the grant until National Treasury produce the tax instrument that meets conditions of a "fair" tax. The Grant is utilised to fund the operational and capital program.

### 2010 Soccer World Cup Grant

Balance unspent at beginning of year	1 566	-	1 566	-
Current-year receipts	-	850 000	-	850 000
Conditions met - transferred to revenue	-	(848 434)	-	(848 434)
<b>Conditions still to be met- transferred to liabilities</b>	<b>1 566</b>	<b>1 566</b>	<b>1 566</b>	<b>1 566</b>

Conditions still to be met - remain liabilities (see note 16)

### Disaster Management Grant

Balance unspent at beginning of year	542	322 810	542	322 810
Current-year receipts	600 000	1 000 000	600 000	1 000 000
Interest earned	12	-	12	-
Conditions met - transferred to revenue	(119)	(1 322 268)	(119)	(1 322 268)
<b>Conditions still to be met- transferred to liabilities</b>	<b>600 435</b>	<b>542</b>	<b>600 435</b>	<b>542</b>

Conditions still to be met - remain liabilities (see note 16)

### LG Seta Environmental Learnership Grant

Current-year receipts	625 000	-	625 000	-
Conditions met - transferred to revenue	(619 922)	-	(619 922)	-
<b>Conditions still to be met- transferred to liabilities</b>	<b>5 078</b>	<b>-</b>	<b>5 078</b>	<b>-</b>

### Local Government Support Grant

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>22. Government grants and subsidies (continued)</b>				
Balance unspent at beginning of year	1 263 336	1 218 438	1 263 336	1 218 438
Current-year receipts	41 422	45 550	41 422	45 550
Conditions met - transferred to revenue	(802)	(652)	(802)	(652)
<b>Conditions still to be met- transferred to liabilities</b>	<b>1 303 956</b>	<b>1 263 336</b>	<b>1 303 956</b>	<b>1 263 336</b>

Conditions still to be met - remain liabilities (see note 16)

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>22. Government grants and subsidies (continued)</b>				
<b>Finance Management Grant</b>				
Balance unspent at beginning of year	997 040	648 264	997 040	648 264
Current-year receipts	1 250 000	1 000 000	1 250 000	1 000 000
Conditions met - transferred to revenue	(889 451)	(651 224)	(889 451)	(651 224)
Transfer back to National Treasury	(648 000)	-	(648 000)	-
<b>Conditions still to be met- transferred to liabilities</b>	<b>709 589</b>	<b>997 040</b>	<b>709 589</b>	<b>997 040</b>
Conditions still to be met - remain liabilities (see note 16)				
<b>Integrated Municipal Monitoring Information System (IMMIS)</b>				
Balance unspent at beginning of year	161 394	161 394	161 394	161 394
<b>Conditions still to be met- transferred to liabilities</b>	<b>161 394</b>	<b>161 394</b>	<b>161 394</b>	<b>161 394</b>
Conditions still to be met - remain liabilities (see note 16)				
<b>Premier Support Grant</b>				
Balance unspent at beginning of year	2 293	655 555	2 293	655 555
Conditions met - transferred to revenue	(88)	(671 377)	(88)	(671 377)
Interest earned	195	18 115	195	18 115
<b>Conditions still to be met- transferred to liabilities</b>	<b>2 400</b>	<b>2 293</b>	<b>2 400</b>	<b>2 293</b>
Conditions still to be met - remain liabilities (see note 16)				
<b>Fire Support Program</b>				
Balance unspent at beginning of year	23 373	23 373	23 373	23 373
Conditions met - transferred to revenue	(11)	-	(11)	-
Interest earned	28	-	28	-
<b>Conditions still to be met- transferred to liabilities</b>	<b>23 390</b>	<b>23 373</b>	<b>23 390</b>	<b>23 373</b>
Conditions still to be met - remain liabilities (see note 16)				
<b>LED Learnership Seta</b>				
Balance unspent at beginning of year	92 084	210 648	92 084	210 648
Current-year receipts	232 487	130 890	232 487	130 890
Conditions met - transferred to revenue	(237 712)	(249 454)	(237 712)	(249 454)
<b>Conditions still to be met- transferred to liabilities</b>	<b>86 859</b>	<b>92 084</b>	<b>86 859</b>	<b>92 084</b>
Conditions still to be met - remain liabilities (see note 16)				
<b>Municipal System Improvement Grant (MSIG)</b>				
Current-year receipts	790 000	1 000 000	790 000	1 000 000
Conditions met - transferred to revenue	(790 000)	(1 000 000)	(790 000)	(1 000 000)

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>22. Government grants and subsidies (continued)</b>				
<b>Expanded Public Works Program Grant</b>				
Current year receipt	36 000	-	36 000	-
<b>Unspent Grants Economic Agency</b>				
Balance unspent at beginning of year	487 037	-	-	-
Current-year receipts	1 475 000	2 500 000	-	-
Conditions met - transferred to revenue	(591 576)	(2 012 963)	-	-
	<b>1 370 461</b>	<b>487 037</b>	-	-
Conditions still to be met - remain liabilities (see note 16)				
<b>23. Other revenue</b>				
Commissions received	18 412	20 868	18 412	20 868
Insurance claims received	16 383	332 535	16 383	332 535
Reversal of provision for bad debt	3 000	-	3 000	-
Actuarial gains-Long service awards	-	571 136	-	571 136
Tender deposits	185 650	170 700	185 650	170 700
Sundry income	22 941	175 817	22 941	175 817
	-	-	-	-
	<b>246 386</b>	<b>1 271 056</b>	<b>246 386</b>	<b>1 271 056</b>

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>24. General expenses</b>				
Advertising	1 410 086	810 952	1 410 086	810 952
Assessment rates & municipal charges	533 121	510 870	533 121	510 870
Audit Committee Members - Remuneration	325 111	152 976	325 111	152 976
Auditors remuneration	1 725 463	2 543 812	1 725 463	2 543 812
Bank charges	246 520	158 741	246 520	158 741
Business Expenses Councillors and Directors	107 142	98 854	107 142	98 854
Cleaning	29 441	-	29 441	-
Community Based Planning	2 547 006	2 853 525	2 547 006	2 853 525
Compensation Commissioner	38 127	474 476	38 127	474 476
Conferences and seminars	1 066 446	1 040 044	1 066 446	1 040 043
Consulting and professional fees	3 014 118	2 206 495	3 114 118	2 206 495
Consumables	85 158	80 097	85 158	80 097
Entertainment	580 057	762 011	580 057	762 011
Events and Campaigns	1 448 042	1 012 296	1 448 042	1 012 296
General expenses -Other	608 792	367 011	608 792	367 011
Gifts	17 342	129 495	17 342	129 495
IDP Review Expenses	83 685	150 390	83 685	150 390
Insurance	293 503	370 735	293 503	370 735
Legal Fees	3 800 749	3 943 896	3 800 744	3 943 896
Licence fees - Other	39 480	35 433	39 480	35 433
Magazines, books and periodicals	11 009	9 599	11 009	9 599
Motor vehicle expenses	801 681	601 519	801 681	601 519
Office Rentals	801 844	778 111	801 844	778 111
Pest control	204 084	137 132	204 084	137 132
Postage and courier	4 062	19 716	4 062	19 716
Printing and stationery	670 820	586 187	670 820	586 187
Protective clothing	20 707	24 146	20 707	24 146
Public Participation Expenses	54 052	446 731	54 052	446 731
Skills development levy	374 158	377 882	374 158	377 882
Subscriptions and membership fees	539 408	361 227	539 408	361 227
Subsistence and travel	561 393	488 088	561 393	488 088
Telephone and fax	632 962	866 575	632 962	866 575
Testing of samples - Health	160 504	74 707	160 504	74 707
Training and Development - Councillors	319 860	9 701	319 860	9 701
Training and Development - Employees	1 078 724	1 006 355	1 078 724	1 006 355
Fair value adjustment - Credit purchases	(164 439)	(218 226)	(164 439)	(218 226)
	<b>24 070 218</b>	<b>23 271 559</b>	<b>24 170 213</b>	<b>23 271 558</b>

Expenditure of non occurring nature is shown under General Expenses - Other

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>25. Employee related costs</b>				
Basic Salaries	28 330 854	28 760 081	26 917 833	27 664 676
Redemption of Leave	1 793 948	708 045	1 698 881	708 045
Cell Phone Allowances	379 709	432 659	379 709	432 659
Overtime payments	425 766	588 679	425 766	588 679
13th Cheques	1 960 747	2 257 682	1 784 167	2 257 682
Car allowance	2 787 766	2 963 519	2 787 766	2 963 519
Housing benefits and allowances	233 539	265 617	233 539	265 617
Salary Claims - Local Councils	1 569 263	1 526 180	1 569 263	1 526 180
Standby Allowances	22 586	38 371	22 586	38 371
Allowances Uniforms	200	2 380	200	2 380
Pension Fund - Councils' Contributions	4 457 921	4 463 920	4 457 921	4 463 920
Medical aid - Councils' contributions	1 645 988	1 490 809	1 645 988	1 490 809
Group Life Insurance - Councils' Contributions	143 920	130 105	143 920	130 105
UIF	144 916	150 797	138 030	145 583
Industrial Council	4 826	5 194	4 826	5 194
Long-service awards	713 689	338 074	713 689	338 074
Post-employment benefits - Defined benefit plan	1 237 110	314 776	1 237 110	314 776
Training	-	4 750	-	-
	<b>45 852 748</b>	<b>44 441 638</b>	<b>44 161 194</b>	<b>43 336 269</b>

### Remuneration of Municipal Manager

Annual Remuneration	-	813 062	-	813 062
Car Allowance	-	158 080	-	158 080
Allowances and Contributions to UIF, Medical and Pension Funds	-	65 145	-	65 145
Leave payout on termination of service	-	200 969	-	200 969
Acting and cellphone Allowance - SK Sebolai	375 000	384 833	375 000	384 833
	<b>375 000</b>	<b>1 622 089</b>	<b>375 000</b>	<b>1 622 089</b>

An acting Municipal manager Mr S K Sebolai was appointed as from the 23 March 2010.

### Remuneration of Chief Finance Officer

Annual Remuneration	335 007	315 804	335 007	315 804
Car Allowance	89 882	89 882	89 882	89 882
Acting Allowance	280 453	169 676	280 453	169 676
13th Cheque	27 971	26 853	27 971	26 853
Statutory contributions and leave encashment	181 825	47 993	181 825	47 993
	<b>915 138</b>	<b>650 208</b>	<b>915 138</b>	<b>650 208</b>

Mr M B Daffue act in the position of the CFO as from 1 March 2009

### Remuneration of Director Corporate Services

Annual Remuneration	303 426	286 032	303 426	286 032
Car Allowance	99 941	100 116	99 941	100 116
Acting Allowance	353 673	222 110	353 673	222 110
13th Cheque	25 285	24 332	25 285	24 332

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>25. Employee related costs (continued)</b>				
Statutory contributions and leave encashment	107 837	36 135	107 837	36 135
	<b>890 162</b>	<b>668 725</b>	<b>890 162</b>	<b>668 715</b>

Mrs S C Abrams act as Director Corporate Services as from 1 June 2010.

### Remuneration of Director Infrastructure

Annual Remuneration	303 426	286 032	303 426	286 032
Car Allowance	99 154	99 153	99 154	99 153
Acting Allowance	332 162	213 557	332 162	213 557
13th Cheque	25 285	24 322	25 285	24 322
Statutory contributions and leave encashment	137 137	69 781	137 137	69 781
	<b>897 164</b>	<b>692 845</b>	<b>897 164</b>	<b>692 845</b>

Mr K T Tshukudu act in the position of Director Infrastructure as from 22 February 2010

### Remuneration of Director District Economic Development

Annual Remuneration	421 687	401 352	421 687	401 352
Car Allowance	68 414	68 414	68 414	68 414
Acting Allowance	278 419	221 295	278 419	221 295
13th Cheque	54 404	33 446	54 404	33 446
Cellphone allowance & leave encashment	30 211	44 194	30 211	44 194
	<b>853 135</b>	<b>768 701</b>	<b>853 135</b>	<b>768 701</b>

Mr T Rampedi act in the position of Director District Economic Development as from 22 February 2010

### Remuneration of Director Disaster Management

Annual Remuneration	303 426	286 032	303 426	286 032
Car Allowance	87 779	79 092	87 779	79 092
Acting allowance	343 283	217 979	343 283	217 979
13th Cheque	25 285	24 322	25 285	24 322
Statutory contributions and leave encashment	133 515	25 016	133 515	25 016
	<b>893 288</b>	<b>632 441</b>	<b>893 288</b>	<b>632 441</b>

Mr R Lesar act in the position of Director Disaster Management as from 10 March 2010

### Remuneration of the Director Environmental Health

Annual Remuneration	303 426	286 032	303 426	286 032
Car Allowance	121 585	121 585	121 585	121 585
Acting Allowance	289 287	199 393	289 287	199 393
13th Cheque	25 285	24 322	25 285	24 322
Statutory contributions and leave encashment	142 854	33 325	142 854	33 325
	<b>882 437</b>	<b>664 657</b>	<b>882 437</b>	<b>664 657</b>

Mrs N P Xaba act in the position of Director Disaster Management as from 10 March 2010

### CEO - Dr Kenneth Kaunda District Municipality Economic Agency

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>25. Employee related costs (continued)</b>				
Annual Remuneration	628 625	588 600	-	-
Car Allowance	-	10 200	-	-
Bonus	176 580	81 000	-	-
Statutory contributions and leave encashment	95 067	-	-	-
	<b>900 272</b>	<b>679 800</b>	-	-

### 26. Remuneration of councillors

Executive Major	631 496	550 084	631 496	550 084
Mayoral Committee Members	2 890 106	2 255 210	2 890 106	2 255 210
Speaker	528 629	449 257	528 629	449 257
Councillors	2 362 835	2 053 215	2 362 835	2 053 215
Councillors' pension contribution	432 866	915 708	432 866	915 708
	-	-	-	-
	<b>6 845 932</b>	<b>6 223 474</b>	<b>6 845 932</b>	<b>6 223 474</b>

### 27. Debt impairment

Contributions to debt impairment provision	1 261 024	95 454	1 261 024	95 454
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### 28. Investment revenue

#### Dividend revenue

Sanlam Shares	1 261	1 116	1 261	1 116
	<b>1 261</b>	<b>1 116</b>	<b>1 261</b>	<b>1 116</b>

The share holding in Sanlam accounts U0063368811 for 483 shares and U0063368951 for 487 shares was received due to the issuing of shares for policies that was in the name of the municipality.

Dividends to the amount of R 1,116 were declared in the prior year, but not yet received.

#### Interest revenue

Investments and call deposits	12 187 756	11 366 064	11 904 088	11 201 891
Total dividend revenue	1 261	1 116	1 261	1 116
Total interest revenue	12 187 756	11 366 064	11 904 088	11 201 891
<b>Total investment revenue</b>	<b>12 189 017</b>	<b>11 367 180</b>	<b>11 905 349</b>	<b>11 203 007</b>

The interest income is calculated using the actual effective interest rate received on investments and call deposits.

### 29. Depreciation, impairment and amortisation

Property, plant and equipment	2 417 673	1 893 753	2 360 421	1 831 839
Intangible assets	361 710	498 292	358 510	496 638
Impairment on current assets held for sale	136 000	89 082	136 000	89 082
	<b>2 915 383</b>	<b>2 481 127</b>	<b>2 854 931</b>	<b>2 417 559</b>



# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>30. Finance costs</b>				
Finance leases	49 572	25 113	49 572	25 113
Fair value adjustments on credit purchases	645 947	871 492	645 947	871 492
	<b>695 519</b>	<b>896 605</b>	<b>695 519</b>	<b>896 605</b>

### 31. Rental of facilities and equipment

No facilities and equipment were rented out for the year under review

### 32. Contracted Services

Information Technology Services	617 162	884 934	617 162	884 934
Other Contractors	1 258 762	1 481 179	908 196	1 231 508
Fair value adjustment - Credit purchases	(10 467)	(19 645)	(10 467)	(19 645)
	<b>1 865 457</b>	<b>2 346 468</b>	<b>1 514 891</b>	<b>2 096 797</b>

### 33. Grants and subsidies paid

City of Matlosana	16 402 288	17 026 312	17 102 288	17 026 313
City Council of Tlokwe	6 124 591	6 834 982	7 499 590	7 307 682
Ventersdorp Local Municipality	6 316 712	14 490 469	7 871 712	15 038 169
Maquassi Hills Local Municipality	7 821 051	7 291 544	10 121 788	7 764 245
Dr Kenneth Kaunda District Municipality	23 185 615	16 037 057	24 915 616	20 095 957
Fair value adjustment - Credit purchases	(466 176)	(624 050)	(466 176)	(624 050)
	<b>59 384 081</b>	<b>61 056 314</b>	<b>67 044 818</b>	<b>66 608 316</b>

### Projects - Dr Kenneth Kaunda District Municipality

Business / entrepreneurs	43 625	60 000	43 625	60 000
Children development	168 470	-	168 470	-
Communication Unit	1 497 034	1 309 926	1 497 034	1 309 926
Community Agricultural Support	92 912	1 996	92 912	1 996
Disability development	202 063	47 500	202 063	47 500
District Expo	319 141	209 402	319 141	209 402
Disaster Management Advisory Forum	18 862	37 680	18 862	37 680
Disaster Management Awareness	567 735	1 166 066	567 735	1 166 066
Disaster Management Planning	273 144	368 184	273 144	368 184
Disaster Management Relief	99 240	58 000	99 240	58 000
District cleaning projects	6 000 000	5 500	6 000 000	5 500
Donations	251 630	140 494	251 630	140 494
Dr Kenneth Kaunda District Economic Entity	-	-	1 500 000	1 383 900
Dr Kenneth Kaunda Research	-	-	230 000	-
Manufacturing Industr				
Dr kenneth Kaunda tourism Association	50 000	50 000	50 000	50 000
Education	555 741	135 159	555 741	135 159
Elderly development	15 351	-	15 351	-
Emergency Funding Major Incident	71 039	851 241	71 039	851 241
Entrepreneurial Month	2 250	-	2 250	-
Fire Fighting Training & Development	1 249 937	1 115 723	1 249 937	1 115 723
Funeral assistance	148 072	234 825	148 072	234 825
Funding Finance Management Grant	499 802	645 764	499 802	645 764
LG Seta mandatory grant	237 712	249 454	237 712	249 454

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>33. Grants and subsidies paid (continued)</b>				
Funding Municipal systems improvement grant	253 907	-	253 907	-
Identify/Preservation of Tourism/Heritage Sites	232 816	-	232 816	-
Gender development	349 048	318 118	349 048	318 118
Hosting PVA 2010 Soccer world cup tournament	-	848 434	-	848 434
LG Seta Environmental Learnerships	619 922	-	619 922	-
Literary competition	539 606	710 408	539 606	710 408
Mandella day - special projects	155 959	121 496	155 959	121 496
Mayoral Golf Fund	40 000	75 600	40 000	75 600
Merit bursary Community	2 480 629	2 739 483	2 480 629	2 739 483
Merit bursary employees	198 367	335 035	198 367	335 035
Promotion and Marketing DED	262 643	182 843	262 643	182 843
Poverty relief	111 579	212 784	111 579	212 784
Resource & Support Centre	43 860	43 860	43 860	43 860
Risk Reduction Project	307 017	317 100	307 017	317 100
Rural Sanitation & Water Backlog @ Schools	-	186 532	-	186 532
SMME Workshop/Summit	246 203	46 195	246 203	46 195
Scheikenmaster Meat Processing	-	-	-	2 675 000
Skills Development and Training	81 172	247 114	81 172	247 114
Special Discretionary on Merit	-	45 000	-	45 000
Special Projects Desk	-	205 933	-	205 933
Sport, Arts and Culture	1 690 588	1 662 346	1 690 588	1 662 346
Sports sponsorship	133 500	25 700	133 500	25 700
Tourism Awareness	107 000	27 350	107 000	27 350
Tourism Information Centre	35 000	32 100	35 000	32 100
Tourism & Marketing	305 760	10 121	305 760	10 121
Traditional food /cultural festival	-	195 000	-	195 000
Volunteer Unit	40 993	55 125	40 993	55 125
Vredefort dome	-	20 100	-	20 100
Volunteers stipend	1 993 173	359 600	1 993 173	359 600
Volunteers uniforms	96 713	96 713	96 713	96 713
Ward Committee Offices	278 170	-	278 170	-
Women's month	39 419	46 460	39 419	46 460
Youth development - Special projects	178 811	183 593	178 811	183 593
	<b>23 185 615</b>	<b>16 037 057</b>	<b>24 915 615</b>	<b>20 095 957</b>
<b>Details of Grants paid - City of Matlosana</b>				
CCTV Cameras	10 085 174	11 055 520	10 085 174	11 055 521
Dominionville sanitation	-	343 528	-	343 528
Hartbeesfontein sewer network	-	2 547 810	-	2 547 811
Jacaranda electrification	-	454 662	-	454 662
Jacaranda sanitation	-	55 651	-	55 651
Jacaranda water augmentation	-	81 495	-	81 495
Khuma 10ML Reservoir Upgrading	4 102 955	1 818 158	4 102 955	1 818 158
N12 Road Beautification	122 419	-	122 419	-
Orkney New Community Hall	368 403	-	368 403	-
Rural fencing Matlosana	-	172 521	-	172 521
Matlosana Tannery	-	-	250 000	-
Matlosana SME Industrial/Manufacturing	-	-	450 000	-
Rural Development	1 307 987	-	1 307 987	-
Rural Development Support	124 050	-	124 050	-
VIP'S for farms and farm settlements	-	431 099	-	431 099
Wolwerand water and sanitation	291 300	65 868	291 300	65 868
	<b>16 402 288</b>	<b>17 026 312</b>	<b>17 102 288</b>	<b>17 026 314</b>

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>33. Grants and subsidies paid (continued)</b>				
<b>Details of Grants paid - City of Tlokwe</b>				
Baitshoki farm solar lighting	-	623 959	-	623 959
Baitshoki farm multi purpose centre	-	912 707	-	912 707
Matlwang Access Road	-	5 298 316	-	5 298 316
Maintenance N12 Road	3 898 693	-	3 898 693	-
Matlwang Bulk Water Supply	198 520	-	198 520	-
Regional Dolomite Investigations	1 850 000	-	1 850 000	-
Tlokwe Beans Project	-	-	475 000	472 700
Tlokwe Cement Factory Feasibility Study	-	-	450 000	-
Tlokwe Metal Forming & Casting Factory	-	-	450 000	-
Upgrading & Accreditation Laboratory	73 066	-	73 066	-
Vegetable production project Matlwang	104 312	-	104 312	-
	<b>6 124 591</b>	<b>6 834 982</b>	<b>7 499 591</b>	<b>7 307 682</b>

### Details of Grants paid - Ventersdorp

#### Local Municipality

Administration Charges	189 824	-	189 824	-
Acquisition of solid waste compacters	-	1 447 886	-	1 447 886
Appeldraai solar lighting	370 610	-	370 610	-
Appeldraai water supply	290 477	469 590	290 477	469 590
Boikhutsong water network reticulation	99 834	139 136	99 834	139 136
Doornkop Water Supply	505	-	505	-
Ext.6-Ventersdorp Township Establishment	671 208	1 087 250	671 208	1 087 250
Goedgevonden water network reticulation	147 445	228 542	147 445	228 542
Graveyard Fencing - Mogopa	-	552 519	-	552 519
Mayoral Projects Ventersdorp	-	189 827	-	189 827
Paupers Funerals	423 818	347 889	423 818	347 889
Premier Support Grant - Refilwe Project	-	375 290	-	375 290
Registration solid waste site	193 138	-	193 138	-
Township Establish. Toevlug Ventersdorp	-	4 294 514	-	4 294 514
Spatial development framework review	-	456 300	-	456 300
Tshing Roads	-	3 505 340	-	3 505 340
Tshing Road Repair	183 240	-	183 240	-
Tsing street lights	87 799	-	87 799	-
Tstetse water network reticulation	48 780	118 998	48 780	118 998
Two Bedrooms Clinics - Ventersdorp	210 034	595	210 034	595
Ventersdorp Agri-Hub Establishment	-	-	550 000	-
Ventersdorp Bulk Electricity Supply	3 000 000	-	3 000 000	-
Ventersdorp Olive Oil Orchard Plan	-	-	580 000	-
Ventersdorp rural development regraveling	400 000	1 276 793	400 000	1 276 794
Ventersdorp Vineyard Project	-	-	425 000	547 700
	<b>6 316 712</b>	<b>14 490 469</b>	<b>7 871 712</b>	<b>15 038 170</b>

#### Maquassi Hills Local Municipality

Boskuil Refurbishment Electricity	98 253	-	98 253	-
Construction community hall Maquassi-Hills	5 693 100	189 022	5 693 100	189 022
Expanded public Works Program	395 387	-	395 387	-
Fleet Capital	292 500	-	292 500	-
Maquassi Hills Piggery	-	-	460 737	472 700
Mayoral projects	-	248 270	-	248 270
Maquassi Hills Agro-Processing Incubator	-	-	1 000 000	-
Maquassi Hills Cattle Feedlot	-	-	840 000	-
Mobile offices ward committees Maquassi-Hills	-	99 623	-	99 623

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>33. Grants and subsidies paid (continued)</b>				
Oersonskraal & Boskuil water augmentation	388 034	373 552	388 034	373 552
Performance Management IT System	-	447 631	-	447 631
Rural development Boskuil & Oersonskraal	-	607 879	-	607 879
Speed Humps Wolmaranstad	-	232 992	-	232 992
Streetlights	82 832	-	82 832	-
Streetlights Lebaleng Ext 10	74 340	2 392 575	74 340	2 392 575
Street naming	228 535	-	228 535	-
Water management project Maquassi-Hills	-	2 000 000	-	2 000 000
Waste collection trucks Maquassi-Hills	568 070	-	568 070	-
Yellow bins Maquassi-Hills	-	700 000	-	700 000
	<b>7 821 051</b>	<b>7 291 544</b>	<b>10 121 788</b>	<b>7 764 244</b>
Total Grants and Subsidies paid	59 384 081	61 056 314	67 044 818	66 608 316
<b>Total grants and subsidies paid</b>	<b>59 384 081</b>	<b>61 056 314</b>	<b>67 044 818</b>	<b>66 608 316</b>
<b>34. Cash generated from operations</b>				
Surplus	16 341 004	12 728 706	17 112 133	9 772 109
<b>Adjustments for:</b>				
Depreciation and amortisation	2 915 382	2 481 127	2 854 931	2 417 559
Loss on disposal of property, plant & equipment	-	9 405 047	-	9 404 504
Profit on sale of property, plant & equipment	(11 474)	-	-	-
Appropriations	-	175	-	-
Fair value adjustments - shares	(7 946)	(4 558)	(7 946)	(4 558)
Provision for staff leave	1 945 996	(1 246 553)	1 945 996	(1 246 553)
Debt impairment	1 232 998	98 454	1 264 024	98 454
Movements in operating lease assets and accruals	(438 643)	(808 077)	(438 643)	(808 077)
Movements in retirement benefit assets and liabilities - Non current	1 727 903	(73 942)	1 727 902	(73 942)
Movements in provisions - Current	44 516	(66 819)	44 516	(66 819)
<b>Changes in working capital:</b>				
Receivables from exchange transactions	2 233 736	(4 065 835)	2 309 783	(4 069 443)
Trade and other payables	4 855 567	9 450 305	4 887 168	9 765 934
VAT	1 431 067	(2 065 240)	1 495 882	(2 177 510)
Unspent conditional grants and receipts	1 272 465	782 110	389 040	(698 855)
	<b>33 542 571</b>	<b>26 614 900</b>	<b>33 584 786</b>	<b>22 312 803</b>

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>35. Commitments</b>				
<b>Authorised capital expenditure</b>				
<b>Total approved and contracted for</b>				
• Infrastructure - Other	2 085 071	763 337	2 085 071	763 337
• Water	4 175 046	1 439 435	4 175 046	1 439 435
• Electricity - Street lights	2 710 457	-	2 710 457	-
• Other	-	430 000	-	430 000
• Sanitation / Waste disposal	4 183 481	2 251 304	4 183 481	2 251 304
• Roads and Stormwater	1 107 840	-	1 107 840	-
	<b>14 261 895</b>	<b>4 884 076</b>	<b>14 261 895</b>	<b>4 884 076</b>
<b>This expenditure will be financed from:</b>				
Own resources	13 400 870	4 884 076	13 400 870	4 884 076
<b>Operating leases – as lessee (expense)</b>				
<b>Minimum lease payments due</b>				
- within one year	511 056	5 027 358	384 355	4 921 098
- in second to fifth year inclusive	3 722	514 778	3 722	388 077
	<b>514 778</b>	<b>5 542 136</b>	<b>388 077</b>	<b>5 309 175</b>
	-	-	-	-

The amount of R5,533 175 as shown in the 2010/2011 financial statements of the municipality was restated with an amount of R224 000 to R5,309 175 due to that the lease contract with Toshiba was terminated in March 2012.

Operating lease payments represent rentals payable by the economic entity for certain office equipment and office buildings. Leases are negotiated for an average term of 36 months. No contingent rent is payable. Operating lease payments represent rentals payable by the municipality for:

### 1. Public Surveillance System (CCTV and Security Service)

The municipality lease a Public Surveillance System. The lease was classified as a operating lease on the following grounds: 1. The Municipality have obtained all the information of the lease installments and expensed it in the Statement of Financial Performance on a straight-line basis.

2. The difference between the equalised lease payment and the actual cash flow is recognised as a deferred asset or liability in the statement of financial position.

Clause 1 Service description states that the the lessee shall install, operate, maintain, and insure the CCTV System.

The original agreement was signed on the 2 Nov 2005 and the period for the lease was 36 months. A new lease contract was entered into and signed on the 7 Nov 2008 for a further period of 36 months

The monthly lease amount as per the agreement to R819,072.70 (Excl VAT), with a 12% escalation per year.

General description of lease arrangements

No contingent rent

No restrictions – the lease is for a period of 36 months as from 7 Nov 2008

Accumulative annual escalation is 12%

Option to renew the contract for another 36 months is included under Period of lease paragraph 2.2

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011

### 35. Commitments (continued)

#### 2. Gizmo

The municipality lease a printer multifunction copier and a colour lazer printer from Gizmo. The lease was classified as a operating lease the following grounds:

1.The Municipality have obtained all the information of the lease installments and expensed it in the Statement of Financial Performance on a straight-line basis.

2.The difference between the equalised lease payment and the actual cash flow is recognised as a deferred asset or liability in the statement of financial position.

3.Gizmo shall maintain and service the equipment.

4.The agreement was signed on the 20 July 2010 and the period for the lease is 36 months.

3.The monthly lease amount as per the agreement is R3722.00 (Excl VAT), No escalation was agreed on in the lease

#### 3. Old Mutual

The municipality lease an Office Building from Old Mutual. The lease was classified as a operating lease on the following grounds:

1.The Municipality have obtained all the information of the lease installments and expensed it in the Statement of Financial Performance on a straight-line basis.

2.The difference between the equalised lease payment and the actual cash flow is recognised as a deferred asset or liability in the statement of financial position.

3.Old Mutual shall maintain the building.

6.A new lease was entered into on the 1st March 2010 for a period of 36 months for an amount R35092.00 (Excl VAT), a 10% escalation was agreed on the lease.

#### 4. Toshiba

The municipality lease photocopiers from Toshiba. The lease was classified as a operating lease on the following grounds:

1.The Municipality have obtained all the information of the lease installments and expensed it in the Statement of Financial Performance on a straight-line basis.

2.The difference between the equalised lease payment and the actual cash flow is recognised as a deferred asset or liability in the statement of financial position.

3. Toshiba shall maintain and service the equipment.

4.The agreement was signed on the 30 Oct 2009 and the period for the lease was 36 months.

5.The monthly lease amount as per the agreement is R32 0000 (Excl VAT), No escalation was agreed on in the lease.

#### General description of lease arrangements

No contingent rent

No restrictions – the lease is for a period of 36 months as from 1 Nov 2009. The contract was terminated in March 2012

No accumulative annual escalation is included in the lease

No Option to renew the contract is stipulated in the lease.

Toshiba have sold the rights and titles of the agreement to M W Asset Rentals (Pty)Ltd.

### 36. Contingencies

#### Contingent Assets and Contingent Liabilities

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

#### Disclosure of contingent liabilities

No contingent liabilities liabilities exist for the year under review

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011

### 37. Related parties

#### Relationships

Accounting Officer	Refer to accounting officer's report
Short term benefits employees	Refer to note 25
Post employment benefit plan for employees of the entity and/or other related parties	Refer to note 9
Entity	Refer to note 4
Members of Council	Refer to page 1
Municipal Manager and head of departments	SK Sebolai - Acting Municipal Manager from 23 March 2010 M B Daffue - Acting CFO S C Abrams - Acting Director Corporate Services T Tshukudu - Acting Director Infrastructure R Lesar - Acting Director Disaster Management T Rampedi - Acting Director District Economic Development N P Xaba - Acting Director Health Services

The council supply these Projects with funds via the DR kenneth Kaunda Economic Agency.

#### Related party transactions

##### Other Related Parties

Dr Kenneth Kaunda District Economic Development Agency	1 500 000	1 383 900
Dr Kenneth Kaunda Research Manufacturing Industr	230 000	-
Greening (Solar heating) Project	100 000	-
Maquassi Hills Agro-Processing Incubator	1 000 000	-
Maquassi Hills Cattle Feedlot	840 000	-
Maquassi Hills Piggery	460 737	472 700
Matlosana SME Industrial/Manufacturing	450 000	-
Matlosana Tannery	250 000	-
Tlokwe Beans Project	475 000	472 700
Tlokwe Cement Factory Feasibility Study	450 000	-
Tlokwe Metal Forming & Casting Factory	450 000	-
Scheikenmaster Meat Processing	-	2 675 000
Ventersdorp Agri-Hub Establishment	550 000	-
Ventersdorp Olive Oil Orchard Plan	580 000	-
Ventersdorp Vineyard Project	425 000	547 700

##### Tenders awarded to close family members in service of the municipality

Mrs SC Abrams Acting Director Corporate Services	-	361 051
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##### Work awarded to close family members in service of the municipality

Mrs SC Abrams Acting Director Corporate Services	26 422	-
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Printing work was awarded to Moedi Consulting Engineers. The husband of Mrs Abrahams is a director in this company. This was done in emergency circumstances over a weekend when Moedi consulting engineers was contracted for printing of Councils agenda's due to a breakdown of Councils printers. The approval of the Municipal Manager was obtained prior Moedi consulting was contracted for printing work.

##### Work awarded to close family members in service of the municipality

P Khumoeng - Secretary in the office of the Municipal Manager	335 160	-
P Khumoeng - Secretary in the office of the Municipal Manager	319 770	-

Tenders awarded to King & Associates to the amount of R654,930. The husband of Mrs Khumong is a director in this company. All the Supply chain processes were followed

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>38. Correction of errors</b>				
The correction of the error(s) results in adjustments as follows:				
<b>Transactions affecting disclosure of general expenses.</b>				
Statement of Financial performance- General expenses: Membership fees	-	-	-	(371 121)
Statement of Financial performance- Receivables from exchange transactions: Payments in advance	-	-	-	371 121
Salga 2011/12 membership fee paid in advance in the 2010/2011 financial year.	-	-	-	-
<b>Transactions affecting prior year errors</b>				
<b>Transactions affecting Salary Control Account as at 30 June 2010</b>	-	-	-	-
Statement of financial performance - Accumulated Surplus 30 June 2010	-	7 860	-	7 860
Statement of financial position - Debtors (Salary Suspense Account)	-	(7 860)	-	(7 860)
Correction of Accumulated Surplus as at 30 June 2010. Correction of actual expense incorrectly debited against salary control account.	-	-	-	-
<b>Transactions affecting cancelled cheques in prior years</b>	-	-	-	-
Statement of financial performance - Salaries and Wages	-	(4 932)	-	(4 932)
Statement of changes in net assets - Accumulated surplus 30 June 2010	-	(118 070)	-	(118 070)
Statement of financial position - Primary Bank Account	-	123 002	-	123 002
Restatement of cheques issued in the prior financial year cancelled in the 2011/12 year	-	-	-	-
<b>Transactions affecting Grants and subsidies paid not accrued for in prior financial years</b>	-	-	-	-
Statement of financial position - VAT	-	50 427	-	50 427
Statement of Changes in Net Assets - Accumulated Surplus 30 June 2010	-	315 180	-	315 180
Statement of financial performance - Grants and Suidies paid	-	45 000	-	45 000
Statement of financial position - Creditors	-	(410 607)	-	(410 607)
Accrual for training expenses incurred in prior financial years and paid in the current financial year.	-	-	-	-
<b>VAT Correction</b>				
Statement of financial performance - Legal costs	-	96 445	-	96 445
Statement of financial performance - Fuel and oil	-	742	-	742
Statement of financial performance - Advertisements	-	1 269	-	1 269
Statement of financial position - VAT Receivable	-	(98 457)	-	(98 457)
<b>Loan repayment on behalf of Tlokwe Municipality in prior financial year</b>				



# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>38. Correction of errors (continued)</b>				
Statement of Changes in Net Assets - Accumulated Surplus 30 June 2010	-	4 118 326	-	4 118 326
Statement of financial position - Trade Receivables ( DBSA payments on behalf of Councils)	-	(4 118 326)	-	(4 118 326)
Statement of financial position - Trade Receivables -Provision for doubtful debts	-	4 118 326	-	4 118 326
Statement of Changes in Net Assets - Accumulated Surplus 30 June 2010	-	(4 118 326)	-	(4 118 326)
Restatement of Loans paid on behalf of Tlokwe Municipality in prior years against Grants and Subsidies paid, recovered in 2012	-	-	-	-
	-	-	-	-
<b>Transactions affecting the takeon of assets not previously recognised.</b>				
Statement of financial position - Property ,Plant & Equipment at cost	-	60 100	-	60 100
Statement of Changes in Net Assets - Accumulated surplus 30 June 2012	-	(60 100)	-	(60 100)
	-	-	-	-
Correction of PPE items incorrectly expensed as at 30 June 2010				
-----				
<b>Transactions affecting the Accumulated surplus as at 30 June 2010 .</b>				
Statement of financial position - General expenses	-	-	-	(350 208)
Statement of Changes in Net Assets - Accumulated surplus 30 June 2010	-	-	-	350 208
	-	-	-	-
Correction of SALGA membership fees for tyhe 2010/2011 financial year paid in advance in the prior financial year				
<b>Transactions affecting the takeon of assets not previously recognised.</b>				
Statement of Changes in Net Assets - Accumulated surplus 30 June 2010	-	10 097	-	10 097
Statement of financial performance - Depreciation 2011	-	5 770	-	5 770
Statement of financial position - Property, Plant & equipment ( Accumulated Depreciation)	-	(15 867)	-	(15 867)
	-	-	-	-
Correction of accumulated depreciation on PPE items incorrectly expensed as at 30 June 2010				
-----				

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>38. Correction of errors (continued)</b>				
<b>Transactions affecting cash on hand as at 30 June 2010</b>				
Statement of Changes in net Assets - Accumulated Surplus 30 June 2010	-	411	-	411
Statement of financial position - Cash on hand	-	(411)	-	(411)
	-	-	-	-

Cash on hand as at 30 June 2010 from Merafong Flora project written of to Accumulated surplus.

### Fair value adjustments on credit purchases for 2010/11 financial year corrected

Statement of financial performance - Finance cost	-	871 492	-	871 492
Statement of financial performance - Repairs and Maintenance	-	(9 571)	-	(9 571)
Statement of financial performance - Grants and Subsidies paid	-	(624 050)	-	(624 050)
Statement of financial performance - General Expenses	-	(218 226)	-	(218 226)
Statement of financial performance - Contracted Services	-	(19 645)	-	(19 645)
	-	-	-	-

Fair value adjustments not disclosed in the 2010/11 financial statements.

### Revenue - Government Grants and Subsidies 30 June 2011

Balance previously reported	-	153 221 490	-	152 670 140
Transfer from unspent grants to revenue - Grants received	-	1 019 035	-	-
Corrections Maquassi-Hills	-	(551 350)	-	-
	-	<b>153 689 175</b>	-	<b>152 670 140</b>

Unspent admin funds transferred to revenue grants received to clear the deficit for the year ended 30 June 2011.

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>38. Correction of errors (continued)</b>				
<b>Unspent Grants</b>				
Balance previously reported	-	4 490 277	-	2 541 627
<b>Correction of error - Unspent admin funds</b>				
Deficit Agency as at 30 June 2010 netted of against unspent admin funds	-	(993 928)	-	-
Transfer to revenue: Deficit 30 June 2011	-	(1 019 035)	-	-
Correction against revenue - Grants Received Maquassi Hills	-	551 350	-	-
	-	<b>3 028 664</b>	-	<b>2 541 627</b>
<b>Accumulated Surplus as at 30 June 2010</b>				
Balance previously reported	-	167 592 788	-	165 428 980
Agency Deficit as at 30 June 2010 netted of against unspent admin funds	-	993 928	-	-
	-	<b>168 586 716</b>	-	<b>165 428 980</b>
<b>Depreciation impairment &amp; amortization</b>				
Balance previously reported	-	2 474 486	-	2 411 789
Correction of error: PPE incorrectly expensed - Agency	-	871	-	-
- Municipality	-	5 770	-	5 770
	-	<b>2 481 127</b>	-	<b>2 417 559</b>
<b>Finance Cost</b>				
Balance previously reported	-	25 351	-	25 113
Correction of error: Fair value adjustment credit purchases	-	871 492	-	871 492
	-	<b>896 843</b>	-	<b>896 605</b>
<b>Repairs and maintenance</b>				
Balance previously reported	-	1 212 625	-	1 031 129
Correction of error: Fair value adjustment credit purchases	-	(9 571)	-	(9 571)
	-	<b>1 203 054</b>	-	<b>1 021 558</b>
<b>Contracted services</b>				
Balance previously reported	-	2 366 113	-	2 116 442
Correction of error: Fair value adjustment credit purchases	-	(19 645)	-	(19 645)
	-	<b>2 346 468</b>	-	<b>2 096 797</b>
<b>Operational fees</b>				
Balance previously reported	-	2 033 128	-	-
Correction of error: PPE incorrectly expensed - Agency	-	(4 480)	-	-
	-	<b>2 028 648</b>	-	-
<b>Grants &amp; subsidies paid</b>				
Balance previously reported	-	61 635 366	-	67 187 366

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>38. Correction of errors (continued)</b>				
Correction of error: Fair value adjustment credit purchases	-	(624 050)	-	(624 050)
Transactions not accrued for in prior financial year	-	45 000	-	45 000
	-	<b>61 056 316</b>	-	<b>66 608 316</b>
<b>General expenses</b>				
Balance previously reported	-	23 417 172	-	23 417 172
Cancelled cheques	-	(4 932)	-	(4 932)
Correction of error: Fair value adjustment credit purchases	-	(218 226)	-	(218 226)
VAT correction	-	98 457	-	98 457
	-	<b>23 292 471</b>	-	<b>23 292 471</b>
<b>Trade and other payables</b>				
Balance previously reported	-	18 187 320	-	18 023 545
Correction of errors - Expenses not accrued for in prior financial year	-	410 607	-	410 607
	-	<b>18 597 927</b>	-	<b>18 434 152</b>
<b>Cash and Cash equivalents</b>				
Balance previously reported	-	183 200 611	-	176 694 484
Correction of errors - cancelled cheques	-	123 002	-	123 002
Cash on hand	-	(411)	-	(411)
	-	<b>183 323 202</b>	-	<b>176 817 075</b>
<b>VAT</b>				
Balance previously reported	-	4 437 231	-	4 361 032
Correction of errors - Creditors	-	50 427	-	50 427
General expenses	-	(98 457)	-	(98 457)
	-	<b>4 389 201</b>	-	<b>4 313 002</b>
<b>Receivables from exchange transactions</b>				
Balance previously reported	-	5 078 804	-	5 056 870
Correction of errors - expenses incorrectly debited against salary control account	-	(7 860)	-	(7 860)
	-	<b>5 070 944</b>	-	<b>5 049 010</b>
<b>Property, plant &amp; equipment</b>				
Balance previously reported	-	13 631 881	-	13 479 062
Correction of errors - PPE incorrectly expensed at cost	-	60 100	-	60 100
Accumulated depreciation as at 30 June 2010	-	(10 097)	-	(10 097)
Depreciation for the year ended 30 June 2011	-	(5 770)	-	(5 770)
Agency: PPE at cost	-	4 480	-	-
Agency : Depreciation for the year ended 30 June 2011	-	(871)	-	-
	-	<b>13 679 723</b>	-	<b>13 523 295</b>

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>38. Correction of errors (continued)</b>				
<b>Prior year adjustments( Accumulated surplus) as at 30 June 2010</b>				
Cancelled cheques	-	(118 070)	-	(118 070)
Training expenses	-	315 180	-	315 180
PPE at cost incorrectly expensed	-	(60 100)	-	(60 100)
PPE accumulated depreciation	-	10 097	-	10 097
Medical payments	-	7 859	-	7 859
Cash correction	-	411	-	411
	-	<b>155 377</b>	-	<b>155 377</b>

### 39. Risk management

#### Capital risk management

The economic entity's objectives when managing capital are to safeguard the economic entity's ability to continue as a going concern in order to provide returns for member and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the economic entity consists of , cash and cash equivalents and equity as disclosed in the statement of financial position.

Consistent with others in the industry, the economic entity monitors capital on the basis of the debt: equity ratio.

This ration is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total equity is represented in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the economic entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

#### Financial risk management

The economic entity's is expose to a variety of financial risks: market risk , fair value interest rate risk, cash flow interest rate risk and price risk, credit risk and liquidity risk, but the exposure is limited and manageable.

Due to largely, "non-trading nature" of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Directorate: Financial services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports monthly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011

### 39. Risk management (continued)

#### Liquidity risk

Liquidity risk is the risk that the Municipality difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Municipality managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

The tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

#### Group

At 30 June 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	25 399 488	-	-	-
Finance lease liability	196 595	124 125	-	-
At 30 June 2011	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	18 597 925	-	-	-
Finance lease liability	170 952	196 595	124 125	-

#### Municipality

At 30 June 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	25 267 314	-	-	-
Finance lease liability	196 595	124 125	-	-
At 30 June 2011	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	18 434 151	-	-	-
Finance lease liability	170 952	196 595	124 125	-

#### Interest rate risk

As the economic entity has no significant interest-bearing assets, the economic entity's income received on interest on investments are dependent of changes in market interest rates. Interest rate risk is deferred that the fair value of future cash flows associated with a financial instrument will fluctuate in amount as a result in market interest changes.

To decrease interest rate risk exposure, investments is mostly done on a on a term not longer than six months. The current Interest rate shown below is the interest on call investment deposits at year end or the average interest earned during the past year under review

#### Group cash flow interest rate risk

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011

### 39. Risk management (continued)

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Cash in current banking institutions	1,20 %	8 707 626	-	-	-	-
Call investment deposits	5,50 %	207 200 590	-	-	-	-

#### Credit risk

Credit risk is the risk of financial loss to the Municipality or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Municipality from customers and investment securities.

Each class of financial instrument is disclosed separately.  
Maximum exposure to credit risk not covered by collateral is specified.  
Financial instruments covered by collateral are specified.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables and Other Debtors are individually evaluated annually at statement of financial position date for impairment or discounting.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	Group - 2012	Group - 2011	Municipality - 2012	Municipality - 2011
Call investment deposits	207 200 590	166 543 608	201 417 148	161 037 645
Receivables from exchange transactions	1 975 330	5 442 065	1 846 324	5 420 131
Bank balances and cash	8 714 215	16 579 597	8 086 591	15 779 431

The maximum credit and interest risk exposure in respect of the relevant financial instruments amounts to as indicated above.

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Municipality's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The maximum exposure to cash flow and fair value risk, price risk and foreign currency risk.  
There has been no change to the municipality's exposure to market risk on the manner in which manages

### 40. Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements. estimation of its financial effect or a statement that such an estimation cannot be made.

No events having financial implications requiring disclosure occurred subsequent to 30 June 2012.

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>41. Fruitless and wasteful expenditure</b>				
Opening Balance	3 220 703	33 889	3 182 181	-
Fruitless and wasteful expenditure	153 161	80 633	153 024	76 000
Employees on suspension	-	3 106 181	-	3 106 181
	<b>3 373 864</b>	<b>3 220 703</b>	<b>3 335 205</b>	<b>3 182 181</b>

Fruitless and wasteful expenditure represent interest and penalties on late payment

### 42. Irregular expenditure

Opening balance	50 300 711	35 370 265	50 284 710	35 354 265
Add: Irregular Expenditure - current year	5 141 436	27 273 184	2 557 383	27 273 184
Less: Amounts condoned	(45 489 801)	(12 342 739)	(45 473 801)	(12 342 739)
<b>Amounts not yet condoned</b>	<b>9 952 345</b>	<b>50 300 710</b>	<b>7 368 292</b>	<b>50 284 710</b>

**Analysis of expenditure awaiting condonation per age classification**



# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>42. Irregular expenditure (continued)</b>				
<b>Details of Irregular Expenditure – Current year</b>				
No competitive bidding process followed for awards (Continuous payments)	Contrary to supply chain regulation 12(1)(d) & 19(a))		1 222 823	-
Double payment for the same project	(Contrary to supply chain regulation 12(1)(d) & 19(a))		27 799	-
Reported awards made to persons in service of the state	(Contrary to section 3 regulation 44 of the SCM regulations)		1 194 753	-
Non compliance with circular 53 with regards to the evaluation of bids	(Contrary to circular 53 of the MFMA)		112 008	-
Documentation not submitted to the Auditor - General - Dr Kenneth Kaunda Economic Entity	(Contrary to section 35 of the SCM regulations)		2 584 053	-
			<b>5 141 436</b>	
<b>Details of Irregular Expenditure condoned</b>				
	<b>Condoned by council</b>			
Amounts recoverable (not condoned) prior years	(Prior years Irregular expenses condoned by Council).		1 601 600	
Amounts not recoverable (not condoned) prior years	(Prior years Irregular expenses condoned by Council).		21 409 926	
No competitive bidding process followed for awards (Continuous payments)	Contrary to supply chain regulation 12(1)(d) & 19(a))		13 974 620	
Payments exceeding maximum amounts allowed as per funeral policy	(Deviation from funeral policy)		94 301	
Payments above approved budget amounts	[Contrary to section 116(2) of the MFMA)		98 000	
Awards made to an employee	(Contrary to SCM regulations 44)		3 780	
Payments to suppliers without tax clearance certificates	Contrary to supply chain regulation 43(1))		52 529	
Reported awards made to persons in service of the state	(Contrary to regulation 44 of the SCM regulations)		3 706 855	
Preference point system not applied for expenditure between R30 000 - R500 000	(Contrary to section 3 Preferential Procurement Policy Framework Act)		188 100	
Goods and services were made without approved requests	(SCM flowchart and Policy)		10 700	
Three quotations not obtained from different suppliers	(Contrary to section 17 of SCM policy)		11 600	
Awards made to suppliers that are deregistered or voluntarily liquidated	(Contrary to section 38 of the SCM regulations)		1 877 487	
Non compliance with circular 53 with regards to the evaluation of bids	(Contrary to circular 53 of the MFMA)		1 937 280	
80/20 preferential points sytem used on tenders above R500,000	Contrary to section 35 of the SCM regulations)		507 023	
Irregular expenses entity	Irregular expenses		16 000	
			<b>45 489 801</b>	
<b>Details of Irregular Expenditure not recoverable (not condoned)</b>				
Payments exceeding maximum amounts allowed as per funeral policy		66 028		
No competitive bidding process followed for awards (Continuous payments)		4 744 881		
		<b>4 810 909</b>		

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>43. In-kind donations and assistance</b>				
No in-kind donations and assistance were received				
<b>44. Reconciliation between budget and statement of financial performance</b>				
Reconciliation of budget surplus/(deficit) with the surplus/(deficit) in the statement of financial performance:				
Net surplus per the statement of financial performance	16 341 004	12 728 706	17 112 133	9 772 109
<b>Adjusted for:</b>				
Gain / loss on write-off on the sale of assets	-	9 397 504	-	9 397 504
Increases / decreases in provisions	2 032 049	-	2 032 049	-
Net over budgeting of revenue	4 347 442	-	4 347 442	-
Net underspending on approved budget	(118 075 016)	(23 753 349)	(118 846 145)	(20 796 752)
Transfer from accumulated surplus	93 347 410	-	93 347 410	-
Unbudgeted revenue - Dividends	(1 261)	(1 116)	(1 261)	(1 116)
Unbudgeted depreciation, amortisation and impairments	51 829	1 507 689	51 829	1 507 689
Unbudgeted finance charges	695 519	25 112	695 519	25 112
Unbudgeted debt impairment	1 261 024	95 454	1 261 024	95 454
<b>Net surplus per approved budget</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 45. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to Organised Local Government

Opening balance / (Amounts paid in advance)	(371 121)	(350 208)	(371 121)	(350 208)
Current year subscription	521 227	350 208	521 227	350 208
Amount paid - current year	(150 106)	-	(150 106)	-
Amount paid - in advance	(630 240)	(371 121)	(630 240)	(371 121)
	<b>(630 240)</b>	<b>(371 121)</b>	<b>(630 240)</b>	<b>(371 121)</b>

Membership fees paid to SALGA. SALGA's membership fees increased with .2% from from .6% to .8% for the year under review. The increase is also due to the increase in the budget for employees remuneration due to the takeover of the fire services in Maquassi-Hills and Ventersdorp.

#### Audit fees

Current year audit fee	1 877 276	2 688 991	1 725 463	2 543 812
Amount paid - current year	(1 877 276)	(2 688 991)	(1 725 463)	(2 543 812)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### PAYE and UIF

Current year payroll deductions	7 523 168	7 880 893	7 516 282	7 875 679
Amount paid - current year	(7 523 168)	(7 880 893)	(7 516 282)	(7 875 679)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Pension and Medical Aid Deductions

# Dr Kenneth Kaunda District Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	Group		Municipality	
	2012	2011	2012	2011
<b>45. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>				
Current year payroll deductions and council contributions	6 727 663	6 555 477	6 727 663	6 555 477
Amount paid - current year	(6 727 663)	(6 555 477)	(6 727 663)	(6 555 477)
	-	-	-	-

### VAT

VAT receivable	2 958 132	4 389 199	2 817 118	4 313 000
	<b>2 958 132</b>	<b>4 389 199</b>	<b>2 817 118</b>	<b>4 313 000</b>

VAT output payables and VAT input receivables are shown in note 11.

All VAT returns have been submitted by the due date throughout the year.

### 46. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix E (1) for the comparison of actual operating expenditure versus budgeted expenditure.

### 47. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Deviations set under this note were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

### 48. Private Public Partnerships

Council has not yet entered into any public partnerships during the financial year under review

## **CHAPTER 5**

### **5 GENERAL INFORMATION**

Executive Mayor	Councillor B E Moloi (Ms)
Speaker	Councillor Zephe M

### **MEMBERS OF MAYORAL COMMITTEE**

MMC Financial Services	Councillor OM Mogale
MMC District Economic Development	Councillor NM Koloti
MMC Corporate Services	Councillor WM Matinyane
MMC Health and Social Services	Councillor K Ndincede
MMC Infrastructure Development	Councillor MI Martins
MMC Public Works and Transport	Councillor Dlamini MF
MMC Sports, Arts and Culture	Councillor MM Mataboge
MMC Rural development Special Projects	Councillor TK Lehloo

### **PART – TIME COUNCILLORS**

Councillor D L Davel
Councillor TB Mpukwana
Councillor S S Nkatlo (Ms)
Councillor S B Mokgothu
Councillor S P Terblanche
Councillor T Hart
Councillor Coetzer C J
Councillor Groenewald I M
Councillor Lethoba M D
Councillor Lesie S J
Councillor Maseko N M
Councillor Madiehe-Teme M J (till December 2011)
Councillor KB Mampe (from January 2012)
Councillor Malete N G
Councillor Makhaza M J
Councillor Mjekula N W

Councillor Maje P M  
Councillor Montoedi D  
Councillor Mohlope P A  
Councillor Motoboli M A  
Councillor Muller G J  
Councillor Postma E M  
Councillor Ramphele G A  
Councillor Seakane K S  
Councillor Taoleng M A  
Councillor Tagaree F I  
Councillor van Zyl K L  
Councillor Adoons NG (from 01/08/2011)  
Councillor Moeng

**Dr KENNETH KAUNDA DISTRICT ECONOMIC AGENCY – BOARD MEMBERS**

JT Monama - CEO  
Malefane SR Professor (acting Chairperson)  
MM Mothopi (Dr)

### **5.1. Performance Management System**

The development of a Performance Management System (PMS) is in terms of Chapter 6 of the Municipal System Act 32 of 2000 will involve an extensive process, to ensure that the system complies with legislative and policy requirements, especially in terms of the Constitution. A wide range of role players from outside as well as inside Dr. Kenneth Kaunda District Municipality has been involved in the development and implementation of a Performance Management System (PMS) until Manager responsible for the aforesaid system resigned on the 07<sup>th</sup> of March 2012. The process plan/or action plan of the Municipality indicate the role players as well as roles and responsibilities of these role players.

Performance management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. It is therefore, through system that most Municipalities sets their own targets, monitors, assesses and reviews its organizational objectives and individual employees performance based on the District priorities. During 2010/2011 financial year the Municipal developed Performance Management Policy Framework that has been adopted by Council. Performance Agreement for the Acting Municipal Manager, Acting Section 57 Managers and Personal Development Plans has being developed and signed through hand-on-support from Department of Cooperate Governance and Traditional Affairs. The Municipality established institutional arrangements or organisational structures that manage the PMS. The Municipal Organisational PMS have the following components:

- Defined objectives for the developmental priorities as set out in the IDP
- Key Performance Indicators: Input, Output and Outcome measures
- Performance targets with regard to each development priority and objectives
- Monitors performance on development priorities and objectives against the set performance targets and indicators

During the 2011/2012 financial year it was difficult for internal audit section to monitor, measure and review development priorities and objectives against key performance indicators and targets in the absence of the Manager PMS. The Performance Audit Committee of the Municipality recommends and report twice in a year to the Council on the effectiveness, legality and reliability of the Performance Management System.

**The Municipality is unable to perform the following:**

- To provide quarterly portfolio of evidence on performance
- No specific timeline on quarterly/annual performance assessments for the section 56/57 Manager and Municipal Manager.
- Organizational structure doesn't Commensurate with its resources.
- Late submission and reporting on the predetermine objectives
- Quarterly reviews on performance highlights are not conducted
- The Municipality unsuccessful could not conduct a workshop for Councillors and officials to familiarize them with the concept on Organizational Performance Management process as well as the entire staff.

**Automated Performance Management System**

Dr. Kenneth Kaunda District Municipality has purchase an Automated Performance Management System that is able to monitor the implementation Status of Projects and SDBIP. The system main function is to plan, implement and monitor all plans that have been executed by the District Municipality towards service delivery targets that is aligned with the SDBIP with a suite of web-based application modules. It is a standalone system with a server maintained independently and however be a fully functional and integrated system that requires components such as: Projects, - Hardware,-Software, and Data. Therefore, the key component of the system interacts/or be integrated with the following core business functions:

- A internet based system
- Online Reporting of Critical Business Areas
- Document Uploading
- Data Management
- Data Accuracy & Integrity
- Automation of Reports
- Audit Trails

The system provides the following reports: in the case of income versus budget the system is able to provide: actual expenditure against budget and generate quality reports. The system requires monthly and quarterly capturing (departmental data capturers). The system is able to generate the following reports:

- Monthly Reports
- Quarterly Reports
- Input into the Annual Reports

## 5.2. CORPORATE SERVICES DEPARTMENT

### STAFF DISCIPLINARY CASES/IR CASES

#### Old Cases

- One (1) at the labour court.
- Two (2) at final stages of arbitration.
- One (1) at pre-arbitration" 4-5 November 2011.

#### New Cases

- Two were finalised at the labour court and one with costs.
- One (1) dispute was dismissed at conciliation.
- One (1) dispute is to proceed to arbitration.

#### Administration and Secretariat

Meetings that Took Place

Council meetings

2011	2012
2	3

**Total = 5**

#### SPECIAL COUNCIL MEETINGS

2011	2012
2	6

**Total = 8**

#### MAYORAL COMMITTEE MEETINGS

2011	2012
2	3

**Total = 5**

#### PORTFOLIO COMMITTEE MEETINGS:

##### CORPORATE SERVICES

2011	2012
2	2

**Total = 4**



**Finance**

2011	2012
3	4

**Total = 7**

**DED**

2011	2012
3	3

**Total = 6**

**Infrastructure**

2011	2012
1	2

**Total = 3**

**Disaster Risk Management**

2011	2012
3	2

**Total = 5**

**Municipal Health Services**

2011	2012
2	4

**Total = 6**

All Council minutes were distributed to all recipients within seven days after the meeting.

**Contracted Services**

The department has the following contracted services:

- Nashua Photocopy machine- replaced Toshiba as per Council Resolution new tender has been advertised.
- Samsung telephone management system was appointed in January 2012 for period of 36 months.
- Steiner hygiene services contract expired internal resources will be used.
- G4S Security contract on a month to month

### **Training Committee and Employment Committee**

The members of both the training committee and employment committee were approved by council also on the 1<sup>st</sup> December 2011.

### **EMPLOYMENT EQUITY COMMITTEE**

The Employment Equity Committee as it stands is composed of most of the relevant stakeholders as prescribed by the Act.

The employer component is represented by a senior manager as prescribed by section 24 of the Act.

### **HR Workshops**

1. Pre-assessment workshop for managers and supervisors on labour and disciplinary matters in the workplace was scheduled as follows:

<b>7 FEBRUARY 2012</b>	<b>8 FEBRUARY 2012</b>
<ol style="list-style-type: none"><li>1. T Mokatsane</li><li>2. J Legoete</li><li>3. N D Mosiane</li><li>4. T Pretorius</li><li>5. W Sokupha</li><li>6. N P Tenza</li><li>7. M van Niekerk</li><li>8. F Matlhakola</li><li>9. M Mafohla</li><li>10. P Gaaname</li><li>11. S K Sebolai</li></ol>	<ol style="list-style-type: none"><li>1. T Rampedi</li><li>2. M B Molefe</li><li>3. M Daffue</li><li>4. C Steyn</li><li>5. L Veldschoen</li><li>6. R Kgosietsile</li><li>7. T Grove</li><li>8. R Lesar</li><li>9. A Sothoane</li><li>10. B Madikizela</li><li>11. T Tshukudu</li></ol>

2. One workshop was conducted for all employees who attended. The workshop was primarily focusing on the municipality's Code of Conduct. The Code of Conduct workshop was scheduled as follows:

### **5.3 REPORT OF THE AUDIT COMMITTEE ON THE AUDITED ANNUAL REPORT OF DR KENNETH KAUNDA DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2012**

The Audit and Risk Committee ("the Committee") is pleased to present its report for the financial year ended 30 June 2012.

#### **Committee Composition**

The Committee is established in accordance with the prescripts of the MFMA No 56 of 2003, section 166. The Committee comprised of 5 (five) independent members at 30 June 2012,

who were neither in the employ of the municipality nor any of its entities. In addition, no members are political office bearers.

**Number of Meetings held during the financial year**

<b>MEMBER</b>	<b>NO OF SCHEDULED MEETINGS</b>	<b>NO OF MEETINGS ATTENDED</b>
R. Kenosi	6	6
C.B. Visser	6	6
M.I. Motala	6	2
G v/d Waldt	6	2
M.P. Tshake	6	2

**Roles and Responsibilities**

The Committee conducted its affairs in accordance with its mandate as set out in its Charter and executed its responsibilities in terms of its statutory duties and the requirements of King III.

**Internal Audit**

The Internal Audit Activity (“the IAA”) under the direction of the Chief Audit Executive continues to provide assurance to the Committee on the internal controls within the District. During the period under review numerous projects were undertaken, the results of which were presented to the Committee. The implementation of corrective action on internal control weaknesses identified has assessed as being partially effective.

In the year to follow, the Committee will continue to monitor progress on implementation to ensure that internal controls are effectively and efficiently monitored and reviewed.

**Performance Management**

Performance Management at the District remains ineffective due to the lack of buy-in to the reporting procedures by divisional managers and the absence of a PMS Co-ordinator.

**Risk Management**

For the period under review no risk assessment was performed.

**Compliance with the MFMA No. 56 of 2003**

Compliance with the MFMA remains an area that needs to be monitored closely by management and as a result an area of concern for the Committee.

## **Internal Controls**

The Committee reviewed the internal controls systems of the District Municipality on an ongoing basis throughout the year and remains concerned that corrective action is not implemented timely and/or at all mainly as a result of capacity constraints. To date, director-level and other key vacancies have not been filled, some of which have been vacant since 2009.

## **Financial Reporting**

The Committee remains concerned that the District has not dispensed its budgets mainly as a result of the Local Municipalities not providing adequate business plans in respect of projects. This has further resulted in the District implementing processes to expense budget within the Local Municipal areas on required projects, based on assessments by the District.

## **Review of the annual financial statements for the year ended 30 June 2012**

The Committee has evaluated the audited Annual Financial Statements for the year ended 30 June 2012 and reviewed it for material compliance with legislation, regulations and the appropriate accounting policies, standards and practices, prior to submission to the Auditor General South Africa to perform the regulatory audit.

## **Conclusion**

The Committee concurs with the audit opinion of the financial statements, as expressed by the Auditor General South Africa.



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R. A Kenosi  
Chairperson: Audit and Risk Committee  
Dr Kenneth Kaunda District Municipality

#### 5.4 ACCOUNTING OFFICER'S ACTION PLAN ON AUDITOR-GENERAL'S REPORT FOR THE YEAR ENDED 30 JUNE 2012

FINDING	REF TO AUDIT REPORT/MAN AGEMENT REPORT	MANAGEMENT COMMENTS	ACTION PLAN	TARGET	RESPONSI BLE PERSON	IMPLEMENTAT- ION STATUS
<b>A) ISSUED RAISED ON THE CONSOLIDATED FINANCIAL STATEMENET ADUIT REPORT</b>						
<b>Basis for qualified opinion on the consolidated financial statements</b>						
<p><b>Expenditure</b></p> <p>I was unable to obtain sufficient appropriate audit evidence to confirm the occurrence, accuracy, classification, Cut-off and completeness of project expenditure of R6 260 737 paid by the Dr Kenneth Kaunda District Economic Agency due to a theft of documents during the year. I was unable to confirm the transactions by alternative means. Consequently I was unable to determine whether any adjustments to grants and subsidies paid of R59 384 081 as disclosed in the consolidated and separate statement of financial performance were necessary.</p>	Par 6 of the consolidated audit report	The documents were stolen and the matter was reported to the policy.	The matter is currently investigated by MPAC and a report will be submitted to Council with corrective measures.	30 June 2013	Acting MM	
<b>Emphasis of matters (Par 9)</b>						

<p><b>Irregular and fruitless and wasteful expenditure</b></p> <p>As disclose in note 42 to the consolidated and separate financial statements, irregular expenditure of R5 141 436 (2011: R27 273 184) was incurred in the current year as proper supply chain management procedures had not been followed in the procurement of goods and services</p> <p>As disclose in note 42 to the consolidated and separate financial statements, fruitless and wasteful expenditure of R3 373 864 (2010: R3 335 205) was not investigate by Council.</p>	<p>Par 10 of the consolidated audit report</p> <p>Par 11 of the consolidated audit report</p>	<p>The bulk of this amount of R3, 106,181 represent expenditure on the payment of salaries of suspended employees. A full report was already submitted to Council in December 2011.</p>	<p>An item for condonation of this expenses be submitted to council by MPAC</p>	<p>30June 2013</p>	<p>Acting MM</p>	
<p>As disclosed in note 41 to the annual financial statements, irregular expenditure to the amount of R1 362 630 (2010: R27 273 184) was incurred, as proper supply chain management procedures had not been followed in the procurement of goods and services</p>	<p>Par 6 of the draft management report</p>	<p>Declaration forms are filled in by all suppliers – Do not have access to National treasury database to monitor persons in service of state</p>	<p>Suppliers database to be scanned for persons in service of sate on a yearly basis</p>	<p>31<sup>st</sup> May 2013</p>	<p>ACFO</p>	
<p>As disclosed in note 40 to the annual financial statements ,fruitless and wasteful expenditure amounting to R153 024 (2010:R74 000) was incurred in the current year as a result of penalties incurred and deficiencies in travelling resulting in additional costs being incurred.</p>	<p>Par 7 of the draft management report</p>	<p>Procedures to be strengthened in order to eliminate fruitless and wasteful expenditure Note regarding condonation of suspended employees.</p>	<p>Internal controls be strengthened</p>	<p>30<sup>th</sup> March 2013</p>	<p>ACFO</p>	
<p><b>Restatement of corresponding figures</b></p> <p>As disclose in note 38 to the consolidated</p>	<p>Par 10 of the consolidated audit report</p>	<p>Council take a resolution that loans paid on behalf of the Tlokwe City Council in</p>	<p>Restatement in line with Council resolution.</p>	<p>Corrected</p>	<p>CFO</p>	<p>Implemented</p>

and separate financial statements, loans paid on behalf of the Tlokwe City Council in prior years, have been restated as grants and subsidies paid to the Tlokwe City Council.		prior years, be deducted from grants and subsidies paid to the Tlokwe City Council.				
As disclosed in note 37 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of an error discovered during the 2011/12 financial year in the financial statements of the Dr Kenneth Kaunda District Municipality at, and for the year ended, 30 June 2011.	Par 5 of draft management letter	Restatements was done on all errors found on transactions during the year to made the AFS as reliable as possible	Reduce restatements as far as possible - internal control processes Staffing of the finance section	30 April 2013	CFO	
<b>Report on other legal and regulatory requirements</b>						
<b><u>Predetermined objectives</u></b>	<b>Par 16 to 18</b>					

<p><b>Usefulness of information</b></p> <p>Improvement measures in the annual performance report for a total of 57% of the planned targets not achieved were not disclosed as required by section 46 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA). This was due to inadequate internal policies and procedures over the processes pertaining to the reporting of performance information. Section 46 of the MSA requires the disclosure of measures taken to improve performance in the annual performance report where planned targets were not achieved. Adequate and reliable corroborating evidence could not be provided for 32% measures taken to improve performance as disclosed in the annual performance report. The municipality records did not permit the application of alternative audit procedures. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the validity of the measures taken to improve performance. Section 41(c) of the MSA requires that the integrated development plan should form the basis for the annual report, therefore requiring the consistency of objectives, indicators and targets between planning and reporting documents. A total of 23% of the reported indicators and targets are not consistent with the indicators and targets as per the approved integrated development plan. This is due to the lack of inadequate internal</p>	<p>Par 20 to 23 of the consolidated audit report</p>	<p>This was due to lack of understanding.</p>	<p>A workshop will be conducted on PMS. AG and local Government will be invited to assist with the development of SMART KPI's and target, and ensure proper alignment of the IDP, Budget and PMS.</p>	<p>April 2013</p>	<p>AMM</p>	
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<p>policies and procedures over the processes pertaining to the reporting of performance information.</p> <p>The National Treasury FMPPi requires that performance indicators be well defined and verifiable and targets be specific, measurable and time bound:</p> <p>A total of 39% of the indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently.</p> <p>A total of 52% of the targets were not time bound in specifying a time period or deadline for delivery.</p> <p>This was due to the lack of key controls in the relevant systems of collection, collation, verification and storage of actual performance information as well as the fact that management was not aware of the requirements of the FMPPi and did not receive the necessary training to enable application of the principles.</p>			<p>The KPI's and target will be reviewed during the strategic planning session to be held in /March 2013 The 2012/13 IDP will be reviewed ensures alignment, and amendments will be submitted to Council.</p>			
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<p><b>Reliability of information</b></p> <p>The National Treasury FMPPI requires that documentation addressing the systems and processes for identifying, collecting, collating, verifying and storing information be properly maintained. The municipality could not provide sufficient appropriate evidence to support 52% of the actual reported performance of KPA1: Municipal financial viability and management, KPA2: Basic service delivery and infrastructure development and KPA5: Economic research activities. The institution's records did not permit the application of alternative audit procedures. Consequently, I was unable to obtain sufficient, appropriate audit evidence to satisfy myself as to the validity, accuracy and completeness of the actual performance reported in the annual performance report.</p>	<p>Par 24 of the consolidated</p>		<p>A workshop will be conducted on PMS. AG and local Government will be invited to assist with the development of SMART KPI's and target, and ensure proper alignment of the IDP, Budget and PMS.</p>	<p>April 2013</p>	<p>AMM</p>	
			<p>The KPI's and target will be reviewed during the strategic planning session to be held in /March 2013 The 2012/13 IDP will be reviewed ensures alignment, and amendments will be submitted to Council.</p>			

<p><b>Achievement of planned targets</b></p> <p>Of the total number of planned targets, 79 planned targets were not achieved during the year under review. This represents 47% of total planned targets that were not achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.</p>	<p>Par 26</p>		<p>A workshop will be conducted on PMS. AG and local Government will be invited to assist with the development of SMART KPI's and target, and ensure proper alignment of the IDP, Budget and PMS.</p>			
<p><b><u>Compliance with Laws and Regulations</u></b></p>			<p>The KPI's and target will be reviewed during the strategic planning session to be held in /March 2013 The 2012/13 IDP will be reviewed ensures alignment, and amendments will be submitted to Council.</p>			

<p><b>Annual financial statements, performance and annual report</b></p> <p>The separate 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 relating to disclosure notes were identified by the auditors which were adequately corrected, resulting in separate financial statements receiving an unqualified audit opinion.</p>	<p>Par 13 of management report and Par 28 of the consolidated audit report</p>	<p>This was due to certain misstatements that were corrected especially on the Assets</p>	<p>All necessary steps to be taken that processes of transactions during the to be verified and checked.</p>	<p>Monthly ongoing basis</p>	<p>ACFO</p>	
<p>The annual performance report for the financial year under review was not presented in time for the audit, as required by section 46 of the Municipal Systems Act and section 121(3)(c) of the Municipal Finance Management Act</p>	<p>Par 14 of management report</p>	<p>The annual performance report was completed but, not submitted to AG due to misunderstanding internally.</p>	<p>Quarterly performance report will be submitted to internal audit for auditing and audit committee and Council to ensure accuracy and timely submission annually.</p>	<p>Quarterly</p>	<p>Acting MM</p>	
			<p>Performance information will be submitted together with AFS to AG.</p>	<p>31 Aug Every year</p>	<p>Acting MM</p>	
			<p>The PMS Manager will be appointed to ensure effectiveness of PMS as a whole Performance</p>	<p>June 2013</p>	<p>Acting MM</p>	
<p><b>Human resource management</b></p> <p>The district municipality did not comply with MSA sec 54A(2A)(a) and 56(1)(c) which</p>	<p>Par 29 of the consolidated audit report</p>	<p>A letter was send to the MEC requesting the extension in January 2012; a response was only</p>	<p>Positions must be advertised and filled</p>	<p>June 2013</p>	<p>Acting MM/Council</p>	

<p>states that the acting period of municipal manager and senior managers are limited to a maximum period of 3 months and may be extended if approved by the MEC local government for a further period that did not exceed another three months.</p>		<p>received in April 2012 that grants the extension until the appointments of incumbents.</p>				
<p><b>Expenditure management</b> The accounting officer did not take effective steps to prevent irregular expenditure and fruitless and wasteful expenditure, as required by section 95(d) of the MFMA.</p>	<p>Par 30 of consolidated audit report</p>	<p>This is due to lack of capacity within Finance department. Some official are not following SCM processes.</p>	<p>Finance department (especially SCM) will be staff to ensure check as balances, to reduce fruitless and wasteful expenditure.</p>	<p>Appointment will be 30 June 2013</p>	<p>ACFO/Acting MM</p>	
			<p>Internal control measure will be strengthened to reduce to reduce fruitless and wasteful expenditure. Disciplinary action will be taken against.</p>	<p>Monitoring of controls will be done continuously</p>	<p>ACFO/All HOD's/Acting MM</p>	
<p><b>Procurement and contract management</b> Awards were made to providers whose directors/ principal shareholders are persons in service of other state institutions in contravention of the requirements of SCM regulations 44. Furthermore the provider</p>	<p>Par 31 of consolidated audit report</p>	<p>Steps to improve internal control and verify suppliers with members in service of state will be conducted intensively.</p>	<p>Database should be checked on a yearly basis to identify in service of state employees as well as other irregularities.</p>	<p>30<sup>th</sup> June 2013</p>	<p>ACFO</p>	

<p>failed to declare that he/she is in the service of the state as required by SCM regulation 13(c)</p> <p>Sufficient appropriate audit evidence could not be obtained to confirm if goods and services of a transaction value above R200 000 were procured by means of inviting competitive bids and that deviations approved by the accounting officer were only if it was impractical to invite competitive bids, as required by SCM regulation 19(a) and 36(1).</p>	<p>Par 31 of consolidated audit report</p>					
<p><b><u>Governance</u></b></p>						
<p>Governance structure did not appropriately address the internal control deficiencies relating to the matters reported in the prior year, resulting in the reoccurrence of findings.</p>						
<p><b><u>Leadership</u></b></p>						
<p><b>Effective leadership</b></p> <p>The finance, supply chain management and human resource departments are understaffed, which resulted in matters relating to non-compliance to supply chain management regulations and predetermined objectives being reported.</p>	<p>Par 34 of the consolidated audit report</p>	<p>The organogram was not reviewed due to the strategic session not held</p>	<p>The organogram will be reviewed during the strategic session, appointments of additional staff members will be made after to ensure that the said departments are</p>	<p>Organogram will be reviewed by the 31 March 2013, and appointments to be made by</p>	<p>Acting MM/Council</p>	

			capacitated.	31 May 2013.		
Personnel do not periodically acknowledge compliance with the code of conduct, to ensure that they are still aware of the code.	Par 22 of the draft management report	Management has embarked on a series of workshops in the past year for all employees on the general code of conduct to ensure that all employees understand their responsibilities with regard to their conduct when executing their responsibilities. The supply chain management unit is also distributing the code of conduct relevant to issues of procurement to all staff members.	The workshops will continue to ensure that everybody is on board.	Yearly and as and when necessary.	A DCS (HR) CSCO	
<b>B) MATTERS RAISED ON THE DRAFT MANAGEMENT REPORT NOT REPORTED IN THE AUDIT REPORT</b>						
<b><u>Matters of emphasis</u></b>						
<b>Material underspending of the budget</b> As disclosed in Note 43 to the financial statements, the municipality has materially under-spent the budget to the amount of R118 073 862 (2011: R20 775 838). As a consequence, service delivery in the district was affected negatively as implementation of capital projects at the local municipalities' level was delayed.	Par 4 of the draft management letter	Late approval of projects by Council due to late submission of projects by local municipalities for District funding.  Over-budgeting on certain projects leading to quite a substantial amount of	Consultations with local municipalities through IDP forums / IGR (to identify their project list priorities for the next financial year) will be done at the beginning of the third quarter and be	30 <sup>th</sup> March 2013	Acting MM/ Manger technical services/Manag er IDP	

		savings.  Good progress has been made in comparison to the 2011/12 financial year	concluded in time for the adoption of the budget and IDP by 31st May 2013 as per Legislative requirements.			
<b><u>Leadership</u></b>						
<b>Oversight responsibility</b> Oversight responsibility not exercised to ensure compliance with applicable laws and regulations, as well as adherence to the applicable reporting framework.	Par 23 of the draft management letter	Audit committee, MPAC and council as a whole are sitting on a regular basis to address issues of compliance and ensure that their oversight role is exercised effectively.	The two committees and council will continue to convene regularly as per their schedules and administration will continue to provide support required for the effectiveness of the structures.  Report will be submitted to oversight structure regularly to exercise their oversight to ensure compliance with applicable law and regulation.	As per the yearly schedules adopted by council	AMM/HODS/Managers/Oversight Structure	
<b>Human resource management</b> All senior management positions are acting positions, including the Municipal Manager post	Par 24 of the draft management letter	Posts were advertised on a number of occasions and interviews in some instances were also conducted. However, council has not finalised the matter.	The process of the appointment of the MM will be finalised soon and the posts of Directors will be re-advertised and appointment will be made by 30 March 2013	30 March 2013	AMM/Council	



<p><b>Policies and procedures</b> Not all policies and procedures are in place; this may result in inconsistencies in the processing of financial information.</p>	<p>Par 25 of the draft management letter</p>	<p>Some policies were reviewed and approved by council and some will be reviewed and approved by Council by the end of June 2013. The policy register will be updated on the regular basis.</p>	<p>Policies that were not reviewed will be reviewed and approved by Council by the end of June 2013.  The policy register will be updated on the regular basis.</p>	<p>30 June 2013</p>	<p>Acting Director Corporate Services</p>	
<p><b>Action plans to address internal control deficiencies</b> Corrective actions by management to resolve findings issued by auditors (external/internal) are not taken within established time. Commitments are not being made to address the root causes.</p>	<p>Par 26 of draft management letter</p>	<p>Internal control deficiencies and audit findings must receive high priority from management</p>	<p>Action plan will be monitored regularly and submitted to AC to ensure implementation of audit findings.</p>	<p>On going basis</p>	<p>HOD'S</p>	
<p><b>IT governance framework</b> Management have not documented the IT Strategic Plan and performed an IT risk assessment due to the lack of necessary IT skills.</p>	<p>Par 27 of the draft management letter</p>	<p>Management will ensure that ensure that IT governance framework is in place.</p>	<p>Management has approached SITA to assist with all IT related issues of the institution. IT governance framework will be developed</p>	<p>30 June 2013</p>	<p>HODs and Managers</p>	<p>In Progress</p>
<p>Management do not have a service level agreement with the vendor @lantic. Additionally, management have not defined processes for monitoring and reporting on the services of IT vendors.</p>	<p>Par 28 of the draft management letter</p>	<p>Management will ensure that there is a service level agreement and monitoring and reporting mechanisms.</p>	<p>The service level agreement will be developed with the service provider, and monitoring will be done on a regular basis.</p>	<p>30 March 2013</p>	<p>ADCO and CSCO</p>	
<p><b>Financial and performance management</b></p>						

<p><b>Record management</b></p> <p>Information was not always provided within the agreed timelines, however, all the information that was requested was made available</p>	<p>Par 29 of the draft management letter</p>	<p>In future Management will ensure that records are kept in a manner that will be easily accessible.</p>	<p>Record keeping will be improved</p>	<p>30 June 2013</p>	<p>HOD'S</p>	
<p><b>Daily and monthly processing and reconciling of transactions</b></p> <p>Misstatements were found in the depreciation calculated resulting in Property, Plant and Equipment, being materially misstated.</p>	<p>Par 30 of the draft management letter</p>	<p>Shortage of personnel</p>	<p>Organogram will be review to ensure that Finance section is staffed. Additional employee needed in the Asset section</p>	<p>30 June 2013</p>	<p>Acting MM ACFO</p>	
<p><b>Regular, accurate and complete financial and performance reports</b></p> <p>Reported figures are not always supported by reliable information as differences were identified between what was reported and the supporting documentation. A proper review of the financial statements was not performed.</p>	<p>Par31of the draft management letter</p>	<p>Financial statements were reviewed but misstatements occurred on transactions throughout the year and cannot be picked up only by the review of the final statements</p>	<p>Internal control and physically checking all transactions During the course of the year will alleviate this issue</p>	<p>On going basis</p>	<p>ACFO</p>	

<p><b>Compliance monitoring</b></p> <p>Laws and regulations are not always complied with; there are no controls in place to monitor compliance. The SDBIP was not approved within the legislated timeframes. Some payments were not made within 30 days as required and the annual performance report was not submitted within the legislated timeframe.</p>	<p>Par 32 of the draft management letter</p>	<p>The SDBIP was not approved in time because of lack of capacity, a request was made to Department of Local Government to assist with the compilation and review.</p>	<p>In future the Draft SDBIP will be submitted together with the IDP and Budget to ensure timely approval.</p>	<p>30<sup>th</sup> May 2013</p>	<p>HOD,S</p>	
		<p>Instances were payment was not paid within 30 days was due to disputes with suppliers, i.e. not agreeing with the supplier with their tax invoices.</p> <p>In future management will ensure compliance with the laws and regulations.</p>	<p>Continuous reconciliation will be made to ensure accurate and timely payments of suppliers.</p>	<p>On going</p>	<p>Creditors Section</p>	
<p><b>IT systems</b></p> <p>Management have not implemented a formal process for authorization of creation and termination of access and reset of passwords for the domain, Venus and Payday due to a lack of commitment from resources.</p>	<p>Par 33 of the draft management letter</p>	<p>A formal system will be implemented to ensure control and access management</p>	<p>A formal system will be implemented to ensure control and access management</p>	<p>30<sup>th</sup> June 2013</p>	<p>IT Officer/ ADCO</p>	
<p>Management do not perform periodic reviews of user access, administrator</p>	<p>Par 34 of the draft</p>	<p>Management do not agree</p>	<p>Written</p>	<p>completed</p>	<p>CFO</p>	

access and logon violations for the domain, Venus and Payday due to a lack of IT resources.	management letter	with this finding . All access to the system is authorized by the ACFO in writing. These instructions are documented in a register. During the audit finance is never consult or give an explanation how the process function	documentation allowing access control is authorized by the CFO for all changes in access controls			
<b>Governance</b>						
<b>Risk management activities and risk strategy</b> Risk assessment was not performed for the year under review. The fraud prevention plan was done in May 2007, there is no evidence of annual review.	Par 36 of the draft management letter	Risk assessment was not performed due to the strategic session not held.	The risk assessment will be conducted in March 2013.	March 2013	Acting MM	
			The fraud prevention plan will be reviewed in June 2013.	30 June 2013	HOD's/AMM	
<b>Detailed finding</b>						

<b>Matters Affecting the Audit Report</b>						
<b>1. Fruitless and wasteful Expenditure: Restatement of opening balances Ex 16</b>		The opening balance will be corrected.	Corrected		ACFO	Implemented
<b>2. Cash and cash equivalents: Call deposits prior year figure not accurately disclosed in the AFS Ex 18</b>		In the detail of the individual investments the R200 000 was corrected. It does not affect any other figures in the note as well as in the balance sheet	Corrected		ACFO	Implemented
<b>3. Commitments: Prior year figure restated Ex 19</b>		<b>The finding was resolved</b>	<b>The finding was resolved</b>			<b>The finding was resolved</b>
<b>4. Intangible assets: Review of the amortisation period (Ex 33)</b>		After verifying all intangible assets, it was discovered that only the additions was wrongly depreciated. The 3-5 years is for Computer Hardware and not Computer Software. The additions need to be corrected as follows (see page4).  Request approval to amend corrections.	Corrected		ACFO	Implemented
<b>5. Employee costs- Overtime is greater than 30% of basic salary (Ex 22)</b>		Payments for 2 months of overtime paid in one	Submission of overtime payments	30 <sup>th</sup> January	HOD'S HR	

		month resulting in payment exceeding 30% of basic salaries. Only 1 month of overtime will be paid per month	will be madder before the 10 <sup>th</sup> of each month	2013		
<b>6. Recalculation of PAYE does not agree to the payslips (Ex 32)</b>			<b>The finding was resolved</b>			<b>The finding was resolved</b>
<b>7. Intangible Assets: Inconsistencies on policies Ex 11</b>		On additions lifespan increased to 36 months	Resolution taken by Council to increase lifespan from 2-5 years.	Council resolution in October 2012	ACFO	Implemented
<b>8. PPE: Assets recorded in the incorrect period (Ex 21)</b>		After verifying all assets, it was discovered that it is the only asset paid in financial year and received in the new financial year.	Corrected		ACFO	Implemented
<b>9. PPE: Assets not bar-coded could not be verified (Ex 29)</b>		Items mentioned that was classified under the toolbox without barcodes will be corrected for the verification of assets.	Serial numbers will be added with the verification of assets.	31 <sup>st</sup> March 2013	Assets Officer/ACFO	
<b>10. PPE: Existence of asset not verified (Ex 35)</b>		The laptops were for the MMC, they are not office bounded that the reasons why they could not be verified.	In future AG should notify the asset department a week or two before the actual verification in order to arrange with the MMC'S		ACFO	
<b>11. Trade payables: Journals</b>		Membership fees paid in the wrong financial year were corrected on the AFS	Interpretation on payments period of SALGA membership	Corrected	CFO	Implemented

			fees. Corrected			
<b>12. EX.62 None-compliance matters relating to SCM, HR, Expenditure and Pre-determined objectives</b>		All none compliance issues will be investigated and attention will given to that specific issues	All none compliance issues will be investigated and attention will given to that specific issues	30 <sup>th</sup> June 2013	HOD'S/AMM	
<b>13. Revenue: cheques cancelled and the money is recorded as sundry income</b>		Management agrees with this finding. The official responsible was under the impression that with GRAP accounting credits not be played off against debits, and that was the reason why the credits of cancelled cheques was taken to income while the expenditure vote should have been credited.	Interpretation issue. Discussed with the relevant official and will be monitored for correctness	monthly	ACFO	
<b>14. Prior year errors journals</b>		Journal A79 was issued to disclose the interest on discounting. All the details were made available to your office of how the calculations were done. Attached with the spreadsheets that were used to determine the amount on the discounting of fair value adjustments to interest. Every invoice was checked for the calculations of the fair value adjustments as per the schedule attached.	These calculations were verified by Ducharme consulting and all supporting documents were submitted to the AG.  According to management this issue is finalized.		ACFO	According to management this issue is finalized.

		Journal A80 was issued between two votes in the VAT control account. As only vote 9000/01/3/10/0004 pulled information through to the VAT note in the financial statements, it was debited while the amount on vote 9000/01/13/10/0010 was credited.				
		Full supporting documentation how the amount was compiled in vote 9000/01/13/10/0010 is available. Your statements of Improper filing of all journals passed and possible scope limitation and misstatements in the annual financial statements is ungrounded.				
<b>15. cash and cash: Non submission of letter to AG</b>		The bank account details will in future be submitted to the office of the Auditor general as well	Letters will be submitted to the office of the AG as well.	Yearly	ACFO	
<b>16. Cash flow statement</b>		Management are aware of the disclosure of non – cash items, but due to the materiality of the amount of R3000 it was not	Disclosure of this non- cash items will be affected in the 21013 statements	30 June 2013	ACFO	



		considered to be disclosed separately.				
<p><b>17. Employee costs- Overtime paid to salaried employees earning more than R12 478.00(Ex 23)</b></p> <p>Management comment noted, the 2 mentioned employees( 15119 and 15173) will be cleared, however, the overtime paid to the rest of the employees in the list <b>(with the remaining total of R67 057.58)</b> is considered as a debtor as these should be recovered from an employee</p>		<p>The latest Gazette no. 9535 that was issued by the Minister of Labour on the 13<sup>th</sup> May 2011 has a revised threshold of R 172 000 per annum which translates to R 14 000 per month with regard to payment of overtime. This simply means any employee earning above these figures is not entitled to overtime payment. Therefore, based on this information, the two messengers as listed in your finding are not affected by the condition as explained because they do not earn more than the stipulated amounts.</p>	<p>Policy developed that no overtime be paid to any employee over the threshold except in emergency situations. Council took a resolution on employees in Environmental Health that are involved during emergency situations.</p> <p>Monitoring mechanisms will be put in place to ensure that threshold is not exceeded by only on emergence cases</p>	On going	HODs, Managers	On going

		<p>Mr Mathangaza and Mrs A Swarts Overtime were authorized by the acting MM on the following conditions.</p> <ol style="list-style-type: none"> <li>1. Overtime must be for a special event.</li> <li>2. Only actual hours be paid</li> <li>3. The director must give prior approval of overtime worked</li> <li>4. Overtime must be budgeted for.</li> </ol> <p>Councils approval was obtained by item A.25/09/2011 FOR ABOVEMENTIONED WORK AT Aardklop Arts Festival.</p>				
		<p>The following employees are from Disaster Risk Management and work overtime during emergencies.</p> <ul style="list-style-type: none"> <li>• BM MadikizelaS Naidoo</li> <li>• CP Mofokeng</li> <li>• ATK Sothoane</li> <li>• KM Mpshane</li> </ul>				
<p><b>19. Employee costs- overtime more than 10 hours in one week (Ex 24)</b></p>		<p>The following employees (all general workers) :</p> <ul style="list-style-type: none"> <li>• Letlho GN</li> </ul>	<p>Management will ensure that employees work</p>	<p>On going</p>	<p>HODs, Sectional Managers</p>	<p>On going</p>

		<p>15009</p> <ul style="list-style-type: none"> <li>• Lekgetho DE 15168</li> <li>• Busakwe NH 15175</li> <li>• Rantsatsi MJ 15182</li> <li>• Maketekete NA 15183</li> </ul> <p>worked overtime during the specified period which was on weekends for reasons that follows: Offices were fumigated on specific Fridays and they came inn the weekend to clean the offices to ensure that on Monday they are ready to be occupied; Secondly, it is difficult to wash the carpets and windows while people are busy in their offices, hence an arrangement will be made with staff members to leave their offices open or give keys to the general workers on the chosen weekend to come and do the cleaning. This arrangement is done with consultation with the supervisor and the head of department.</p>	<p>overtime within the requirements of the law.</p> <p>Monitoring mechanisms will be put in place, the overtime will be approved prior.</p>			
<b>21. Employee costs _ Employees took less than 10 days in the cycle</b>		Management will ensure in future that all employees comply with legislation.	Employees are informed on time when their leave is due. However, strict	Ongoing	HR/ADCS	Ongoing

			mechanisms will be applied to ensure that employees adhere to the rules.			
<b>22. Employee costs_ Leave_ No communication of leave balance</b>		Finance department ensures that each and every month the leave balances are reflected o personnel payslips.	Management will ensure that leave balance is clearly and properly communicated to employees through individual letters and leave reconciliation reports to HODs and Managers.	On payslips on a monthly basis and individual letters and recon reports on a quarterly basis	HR/ADSC	Ongoing
<b>23. Sick days more than 3 days- no sick note attached</b>		Management will see to that sick notes be attached to all sick leave more than 3 days	Internal control to check and verify that all leave with more than 3 days accompanied a sick note	Ongoing	HR HOD'S	Ongoing
<b>24. Planning: Internal control weaknesses Ex 2</b>		1. Risk assessment was not performed for 2011/12, the advert was done and the service provider was appointed (PWC). The delay was due to awaiting the strategic session that was supposed to be held and later postponed. The risk assessment will be conducted in March 2013 2. (b) The AC is also performing the duties of the risk committee (c) HR matters are dealt with at the Local Labour Forum Other findings will be responded to by the ACFO	Risk Assessment will be perform in March 2013	March 2013	Acting MM	

		and the MM				
<b>25. HR: Leave taken before approval Ex 5</b>		Sometimes leave is approved verbally due the leave books submitted to the AMM for approval, in this case it will be indicated in the leave book that approval was granted before by the manager. Human Resource Division will ensure that leave is approved before it is taken by Incumbent and Internal Control Measure is met.	Directors will ensure strict adherence to the laws and policies of Council.,	On going	HOD'S	On going
<b>26. Unauthorised, Irregular &amp; Fruitless: Non submission of reports to MEC &amp; AG</b>		Management will ensure that it will be submitted to the relevant parties in future.	Reporting of irregular expenses to MEC and AG will be done	Yearly	ACFO	
<b>Motor vehicle not depreciated per assets policy (Ex 25)</b>		According to the MFMA – Local Government Capital Asset Management Guideline the useful lifespan of motor vehicles is 4-7 years. An item was sent to Council for the amendment on the Asset Management Policy: 1. Five (5) years to Four (4) – Seven (7) years	Item submitted to council to bring the lifespan of motor vehicles in line with National Treasury guidelines	Council resolution	ACFO	Implemented
<b>28. Procurement and contract management: Invalid addresses (Ex 36)</b>		Updating of user database will be done on a regular basis to include full address details	Database will be updated to include full address details	30 June 2013	ACFO	
<b>29. EX.3: Predetermined objectives: SDBIP for 2011/12 not approved as per MFMA</b>		The SDBIP was approved at the council meeting held in July 2012 under item A92/07/2012. Although it	Management was assisted by Province and Cogta to compile credible	30 <sup>th</sup> June 2013	Acting MM HOD'S and Managers	

		was approved late in terms of legislation. In future management will ensure that it is approved on time with the support of the Executive mayor.	SDBIP for the current financial year on time. In future draft SDBIP will be submitted together with IDP and budget to ensure that is approved in time.			
<b>30. Irregular Expenditure: Incomplete Register Ex 12</b>		A register will be redesigned to accommodate the prior year irregular expenditure.	The current register will be redesign to accommodate prior years irregular expenditure	30 <sup>th</sup> March 2013	ACFO	
<b>31. Irregular Expenditure: Irregular expenditure register not reviewed. Ex 13</b>		Processes will be designed to manage the register	The Irregular expenditure register will be reviewed on a quarterly basis.	30 <sup>th</sup> March 2013	ACFO	
<b>32. Fruitless and wasteful expenditure: No register in place Ex 14</b>		The reconciliation is done within the financial statements and a separate register will be designed that will link up with the register	Separate register will be implemented	30 <sup>th</sup> March 2013	ACFO	
<b>33. PPE: No segregation of duties Ex 4</b>		In most circumstances there is segregation of duties. It is only the verifying of information/records that is not signed off by a senior person. Processes will be designed to manage the register.	The segregation of duties issue that only one employee handles all the assets of council. From the updating of assets in the asset register to the to the verification, insurance, conditional assessment The organogram will be reviewed to staff	30 June 2013	ACFO/AMM	

			finance section, additional post to be created.			
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