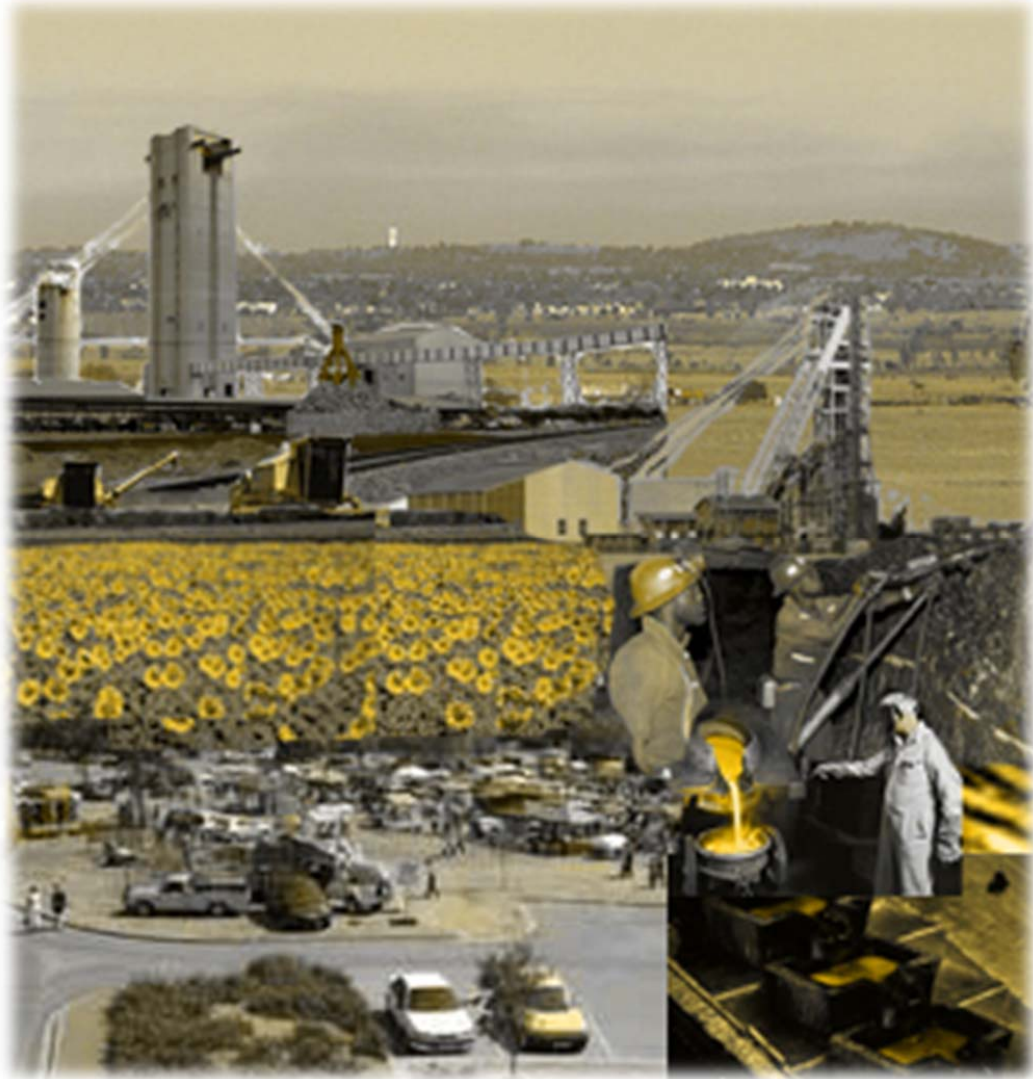




Lejweleputswa
DISTRICT MUNICIPALITY



Draft Annual Report
2013/ 14 Financial Year

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Chapter 1

1.1. Executive Mayor's foreword

Our vision is to be a "Perfect Partner in Service Excellence". The strategic intent of Lejweleputswa District is very clear on what we strive to be. Our strategies are designed to move the Municipality towards achieving this vision.

This 2013/14 Annual Report presented here by Lejweleputswa District Municipality, seeks to firstly meet the legal requirements as set out by various legislation such as section 46 of the Local Government: Municipal Systems Act No. 32 of 2000 and sections 121 and 127(2) of the Local Government: Municipal Finance Management Act No. 56 of 2003

In terms of service delivery successes within the Municipality, we have timely adopted the top layer or corporate SDIBP. We have appointed a competent and approachable Accounting Officer.

We are ultimately, as individuals, teams, departments and the entire Municipality measured by the results that we actually deliver. There is therefore a need to continue to entrench a performance culture at Lejweleputswa to entrench the routine practice of tracking actual versus planned performance at various levels. "What get measured gets done". If we do not measure, we will never tell the significance of the outcome/results of our interventions

Lejweleputswa service delivery approach is wholly engraved in the Batho Pele Principles. At Lejweleputswa we believe that service delivery has to be driven by citizen needs and it is our mandate to satisfy these needs. From the development of IDP through public consultative meetings, public participation through information sharing has been at the Centre of Lejweleputswa service delivery approach.

Lejweleputswa Municipality continues to work with local and surrounding partners. The Municipality has also deliberately crafted platforms with business and private sector.

I remain committed to working together with my Mayoral Committee, the whole Council and the Municipal Administration in realizing our vision and making it a practical reality. We are positive that Lejweleputswa District Municipality's future holds the promise of a better managed and financially viable institution which delivers excellent services to the communities. I trust that every reader who studies this report from a balanced and fair perspective will concur with this Impression

Cllr Nkosinjani Speelman
Executive Mayor

1.2. Municipal Manager's foreword

We have consistently strived to be an excellent partner in service delivery throughout the recent delivery years and this report is a tribute to such excellence. Against notable odds, which included limited funding to deal with priority projects, we have ensured that we deliver services at the right time, for the correct people and at the right places.

The total revised budget for the 2013/2014 financial year was R112 million and this report represents the extent to which we have been able to achieve our set objectives. In a nutshell, it is important to compare deliverables with the integrated development plan of the municipality. Our mandate as a district municipality was to coordinate programmes at a district level and assist with resources where they were highly required.

Local government is a legislated terrain with five key priority areas which have been reflected in all our documents and the report provides detail of the activities that were implemented throughout the 2013/2014 financial year.

In areas of municipal transformation, the municipality has ensured that all positions were filled with relevantly qualified staff members. It must be noted here that the municipality did not have a Municipal Manager as well as the Executive Manager for Corporate Services for the better part of 2013. These positions have since been filled during the first part of the 2013/2014 financial year. Secondly, the other key deliverable was to ensure that most staff members get capacitated as respective knowledge areas become evolutionised.

In anticipation of the national elections which took place in May 2014, the municipality ensured that all plans that required political oversight were dealt with speedily and in detail. The issue of the integrated development plan and budget were submitted to council so that a discussion could begin discussions that focused service delivery in a specific direction. The municipality, in terms of the third key priority area of good governance and public participation, was able to convene representative forum meetings to ensure that documents that required approval had first been discussed at community level. The draft IDP and budget were mainly the two documents that required public participation in compliance with legislation. The structure was also part of the discussions and the existing local labour forum also had an opportunity to discuss the content.


As a municipality, we would also like to point to critical challenges that require undivided attention from all people throughout the district. We are aware that the level of providing basic services to our communities is not at the level we should all be happy at. The delivery of basic services like potable and always available water requires bulk infrastructure investment and the capacity of our municipalities is much less.

We still have areas in the district where people still use buckets as a form of sanitation. We are aware that this repulsive system has always dehumanised our values as a community and therefore it should form part of our planning as a matter of urgency to eradicate.

We are also aware that we are disadvantaged as a low capacity municipality to deal with these enormous challenges of improving the lives of our people as speedily as humanly possible. All the infrastructure improvements require skilled engineers who are in short supply and we are likely to either use consultants or recent graduates with little practical knowledge of local government. This way, we stand challenged and we acknowledge these challenges. We therefore pledge to communicate our programmes so that we all become engaged and are conversant with the challenges we all face without really taking advantage of wanting to point fingers.

This report is a reflection of the achievements we have made for the past twelve months. These achievements were made with assistance from members of the community who were ready to participate in some of our programmes and they can therefore bear testimony to some of these successes. The 2014/15 financial year brings us to the third generation of planning for our community and it would therefore be proper to have a mid-term reflection of service delivery. We should be able to give a glimpse of challenges we are likely to face so that we plan properly to achieve targets set in our five year plan.

Other issues necessary inputs to be reported here:

 risk assessment

This included the development and implementation of measures to mitigate the top 5 risks. The municipality has established an environment for the performance of risk management activities. We have had a structure in the municipality for the year under review in order to start implementing the programme. Although the item formed part of audit committee agenda items, we could not provide a risk plan and policy within which we should work.

 Structure adjustment and placement of staff

For the year under review, there were quite a number of internal placements in order to meet with the required standard for the delivery of services in the municipality. With regard to deployment of senior staff members to vacant and funded positions, there were no vacancies. The position of the Municipal Manager was filled in July 2013 after acting positions for a few months.

 Municipal financial viability

The reality that we are unable to source substantial own funding is a worrisome factor. The composition of salaries portion to overall grant is quite higher than is the norm. The

municipality has nonetheless made strides to ensure that remain a viable entity through sourcing of funds for specific programmes in the municipality.

May I also take the opportunity to thank all the selfless people who participate and challenge us when we engage during public meetings because we can only broaden our thinking scope when you receive a different view-point.

Municipal Manager

Me PME KAOTA

1.3. Municipal overview

1.4. Legislative mandate as a district municipality

As a district municipality, we ensure that we work within the mandate as given either by legislation or even through adjustments made in terms of sections of the law. In this financial year, we were cognisant of these functions as tabulated below and some others given to us through adjustments.

The demarcation process over the years has acknowledged lack of capacity to perform certain functions as initially stated in the Local Government: Municipal Structures Act of 1998. Some of the functions as indicated in the act have since been performed at local level. Over time, some local municipalities were confirmed to lack capacity to perform certain functions and the MEC for Local Government at the time made adjustments so that the district can start performing these functions:

- Fire fighting services for Masilonyana and Tswelopele Local Municipalities;

As a district, we were required to budget and implement fire services function in two local municipalities in the district which were said to be lacking in capacity. Essentially all fire related services for Masilonyana and Tswelopele should be performed by the district municipality. The same with functions listed here below of:

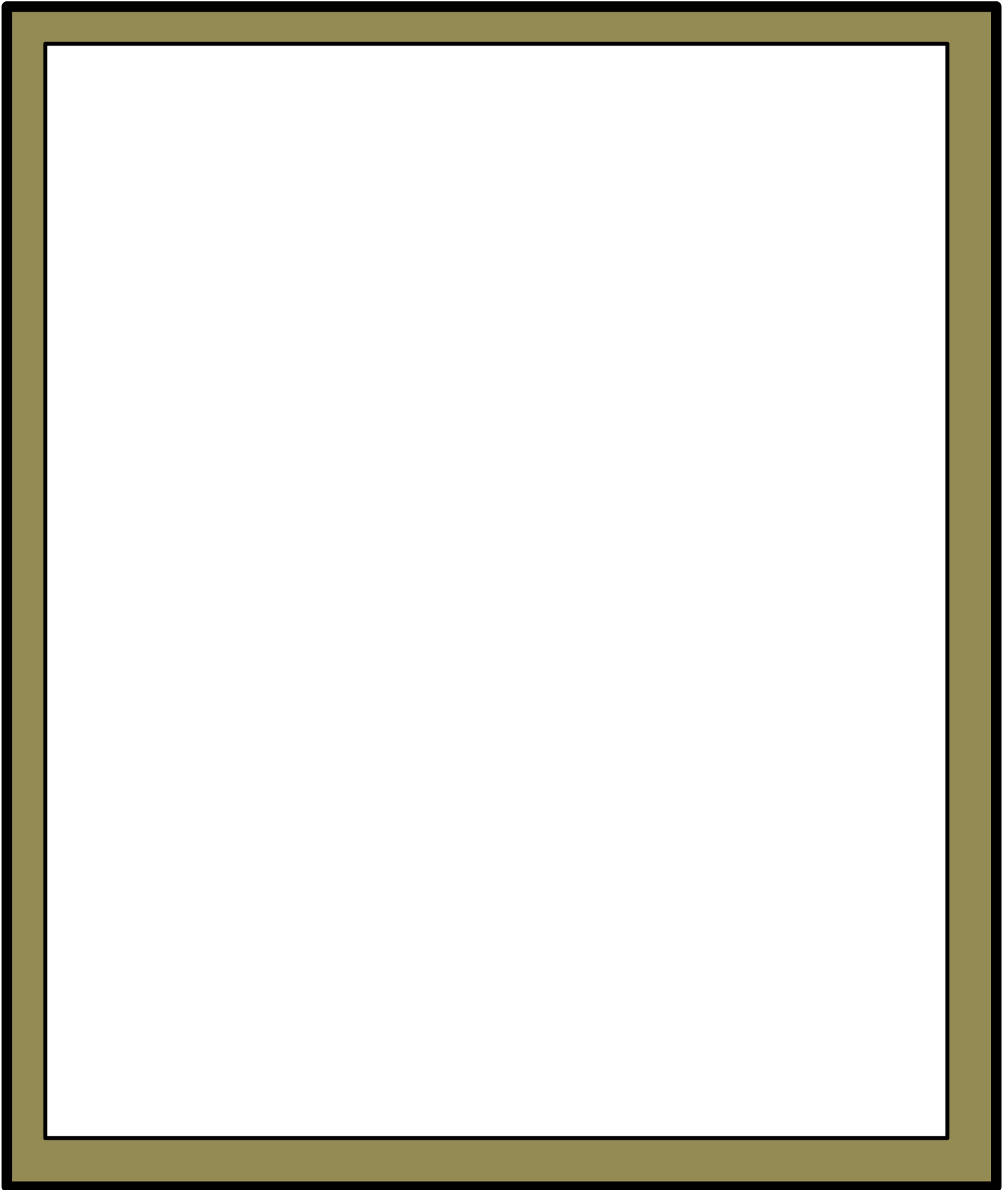
- Municipal Roads
- Fresh Produce markets and abattoirs
- Environmental Health Services
- Local tourism

Of the functions above, we were present in all but one. We have been able to assist Matjhabeng Local Municipality by upgrading an access road to Leboneng specialised School; we have also been able to review LED plans of local municipalities as well as ensuring that we take water and food samples as required by law to ensure that food selling premises comply with set regulations and do not cause health hazard.

A detailed list of functions for both district and local municipalities is indicated below as follows:

DISTRICT KEY POWERS AND FUNCTIONS	LOCAL KEY POWERS AND FUNCTIONS
<ul style="list-style-type: none"> ▪ Integrated planning 	<ul style="list-style-type: none"> ▪ Trading regulations
<ul style="list-style-type: none"> ▪ Municipal Health Services 	<ul style="list-style-type: none"> ▪ Street lighting
<ul style="list-style-type: none"> ▪ Fire fighting Services (Masilonyana and Tswelopele) 	<ul style="list-style-type: none"> ▪ Fire fighting Services
<ul style="list-style-type: none"> ▪ Municipal Public Transport (policy development) 	<ul style="list-style-type: none"> ▪ Municipal Public Transport(All local Municipalities)
<ul style="list-style-type: none"> ▪ Fresh Produce Markets 	<ul style="list-style-type: none"> ▪ Fresh Produce Markets (All local municipalities)
<ul style="list-style-type: none"> ▪ Cemeteries, funeral parlours and crematoria (policy development) 	<ul style="list-style-type: none"> ▪ Cemeteries, funeral parlours and crematoria(by-laws)
<ul style="list-style-type: none"> ▪ Local Tourism 	<ul style="list-style-type: none"> ▪ Local Tourism
<ul style="list-style-type: none"> ▪ Municipal Airport 	<ul style="list-style-type: none"> ▪ Municipal Airport(except for Matjhabeng and Nala)
<ul style="list-style-type: none"> ▪ Municipal Abattoirs (policy development) 	<ul style="list-style-type: none"> ▪ Municipal abattoirs(by-laws)
<ul style="list-style-type: none"> ▪ Solid waste disposal sites 	<ul style="list-style-type: none"> ▪ Billboards and Display of advertisements in public places
<ul style="list-style-type: none"> ▪ Local sport facilities 	<ul style="list-style-type: none"> ▪ Sanitation
	<ul style="list-style-type: none"> ▪ Potable water
	<ul style="list-style-type: none"> ▪ Air pollution
	<ul style="list-style-type: none"> ▪ Child Care facilities
	<ul style="list-style-type: none"> ▪ Electricity regulation
	<ul style="list-style-type: none"> ▪ Refuse removal dumps and waste

	<ul style="list-style-type: none">▪ Fencing and fences
	<ul style="list-style-type: none">▪ Local amenities



2.1. Governance structures

The municipality is governed by the political, executive and administrative components headed by the Speaker (Cllr. A. Oliphant, Executive Mayor (Cllr. N.W. Speelman) and the Municipal Manager (Ms Palesa Kaota) respectively. The Executive Mayor becomes the chairperson of a committee he has established called mayoral committee. This committee is composed of political heads of departments in the municipality. Each political head serves as a chairperson of a portfolio committee established to deal with departmental issues of importance that require some interventions either at mayoral or council level. The Speaker oversees the operations of council including established committees dealing with council work. Among these committees was the Municipal Public Accounts Committee.

The Municipal Manager is the accounting officer of the municipality responsible for financial management, ensuring that relevant qualified incumbents to advertised positions in the municipality are employed in order to further the work of council. She was responsible for general administration of staff day to day activities both in terms of implementing of implementing council agenda as well as reporting of progress achieved.

2.2. Intergovernmental Relations structures

Intergovernmental Relations

We have continued to sustain the use of IGR structures in the municipality to ensure that we save scarce resources through sharing of ideas and planning by acknowledging that the customer is one. As a district, we are an integral player in an environment that first includes the provincial as well as the local spheres. At a political level, our leadership reports to structures established at provincial level. All information required at that level, is submitted by the executive mayor. The provincial forum where political leadership plays a pivotal role specifically refers to structures such as the premier's coordinating forum (PCF) as well as the member of executive council on local government affairs (MECLOGA). Other forum where we played a role is the provincial forum for CFOs, The energy forum, water forum, and the provincial IDP forum.

The main activities of these forums are to align provincial service delivery goals and ensure that planning eventuates into a coordinated and common outcome.

2.3. Public accountability and Participation

We provide information to the public via our website. All the legislated information that needs to be posted on the website, we ensure that it gets posted. The second form of means of information publication is the use of media. This took the forms of newspaper articles at the local, regional and national levels.

Another form by which we are held accountable is through the ward meetings which we call during specific programme implementation. Some of the specific forums which we convene relate to the IDP and budget forum, policy specific meetings where we discuss policy implications to the community.

Apart from our own initiatives to ensure that community gets information, there are provincial forums where our information is disseminated as well. The provincial public accounts committee is one such a forum where the public gets to know specific information pertaining to quality of oversight from elected leadership in our region.

Existing legislation requires us to establish intergovernmental relations structures that monitor programmes and report as required. We have had the monitoring and evaluation forum in our district as part of ensuring that progress of programmes is reported correctly. The next forum established through the IGR Act is the technical IGR which is mainly composed of accounting officers of our municipalities as well as those of provincial institutions.

The third composition is the district coordinating forum which is composed of executive mayors and mayors in the district. Information that gets discussed is submitted to the province where the member of the executive committee responsible for cooperative governance uses the information as required for purposes of consolidating and reporting on the extent of healthiness of local government.

Other strategies used for communicating specific information are the mayoral imbizos, mayoral achievement awards, summits and community campaigns of specific social or financial matters. Much of the imbizo meetings related to the discussion of IDP and budget where communities get invited to make inputs regarding plans that they need implemented in respective localities. We had one mayoral achievement award in the last financial year where the area of acknowledgement was the specific that women play in society and the challenges that other social partners and players must assist to unblock for ensuring that we improve economic landscape that affect women.

Summits on the other hand solicit inputs from stakeholders on way forward around specific issues. We have used this platform during the financial to specific address youth issues and their role in curving an alternative economic future of the region without mining priorities. As a two way approach, the municipality also listened to challenges that youth in general get from interaction with institutions of government and how leadership could intervene to be make the region a better area.

IDP Participation and Alignment

The understanding with regards to IDP formulation is that officials will always serve as reference points in that they have technical capacity to develop and review this document and thus advise us as to how we should incorporate physical environment aspects into our planning. In addition, this advice comes at a time when we know that we plan for a five year period. The contents of the IDP should be for that period whilst keeping in mind that some of its aspects should indeed be revised for the same document to be relevant. In this instance, participation should be informed by future planning.

On a horizontal level, our alignment must be informed by the provincial growth and development strategy as well as the provincial spatial development frameworks. Our document should show a provincial character narrowed down at a district level. Similarly, the provincial planning documents should relevant find expression in our district plans. This will not only show alignment. It would work towards pushing away silo planning mentality and consistently narrow down divergent and anti-synchronised planning.

Community is therefore key when the above playing field had been levelled so that participants understand both their roles, not only in so far as the district product, but as well in so far as aligned documents and projects are concerned. In the end public participation needs to be a well thought out process intentioned on getting maximum participation with a well-thought advance output from the process. In order to avoid mere conformation to the required process of representation, municipality should bend backward and solicit high calibre participants in order to get quality inputs. A well-rounded public participation is where enlightened stakeholders pursue an aligned output (goal) in diversified and differentially endowed physical environments. Essentially, as well we plan for improved service delivery, we should take into account that places differ in terms of natural endowments. No one plan fits into all the environments but alignment is necessary to further service delivery.

2.4. Corporate Governance

Risk Management

The municipality has struggled to establish processes to ensure that programmes are implemented with a risk environment being controlled. This is because of the resources and skills not available to implemented risk processes. Lack of the risk process being implemented exposes the municipality to risk prone environment.

The municipality has employed risk manager and assistant risk officer in order to establish the process and ensure that we are on course to establish a complete risk management environment with requisite risk plan and policy within which environment all should comply.

Anti-corruption and fraud

We have developed the anti-corruption as well as the fraud prevention policies in order to increase awareness among all staff members of the obligations.

Supply Chain Management

We have a policy that controls acquisition and demand management. All external procurements must be subjected to a process within the municipality. In the case of requests below thirty thousand rands, we know that there must be telephonic requests for quotations as well as amounts below two hundred thousand rands. The information is provided to the public as required by legislation. Its principles allow for a fair, transparent, competitive, cost effective and equitable system for procuring of goods and services. It also offers just process in the selection of contractors in the procurement of goods and services.

The same policy requires that specific policies are established to fast track the process. The specific, evaluation and adjudication policies are required and have been established.

Websites

The need for a functional website is important as it plays a role in disseminating information. A provincially coordinated website was established in the financial year. The purpose of the website is to ensure that we brand the municipality in such a way that the process is used to update provincial information.

Public Satisfaction on Municipal Services

Although we had sporadic unrest throughout the local municipalities of Nala, Matjhabeng and Masilonyana Local Municipalities, there is however no tested proof that those were all related to service delivery. However, we need as a district, to conduct service delivery survey to corroborate occasions on the ground. We need to provide valid response to ascertain rumours about

there being service delivery protest. It must be acknowledged though from the outset, without providing proof to the contrary, that the pace at which service delivery is implemented is worrisome. The roll-over grant amounts reflected in annual financial statements remain unjustifiable piece of the jigsaw puzzle.

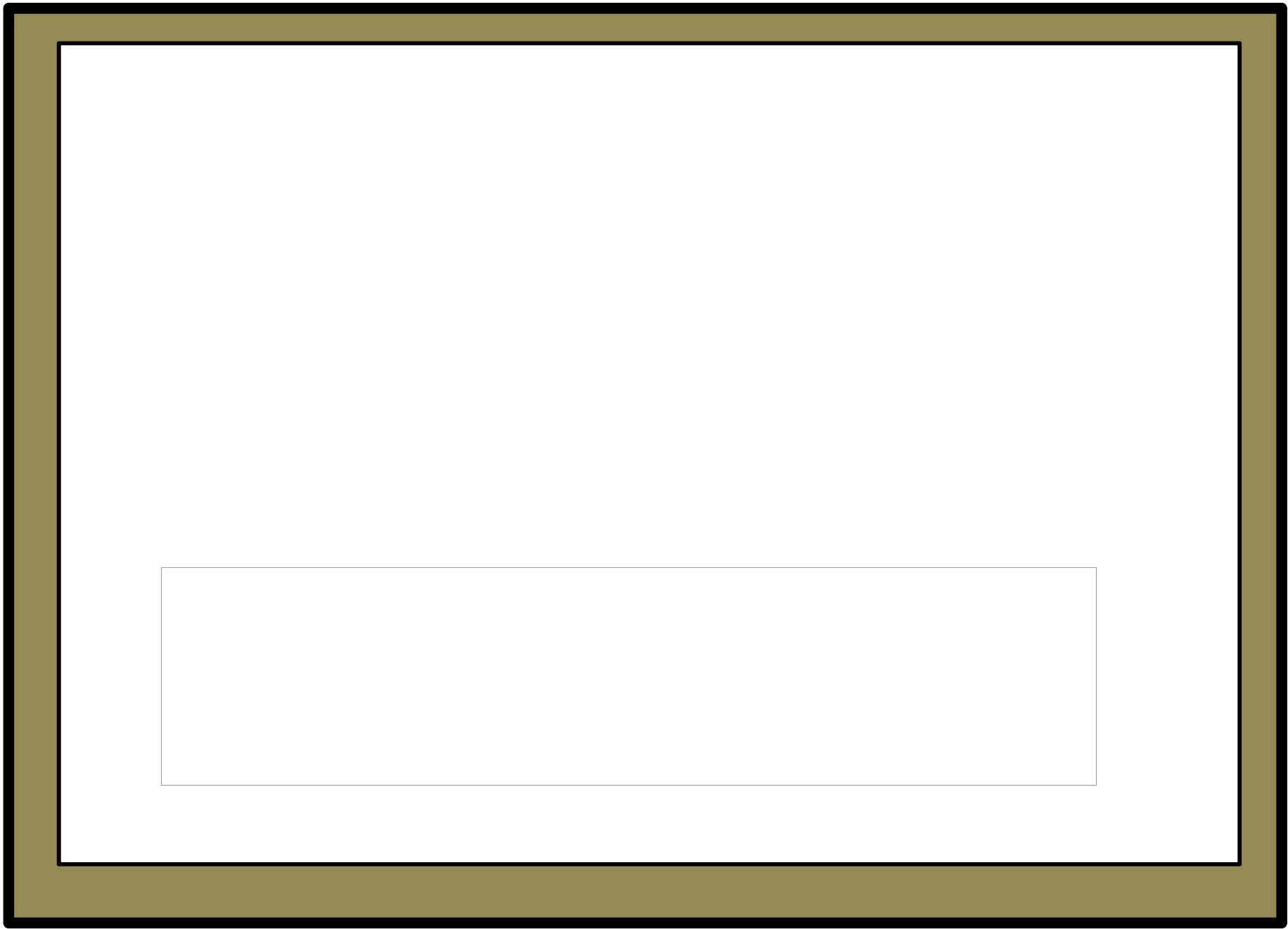
We need to take a resolution that repels all contestations about our behaviour in the midst of meagre service delivery mileage. If the protests were conducted to show distaste on the mandate given to municipalities and such outputs contested against, then that makes for humble apology on the part of officials. Therefore, other than the district municipality conducting surveys on service delivery, local municipalities must also give a strategy going forward as to how they intend to quell incidences of violent nature in the prospect that these are linked to service delivery. One of the strategies is to allow both horizontal and vertical forms of communications to prevail even before these events take place.

All municipal oversight committees

We have a functional oversight committee system that functions well given our resourcefulness and capacity. Council is the main oversight committee that ensures that all processes comply with set laws and policies. The mayoral committee was established to provide oversight administration with members ensuring that programmes get implemented. The administrative oversight ensures that physical implementation and accountability is carried out.

Oversight is carried out by all political parties represented in council. We have the following parties which form our municipal council: ANC, DA and Cope. All the parties ensure that all programmes are implemented for the benefit of their constituencies. The Municipal Accounts Committee was established by council in the year under review particularly to ascertain correctness of information in the draft annual report is one such committee that ensures there is compliance to applicable laws. Other committees that assist council in the provision of oversight are the audit committee, ad hoc committee on annual report, rules committee. In respect to the mayoral committee oversight, we have portfolio committees from each respective department in

the municipal administration, the budget and IDP steering committee as well as the representative forum. All the committees provide input to Executive Mayor to provide required oversight.



3.1. ANNUAL REPORT OF THE AUDIT COMMITTEE 2013/2014

1. INTRODUCTION

We are pleased to present our Annual Audit Committee report for the Lejweleputswa District Municipality. The report provides feedback on the activities of the Audit Committee for the 2013/2014 financial year.

The Audit Committee, as an independent advisory committee appointed by the Council, has been established in terms of section 166 of Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and section 79 of Municipal Structures Act, 1998 (Act No. 117 of 1998).

The Audit Committee was effectively appointed from 3 December 2010 and concluded its term of 3 year cycle during December 2013. A newly constituted Audit Committee was appointed effectively 4 February 2014. In accordance with good governance prescripts, the Municipality ensured continuity in the appointment of the new Audit Committee.

The Audit Committee is focussed on ensuring the integrity of the Lejweleputswa District Municipality's financial reporting and improving the internal control framework.

2. AUDIT COMMITTEE MEMBERS AND OFFICIALS ATTENDANCE

The Audit Committee consists of independent external members appointed by the Municipal Council in terms of section 166 of Municipal Finance Management Act, 2003 (Act No. 56 of 2003). During the 2013/2014 financial year 3 ordinary meetings and 2 special meetings were held:

SCHEDULED ORDINARY MEETINGS:

Name of Member	Position	Attended	Apologies	Total
Mr. P D Moeti ¹	Chairperson	2	0	2
Mr. M Mahonga ¹	Member	1	1	2

Mr. E T Femele ²	Member	3	0	3
Mr. L J Makoro ²	Member	2	1	3
Mr. N L Masoka ³	Member	1	0	1
Adv. L S Khonkhe ³	Member	1	0	1
Me. N R Phatlane ³	Member	1	0	1

SPECIAL MEETINGS:

Name of Member	Position	Attended	Apologies	Total
Mr. P D Moeti ¹	Chairperson	2	0	2
Mr. M Mahonga ¹	Member	2	0	2
Mr. E T Femele ²	Member	2	0	2
Mr. L J Makoro ²	Member	1	1	2
Mr. N L Masoka ³	Member	0	0	0
Adv. L S Khonkhe ³	Member	0	0	0
Me. N R Phatlane ³	Member	0	0	0

1. With the newly constituted Audit Committee, the membership of Mr. Moeti and Mahonga were terminated. Mr. Moeti served for a period of six years.
2. With the newly constituted Audit Committee the membership of Mr. Femele and Mr. Makoro, continued as required by MFMA Circular 64. Mr. Makoro was appointed as the new Chairperson.
3. With the newly constituted Audit Committee Mr. Masoka, Adv. Khonkhe and Ms Phatlane, were appointed for a period of 3 years, effective February 2014.

The Auditor General's office (External Auditor), Municipal Manager, Chief Financial Officer, Internal Audit Unit, Risk Manager, Acting Chief Executive Officer of the Development Agency and representatives from Provincial Treasury are also invited to attend meetings. Other members from the Executive Management and senior staff members attend the meetings during the year at the invitation of the Audit Committee Chairperson.

3. AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee has adopted appropriate formal terms of reference as its audit committee charter. The Audit Committee charter is amended on an annual basis and was last approved by Council on 20th June 2013 and serves as a guide for the Audit Committee. The Audit Committee has discharged its responsibilities as contained therein to their best ability with the resources available.

The key objective of the Audit Committee is to assist and advise the Lejweleputswa District Municipality in ensuring the integrity of their financial reporting.

The Audit Committee responsibilities entail the following:

- Internal Control Environment,
- Internal Audit,
- Adequacy, reliability and accuracy of financial reporting and information,
- Risk Management,
- Compliance with Laws and Regulations,
- Performance Management,
- Effective Governance,
- Annual Financial Statements, and
- Any other matters referred to it by the Council.

4. REPORT ON THE OPERATIONS OF THE AUDIT COMMITTEE

In discharging its responsibilities as stated above and in its terms of reference, the Audit Committee has developed a schedule of quarterly meetings and has adopted a standard agenda aligned to the Municipal Finance Management Act, Act 56 of 2003 and also to reporting guidelines as published from time to time by National Treasury. The attendance of the meetings is disclosed in paragraph 3 above.

At our meetings during the 2013/2014 reporting period we focussed on financial reporting, internal and external audit and risk management. We also reviewed the charters for both the Audit Committee and the Internal Audit Unit.

The Committee's overall opinion is that the municipality has and maintains appropriate levels of internal controls to ensure that it achieves its service delivery objectives. The municipality's Council and management have taken a giant leap in strengthening the control environment over the last few years. This opinion is informed by the information and explanations given by management, Internal and External Auditors. Given the inherent nature of the municipality business, there will always be areas of improvement and these are highlighted below under respective sections.

5.1 Financial Reporting

In addressing our key objective, which is to assist and advise the Lejweleputswa District Municipality in ensuring the integrity of their financial reporting, we reviewed the financial statements at a special meeting during September 2013, concentrating on the following:

- Compliance with financial reporting standards and governance reporting requirements,
- Areas requiring significant judgements to be made in applying accounting policies,
- The appropriateness of accounting policies,
- The procedures and controls around estimates in applying accounting policies,
- Whether the Annual Report and accounts, is fair, balanced, understandable and provides the information necessary for stakeholders to assess the performance of the Municipal Council and its employees, and
- Any relevant correspondence from regulators.

Year-End Statutory Audit

The Auditor General presented the Audit Strategy for the year ended 30 June 2014 prior to the commencement of the year end audit. The Committee considered and approved this Audit Strategy. There has been an overall increase of 4% in audit fees from the previous year mainly as a result of tariff an increase proposed by the oversight committee of the Auditor General. The Audit Committee requested that the Auditor General's office must have a closer collaboration with Internal Audit as to increase areas of reliance and ultimately reduce audit fees.

The Committee remains optimistic that the Municipality will retain its unqualified opinion with significant improvement in matters of emphasis henceforth.

5.2 Control Environment

5.2.1 Internal Control Environment

Our assessment of the internal control environment is informed by the assertions made by management, Internal Audit and External Auditors' reports. Our opinion is that the control environment is effective and has strengthened greatly over the last few years. The number of queries issued by the Auditor General is declining when comparing to previous audit results.

The Committee has approved a risk-based three-year Rolling Internal Audit Strategy and an annual operational audit plan. Amongst others, the Internal Audit Strategy focuses on:

- Follow-ups in AG's findings;
- Performance management system;
- Cash flow management;
- Expenditure management;
- Legal and regulatory compliance;
- IT and IT governance; and
- Risk management.

The annual operational audit plan, also referred to as the Risk Based Internal Audit Plan, was approved towards the end of the 2013/2014 financial year and will only impact on the next reporting period.

5.2.2 Risk Management

The implementation of risk management has progressed well. Policies and frameworks were adopted and utilised in the execution of risk related instructions. Risk Champions have been appointed and trained. A strategic Risk Assessment was completed during April 2014, which had formed the based for the Risk Based Internal Audit plan as mentioned in 5.2.1.

5.2.3 Compliance with Laws and Regulations

The Committee has noted the initiatives that management has implemented towards the establishment of an effective compliance program focusing at this stage on the Municipal Finance Management Act and legislated duties. The completion and reporting on the compliance program are reported to the Audit Committee during ordinary meetings.

5.2.4 Performance Management

The Municipality has made progress in implementation of the Performance Management System. However, the collation; packaging; and submission of portfolio of evidence on municipality's performance still remains an area of improvement. Internal Audit Unit is working with the office of the Auditor General and Municipal Manager to improve this area. The improvement in this area is essential if the municipality is to obtain a clean audit report.

Measurability, timely submission and reliability of the predetermined objectives disclosed in the annual report have been flagged as a significant audit risk by the Auditor General.

5.2.5 Effective Governance

The municipality has developed and implemented necessary policies to regulate and guide the day to day decision making and ensure appropriate control environment. The latest development is the Fraud Prevention Plan, which will be implemented after approval by Council. Compliance to the policies and consequence management has been flagged as an audit risk, especially in Supply Chain Management. Improvement in this area is essential if the municipality is to obtain a clean audit report.

5.2.6 IT Governance

An Information Technology Governance Framework was developed to assist and guide day to day decision making and ensure the appropriate control environment. However it is a recurring item of concern in the Auditor General's dashboard and Information Technology need significant improvement if the municipality is to obtain a clean audit report.

6. APPRECIATION

The Audit Committee wishes to thank the Accounting Officer of Lejweleputswa District Municipality and the municipal officials for the cordial manner in which the preparation for the 2013/2014 financial year audit was conducted, together with the enthusiasm shown by management to address the issues previously identified.

On behalf of Lejweleputswa District Municipality Audit Committee

3.2. Audit action plan

Introduction

At the beginning of each financial year, there is a process of ensuring that municipal documents get audited to ensure that all processes undertaken complied with legislation. The Office of the Auditor General would normally visit municipalities and government entities at the end of each financial year and audit finances and performance information. The process entails giving an opinion at the end of the audit process that indicates whether municipalities have complied with government when performing their functions.

There are basically five opinions that the auditor general can provide post audits:

1. **CLEAN AUDIT OUTCOME**

The financial statements are free from material misstatements (in other words, a financially unqualified audit opinion) and there are no material findings on reporting on performance objectives or non-compliance with legislation.

2. **FINANCIALLY UNQUALIFIED AUDIT OPINION:**

The financial statements contain no material misstatements. Unless we express a clean audit outcome, findings have been raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects.

3. **QUALIFIED AUDIT OPINION:**

The financial statements contain material misstatements in specific amounts, or there is insufficient evidence for us to conclude that specific amounts included in the financial statements are not materially misstated.

4. **ADVERSE AUDIT OPINION:**

The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements.

5. **DISCLAIMER OF AUDIT OPINION:**

The auditee provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts, or represents a substantial portion of the information contained in the financial statements.

Source: [www.agsa.co.za/audit terminology](http://www.agsa.co.za/audit_terminology)

The outcome of the 2012/2013 audit was an unqualified audit opinion but there were matters raised that need to be addressed and hence the report below responded to specific issues raised. This report indicates progress achieved from the time an action plan was finalised regarding specific areas of intervention.

3.3. Progress report on AG's Audit report-2012/2013

Project OPCAR (Operation Clean Audit Report) - 2012/2013

Joint Action Item List (JAIL)

Chairman:

Date: Ended June 2014

Purpose: The purpose of the JAIL is to track the allocation and status of project actions

No.	Item	Prog%	Remarks
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QUALIFICATION

1.	Ex.71: Employee cost: Remuneration of councillors (EX.71)	50%	Initial resolution 20/3/2014 - Council decide to downgrade to grade 4 but on Council meeting 25/6/2014 - revisit the previous resolution to go back to grade 5.
2.	Ex.27: Internal control: Ineffectiveness of Internal Audit Function (EX.27)	90%	Risk assessment received - see item 14 - RBIAP compiled for the meeting of 28 May 2014 - was withdrawn, the 3 year Rolling Plan to be amended.
3.	Ex.7: Governance: Audit committee could not perform all of the mandated responsibilities (EX.7)	100%	AC meeting scheduled for 26 August 2013 was rescheduled for 17 September 2013 - due to AFS not balancing at 23 August 2013. Had a look at AFS and minuted as such.
4.	Ex.2: Financial statements: Non-compliance with s122 of MFMA (EX.2)	100%	Balanced TB was submitted - to AG on 7/10/2013 - will ensure TB balances before submission to AG. No evidence submitted.
5.	Ex.90: Budget: Overspending of expenditure (EX.90)	90%	Item was submitted to oversight committee during 2013/14 - (July 2014) - item to take to Council. Two oversight meetings - 10/6/2014 and 8/7/2014.
6.	Ex.18: PDO: Integrated Development Plan (IDP) adoption (EX.18)	0%	Maureen - 212
7.	Ex.75: PDO: No supporting documentation to audit achievements in the draft performance report (EX.75)	75%	Information is now available - IA received via Manager in MM's office files from different departments for 2013/2014 period. Still await some information.
8.	Ex.77: Employee cost: Allowances(EX.77)	100%	Allowance discontinued - letter available but the problem is with the implementation of the recommendation to recover the overpayment.
9.	Ex.39: Employee costs: Appointments: post not in the organogram(EX.39)	100%	Listing of appointments, retired and deceased received, PA to MM position on Revised Final IDP for 2013/2014. See also item 39.

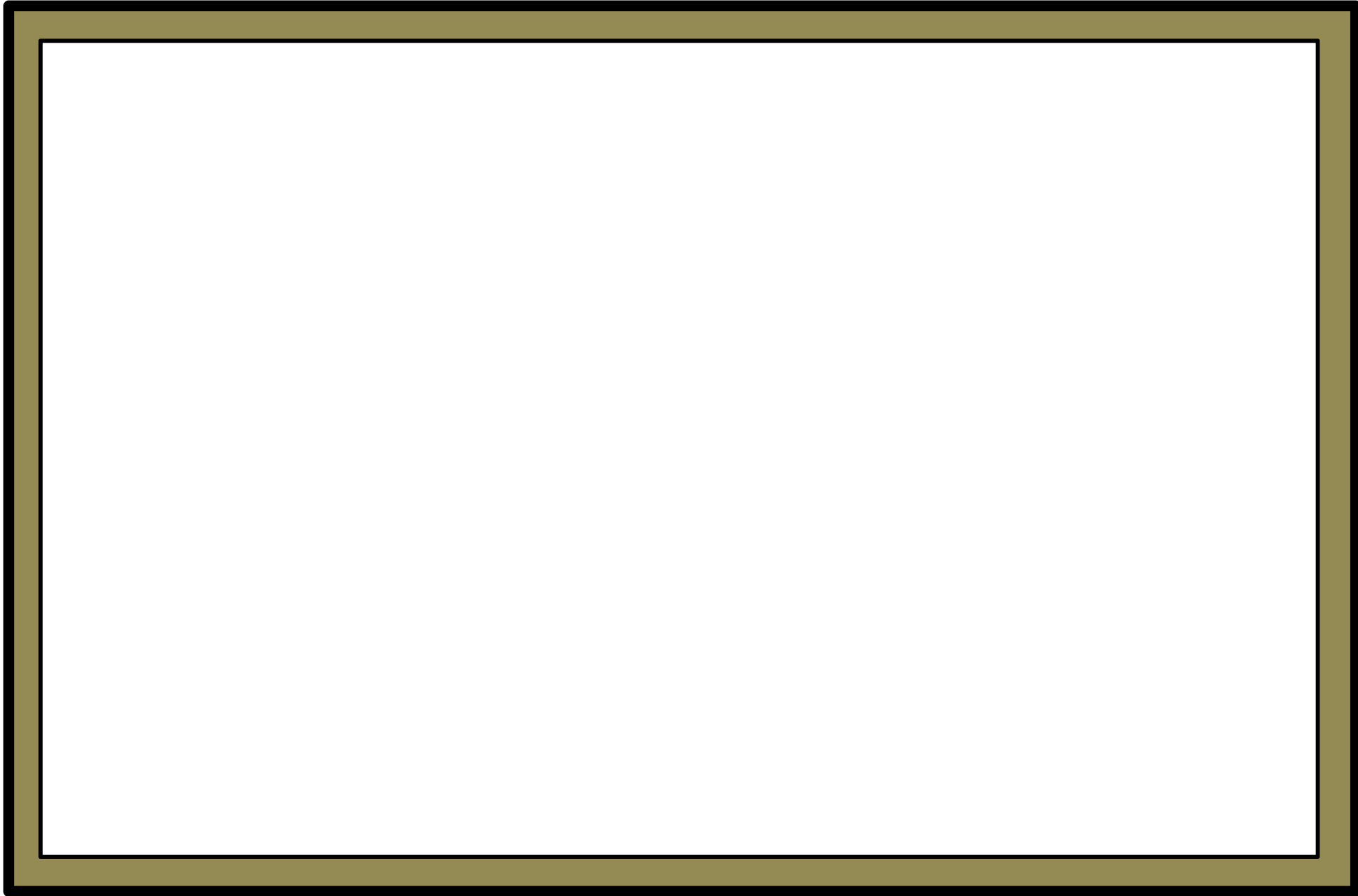
10.	Ex.54: Employee cost: Overtime(EX.54)	100%	Overtime payment for employees not qualifying (for overtime) stopped. Current overtime payment monitored and threshold into Labour Relations Act enforced - Verbal confirmation from Me Gqoli.
11.	Ex.85: Employee cost: Salary notches(EX.85)	100%	The incumbent position was reversed to notch 1 in line with the HR policy, letter available.
12.	Ex.86: Employee cost: Salary increases(EX.86)	100%	Letters for recovery issued, available and process of recovery underway.
13.	Ex.8: Governance: No fraud prevention plan in place(EX.8)	100%	A draft Fraud Prevention Plan was compiled and is available - 21/7/2014.
14.	Ex.1: Non-Compliance: No risk assessment performed(EX.1)	75%	Completed Risk Register received 16 April 2014.
15.	Ex.89: Budget: Budgeting for a deficit (EX.89)	0%	Status quo remains, as much as the amount is only R 692 000 - budget is still compiled for a deficit.
16.	Ex.59: Non-compliance: No report as per MFMA for irregular expenditure(EX.59)	50%	SCM report completed - attached (2014/15)
17.	Ex.4: Internal control: No skills retention plan in place(EX.4)	30%	Tender advertisement for reviewing the HR policy, Service Provider not officially appointed to review the policy. According to CS Manager the advertisement will be placed again.
18.	Ex.5: Internal control: Financial Reporting Competencies and Assistance from Outside Professionals(EX.5)	50%	Skills transfer is clearly stipulated with the new Service Provider. Contract with AG - to be copied when AG is back - week of 4 August 2014.
19.	Ex.63: Internal Control: Shortcomings in Supply Chain Management(EX.63)	75%	SCM policy changes approved by Council 25/6/2014 - interaction also with PT to make more changes to the policy.
20.	Ex.20: PPE: GL does not agree with Fixed Asset Register and AFS(EX.20)	100%	Copies of GL and FAR available to confirm balancing - still appears not to be balancing.
21.	Ex.3: Expenditure: Three quotations not obtained (EX.3)	100%	SCM send report for month 12 will also send others once his computer is "fixed" by IT.
22.	Ex.80: Procurement management: No supporting documentation(EX.80)	100%	ACB 21239 refers - amounts paid were without VAT as the Service Provider was not registered at that stage. One page quotations was included from other Service Providers and the information is available with the RFQ's (Me Cathy Baloyi)
23.	Ex.82: Irregular expenditure of items above 200 000(EX.82)	90%	Attempt to prevent Irregular Expenditures - cannot recall Expenditures above R 200 000 not tendered for. Deviations from SCM, Irregular Expenditure as submitted to MPAC and Root Cause analysis into Irregulars attached.
24.	Ex.19: PDO: Non-compliance - IDP(EX.19)	100%	Proof received from Mr Makofane
25.	Ex.21: PDO: Prescribed process was not followed in amending the IDP(EX.21)	100%	Status quo remains, as it is difficult to consult with the community during the December festive season / Municipality's offices also closed for a period during this time.
26.	Ex.22: PDO: SDBIP- Limitation of scope(EX.22)	50%	MM - intervention.

27.	Ex.23: PDO: Non-compliance PMS framework(EX.23)	100%	Proof of changes received from Mr Makofane.
28.	Ex.33: PDO: Municipality's IDP does not include LDA's key performance indicators and set performance targets(EX.33)	100%	LDA included in revised IDP - see attached.
29.	Ex.34: PDO: Inconsistencies between planned and reported objective,KPIs and targets(EX.34)	100%	Inconsistencies were removed as the IDP was reviewed.
30	Ex.35: PDO: Measurability of key performance indicators (KPIs not well defined and not verifiable)(EX.35)	100%	Measurability was amended as the IDP was reviewed.
31	Ex.37: PDO: Presentation of annual performance report(EX.37)	100%	See responses in 27.
32	Ex.51: Receivables: Existence of outstanding debt(EX.51)	0%	Lezmin and Mr Tengeni made payments but no payments on other debtors. Can be confirmed on the accounts.
33	Ex.9: Receivables: Age analysis differ from general ledger(EX.9)	100%	Copy of latest age analysis.
34	Ex.52: Receivables: No signed agreements(EX.52)	0%	CFO - no agreements in place
35	Ex.72: VAT: Difference between VAT receivables and Vat returns(EX.72)	100%	Difference caused by year end journals (without proper proof) in 2011/12 which cannot be claimed. June 2014 claim reconcile to ledger.
36	Ex.31: Cash and cash equivalents: Petty cash not properly reviewed by senior official (EX.31)	100%	Accountant verify petty cash - from Monica
37	Ex.40: Employee cost: Appointments - posts not advertised (EX.40)	30%	Tender advertisement for reviewing the HR policy, Service Provider not officially appointed to review the policy. According to CS Manager the advertisement will be placed again.
38	Ex.42: Employee cost: Appointments - shortlisted (EX.42)	30%	Tender advertisement for reviewing the HR policy, Service Provider not officially appointed to review the policy. According to CS Manager the advertisement will be placed again.
39	Ex.47: Employee Cost: Qualifications (EX.47)	100%	Listing of appointments, retired and deceased received, PA to MM position on Revised Final IDP for 2013/2014. See also item 9.
40	Ex.74: Leave, pay-outs and gratuities: Leave forms (EX.74)	100%	Memo received on Strengthening of controls over leave
41	Ex.88: Employee costs: promotions (EX.88)	100%	Listing of recent promotions - 2014/2015 received - see new structure with item 9.
42	Ex.44: Internal Control: Information requested not submitted (EX.44)	90%	The Acts, guidelines and policies still guide employees to react to certain transactions - status quo remains
	ADMINISTRATIVE MATTERS		

	ISA RELATED FINDINGS		
43	SECURITY MANAGEMENT	50%	Proof from IT manager - e-mails
44	USER ACCESS CONTROL	50%	Proof from IT manager - e-mails
45	INFORMATION TECHNOLOGY SERVICE CONTINUITY	50%	Proof from IT manager - e-mails, however the DR Plan was compiled in 2010. DR plan to be edited.

3.4. Way forward

During the process of addressing identified issues for 2012/13, we ensured that we also sustain the process by addressing similar issues for 2014/15. Mainly, the issues addressed related to the integrated development plan for 2014/15 as well as ensuring that the organogram is in order because it was identified in the past not to have positions for some people who are in the municipal payroll. The IDP and the budget have addressed some of the critical gaps identified during audits.



4.1. Introduction

The purpose of the annual report is to demonstrate a link among the IDP, budget, SDBIP and planned activities. Compiling a report is a form of reporting in detail of all the activities that took place a year before. In other words, all above form a single process to ensure that the actual performance is reported against what was planned and contained in the IDP. If one looks at the explanation, one comes up with a conclusion that the annual report is a backward-looking process of both in a financial and non-financial performance for the financial year just ended. It is therefore a post financial year document. As opposed to the annual report which is backward looking, the budget gets fed by the information obtained from the annual report and therefore it is forward looking. It looks at all plans that have been prioritised for the year ahead-pre-financial year.

There are four key phases in the performance management cycle. These phases must be linked to the planning and reviewing phases of the organization as a whole. Within the Municipality the annual cycle of planning and budgeting takes place in the form of the IDP. Out of that the broad outcomes and key performance areas for a municipality are developed or re-confirmed by the political leadership. Based on the broad indicators the various Departments should develop business plans or technical SDBIP's that translate the Municipality's key performance indicators (KPI's) into indicators for the Department. The targets set out in the SDBIP or operational plan for a Department become the key performance objectives or indicators for the head of a particular Department.

Specific reporting is based on the specifics above and therefore any deviation is supported by reasons to ensure that similar future events take into account such interventions.

4.2. Basis for reporting on performance objectives

Key legislations that were complied with for the 2013/2014 financial year are stated here below as follows:

- Local Government: Municipal Planning and Performance Management Regulations, 2001 (Chapter 3)
- Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006
- Local Government: Municipal Systems Act, Act 32 of 2000 (Chapter 6:s 120);
- Local Government: Municipal Finance Management Act, Act 56 of 2003 (MFMA Circular no.63)







4.3. Overall assessment of results for LDM

The performance management cycle indicates five cycles and one of which is to recognize outstanding performance followed in alignment with policy requirements. In-year assessments determine the extent of performance. Under or poor performance by staff members calls for training in specific areas to boost future performance. Overall end of the year performance determine the degree of reward in line with the set predetermined objectives. Rewards are then finalized as per the table illustrated here below.








All section 57 Managers signed performance agreements during the beginning of the financial year with plans that were to be implemented and the outputs of such plans are reflected in this chapter. Their performances were not assessed during the mid-year assessments but some senior managers attended a senior management course which has become a prerequisite for all senior managers in local government to have attended as part of their personal development plan goals for the financial year.

For the financial year under review, there was not yet a fully implemented performance system for middle and other staff members of the municipality. The process, however, was planned to only include 20 middle managers to be assessed as required by the municipal policy. All middle managers developed performance plans and other related documents which included code of conduct and personal development plans for purposes of assessments. Their performance plans were drafted in a way that complemented performance plans of senior managers for the financial year. A few induction sessions were conducted to ensure that all middle managers understood the required information. The process was new to all middle managers since the municipality started implementing a performance management system.







4.3.1. Basic Services and Infrastructure Investment









Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target- 2013/2014	Portfolio of evidence
4.3.1.1.Roads Infrastructure	To rehabilitate the existing Leboneng Special School's access road condition in Thabong location	Number of kilometers of access road rehabilitated	R2,5m	None	700meters	<ul style="list-style-type: none">  A signed contract with the service provider.  A completed 700 meter rehabilitated road providing improved access
<p>Status of the project in 2012/2013 financial year</p> <ul style="list-style-type: none">  <i>The project is new for the 2013/14 financial year and was not planned for.</i> 						
<p>Achievement for 2013/2014</p> <ul style="list-style-type: none">  <i>The project was started in October 2014 and was therefore reflected in the half year report. It was only at its conceptual stage and no substantive work was done except the internal bid committee processes.</i> 						
<p>Challenges</p> <ul style="list-style-type: none">  <i>No challenges as the project only started in the first half of the 2013/2014 financial year.</i> 						
<p>Improvement measures</p> <ul style="list-style-type: none">  <i>None. The project only started a year later.</i> 						



3.3.2. Local Economic Development







Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Budget	Baseline Year 1	Annual target- 2013/2014	Portfolio of evidence
4.3.2.1. Clean audit	Adhere to all administrative responsibilities in order to achieve a clean Audit by 2014.	Number of activity reports as per MSIG conditions and plan	0,00	New project	4	<ul style="list-style-type: none">  Quarterly financial reports  Developed and signed MSIG Plan.  Minutes and attendance registers of meetings held
<p>Status of the project in 2012/2013</p> <p> <i>The clean audit was identified as a new project to specifically curb areas of non-compliance in the LED performance area. Although the process is not new, the project itself was a new activity and would certainly not positively facilitate a comparative analysis.</i></p>						
<p>Achievement for 2013/2014</p> <p> <i>The project was completed as planned. In collaboration with department of Finance and LED, both financial and non-financial reports were generated and submitted to responsible national treasury as required.</i></p>						
<p>Challenges</p> <p> <i>There were no challenges regarding the disbursement of this conditional grant. The challenge we usually experience with the fund is mainly when municipalities bring different but compelling requests that justify finding intervention for which no budget was set aside.</i></p>						
<p>Improvement measures</p> <p> <i>We have discovered that municipalities receive own MSIG grant. We have since requested them to prioritize their projects and then communicate with the district to ensure that we allocate funding to cover their priority shortfalls in advance and this should depend on fund availability.</i></p>						




Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Budget	Baseline Year 1	Annual target- 2013/2014	Portfolio of evidence
4.3.2.1. Clean audit	Adhere to all administrative responsibilities in order to achieve a clean Audit by 2014.	Number of detailed quarterly call center progress reports	0,00	4	4	4 quarterly progress reports
<p>Status of the project in 2012/2013</p> <ul style="list-style-type: none"> This project was started in the 2012/2013 financial year as a new project. It was allocated R1m for start-up funding and the service provider was required to seek funding. 						
<p>Achievements</p> <ul style="list-style-type: none"> Only one progress report was developed in the first quarter of the 2013/2014 financial year. The project was presented in council as one of the projects to be handed to Lejweleputswa Development Agency (LDA) during the September council meeting. The essence of the project continuing was that in the first financial year, the target was signing of a memorandum of understanding between the service provider and the municipality. Secondly, there was already progress as the municipality had secured a building from Harmony mine for use of center activities. The resolution for handing the project to LDA was made available and LDA has started considering the project. 						
<p>Challenge</p> <ul style="list-style-type: none"> There procedural challenges relating to procurement processes for the municipality to traverse. A decision was taken to transfer the project to LDA for continuation. 						
<p>Improvement measures</p> <ul style="list-style-type: none"> The handing over of the project would enable the entity to fast track implementation of the project as the municipality was running short of capital injection and the entity is in a better platform to facilitate funding from other state sector entities like the DBSA and IDC. 						







Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Budget	Baseline Year 1	Annual target- 2013/2014	Portfolio of evidence
4.3.2.3. Poverty alleviation	Ensure identification of destitute families and allocate food parcels	Number of identified destitute families	R500,000	20	10	List of beneficiaries-10
<p>Status of the project in 2012/2013</p> <p> 21 short term jobs were created on greening of parks and cemeteries in Kutlwanong and Meloding. There were 29 planned positions that were not filled due to insufficient funding. The same project was planned for 2013/2014 but with a different focus of providing food parcels to 10 destitute families.</p>						
<p>Achievements</p> <p> The project target of identifying 10 destitute families was not specifically achieved.</p>						
<p>Challenges</p> <p> The list of families identified for food parcels was not achieved and this was due to the fact that it was a special project in the office of the Executive Mayor and LED unit could not report the project as complete.</p> <p> The report from the unit indicated throughout the financial year that nothing was done on the project.</p>						
<p>Improvement measures</p> <p> Programme collaboration needs to be emphasized where more than one department in the municipality performs a function.</p> <p> It is also important to conscientize principals in this instance so that if the project does no longer become a priority, allocated funding should be reprioritized.</p>						







Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Budget	Baseline Year 1	Annual target- 2013/2014	Portfolio of evidence
4.3. 2.4. Cooperatives Development	Strengthen stakeholder collaboration on cooperative development.	Number of collaborative meetings	0,00	-	2	<ul style="list-style-type: none">  2 x minutes of meetings  2 x attendance registers  2 x invitation letters
<p>Status of the project in 2012/2013</p> <ul style="list-style-type: none">  <i>The project target for last financial year was two meetings held. Instead, 4 meetings were convened in collaboration with other stakeholders which was 200% achievement.</i> 						
<p>Achievements</p> <p><i>The project target reflects tow meetings as was the case in the last financial year and a 100% achievement was reported below as follows:</i></p> <ul style="list-style-type: none">  <i>In the current financial year, The Department facilitated a Stakeholders Collaboration meeting on the 14th May, 2014 at the LDM Speakers Boardroom in Welkom T meeting was between the Lejweleputswa District Municipality ,National Department of Trade and Industry (DTI),Lejwe Le Putswa Development Agency (LDA) and Matjhabeng Local Municipality to consider the possibility of the DTI assisting us on the reviewal and implementation of our LED Strategy, and the resuscitation of t Matjhabeng LM economy.</i>  <i>The Department funded the hosting of the Free State Chapter of the South African National Apex Association (SANACO) on the 21 February 2014 at Toronto Hall.</i> 						
<p>Challenges</p> <ul style="list-style-type: none">  <i>There were no challenges regarding the project as both financial years' results have shown more than 100% average of targeted outputs realized.</i> 						
<p>Improvement measures</p> <ul style="list-style-type: none">  <i>There has been an observed compliance to the set targets for the two financial years running and therefore there is no required improvement measure.</i> 						





Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Budget	Baseline Year 1	Annual target- 2013/2014	Portfolio of evidence
4.3.2.5. Cooperatives Development	Mentor existing cooperatives to sustain their initiatives.	Number of cooperatives still in operation.	0,00	Monthly visits were conducted	5	<ul style="list-style-type: none">  Attendance register of visits  Attendance register of workshops
<p>Status of the project in 2012/2013</p> <p>The intended objective of mentoring existing cooperative was met and therefore it has become an annual project for the municipality.</p> <ul style="list-style-type: none">  <i>More than 20 existing co-operative members were trained from two sets of meetings convened in the municipality with a view of providing specific capacity to the cooperative workers during the financial year.</i> 						
<p>Achievements</p> <p>As had been the case for the 2012/13 financial year, a similar training programme was held in the financial year. It must therefore be mentioned that the target of training was not met here because the training was not intended for cooperatives. Cooperative visits were nonetheless conducted throughout the year to all existing cooperatives and needed alternative support was provided.</p> <ul style="list-style-type: none">  <i>The Department partnered with Matjhabeng Municipality District SEDA and Old Mutual on the offering of Training and Capacity Building for the former 70 Willem Pretorius Game Reserve beneficiaries from the 2/3 /4 Octoner,2013 at Nyakallong Community Library .We facilitated training on Cooperatives Management, Financial Management and Business Plans Development for these Cooperative members.</i> 						
<p>Challenges</p> <ul style="list-style-type: none">  <i>The project was not done as planned. Instead, the municipality participated in a session arranged by Matjhabeng Local Municipality for a similar purpose. This reported exercise was not intended to address skills challenges of co-operatives in the books of the municipality.</i> 						
<p>Improvement measures</p> <ul style="list-style-type: none">  <i>The municipality must focus on existing cooperatives in the municipal data base established in the past.</i> 						





Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Budget	Baseline Year 1	Annual target- 2013/2014	Portfolio of evidence
4.3.2.6. Economic Development	Facilitate and support the establishment of a SMME incubation hub	Number of SMME incubated per annum	-	New project	10	<ul style="list-style-type: none">  10 Registered SMMEs  Proof of banking details
<p>Status of the project in 2012/2013</p> <p> <i>The 2012/13 project indicated number of jobs created through existing SMMEs. There was a vast difference in comparison with the 2013/14 project and therefore we could not establish linkage in this regard.</i></p>						
<p>Achievements</p> <p> <i>This project is no longer with the municipality as per the LDM Council Resolution of the 25th September, 2013. This project was officially given to the Lejwe Le Putswa Development Agency (LDA) for implementation.</i></p>						
<p>Challenges</p> <p> <i>There were financial challenges and hence it was given to LDA during a council meeting of September 2013.</i></p>						
<p>Improvement measures</p> <p> <i>The fact that the municipality experienced financial challenges, the removal to LDA was in itself a solution for the municipality's financial challenges.</i></p>						







Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Budget	Baseline Year 1	Annual target- 2013/2014	Portfolio of evidence
4.3.2.7. Economic Development	Facilitate the establishment of the call Centre in Matjhabeng	Number of progress reports.	-	Project was started in 2012/13.	4 quarterly reports	4 by quarterly progress reports on the progress of facilitating establishment of Mathjabeng Centre
<p>Status of the project in 2012/2013</p> <p> <i>A signed memorandum of understanding existed for the 2012/2013 between the municipality and the Harming mine on leasing of a building for the Centre.</i></p>						
<p>Achievements</p> <p> <i>No achievement was achieved during the first quarter of the year. The project was then moved to LDA within the first quarter of the financial year.</i></p>						
<p>Challenges</p>						
<p>Improvement measures</p> <p> <i>This project is no longer the municipality as it has been given to the Lejwe Le Putswa Development Agency for implementation.</i></p>						

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Budget	Baseline Year 1	Annual target- 2013/2014	Portfolio of evidence
4.3.2.8. Economic Development	Provide a platform to local and national artists with a view of confirming existence of our diverse cultural practices	Number of local amateur artists who participated		1	3	<ul style="list-style-type: none">  Adverts  Brochure
<p>Status for the 2012/2013</p> <p> <i>1 heritage festival was held by the municipality during the financial year. The intention was to get local amateur talents scouted and given an opportunity during the Macufe annual event in Mangaung.</i></p>						
<p>Achievements</p> <p> <i>The C –Squared group was appointed to host the event on behalf of Lejweleputswa District Municipality.</i></p>						
<p>Challenges</p> <p> <i>There were no challenges</i></p>						
<p>Improvement measures</p> <p> <i>None</i></p>						









Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Budget	Baseline Year 1	Annual target- 2013/2014	Portfolio of evidence
4.3.2.9. SMME Development	Facilitate support of the SMME in the district	Number of quarterly progress reports.	0,00	New project	4	<ul style="list-style-type: none">  Quarterly SMME reports.  Training registers
<p>Status of project in the 2012/2013</p> <ul style="list-style-type: none">  <i>The strategic objective for the 2012/13 was to assess performance of municipal LED programme throughout the district. The objective intended to assess the number of jobs created by existing SMMEs in the district and not specific location. The difference with the current objective is that it looks into creating sustainability among SMMEs and the 2012/13 one only looked at the job creating impact of existing SMMEs.</i> 						
<p>Achievements</p> <p>The target was presented as part of the municipal quarterly reports as submitted by LED unit. This would be understood as part achievement to the intended target for the municipality.</p> <ul style="list-style-type: none">  <i>The Department facilitated the R 20 000 funding of the Matjhabeng Municipality Tourism Service Excellence as part of rewarding and honoring all Tourism Products (Guest Houses & B&Bs, Garages, Restaurants, etc. who have excelled in their areas of operation. We have partnered with Matjhabeng on funding the prized that they have won in different categories</i> 						
<p>Challenges</p> <ul style="list-style-type: none">  <i>No reports were written regarding support given to SMMEs in the district.</i> 						
<p>Improvement measures</p> <ul style="list-style-type: none">  <i>SMMEs staff members need to give priority to planned programmes. We need to cascade performance information to all staff members so that they know what is expected of them.</i> 						









Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Budget	Baseline Year 1	Annual target- 2013/2014	Portfolio of evidence
4.3.2.10. Heritage Festival	Provide a platform to local and national artists with a view of confirming existence of our diverse cultural practices	Number of different music genres listed in the music line-up.		1	1	<ul style="list-style-type: none">  List of artists contracted.  Adverts
Status of the project in 2012/2013	<i>The project was a success in the year referred to. The same project has been planned for 2013/14 financial year.</i>					
Achievements	<i>A heritage festival was held and it was a success. There were young artists identified during the festival who had potential to make a career of the singing. Local artists were also included in the line-up ass acknowledgement of abundance of talent.</i>					
Challenges	 None					
Improvement measures	 None					







Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Budget	Baseline Year 1	Annual target- 2013/2014	Portfolio of evidence
4.3.2.11.Agricultural project	Support development of young women established enterprises	Number of enterprises financially supported		1	1	Payment vouchers
<p>Status of the project in 2012/2013</p> <p> <i>A funeral parlour business run by women was supported financially during the 2012/13 financial year.</i></p>						
<p>Achievements</p> <p> <i>This project was not done.</i></p>						
<p>Challenges</p> <p> <i>No funds were made available.</i></p>						
<p>Improvement measures</p> <p> <i>We need to give priority to planned projects and provide necessary funding.</i></p>						








Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Budget	Baseline Year 1	Annual target- 2013/2014	Portfolio of evidence
4.3.2.12.Tourism Promotion and awareness	Promote the region through provision of music platform to both local and national talent.	Number of platforms used for awareness purposes	R600.000	1	1	<ul style="list-style-type: none">  Newspaper clips  Management Contract
<p>Status of the project in 2012/2013</p> <p> <i>This project was also successfully implemented in the 2012/2013 financial year at Tikwe Lodge, Virginia.</i></p>						
<p>Achievements</p> <p> <i>The project was a success and the budgeted amount was spent.</i></p>						
<p>Challenges</p> <p> <i>None</i></p>						
<p>Improvement measures</p> <p> <i>None.</i></p>						





4.3.3. Municipal Transformation and Institutional Development





Key focus area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.3.1. Clean audit	Adhere to all administrative responsibilities in order to achieve a clean Audit by 2014.	Number of signed council agenda and minutes.	-	New project	4	<ul style="list-style-type: none">  6 x councilor Invitations  6 x Council meeting minutes  6 x Council agendas
<p>Status of the project in 2012/2013</p> <p> <i>The project was not specifically planned for in the last financial year although these activities were undertaken at administrative level. There is no comparison in this regard whether or not improvement should be done or have been recorded in the two financial years.</i></p>						
<p>Achievements</p> <ul style="list-style-type: none">  4 ordinary council meetings were convened for the year and a set of minutes and agenda are available.  2 Special Council meetings were convened on 16 January 2014 and the 31 March 2014 and all set of agendas & minutes are available. 						
<p>Challenges</p> <p> <i>None</i></p>						
<p>Improvement measures</p> <p> <i>None</i></p>						





Key focus area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.3.1. Clean audit	Adhere to all administrative responsibilities in order to achieve a clean Audit by 2014.	Number of signed MAYCO agenda and minutes	-	New project	4	<ul style="list-style-type: none">  4 x MAYCO invitations  4 x MAYCO agenda  4 x MAYCO minutes
<p>Status of the project in 2012/2013</p> <p> <i>There was no specific target set for council agenda and minutes. These were programmes conducted by a Corporate Service Administration and there is no comparison to make in this regard.</i></p>						
<p>Achievements</p> <p> <i>There were 4 ordinary MAYCO meetings convened for the financial year. Both 4 invitations and minutes.</i></p> <p> <i>There were 3 special MAYCO meetings convened on 16 January 2014, 31 March 2014 and therefore four of each invitations, minutes and agenda have been made available.</i></p>						
<p>Challenges</p> <p> <i>None</i></p>						
<p>Improvement measures</p> <p> <i>None</i></p>						









Key focus area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.3.1. Clean audit	Adhere to all administrative responsibilities in order to achieve a clean Audit by 2014.	Number of risk committee minutes and agenda	-	New project	4	<ul style="list-style-type: none">  4 x Minutes  4 x Agenda
<p>Status of the project in 2012/2013</p> <p> <i>No plan was made for the preparation of minutes and agenda of the risk committee and there is no comparison in this regard.</i></p>						
<p>Achievements</p> <p> <i>No risk committee meeting was arranged and therefore there was no agenda or minutes. There were instead, invitations for risk management meetings convened with regards to inductions and other related risk management meetings.</i></p>						
<p>Challenges</p> <p> <i>The risk committee was formed with heads of departments.</i></p>						
<p>Improvement measures</p> <p> <i>Corporate Services Administration should then prepare agenda and invitations for the committee as would instructions require.</i></p>						








Key focus area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.3.1. Clean audit	Adhere to all administrative responsibilities in order to achieve a clean Audit by 2014.	Number of signed bid committee minutes and agenda	-	New project	3	<ul style="list-style-type: none">  3 x bid evaluation agenda  3 x bid invitations  3 x adjudication minutes
<p>Status of the project in 2012/2013</p> <p> <i>No plan was made for the preparation of minutes and agenda of the bid committee and there is no comparison in this regard. Agendas, invitations and minutes were nonetheless developed.</i></p>						
<p>Achievements</p> <p> <i>2 of the 3 bid committee meetings were held in the financial year. All required bid agenda and minutes were developed.</i></p>						
<p>Challenges</p> <p> <i>The plan needs to take into account number of tenders to be issued in the financial year.</i></p>						
<p>Improvement measures</p> <p> <i>Targets must follow plans. In order to meet the targets, we need to know in advance the number of tenders to be issued.</i></p>						

Key focus area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.3.1. Clean audit	Adhere to all administrative responsibilities in order to achieve a clean Audit by 2014.	Number of audit/performance committee minutes and agenda	-	New project	4	<ul style="list-style-type: none">  4 x minutes  4 x agendas
<p>Status of the project in 2012/2013</p> <p> <i>4(four) committee meetings were held in the last financial year. The project was a success in the financial year.</i></p>						
<p>Achievements</p> <p> <i>Two audit committee meetings were held in the financial year. Invitations, agenda and minutes are available.</i></p>						
<p>Challenges</p> <p> <i>There was a delay in the appointment of new audit committee. Some of the planned meetings could not take place as required. We need to accept the administrative challenges the municipality faced at the time that delayed appointment of the committee.</i></p>						
<p>Improvement measures</p> <p> <i>The formalization of the committee will improve the situation.</i></p>						








Key focus area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
3.3.3.1. Clean audit	Adhere to all administrative responsibilities in order to achieve a clean Audit by 2014.	Number of verified monthly leave register	-	New project	12	12 x asset reports
<p>Status of the project in 2012/2013</p> <p> <i>The project was new for the financial year and there is no comparison.</i></p>						
<p>Achievements</p> <p> <i>12 leave register were made.</i></p>						
<p>Challenges</p> <p> <i>None</i></p>						
<p>Improvement measures</p> <p> <i>None</i></p>						











Key focus area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.3.2. Skills Development	Support indigents students with bursaries to register and attend tertiary institutions in pursuit of post matric qualifications in the areas of mining, IT etc.	Number of bursaries issued per annum	R778,500 (R1,6m 3 rd revised budget)	10	10	List of new applications who are verified learners/students in tertiary institutions.
<p>Status of the project in 2012/2013</p> <p> <i>The following employees were awarded bursaries to study the last financial year in the following areas during the period under review: Monica Moroeng-Bcom; M Tloome-HR; Diao Ramabitsa- MBA, K Njobe- MBL; Gladys Makeka- Office Management & Technology. Money for the current financial year has not yet been paid for their continued studying and payment is dependent on employees having passed their year courses. The amount that has been budgeted for in the current financial year is R825, 000 and no cent has yet been disbursed. Report on disbursement is due in the third quarter as reflected in the Municipal SDBIP.</i></p>						
<p>Achievements</p> <p> <i>27 new students nominated to receive bursaries [January – March 2014]. More than 10 students were allocated funding to study either for the first time or continue with their studies in their areas of choice within the set choice of municipal criteria.</i></p>						
<p>Challenges</p> <p> <i>Not enough money is available for catering of all the applicants qualifying to study in tertiary institutions.</i></p>						
<p>Improvement measures</p> <p> <i>Coordinate the programme so that those that are not catered for should be prioritized by other funders in the province.</i></p>						

Key focus area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.3.3. Learnership	To give learnership to students at tertiary institutions to complete their qualifications.	Number of learners completing the learnership programme in order.	R100,000	New project	20	<ul style="list-style-type: none">  Contract  Attendance list
<p>Status of the project in 2012/2013</p> <ul style="list-style-type: none">  <i>The money that was budgeted for learnership was scheduled for logistics including catering and refreshments</i> 						
<p>Achievements</p> <ul style="list-style-type: none">  <i>6 learners appointed since 17 July 2013.</i>  <i>1 learner [M Rantsatsi] appointed since 1 November 2013 & converted to Intern beginning of March 2014.</i>  <i>2 learners [T Checha & N Tsuinyana] appointed since 1 March 2014.</i> 						
<p>Challenges</p> <ul style="list-style-type: none">  <i>None</i> 						
<p>Improvement measures</p> <ul style="list-style-type: none">  <i>None</i> 						

Key focus area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.3.4. Workplace Skills Plan	To provide financial assistance to staff members to upgrade their skills.	Number of staff members undertaking short courses to upgrade their skills.	R50,000	18	10	<ul style="list-style-type: none">  List of staff members  Courses attended
Status of the project in 2012/2013						
<p>Achievements</p> <ul style="list-style-type: none"> • MFMP course <ul style="list-style-type: none">  C.Baloyi, M.Mthombeni, J. Heunis, A. Jonas, D. Maselwa, B. Malapane, L. von Plaster, P. Pitso, C. Petersen and M. Nteo.  <u>Continuation of LGACC:</u> <ul style="list-style-type: none">  D. Matolo and R. Hennop. 						
<p>Challenges</p> <ul style="list-style-type: none">  No sufficient funding to cater for all requests 						
<p>Improvement measures</p> <ul style="list-style-type: none">  Budget more for relevant course intervention. 						

Key focus area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.3.5. Employee Wellness Programme	Afford staff an opportunity to conduct quarterly physical training to improve their physical shape.	Number of quarterly physical workouts conducted.	R200,000	New project	4	<ul style="list-style-type: none"> ✚ Payment vouchers ✚ SAMSRA invites
<p>Status of the project in 2012/2013</p> <p>✚ <i>A wellness programme, covering a number of employee wellness programmes for the 2012/2013 financial year was approved by the Portfolio Committee. A spiritual wellness program was conducted over 16 & 17 October 2012 and 68 staff members attended. A Fun Run/Walk was held on 02.November.2012 and 68 staff members participated. An Emotional Intelligence workshop and Job Satisfaction Survey were held on 06 and 07 November 2011.</i></p>						
<p>Achievements</p> <p>✚ <i>Two out of a planned four EWP were held in the financial year.</i></p> <p>✚ <i>Lejweleputswa District vs Fezile District inter-district wellness games took place on the 18 October 2013. R 23 404.59 was spent. Funds used mainly for Get well hampers, wreath, flowers & transport to funerals.</i></p> <p>✚ <i>The second was a SAMSRA games held in Harrismith where a municipal football team represented the entire staff.</i></p>						
<p>Challenges</p> <p>✚ <i>Only R 3 281.68 of the whole wellness program was left. The whole programme remained under-funded.</i></p>						
<p>Improvement measures</p> <p>✚ <i>To add budget for improved funding of the programme.</i></p>						

Key focus area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.3.6. Employment Equity Plan	Establish a functional employment equity committee.	Number of meeting held by the committee	-	1	2	<ul style="list-style-type: none">  2 x invitation meetings  2 x minutes
<p>Status of the project in 2012/2013</p> <p> Council has approved employment of a female Municipal Manager with effect from the 3rd June 2013. There was an internal female placement process where female Risk Manager was appointed.</p>						
<p>Achievements</p> <p> Two (2) committee meetings were held in the financial year.</p> <p> EE Policy was developed for the EEF to consider and make inputs.</p> <ul style="list-style-type: none"> ○ A sub-committee was established and the first meeting was convened to facilitate equity process in the first quarter of the financial year. EEF meeting was held on 28 March 2014 & agenda and minutes are available. ○ Special EEF meeting was held on 11 April 2014 & agenda and minutes of meeting available. 						
<p>Challenges</p> <p> None</p>						
<p>Improvement measures</p> <p> None</p>						

Key focus area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.3.7. Performance Information	Cascade a performance culture to include lower level staff members in the municipality.	Number of staff members involved in performance management set up.	R100,000	5	20	<ul style="list-style-type: none">  Attendance register to induction sessions  Performance plans of middle managers
<p>Status of the project in 2012/2013</p> <ul style="list-style-type: none">  All Senior Managers both on contract and acting have signed performance agreements for 2012/13.  The second set was to ensure that assessments are conducted but none was achieved on this for the year.  No explicit plan was made for the cascading of the performance information to middle managers. The plan could not be compared with the 2013/14. 						
<p>Achievements</p> <ul style="list-style-type: none">  Induction session was set for the first quarter-14 August 2013. The intention of the session was to present the performance management policy and the requirements regarding documentations. The identified members were required to prepare files that should contain the following documents: <ul style="list-style-type: none"> • Performance plans • Personal Development Plans • Financial Disclosures • Job Descriptions • Departmental Plans-HODs  We set and convened identified middle managers for second session which was held in October 2013 but we postponed the session due to the fact that some members could not attend.  2 meetings were held in the third quarter to assist middle managers in finalizing their performance plans.  The last meeting was held in May 2014 to finalize submissions and preparation towards assessments.  Although not all managers submitted their works, we had an opportunity to assess some of the managers and develop new plans for 2014/2015. The plan is to ensure that all staff members are inducted by middle managers to start the process of cascading performance to all staff members. Of the intended 20 members, there were only five middle managers who have developed own performance plans and were subjected to one annual assessment. 						






Challenges

 *The process of cascading down performance to middle managers was a challenge and it was the beginning of the process since adoption of the policy.*



Improvement measures

 *All staff members should be linked to a performance plan in order to ensure that there is complete compliance to the policy through required procedure.*



4.3.4. Municipal Financial viability and Management

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.4.1. Clean audit	Achieve a clean audit by 2014	% reduction of matters of emphasis by the AG.	R1,250m	0	100% reduction of matters of emphasis.	<ul style="list-style-type: none">  OPCAR list  Payment vouchers
<p>Status of the project in 2012/2013</p> <ul style="list-style-type: none">  <i>The municipality received an unqualified audit opinion with matters of emphasis. There is not yet a basis for comparison as we still await the audit outcome for the 2013/14 financial year.</i> 						
<p>Achievements</p> <ul style="list-style-type: none">  Officials were sent to the following training: <ul style="list-style-type: none"> • <i>Sustainable and compliant governance –CFO</i> • <i>Public Sector Turn around and clean indaba-CFO</i> • <i>Assessor and coaching- Me Tikoane</i> • <i>Records Management – Me Ramatsebe</i> • <i>Assets training by SAMRAS- me Nqoli,Memane ,Pule & Maleshoro</i> • <i>CPMD-Mr Mashinini</i> • <i>SCOA- Me Nqoli</i>  <i>The overall indicator is still pending with external audit not yet started for the 2013/14 financial year. Some of the training were meant to address some of the challenges that had a negative impact in the municipality not receiving a clean audit for the last financial year.</i> 						

Challenges









-  *We don't fully become compliant on existing policies that could assist our internal control mechanisms.*
-  *Some key challenges the municipality faces requires external intervention. These include the issue of municipal grading that has a bearing on payment of councilors.*







Improvement measures







-  *We need to provide consistent and relevant training to relevant people in the Finance department.*
-  *External intervention needs to be sought from COGTA as regards the municipal grading for the municipality to improve on the audit report.*







Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.4.2. Supply Chain Management	Comply with supply chain policy on finalizing quotations	% improvement in finalizing payment of all quotations within 14 days.	-	New project	100% within 14 days	Request for quotations book
<p>Status of the project in 2012/2013</p> <p>100% of quotations were dealt with within the 14 day period.</p>						
<p>Achievements</p> <p>508 quotations were received and attended to within a period not exceeding 14 days in line with the Municipal Supply Chain policy.</p>						
<p>Challenges</p> <p>There are very menial challenges experienced which can be addressed speedily:</p> <ul style="list-style-type: none"> No vote number included Invitations are usually not attached Advertisements <ul style="list-style-type: none"> Adverts sent forth to supply chain without Accounting Officer's signature Adverts sent forth without closing date causing unnecessary delays Delays caused by IT in supplying specifications Submission of requisitions for unbudgeted items Procuring stationery in silos creates unnecessary costs and work load. 						
Improvement measures						






 *All officials who deal with requisitions should be inducted as lack of induction wastes time by which actual requisition process needs to be finalized.*








Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.4.3. Supply Chain Management	Comply with supply chain policy on finalizing tenders	% improvement in finalizing all tenders within 30 days.	-	New project	100% within 30 days	<ul style="list-style-type: none">  Request for tender adverts  Award certificate
<p>Status of the project in 2012/2013</p> <p> 84% -5 of the 6 were finalized within 30 days. 46%-The committees could not sit within the planned dates.</p>						
<p>Achievements</p> <p><i>All tenders finalized within 60 days. Including:</i></p> <ul style="list-style-type: none">  <i>Tshepong Civils JV Cyc Civils. Construction of access road to Leboneng Special School in Thabong</i>  <i>The short term insurance tender was also finalized.</i>  <i>The development of the draft annual financial statements was also finalized within the required time frame.</i> 						
<p>Challenges</p> <p> <i>None</i></p>						
<p>Improvement measures</p> <p> <i>None</i></p>						






Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.4.4. Supply Chain Management	Convene all tender committees to ensure compliance with the supply chain policy.	Ensure tender specification committee sit for each tender to be awarded.	-	New project	Dependent on tenders advertised	<ul style="list-style-type: none">  Invites  Attendance register
<p>Status of the project in 2012/2013</p> <p> <i>Of the six planned bid committee meetings for the financial year, not one meeting was convened.</i></p>						
<p>Achievements</p> <p> <i>All the bid specification committee meetings sat for the three tenders issued in the 2013/14 financial year.</i></p>						
<p>Challenges</p> <p> <i>None</i></p>						
<p>Improvement measures</p> <p> <i>None</i></p>						






Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.4.5. Supply Chain Management	Convene all tender committees to ensure compliance with the supply chain policy.	Ensure tender evaluation committee sit for each tender to be awarded.	-	New project	Dependent on tenders advertised	<ul style="list-style-type: none">  Invites  Attendance register
<p>Status of the project in 2012/2013</p> <p> <i>Of the six planned bid evaluation committee meetings for the financial year, not one meeting was convened.</i></p>						
<p>Achievements</p> <p> <i>Three bid evaluation committee meetings met for evaluating the three tenders issued for the 2013/14 financial year.</i></p>						
<p>Challenges</p> <p> <i>None</i></p>						
<p>Improvement measures</p> <p> <i>None</i></p>						







Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.4.5. Bid Committees	Convene all tender committees to ensure compliance with the supply chain policy.	Ensure tender adjudication committee sit for each tender to be awarded.	-	New project	Dependent on tenders advertised	<ul style="list-style-type: none">  Invites  Attendance register
<p>Status of the project in 2012/2013</p> <ul style="list-style-type: none">  <i>Of the six planned bid evaluation committee meetings for the financial year, not one meeting was convened.</i> 						
<p>Achievements</p> <ul style="list-style-type: none">  <i>Three bid evaluation committee meetings met for evaluating the three tenders issued for the 2013/14 financial year.</i> 						
<p>Challenges</p> <ul style="list-style-type: none">  <i>None</i> 						
<p>Improvement measures</p> <ul style="list-style-type: none">  <i>None</i> 						

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.4.6. Asset Register	Update asset register on a quarterly basis in line with municipal procurement	Number of updates done with assets purchased.	-	-	4	 4 x quarterly signed updates
<p>Status of the project in 2012/2013</p> <p>  4 quarterly asset updates were done to the municipal asset register. The same target was set for the 2013/14. </p>						
<p>Achievements</p> <p>  Four quarterly updates were done to the asset register with following purchases: </p> <ul style="list-style-type: none"> ○ 53 assets were bought in the first quarter of the financial year and have been reconciled: asset register with the general ledger and it balanced. ○ 49 assets were bought in the second quarter of the financial year amounting to the total of R 1 347 615.02 and all assets have been reconciled: asset register with the general ledger and balanced. ○ 76 assets were bought for the third quarter to the value of R286 72, 42 and 76 assets have been reconciled: asset register with the general ledger and balances. The one that was not reconciled with the ledger will be done the following month. 						
<p>Challenges</p> <p>  None </p>						
<p>Improvement measures</p> <p>  None </p>						

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.4.7. Financial reports	Submit reports in line with Municipal Finance Management Act and regulations.	Number of reports submitted within the required time frame.	-	14	14	<ul style="list-style-type: none">  12 x s71 reports  1 x 72 report  4 x quarterly financial reports
<p>Status of the project in 2012/2013</p> <p> <i>There has been consistency in reporting in compliance to MFMA in the financial year and there is a basis for comparative analysis on succeeding years.</i></p>						
<p>Achievements</p> <p> <i>We have submitted 14x3 monthly (42) & 1 quarterly reports to NT & PT. The same happened for the second quarter and therefore all actual reports compiled and submitted amounted to 86.</i></p>						
<p>Challenges</p> <p> <i>None</i></p>						
<p>Improvement measures</p> <p> <i>None</i></p>						






Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.4.8. Annual Financial Statements	Compile and submit a draft GRAP compliant annual financial statement in line with MFMA.	Date when the draft AFS gets submitted to AG	Refer above	29 August 2012	End of August 2013	 Signed and dated proof of receipt
<p>Status of the project in 2012/2013</p> <p> <i>AFS submitted to A-G, NT, PT, & COGTA on 30 Aug 2013.</i></p>						
<p>Achievements</p> <p> <i>The submission for 2013/14 financial year is still pending.</i></p>						
<p>Challenges</p> <p> <i>None</i></p>						
<p>Improvement measures</p> <p> <i>None</i></p>						

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.4.8. Annual Financial Statements	Compile and submit a draft GRAP compliant annual financial statement in line with MFMA.	Quality of a draft AFS compiled and submitted.	Refer above	GRAP compliant AFS	1 draft GRAP compliant AFS	 1 x GRAP compliant AFS
<p>Status of the project in 2012/2013</p> <p> A GRAP compliant AFS was submitted to AG, COGTA and AG on the 30 August 2014.</p>						
<p>Achievements</p> <p> The AFS is still pending and will be submitted in August 2014 and will be GRAP compliant.</p>						
<p>Challenges</p> <p> None</p>						
<p>Improvement measures</p> <p> None</p>						

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.4.9. OPEX spending	Ensure implementation of prioritized OPEX items.	% improvement of all adopted OPEX items.	-	New project	100% improvement	 List of items purchased
<p>Status of the project in 2012/2013</p> <p> <i>The report indicated 100% spending on budgeted OPEX figures. There has also been a similar trend with regard to spending for the 2013/14 financial year as all OPEX money has been used as planned.</i></p>						
<p>Achievements</p> <p> <i>R27 342 028 has been spent on Opex, which is 25.73% of total budget in the first quarter of the financial year.</i></p> <p> <i>Another R 7 576 003.86 has been spent on OPEX in the third quarter of the financial year- end of March 2014</i></p>						
<p>Challenges</p> <p> <i>None</i></p>						
<p>Improvement measures</p> <p> <i>None</i></p>						

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.4.10. CAPEX spending	Ensure implementation of prioritised CAPEX items.	% improvement of all adopted CAPEX items.	-	New project	100% improvement	✚ List of CAPEX items purchased
<p>Status of the project in 2012/2013</p> <p>✚ <i>The report indicated 100% spending on budgeted CAPEX figures. A similar spending pattern exists for the 2013/14 financial year as all CAPEX money has been used as planned.</i></p>						
<p>Achievements</p> <p>✚ <i>149 Cheque payments & 468 EFT payments have been paid in the half of the financial year.</i></p> <p>✚ <i>149 Cheque payments & 468 EFT payments have been paid.</i></p>						
<p>Challenges</p> <p>✚ <i>None</i></p>						
<p>Improvement measures</p> <p>✚ <i>None</i></p>						

4.3.5. Good Governance and Public Participation

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.5.1.IDP	Ensure participation of all stakeholders as per the municipality's public participation policy.	Number of stakeholder meetings held for IDP.	R110,000	4	4	<ul style="list-style-type: none">  Council resolution.  Acknowledgment of receipt for the copies from COGTA is expected.  Attendance registers of the two rep forum meetings  Attendance registers of the three IDP manager's forum meetings.  Minutes and invitations of the three IDP Managers forum meetings, the IDP Representative forum meetings.

Status of the project in 2012/2013

More than 4 meetings were held as follows:

-  3 x IDP Managers' Forum
-  IDP Representative Forum
-  IDP Steering Committee; and

An IDP Adverts in the Free State Sun

Achievements


More than four meetings were held for IDP stakeholders during the financial year as follows:













-  *1 District IDP Managers' forum was convened on the 14th August 2013.*
-  *We also attended two(2) SPLUMA (Spatial Planning and Land Use Management Act) meetings in Welkom Hotel on the 28th August 2013 and June 2014 both convened by the Department of Rural Development in collaboration with COGTA.*
-  *We have been able to present progress reports in line with the approved process plan at management meetings.*
-  *Two stakeholder meetings were convened this quarter as planned:*
 - 1. LDM District IDP Representative Forum on the 11th March, 2014 at TS Du Plessis.*
 - 2. District IDP Manager Forum on the 28 March, 2014 at the LDM Speakers Boardroom.*
 - 3. District IDP Representative Forum in June 2014 which was held in the Speaker's Boardroom.*









Challenge








-  *Sittings of the IDP Representative Forum were a challenge due to the fact that councilors were preparing for their election campaigns.*









Improvement measure








-  *This was a temporary setback but future plans must take into account election commitments from councilors. The same should be the case when planning for the 2017/2018 financial year as local government elections would most likely be held around the period when the term of office of local government politicians would be ending.*








Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.5.2.Moral Regeneration	To improve inter-generational respect	Number of awareness campaigns conducted	R79,500	4	4	<ul style="list-style-type: none">  Photos  Attendance registers
<p>Status of the project in 2012/2013</p> <p>4 of the planned events were achieved during the financial year as follows:</p> <ul style="list-style-type: none">  <i>District Committee on Moral Regeneration attended a provincial moral regeneration launch 8 July 2012.</i>  <i>Attended a national Moral Regeneration launch on the 29 July 2012 in Boksburg.</i>  <i>LDM MRM Forum attended meeting in Hertzogville on the 25 August 2012.</i>  <i>Moral Regeneration public meeting-April 2013.</i> 						
<p>Achievements</p> <ul style="list-style-type: none">  <i>An MRM forum was launched at Kutlwanong on the 20th September 2013.</i>  <i>MRM Assembly was held on the 23 November 2013.</i>  <i>The prayer service for peaceful elections was held on the 26 February 2014 at Ferdie Meyer Hall</i>  <i>On the 9th April 2014 members of MRM embarked on a campaign and lunch was arranged for them</i> 						
<p>Challenges</p> <ul style="list-style-type: none">  <i>None</i> 						
<p>Improvement measures</p> <ul style="list-style-type: none">  <i>The programmes should be decentralized to allow for other municipalities to host.</i> 						









Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.5.3.District Aids Council	To coordinate meetings of a District Aids Council	Number of DAC meetings held	R53,400	-	2	<ul style="list-style-type: none">  Invitation letters  Attendance registers
<p>Status of the project in 2012/2013</p> <p>3 of the planned programmes were fully implemented:</p> <ul style="list-style-type: none">  In July 2012 the District Aids Council members attended stakeholders in QwaQwa.  On the 25 July 2012 members of DAC attended the launch of Tokologo Aids council  District Aids council was held on the 16 May 2013. 						
<p>Achievements</p> <ul style="list-style-type: none">  Portfolio committee sat on the 20 November 2013 and on the 1st December 2013 DAC stakeholders were transported to attend World Aids Day in Sasolburg. 						
<p>Challenges</p> <ul style="list-style-type: none">  None 						
<p>Improvement measures</p> <ul style="list-style-type: none">  None 						






Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.5.4.HIV & AIDS	To coordinate HIV/AIDS programmes throughout the district.	Number of HIV/AIDS programmes coordinated.	R180,000	-	2	<ul style="list-style-type: none">  Agenda  Invitations  Attendance register
<p>Status of the project in 2012/2013</p> <p>One (1) of the two (2) planned programmes was achieved due to fact that there was a priority to concentrate on the District AIDS council.</p> <p> <i>On the 6 September 2012 a workshop was held near Kroonstad.</i></p>						
<p>Achievements</p> <p>Of the two planned meetings, only one was held for the year as follows.</p> <p> <i>A meeting was held on the 14 February 2014 and was served with light lunch.</i></p>						
<p>Challenges</p> <p> <i>Coordination of meetings for the programme has been the main challenge.</i></p>						
<p>Improvement measures</p> <p> <i>An incentivized structure needs to be put in place. Similarly, the municipality needs to budget for the structure as it is central to solving the scourge in the region.</i></p>						







Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.5.5. Gender, Disability and the Elderly	To conduct targeted awareness campaigns on the elderly, disabled and women.	Number of targeted awareness campaigns conducted.	R125,000	4	2	<ul style="list-style-type: none">  Payment vouchers  Invitations
<p>Status of the project in 2012/2013</p> <ul style="list-style-type: none">  On the 4th of August 2012 transport was arranged for Lejweleputswa women attending the Memorial Lecture of Me Charlotte Maxeke that was addressed by State President in Bloemfontein.  On the 26 August 2012 Lejweleputswa Soccer Legends were assisted with transport to attend tournament in Wesselbron. 						
<p>Achievements</p> <p>Of the planned 2 awareness campaigns, there were indeed two events for the year with a purpose of ensuring that women in essence are made aware of challenges on issues of gender and the specific role that women should shoulder for the success of society. These events were held as follows:</p> <ul style="list-style-type: none">  A Women summit was held at Goldfields Casino on 15 March 2014 to discuss issues of gender.  On the 26 March 2014 the International Women's day whereby catering and transportation was arranged 						
<p>Challenges</p> <ul style="list-style-type: none">  None 						
<p>Improvement measures</p> <ul style="list-style-type: none">  None 						









Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.5.6.Children's Programme	To conduct targeted awareness campaigns on children's programmes.	Number of targeted awareness campaigns conducted.	R50,000	-	2	<ul style="list-style-type: none">  Proof of requisition/payment vouchers  Invites
<p>Status of the project in 2012/2013</p> <p>1of the 2 planned campaigns was held as follows:</p> <ul style="list-style-type: none">  <i>Children from different crèches were given toys and entertained on the 6th June 2013 in Central Park-Welkom.</i> 						
<p>Achievements</p> <p>The set plans were achieved for the year as follows:</p> <ul style="list-style-type: none">  <i>A campaign was held during the 16 Days of Activism against abuse of children and women in Bothaville on the 28 November 2013.</i>  <i>A district fraternal forum meeting was held on the 26 May 2014. The Lejweleputswa District Fraternal forum purpose was to discuss the protection of children in Africa</i> 						
<p>Challenges</p> <ul style="list-style-type: none">  <i>None</i> 						
<p>Improvement measures</p> <ul style="list-style-type: none">  <i>None</i> 						











Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.5.7.Campaigns	Conduct constant accredited skills training sessions for all ward committees.	Number of accredited skills training sessions conducted.	R45,000	New project	2	<ul style="list-style-type: none">  Invitations  Attendance certificates
<p>Status of the project in 2012/2013</p> <ul style="list-style-type: none">  <i>This is a new project for 2013/14 and there was no target in the last financial year.</i> 						
<p>Achievements</p> <p>Although there were targets for the campaigns to be met, The two training sessions held for the ward committees essentially met the two planned targets. In addition, there was a third unrelated campaign which was nonetheless reported on here and required mention:</p> <ul style="list-style-type: none">  <i>The municipality conducted training in two municipalities in the district: Tokologo and Tswelopele Local municipalities on ward committees. Both attendance register and attendance certificates were issued for the same training.</i>  <i>A prayer service for peaceful elections was held on 26 February 2014 as part of campaigns.</i> 						
<p>Challenges</p> <ul style="list-style-type: none">  <i>None</i> 						
<p>Improvement measures</p> <ul style="list-style-type: none">  <i>None</i> 						










Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.5.8.Educational project	Encourage matriculation learners to improve their learning/passing grades.	Number of events held in a year	R400,000	1	1	<ul style="list-style-type: none">  Newspaper advert  Attendance register  Requisitions
<p>Status of the project in 2012/2013</p> <p> <i>A similar project took place in the last financial year and it has become a success that inspires grade 11 learners to want to achieve greater educational heights.</i></p>						
<p>Achievements</p> <p>The project had been a success as two events instead of one were held for the year as follows:</p> <ul style="list-style-type: none">  <i>On the 31 October 2013 educational project to assist young women to upgrade their grade 12 results was launched at Disaster Management Centre.</i>  <i>The 2014 Grade 12 Motivational Talk was held on the 24 January 2014</i> 						
<p>Challenges</p> <p> <i>None</i></p>						
<p>Improvement measures</p> <p> <i>None</i></p>						









Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.5.9. Grant-in Aid	Provide help to members of the communities during their times of need.	Number of people assisted	R59,500	Dependent on the amount needed for assistance	Dependent on the amount needed for assistance	 Proof of purchase
<p>Status of the project in 2012/2013</p> <p> <i>The project was not planned for in the 2012/13 financial year. So no comparison can be made.</i></p>						
<p>Achievements</p> <p>There was no specific target for the project as it is difficult to pre-empt challenges that people may experience and require assistance at the same time. For the year under review though, the municipality assisted as follows:</p> <p> <i>Destitute community members of Lejweleputswa were assisted with 480 blankets.</i></p>						
<p>Challenges</p> <p> <i>None</i></p>						
<p>Improvement measures</p> <p> <i>We need to encourage victims during sessions to report and provide evidence so that this type of assistance could be spread throughout the district and not limited to Matjhabeng Local Municipality. Secondly, we need to establish a forum to deal with this coordination and suggestively from the disaster angle.</i></p>						










Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.5.10.Campaigns	To conduct campaigns to educate communities about service delivery issues	Number of campaigns conducted.	R650,000	4	1	<ul style="list-style-type: none">  Proof of payment  Invitations
<p>Status of the project in 2012/2013</p> <p> <i>This was a new project for the 2013/2014 financial year and therefore no comparison could be made regarding the two financial years.</i></p>						
<p>Achievements</p> <p> <i>People of Lejweleputswa were transported to attend the 20 Years of Freedom & Democracy Expo closing ceremony held in Bloemfontein on the 20 April 2014</i></p>						
<p>Challenge</p> <p> <i>We have not been able to pay serious attention on the implementation programme for the project in particular.</i></p>						
<p>Improvement measures</p> <p> <i>Project management is important for officials to track progress on planned activities.</i></p>						






Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.5.11.Public Participation and Education	Engage critical stakeholders in decision making processes of the municipality	Number of different stakeholders attending annual report processes	R110,000	New project	20	<ul style="list-style-type: none">  Invites  Attendance register  Founding statement
<p>Status of the project in 2012/2013</p> <ul style="list-style-type: none">  <i>The exact programme was not planned for in the 2012/2013 financial year. Comparison is very difficult to make in this regard.</i> 						
<p>Achievements</p> <p>A list of attendees reflected quite a large number of interested stakeholders from all the local municipalities in the district who attended the public participation sessions of the municipality. There was also a related men’s forum committee established. The number targeted was exceeded by the farthest margin because attendance was averaging 50 per session.</p> <ul style="list-style-type: none">  <i>Men’s forum committees were established as part of mobilizing communities on critical social issues.</i>  <i>A public participation process on the draft annual report was undertaken where people from different local municipalities attended these sessions. The sessions culminated in council adopting an MPAC report for 2012/2013 without reservation.</i> 						
<p>Challenge</p> <ul style="list-style-type: none">  <i>Some areas in the district had meeting dates clashing and these had to be repeated at extra cost to the municipality.</i> 						
<p>Improvement measures</p> <ul style="list-style-type: none">  <i>Future planning should take into account either a consolidated programme with all local municipalities or call on community representatives to a central place at the date and time that would not clash with other municipal programmes at a district wide level.</i> 						







Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.5.12.IGR	Ensure implementation of a single window of coordination in the district.	Number of monitoring and evaluation meetings held.	-	4	4	<ul style="list-style-type: none">  Invites  Attendance register  Reports
<p>Status of the project in 2012/2013</p> <ul style="list-style-type: none">  <i>Three Monitoring and evaluation meetings were held instead of the planned four. The last meeting could not sit as planned because the forum expected direction from the technical forum</i> 						
<p>Achievements</p> <p>A decision was taken in a failed monitoring and evaluation meeting of September 2013 that a team must be established to conduct quarterly visits to discuss submissions for each quarter.</p> <ul style="list-style-type: none">  <i>The first visit was conducted on the 16 to 19 September 2013 to facilitate writing and finalizing reports for the quarter ended June 2013.</i>  <i>The second meeting was conducted in November 2013 for a technical committee of the 6th December 2013.</i>  <i>Municipal visits were conducted in February 2014 in preparation of a technical IGR meeting planned for the 4th March 2014.</i>  <i>The last schedule was in June 2014 and not all municipalities submitted their quarterly reports for consolidation.</i> 						
<p>Challenges</p> <ul style="list-style-type: none">  <i>Attendance to M&E forum meetings is generally poor due to officials performing more than one responsibility in local municipalities.</i> 						
<p>Improvement measures</p> <ul style="list-style-type: none">  <i>A team has been established to consolidate report for technical committee.</i> 						






Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
IGR	Ensure implementation of a single window of coordination in the district.	Number of technical district coordinating forum meetings held.	-	4	4	<ul style="list-style-type: none">  Invites  Attendance register  Reports
<p>Status of the project in 2012/2013</p> <ul style="list-style-type: none">  <i>2 meetings were not convened as a result of changes in management at a district level. There were only two other meetings which were held for the financial year.</i> 						
<p>Achievements</p> <ul style="list-style-type: none">  <i>A technical IGR forum meeting was convened for the 20th September 2013. The meeting did not materialize because attendance was poor.</i>  <i>The technical IGR meeting was scheduled for the 6th December 2013 but could not materialize.</i>  <i>A meeting of the Technical IGR was convened for the 4th March 2014.</i> 						
<p>Challenges</p> <ul style="list-style-type: none">  <i>The challenge was that a few invited sector department officials came for the meeting. Attendance has been an issue on IGR matters. Overall attendance remains weak.</i> 						
<p>Improvement measures</p> <ul style="list-style-type: none">  <i>A political commitment is required so that these meetings become official and address issues that should ultimately be addressed at the political IGR level.</i> 						







Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
IGR	Ensure implementation of a single window of coordination in the district.	Number of political district coordinating forum meetings held.	-	4	4	<ul style="list-style-type: none">  Invites  Attendance register  Reports
<p>Status of the project in 2012/2013</p> <ul style="list-style-type: none">  <i>No political IGR meeting was held in the 2012/2013 financial year. The year that had ended was much better than it was in the 2012/13 financial year.</i> 						
<p>Achievements</p> <p>Two of the planned four meetings were successfully held:</p> <ul style="list-style-type: none">  <i>There were two political IGR meetings held during the month of June 2014. The first meeting related to a district wide strategic planning session held in Au Jardin Guest house on the 6th June 2014. The purpose of the meeting was to discuss challenges of infrastructure development throughout the district and related budgetary constraints which required intervention. Executive Mayors and mayors, Speakers and Municipal Managers were invited to the meeting.</i>  <i>The second meeting was called for all councilors to the presentation of the Spatial Planning and Urban Management Act presentation.</i> 						
<p>Challenges</p> <ul style="list-style-type: none">  <i>Meetings were not convened as required. In the past, meetings would be called but attendance would be from a few mayors and no quorum would be reached.</i> 						
<p>Improvement measures</p> <ul style="list-style-type: none">  <i>Meetings must be convened on set dates going forward.</i> 						






Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
IGR	Ensure implementation of a single window of coordination in the district.	% of successful interventions made to local municipalities as a result of requests made.	-	3	3	<ul style="list-style-type: none">  Request letters  Bid committee minutes  2 x Secondment letters
<p>Status of the project in 2012/2013</p> <ul style="list-style-type: none">  <i>Developed three draft LED strategies for Nala, Tswelopele and Tokologo Local Municipalities.</i> 						
<p>Achievements</p> <p>We have successfully intervened in three ways as planned :</p> <ul style="list-style-type: none">  <i>One of the interventions made is the rehabilitation of an access road to Lebone Special School in Thabong to an amount of R2, 5m. A project manager was appointed and they have submitted designs already.</i>  <i>The training which was planned for Nala Local Municipality was aborted due to a looming protest by residents in the vicinity of the training venue.</i>  <i>We have seconded two officials to assist both Lejweleputswa Development Agency as well as Naledi Local Municipality in the Free State. Both Mr. Jacobus Heunis and Mr. Diao Ramabitsa were seconded to these entities in the financial year for a period not exceeding twelve calendar months.</i> 						
<p>Challenges</p> <ul style="list-style-type: none">  <i>We need more money to cater for the unlimited interventions we need to make on behalf of the local municipalities.</i> 						
<p>Improvement measures</p> <ul style="list-style-type: none">  <i>Avail further capacity to deal with some of the surmountable challenges that local municipalities face.</i> 						









Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
IGR	Coordinate all identified national and provincial campaigns in the district.	Number of provincial and national campaigns coordinated.	R100,000	New project	1	<ul style="list-style-type: none">  Proof of requisition  Attendance register
<p>Status of the project in 2012/2013</p> <p>This was a new project and no comparison could be determined.</p>						
<p>Achievements</p> <p>A campaign was planned for and held as follows:</p> <ul style="list-style-type: none">  <i>The municipality held a prayer meeting with church ministers at Goldfields Casino on the 4th April 2014</i> 						
<p>Challenges</p> <ul style="list-style-type: none">  <i>None</i> 						
<p>Improvement measures</p> <ul style="list-style-type: none">  <i>None</i> 						







Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
IGR	Coordinate celebration of International Women's day	Number of campaigns coordinated.	R125,000	1	1	 Brochures  Adverts
<p>Status of the project in 2012/2013</p> <p> <i>The project was also new for the municipality and therefore there was no comparison. The issue was that the municipality only recognized the day without necessarily devising plans on how to involve our women of the region in this regard.</i></p>						
<p>Achievements</p> <p> <i>No report has been issued with regard to this event and therefore it would be noted as not been achieved. The budgeted money has been used for other events.</i></p>						
<p>Challenges</p> <p> <i>We have not anticipated shifts in focus for the same project as in the others especially on campaigns.</i></p>						
<p>Improvement measures</p> <p> <i>Attention should be given to programme management and monitoring of these programmes is important so that in the event there would likely be challenges, those challenges get reported and thus council gets to refocus attention on similar other important interventions.</i></p>						









Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
IGR	Coordinate a campaign for the celebration of 20 years of freedom.	Number of campaigns coordinated with regard to the 20 years of freedom celebration.	R125,000	New project	1	<ul style="list-style-type: none">  Advert  List of performers
<p>Status of the project in 2012/2013</p> <p>The event was planned for the 20 years of freedom which was only in the year reviewed. There is thus no comparison in this regard.</p>						
<p>Achievements</p> <p> <i>On the 26- 27 April 2014 a Freedom Day Celebration was held in Nyakallong and was done in partnership with C-Squqred Company that was responsible for getting artists and performers for the event.</i></p>						
<p>Challenges</p> <p> <i>None</i></p>						
<p>Improvement measures</p> <p> <i>None</i></p>						

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
IGR	Coordinate celebration of May Day	Number of events coordinated with regard to the May Day celebrations	R125,000	New project	1	 Adverts  Brochures
<p>Status of the project in 2012/2013</p> <p> <i>The project was planned in the succeeding financial year. It was not for the financial year and therefore there would not be any comparison in this regard.</i></p>						
<p>Achievements</p> <p> <i>No report has been submitted in this regard due to changes in focus during the financial year.</i></p>						
<p>Challenges</p> <p> <i>There was no formal revision of targets for the project. Hence it would still be noted as not reported on.</i></p>						
<p>Improvement measures</p> <p> <i>We need to anticipate challenges and apply the law when it comes to revision of programmes going forward.</i></p>						













Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
IGR	Coordinate celebration of Youth Day	Number of events coordinated with regard to the Youth Day celebrations	R225,000	1	1	<ul style="list-style-type: none">  Invitations  Adverts
<p>Status of the project in 2012/2013</p> <p> <i>There was no specific event planned and reported in the report for the 2012/2013 financial year and therefore no plan was made for the event.</i></p>						
<p>Achievements</p> <p> <i>Only one event was planned for youth day celebrations but there has been no report for the event.</i></p>						
<p>Challenges</p> <p><i>The municipality needs to check feasibility of checking implementability of programmes before putting budget and revise if there is compelling reason to do so.</i></p>						
<p>Improvement measures</p> <p> <i>We need to revise when there are challenges anticipated with regard to specific programmes.</i></p>						

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.5.12.Policy Development	Review policies that are a priority to the municipality.	Number of policies revised throughout the term.	-	0	2	 2 x policies
<p>Status of the project in 2012/2013</p> <p>2 of the planned policies were revised as follows:</p> <ul style="list-style-type: none">  <i>HR Policy</i>  <i>Conditions of employment</i> 						
<p>Achievements</p> <ul style="list-style-type: none">  <i>All financial policies were reviewed in line with the adoption of the budget.</i> <p>In addition new policies were developed and adopted by council:</p> <ul style="list-style-type: none">  <i>The risk Management policy</i>  <i>EPWP policy</i> 						
<p>Challenges</p> <ul style="list-style-type: none">  <i>None</i> 						
<p>Improvement measures</p> <ul style="list-style-type: none">  <i>None</i> 						

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.5.13.Branding	Ensure continued marketing of our municipality through development of branding materials.	Number of branding materials developed for distribution.	R64,111	4	1	 Copies of magazines made available
Status of the project in 2012/2013  <i>Brochures for the LED unit, banners for the municipality and Governance magazine -Global Africa Network were developed. The report indicated that all four targets were met. The target has been drastically reduced due to funding challenges.</i>						
Achievements  <i>An insert to a magazine was prepared and paid for in the first quarter of the financial year.</i>  <i>Additional branding materials were produced for the 80s festival at the cost of the project manager.</i>						
Challenges  <i>None</i>						
Improvement measures  <i>None</i>						

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.5.14.Communication	To disseminate information on all municipal service delivery programmes	Number of occasions service delivery information was disseminated	R50,000	2	2	 Copies of the Free State Sun and Vista
<p>Status of the project in 2012/2013</p> <p> <i>Two newspaper articles in Free State Sun and Vista. The municipality also used website both for internal and external communication. The target for the two financial years remains the same. In terms of performance, there is parity as there was evidence of work done in the 2013/14 financial year.</i></p>						
<p>Achievements</p> <ul style="list-style-type: none">  <i>The municipality bought a slot on both local radio and provincial radio platforms specifically for informing the public about events in the municipality. This communication was done via the Executive Mayor.</i>  <i>Another form of communication was the frequent use of local and national newspapers to inform the public about the progress and achievements on service delivery;</i>  <i>Advertorials were placed on Face Impressions, Enthooz magazine, Free State Sun & Rock FM.</i>  <i>Information on tenders and quotations were placed in the municipality's;</i>  <i>Municipal quarterly report for the second quarter was placed in the municipality's website.</i> 						
<p>Challenges</p> <p> <i>None</i></p>						
<p>Improvement measures</p> <p> <i>None</i></p>						









Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.5.15.Internal audit	Conduct quarterly internal audit to ensure improvement of service delivery.	Number of quarterly internal audits conducted per annum	-	New project	4	<ul style="list-style-type: none"> Ad hoc internal audit reports
<p>Status of the project in 2012/2013</p> <ul style="list-style-type: none"> Two of the four quarterly reports were compiled. Other activities included audit committee having four audit committee meetings. There is a comparison with the current financial year targets. 						
<p>Achievements</p> <ul style="list-style-type: none"> There is one internal performance audit conducted for the financial year. The other activities conducted by the unit was to assess performance linked to the audit action plan developed in order to rectify challenges identified by Auditor General during audits of 2012/2013 annual performance report. Linked to the above was conducting of ad hoc audits which were requested by the audit committee. 						
<p>Challenge</p> <ul style="list-style-type: none"> It was partly a challenge for the unit to audit performance because there was not yet an approved risk management policy as well plan and register that would have informed their process. 						
<p>Improvement measures</p> <ul style="list-style-type: none"> The municipality has reconstituted the risk management unit in order to assist inform the internal audit unit by linking the two municipal functions so that there is a risk internal audit in future. 						









Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.5.16.Risk Management	Conduct quarterly risk assessments on identified municipal programmes as per the risk audit plan.	Number of quarterly risk assessments conducted	-	New project	4	<ul style="list-style-type: none">  Attendance registers  Copy of presentations  Risk assessment report
<p>Status of the project in 2012/2013</p> <ul style="list-style-type: none">  <i>No risk assessment was conducted for the year. Although there was no risk assessment conducted during the year, risk items were discussed during the audit committee meetings. There is also a basis for comparison in this regard.</i> 						
<p>Achievements</p> <ul style="list-style-type: none">  <i>Risk assessment has been done for the year and the process to institutionalize risk aware environment was also kick started in the first half of the year.</i>  <i>The process culminated in us contracting a risk management expert to assist us to develop risk management documents for council approval.</i>  <i>We have a council approved risk management framework, risk strategy and risk management policy.</i>  <i>An induction session was conducted during finalization of the draft documents with all staff members;</i>  <i>A Risk Committee was established and members constituting the committee were informed by letters.</i>  <i>Risk champions were selected from departments to help identify risks from within departments and escalate them into a municipal risk register for monitoring.</i>  <i>A risk register was compiled by management and served in council but the register was used mainly to familiarize staff about the process and content of the register with a view that all risk champions should be conversant with the contents in order to develop and retain capacity.</i> 						
<p>Challenges</p> <ul style="list-style-type: none">  <i>This was our first start with regard to setting a risk awareness environment for the municipality. The very fact that we had started with the process was both a challenge but also an opportunity to learn.</i> 						

Improvement measures

 *The risk committee and champions must continue to have consistent inductions in order to create a risk aware environment.*






4.3.6. Safe and Healthy Environment






Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Five year target	Annual target	Portfolio of evidence
4.3.6.1.Potable water	Facilitate provision of safe potable drinking water throughout the district.	Number of samples taken in terms of SANS 241.	R230,000	55	250	60	 Copy of sample register
<p>Status of the project in 2012/2013</p> <p> <i>The targets for the year were met as planned and there is a basis for comparison with succeeding financial years as this has become a consistently targeted project.</i></p>							
<p>Achievements</p> <ul style="list-style-type: none">  <i>35 potable water samples were taken and analyzed.</i>  <i>48 potable water samples were taken and analyzed.</i>  <i>47 potable water samples were taken and analyzed.</i>  <i>49 potable water samples were taken and analyzed.</i> 							
<p>Challenges</p> <p> <i>None</i></p>							
<p>Improvement measures</p> <p> <i>None</i></p>							






Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.6.2.Food selling outlets inspections	Ensure that all food selling outlets comply with required legislation each year	Number of improving food selling outlets	R100,000	1000	1000	 Signed register of food selling outlets
<p>Status of the project in 2012/2013</p> <p> 79 of all food selling outlets were inspected during the first quarter of the term. 91 inspections were conducted during the second quarter of the term. Of the 170 samples taken, 54 of them complied and were issued with certificates of acceptability. Subsequently, 336 inspections were executed to assess compliance. 136 outlets complied and were issued with CoAs. The issue of inspections has been conducted over time to ensure compliance. Some outlets regress in terms of adhering to quality of food sold to the public. Consistency of the process is key.</p>						
<p>Achievements</p> <p>The challenges of non-compliance with identified standards have become the driving force for continued sampling. The 2013/14 sampling took note of the challenges experienced in the last financial year and therefore continued to ensure that there is synergy and continuity of approach with sampling.</p> <p> 1239 food selling outlet inspections were executed.</p> <p> 522 compliance certificates issued for the financial year.</p> <p> A total of 161 samples were taken during the financial year. Of the whole samples taken, a total of 119 sampled foods from the outlets complied with required food standards.</p>						
<p>Challenges</p> <p> There was still a serious non-compliance on food selling outlets in general.</p> <p> Increases inspections need to be carried out – more Environmental health practitioners need to be employed to increase inspection frequency.</p>						
<p>Improvement measures</p> <p> There must be consistent inspections and sampling to determine continued compliance. Above that, monitoring and evaluation of the non-compliant</p>						






outlets should be done on a regular basis.









Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.6.3.Environmental Protection and awareness	Conduct environmental safety awareness campaigns.	Number of environmental awareness campaigns conducted	R43,600	3	4	✚ 4 x Attendance registers
<p>Status of the project in 2012/2013</p> <p>The target for the 2011/12 financial year was three (3) whereas for the 2012/13, it became four (4). The reason for targeting differently mainly depends on both the amount of actually work performed in the previous year. The second reason is availability of funding to cater for the success of the project.</p> <p>✚ <i>Four (4) environmental awareness campaigns were planned and held for the whole financial year. Most of the campaigns were held in schools. Others were held during visits to food selling outlets throughout the district. Most of the campaigns were held in schools. Others were held during visits to food selling outlets throughout the district.</i></p>						
<p>Achievements</p> <p>Four(4) environmental health campaigns were planned for the financial and progress/achievements in this regard is explained here below:</p> <p>✚ <i>1 environmental health awareness campaign was attended during the first quarter of the financial year.</i></p> <p>✚ <i>The second awareness campaign was conducted on 14 November 2013 at Phomolong, Hennenman.</i></p> <p>✚ <i>The third health awareness campaign was held in the third quarter of the financial year especially on health and hygiene.</i></p> <p>✚ <i>The fourth environmental awareness campaign was held in conjunction with waste awareness at Tswelopele Local Municipality, Phahameng on 18 June 2014.</i></p>						
<p>Challenges</p> <p>✚ <i>None</i></p>						
<p>Improvement measures</p> <p>✚ <i>None</i></p>						













Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3..6.4.Air quality control	Establish air quality emission inventory.	Number of progress reports developed	R250,000	New project	4	 2013/2014 Air emission inventory
<p>Status of the project in 2012/2013</p> <p> <i>This project was not planned for during the financial year and therefore there was no basis for comparison.</i></p>						
<p>Achievements</p> <p> <i>There were four (4) emission licenses processed and issued on the financial year.</i></p>						
<p>Challenges</p> <p> <i>Some areas of the district are serious sources of air pollution.</i></p>						
<p>Improvement measures</p> <p> <i>Update the inventory on an annual basis and monitor extent of environmental pollution.</i></p>						

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.6.5.Environmental Development	Register all companies that emit contaminated air.	Number of companies to be registered.	R385,000	New project	10	 2013/2014 Air emission inventory
<p>Status of the project in 2012/2013</p> <p> <i>This is a new project and was not planned for in the last financial year.</i></p>						
<p>Achievements</p> <p> <i>All targeted companies with work based in the district have been registered in the database.</i></p>						
<p>Challenges</p> <p> <i>None</i></p>						
<p>Improvement measures</p> <p> <i>None</i></p>						

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.6.6.Waste Management	Monitor all waste management sites throughout the district.	Number of waste management advisory reports written	-	New project	4	 4 x waste management advisory forum reports
Status of the project in 2012/2013  <i>No waste management project was earmarked in the last financial year. This project came about in the 2013/14 due to the status of waste management capacity in some local municipalities.</i>						
Achievements  <i>All waste disposal sites assessed and reports sent to local municipalities and provincial department of health.</i>						
Challenges  None						
Improvement measures  <i>None</i>						





Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
Waste Management	Assess all waste collection services in the district.	Number of waste collection assessments conducted	-	New project	4	 4 x waste collection assessment reports
<p>Status of the project in 2012/2013</p> <p> <i>This was a new project for the 2013/14 financial year.</i></p>						
<p>Achievements</p> <p> <i>All waste collection services assessed and reports and reports sent to local municipalities and provincial department of health</i></p>						
<p>Challenges</p> <p> <i>None</i></p>						
<p>Improvement measures</p> <p> <i>None</i></p>						

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
Waste Management	Conduct awareness campaigns in conjunction with respective local municipalities in the district.	Number of waste management campaigns held	-	New project	5	<ul style="list-style-type: none">  Attendance registers  Brochures
<p>Status of the project in 2012/2013</p> <ul style="list-style-type: none">  This was a new project for the 2013/14 financial year. 						
<p>Achievements</p> <p>The plan was to conduct five awareness campaigns but four were successfully conducted as follows:</p> <ul style="list-style-type: none">  Waste management campaign held in Masilonyana, Brandfort on 5 September 2013  Waste management campaign held in Matjhabeng, Phomolong on 14 November 2013  Waste management campaign held in Nala Local Municipality, Manyakeng on the 27th March 2014.  Waste management campaign held at Tswelopele Local Municipality, Phahameng Community Hall on 18 June 2014. 						
<p>Challenges</p> <p><i>Lack of planning as the project related to quarterly awareness to be linked to available budgets.</i></p>						
<p>Improvement measures</p> <ul style="list-style-type: none">  Better planning linked to available funding is important and must then dictate planning for similar campaigns. 						

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.6.7. Disaster Management	Increase disaster management awareness throughout the district.	Number of disaster awareness campaigns held.	R84,080	2	2	<ul style="list-style-type: none">  Disaster forum agenda  Disaster forum minutes  Disaster forum invitations
<p>Status of the project in 2012/2013</p> <p>A plan was to conduct one campaign per quarter and this project succeeded as follows:</p> <ul style="list-style-type: none">  <i>Advisory forum meeting on the 23 January 2013</i>  <i>Inspected and audited fire equipment and personnel on the 21 February 2013 in Masilonyana Local Municipality</i>  <i>Attended the fire state umbrella body on fire protection associations meeting in Bloemfontein on the 20 February 2013</i>  <i>Visited Nala and Tswelopele Local Municipalities to inspect and audit fire equipment and personnel on the 25 February 2013.</i> 						
<p>Achievements</p> <p>The following schools were visited during the “ Be safe and “ Fire and safety programmes for the first quarter of the financial year:</p> <ul style="list-style-type: none">  <i>Leboneng farm school-Masilonyana</i>  <i>Naledi ya Botshabela Primary Schools-Winburg-19 Sept. 2013</i>  <i>Tlongkganyeng-19 Sept. 2013</i>  <i>Senzile Combined School-Hertzogville-6 Sept.2013</i>  <i>Kegomoditswe Public School-Hertzogville-6 Sept. 2013</i> <p>The following campaigns were conducted in the second quarter of the financial year:</p> <ul style="list-style-type: none">  <i>Be Safe Educational Campaign at Monamodi Public School Brandfort, Masilonyana LM on 6th November 2013;</i>  <i>Be Safe awareness Campaign in the following schools:</i> 						

- 09 October 2013, Kagisho Combined School.
- 15 October 2013, Refihletsu Combined School in Verkeerdevlei.

The third quarter programme were as follows:

-  No awareness was made in January 2014.
-  26 February Training of Volunteers Bultfontein Tswelopele.
-  18 March Kweetsa intermediate School Hennenman 29 April Boase Public School Virginia
-  26 March Reitzpark Primary School

The last quarter campaign was held as follows:

-  29 April Boase Public School Virginia












The municipality has exceeded the set target set for the financial year.

Challenges

-  None











Improvement measures







-  None

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
Disaster Management	Coordinate all disasters for purposes of providing needed assistance	Number of disasters positively responded to for the term.	-	4	As per occurrence	 Photos
<p>Status of the project in 2012/2013</p> <p>The following interventions were made in the 2012/13 financial year as regards incidences that took place:</p> <ul style="list-style-type: none">  <i>House on fire in Orange Grove-Thabong</i>  <i>39 houses blown away by wind in Meloding-Virginia.</i>  <i>Shack fire in a farm in Dealesville which claimed 4 lives.</i>  <i>Shack fire in Albany Park in Virginia which claimed 1 life.</i> 						
<p>Achievements</p> <p>There was no specific target with regard to the project as it would not be predetermined in advance that incidences of disaster could happen and at what magnitude would that happen. Nonetheless, the following events were responded to:</p> <ul style="list-style-type: none">  <i>2 shack fire incidents were attended to:</i>  <i>Food parcels and blankets were provided by SASSA and assisted by the district to house number 2588 in Tswelopele Local Municipality-Hoopstad on the 26 Aug 2013.</i>  <i>Shack fire inspections were conducted in Odendaalsrus on the 1st August 2013.</i>  <i>Two houses were damaged by windstorm and were therefore attended to.</i>  <i>Verkeerdevlei, a number of old houses damaged by windstorm.</i> 						
<p>Challenges</p> <ul style="list-style-type: none">  <i>None</i> 						










Improvement measures








 *None*

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.6.8.Sports, Recreation, Arts and Culture	Coordinate all sporting events in the district.	Number of events successfully coordinated	R200,000 (Youth Development)	4	4	 Invitation letter
<p>Status of the project in 2012/2013</p> <p>The following coordination activities were conducted during the financial year as follows:</p> <ul style="list-style-type: none">  Catering, decoration, sound, photography and video recording and artists were arranged for youth invited to watch the State of the Nation Address on the 14 February 2013.  Youth Development Officers and MMC for Youth Development met NARYSEC on short listing for employment purposes.  Transport was arranged for young women attending young women dialogue in Bloemfontein.  Agricultural Youth Summit was held in Kingdom Ministries in April.  Lejweleputswa District Youth Dialogue where learners were debating on matters affecting youth.  Invitational game s was held in Welkom. Team from Klerksdorp and Matjhabeng Municipality were invited to participate. 						
<p>Achievements</p> <ul style="list-style-type: none">  Of the planned activities, only one target from the planned four was actually done. Youth Development Officers and MMC for Youth Development met NARYSEC on short listing for employment purposes. 						
<p>Challenges</p> <ul style="list-style-type: none">  There were no reports developed for the programme. 						
<p>Improvement measures</p> <ul style="list-style-type: none">  We need a dedicated unit to address youth development. The Youth Development Officer needs to be capacitated in order to provide reports in this regard. 						

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
Sports, Recreation, Arts and Culture	Coordinate all sporting events in the district.	Number of events successfully coordinated	R520,000 (OR Tambo Games)	1	1	 Event programme
<p>Status of the project in 2012/2013</p> <p> <i>The event has been planned as an annual event and all municipalities in the province are involved budgeting for the event. The event was held within the district municipality has been a successful event for the two years it was held here.</i></p>						
<p>Achievements</p> <p>The overall target of coordinating the OR Tambo Games was a success and the following preparatory meetings were held as follows:</p> <p> <i>Four preparatory meetings were held in the quarter.</i></p> <p> <i>The event was held as planned for the province.</i></p>						
<p>Challenges</p> <p> <i>None</i></p>						
<p>Improvement measures</p> <p> <i>None</i></p>						

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
Sports, Recreation, Arts and Culture	Coordinate all sporting events in the district.	Number of events successfully coordinated	R30,000 (Municipal Sports)	1	1	✚ 2 x Invitations
<p>Status of the project in 2012/2013</p> <p>✚ <i>There was no specific event planned for the financial year and therefore there is no basis for comparison.</i></p>						
<p>Achievements</p> <p>More than one targeted sporting event was coordinated as follows:</p> <p>✚ <i>The municipality attended a provincial event under SAMSRA in Thabo Mofutsanyana District Municipality;</i></p> <p>✚ <i>The municipal sports committee also arranged two sporting events for both the netball and football activities during the financial year.</i></p>						
<p>Challenges</p> <p>✚ <i>Funding to consistently attend and organize events become a problem, hence only one event was planned for the financial year.</i></p>						
<p>Improvement measures</p> <p>✚ <i>More funding of the sporting events is required.</i></p>						

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.6.9. Disaster Relief Fund	To respond timeously to all disaster events throughout the district.	Number of disasters successfully responded to.	R416,000	-	-	 Signed proof of visits  Dated photos
<p>Status of the project in 2012/2013</p> <ul style="list-style-type: none">  3 shack fire incidents were attended to: <ul style="list-style-type: none"> o <i>Doring farm shack fire on the 6th June 2013</i> o <i>Stand no.14159 in Albany informal settlement in Virginia on the 17 June 2013</i> o <i>Stand no.12603, Moagi Street in Thabong which took place on the 25 June 2013</i> 						
<p>Achievements</p> <p>The following four relief instances were given attention:</p> <ul style="list-style-type: none">  <i>Site visit to Shack Fire 4733 Masango Street Thabong</i>  <i>2 Site visits to shack fire of Mr. Ndakana at Thabong</i>  <i>A site visit to 750 Phomolong Village.</i>  <i>Handing over of School uniform to Victims of 4733 Masango Street, Thabong 28 February 2014.</i> 						
<p>Challenges</p> <ul style="list-style-type: none">  <i>None</i> 						
<p>Improvement measures</p> <ul style="list-style-type: none">  <i>None</i> 						

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.6.10. Disaster Relief awareness	To conduct disaster relief awareness throughout the district.	Number of disaster awareness campaigns conducted.	R84,729	4	4	<ul style="list-style-type: none">  Invitations  Attendance register  Unit programme for awareness campaigns
<p>Status of the project in 2012/2013</p> <p>The four planned awareness campaigns were held successfully during the financial year and the event has been planned as such for the past 2011/12 financial year due to the nature of the problems addressed by these campaigns. There have been consistent efforts spent in ensuring that people are made aware of relief that they can receive during disaster incidences.</p> <ul style="list-style-type: none">  <i>Advisory forum meeting on the 23 January 2013</i>  <i>Inspected and audited fire equipment and personnel on the 21 February 2013 in Masilonyana Local Municipality</i>  <i>Attended the fire state umbrella body on fire protection associations meeting in Bloemfontein on the 20 February 2013</i>  <i>Visited Nala and Tswelopele Local Municipalities to inspect and audit fire equipment and personnel on the 25 February 2013.</i> 						
<p>Achievements</p> <ul style="list-style-type: none">  <i>A workshop on disaster management for councilors was convened on the 3rd Sept. 2013.</i>  <i>A disaster awareness campaign was conducted in Masilonyana and Nala Local Municipalities on the 7th and 22nd Aug. 2013 respectively.</i>  <i>Members of staff attended a workshop on amendments to Disaster Management Act in Johannesburg.</i>  <i>A disaster Management advisory forum was held on the 17 August 2013.</i>  <i>Attended DMISA conference in Bloemfontein on the 11-13 Sept. 2013</i>  <i>A disaster management sector plan workshop was attended by officials in Bloemfontein on the 27 Sept. 2013.</i>  <i>Workshop for Councilors on Disaster Management Plan, held on the 19th of November 2013 at the Old Council Chamber.</i>  <i>Workshop on GIS User Requirements Roadshow held on 02 December 2013 at Bloemfontein, Louis – Botha Hall, Lebohang Building.</i>  <i>Workshop on Early Warnings, Risk Profiling and Disaster Intelligence – Improving Response held on 03 December 2013 at Bloemfontein, Louis – Botha Hall, Lebohang Building and discussed the Soutpan and Verkeerdevlei Windstorm incidents.</i> 						















 *The other advisory forum meetings were held on the following date: 29th January 2014; 10th April 2014 as well as 26th June 2014.*

Challenges

 *None*

Improvement measures

 *None*

Municipal Strategic Focus Area	Strategic Objective	Key Performance Indicator	Annual Budget	Baseline	Annual target	Portfolio of evidence
4.3.6.11.Convене disaster management forum	Number of disaster management forum meetings convened	Number of disaster management forum meetings convened	-	-	4	<ul style="list-style-type: none">  Forum annual programme  Invitations  Attendance registers
<p>Status of the project in 2012/2013</p> <ul style="list-style-type: none">  <i>This project was not planned in the financial year but it existed in the financial years before. This project remains a non-core function of the district but it can be combined with economic development aspects of the district to raise awareness about potential skills learned during incarceration.</i> 						
<p>Achievements</p> <ul style="list-style-type: none">  <i>Postponed to January 2014, due to Provincial Disaster Management Centre personnel unavailability.</i>  <i>Attended a Rural Safety meeting 6 November 2013.</i>  <i>SASSA Interdepartmental Stakeholders Forum 06 November 2013.</i>  <i>DM Portfolio Committee Meeting in 25 October 2013</i>  <i>Provincial Disaster Management – Advisory Forum held on 04 December 2013 at Bloemfontein, Louis – Botha Hall, Lebohang Building.</i>  <i>18 March National Elections Plenary Meeting with SAPS and Stakeholders</i>  <i>26 March PDAF Bloemfontein</i>  <i>27 March SALGA Workshop on proposed amendments to the DM Act</i> 						
<p>Challenges</p> <ul style="list-style-type: none">  <i>None</i> 						
<p>Improvement measures</p> <ul style="list-style-type: none">  <i>None</i> 						

4.4. Overall assessment results for LDA

Key Performance Areas	Key Performance Indicators	Project	Baseline	Annual Target
Good Governance and Public Participation	Number of Board meetings held	Board meetings	4 meetings	4 meetings per annum
Good Governance and Public Participation	Number of monthly reports submitted by the CEO	Monthly reports	12 reports	12 monthly reports submitted to the board by CEO
Good Governance and Public Participation	Number of management meetings	Management meetings	11 meetings	12 Management meetings
Good Governance and Public Participation	Number of monthly reports submitted to LDM by CEO	Monthly reports to the LDM	12 reports	12 monthly reports submitted to LDM by the CEO
Good Governance and Public Participation	Number of reports submitted to the IDC	IDC reports	4 reports	4 quarterly reports submitted to the IDC
Good Governance and Public Participation	Clean audit outcome by the IDC Audit Milestone process	IDC audit milestone	1 Annual audit	1 annual audit report
Good Governance and Public Participation	Implemented Performance Management policy	Performance Management	Signed Staff Performance contracts	Annual Performance Management Assessment Report
Financial Viability and Management	Developed budget	2013/14 budget development	2012/13 budget	Draft Budget submitted to Board Final Budget submitted to

				Board
Financial Viability and Management	Number of reports submitted to the Board	2013/14 Budget implementation	2013/14 budget	12 Monthly budget reports submitted to the Board 1 Mid-year budget review 2014/15 SDBIP
Financial Viability and Management	Number of in-year reports submitted	Expenditure Management	SCM Policy	In-year section 71 reports submitted to Council Payments processed as per SCM policy
Financial Viability and Management	Value of irregular, unauthorized, fruitless and wasteful expenditure in 2013/14	Elimination of irregular, unauthorized, fruitless and wasteful expenditure	Value of 2012/13 irregular, unauthorized, fruitless and wasteful expenditure	No irregular, unauthorized, fruitless and wasteful expenditure in 2013/14
Financial Viability and Management	Payments to creditors within 30 days	Expenditure Management	Payments to creditors within 30 Days	Payments of projects are done within 30 days
Financial Viability and Management	GRAP compliant asset register in place and reconciled to the general ledger	Asset Management	Current asset register	100% update of register following asset acquisitions and disposal

Financial Viability and Management	<p>Appointments for procurement above R200 000 (30 days after bid specification committee report)</p> <p>Appointment for procurement below R200 000 (Ten days after requests have been received)</p>	Supply Chain Management	30 days	<p>Appointments of service providers for procurement above R200 000 (30 days after bid specification committee report)</p> <p>Appointment for procurement below R200 000 (Ten days after requests have been received)</p>
Financial Viability and Management	Percentage variation between budget projections and actual expenditure and revenue	Budgeting and Reporting	10% variation between budget and actual	Maintain variation of 10% between budgeted amounts and actual amounts for the year
Local Economic Development	Percentage of updates to the project management system	Project information management system	Developed system	Regular project updates
Local Economic Development		Feasibility Studies	Feasibility studies for solar power plant and VPN projects completed	Solar power plant project implementation
Transformation and organizational development	Number of training opportunities provided by the agency	Staff training	Current training of staff members	Training provided in line with Skills Development Plan

KPA: Good Governance and Public Participation					
Project	Key Performance Indicators	Baseline	Project status in 2012/13	Annual Target	Achievements-2013/14 challenges
Board meetings	Number of Board meetings held	4 meetings	+4 meetings were convened and attended by board members.	4 meetings per annum	4 meetings were convened and attended by board members.
Monthly reports	Number of monthly reports submitted by the CEO	12 reports	12 monthly reports were compiled and submitted to the board.	12 monthly reports submitted to the board by CEO	12 monthly reports were compiled and submitted to the board.
Management meetings	Number of management meetings	11 meetings	12 monthly meetings were held in the LDA offices.	12 Management meetings	12 monthly meetings were held in the LDA offices.
Monthly reports to the LDM	Number of monthly reports submitted to LDM by CEO	12 reports	4 Consolidated quarterly reports were submitted.	12 monthly reports submitted to LDM by the CEO	4 Consolidated quarterly reports were submitted.
IDC reports	Number of reports submitted to the IDC	4 reports	4 quarterly reports were submitted	4 quarterly reports submitted to the IDC	4 quarterly progress linked to IDC funded projects were submitted to IDP.
IDC audit milestone	Clean audit outcome	1 Annual audit	An audit was	Clean audit	During the quarter under

	by the IDC Audit Milestone process		conducted by IDC for purposes of funding their projects.		review LDA was audited by IDC and LDA has received positive outcome. We only expected the IDC to deposit funds into LDA account by end month (March).
Performance Management	Implemented Performance Management policy	Signed Staff Performance contracts	Performance report was compiled on the basis of performance of each staff member.	Annual Performance Management Assessment Report	Performance assessment report compiled.

KPA: Financial Viability and Management

Project	Key Performance Indicators	Baseline	Project status in 2012/13	Annual Target	Achievements-2013/14 challenges
2013/14 budget development	Developed budget	2012/13 budget	Budget was developed and approved by the Board	Draft Budget submitted to Board Final Budget submitted to Board	Budget was developed and approved by the Board
2013/14 Budget implementation	Number of reports submitted to the Board	2013/14 budget	12 monthly reports were submitted as well as a mid-year report for 2012/13.	12 Monthly budget reports submitted to the Board 1 Mid-year budget review 2014/15 SDBIP	<ul style="list-style-type: none"> • 12 monthly reports were compiled and submitted to the Board. • 1 mid-year budget review was done. • The SDBIP for 2014/15 has been compiled in line with the approved budget and business plan-2014-15.
Expenditure Management	Number of in-year reports submitted	SCM Policy	S71 reports were compiled and submitted to Board and	In-year section 71 reports submitted to	MFMA's S71 reports were compiled and submitted to Board and council.

			council.	Council Payments processed as per SCM policy	
Elimination of irregular, unauthorized, fruitless and wasteful expenditure	Value of irregular, unauthorized, fruitless and wasteful expenditure in 2013/14	Value of 2012/13 irregular, unauthorized, fruitless and wasteful expenditure	Report of irregular, unauthorized, fruitless and wasteful expenditure	No irregular, unauthorized, fruitless and wasteful expenditure in 2013/14	The report of all irregular, unauthorized and wasteful expenditure we report and submitted to board for condones
Payments to creditors within 30 days	To effectively manage finances for all Capex and Opex projects	Expenditure Management	Complied to payments of creditors within 30 days	Payments to creditors within 30 Days	Compliance to Supply Chain Policy on payments of creditors was done for the 2013/14.
Asset Management	Develop and implement integrated management and governance systems	To update the current assets register	Compile with the MFMA Act that the assets must maintain and safeguard	Current asset register	Done

Supply Chain Management	To effectively manage finances and improve financial sustainability			30 days	As reflected above
Budgeting and Reporting	To effectively manage finances and improve financial sustainability			Percentage variation between budget projections and actual expenditure and revenue	

KPA: Local Economic Development					
Project	Key Performance Indicators	Baseline	Project status in2012/13	Annual Target	Achievements-2013/14 challenges
Project information management system	Percentage of updates to the project management system	Regular project updates	Regular updates were conducted	Developed system	100% updates were conducted as required per quarter.
Feasibility Studies		Solar power plant project implementation		Feasibility studies for solar power plant and VPN projects completed	Busy with feasibility study and the business plan of the project. The project had a delay about the land issue with Harmony which is about to resolved.

KPA: Municipal transformation and Institutional Development					
Staff training	Number of training opportunities provided by the agency	Training provided in line with Skills Development Plan	Annual training is conducted to members of staff.	Current training of staff members	<ul style="list-style-type: none"> • The LDM has seconded Mr. J Heunis to assist in the finance department and he brings lot of experience in the finance department. • The following staff members are busy with formal education with different institution. • Mr. E Lesenyelo busy with his 3rd year in BPA. • Mrs. S Makhubu busy with her 3rd year in BBA. • Miss P Matshai just registered for three programme of BPA • The following

					<p>staff members has being to enrichment course of Pastel Payroll</p> <ul style="list-style-type: none">• Miss P Matshai• Miss M Motsoeneng
--	--	--	--	--	--

4.5. Overall list of service providers for the 2013/14 financial year

4.5.1. Expenditure between R30 000 to R200 000

Name of Service Provider	Purpose	Amount
Singa-Bakhe Trading	Event Management	R 165 000.00
Uhuru Communication	Advert	R 43 320.00
Melodi Blues cc	Transport & Tour Operators	R 61 999.00
Risk Solve International	Risk Management Services	R 155 587,15
Nqathi Trading & Projects	Catering	R 80 000.00
C-Squared Consumer Connectedness	Macufe Tickets	R 146 536,60
Ldg marketing	Printing of 100 copies of Masilonyana	R 33 000.00
Matsapa Trading 725	Campaign for team	R 195 000.00
Amaceiniso Trading & Projects	Catering	R 199 800,00
Amaceiniso Trading & Projects	Grade 12 Motivational speaker. Grade 12 event	R 190 700.00
Amaceiniso Trading & Projects	Transport, stage, speakers and Programme directors	R 198 500.00
Khosed Trading cc	Donation-Blankets	R 194 940.00

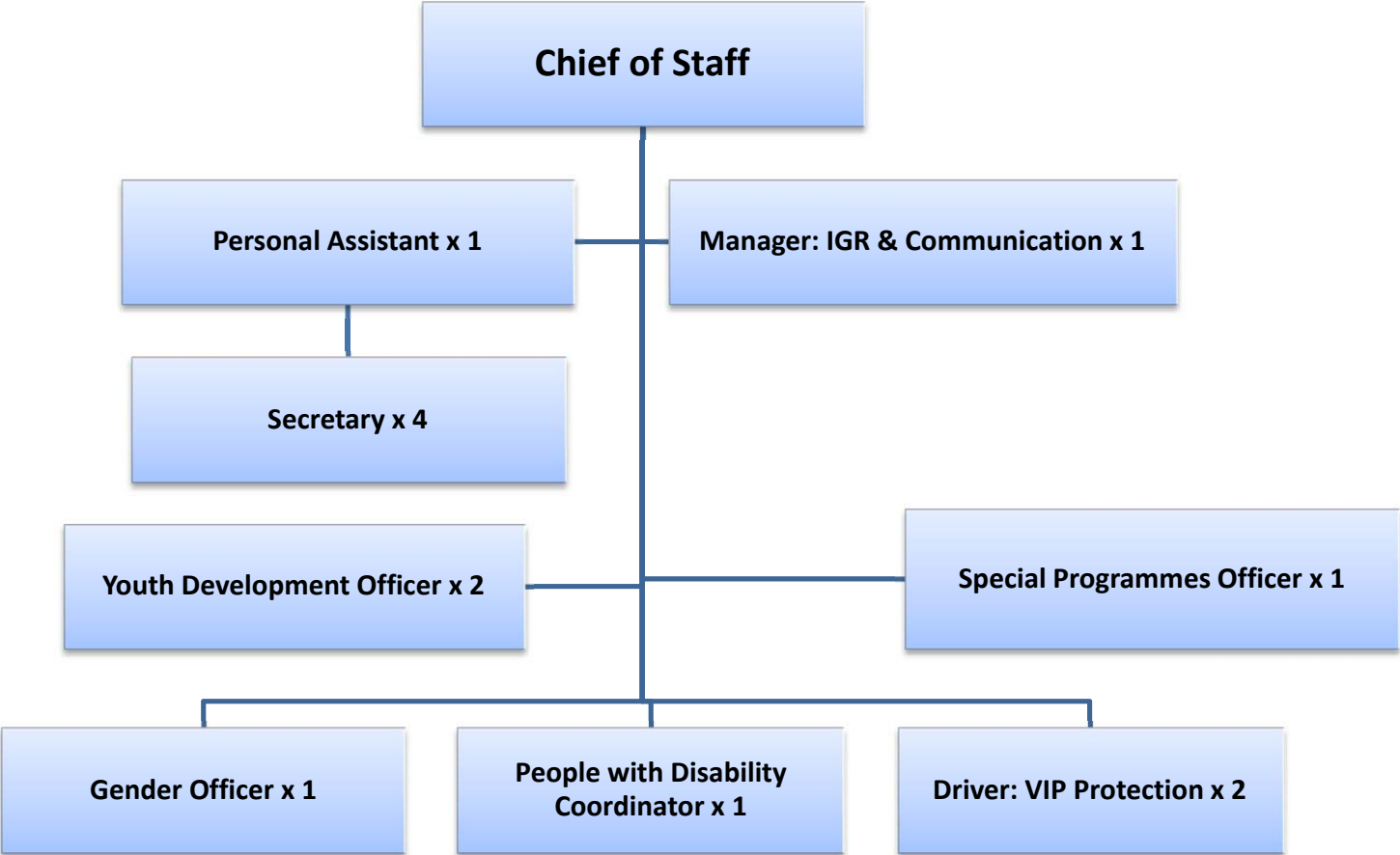
Casino Goldfields	Catering and Decor	R 53 000.00
MBV Group Construction	Security Services	R 41 485.14
Lezmin Computers	Ink cartridge, Computers & Notebook	R 43 656,01
Ratidzo	Training of Ward Committees	R 195 800.00
Risk Solve	Risk Training	R 80 500.00
All Round Clothing Manufactures	Attire for OR Tambo Games	R 162 900.00
Seletech	Novalum Luminometer	R 55 590.00
Kingly Creations	Design & Printing	R 188 400.00
Amaceiniso Trading & Projects	Prayer sessions for Peaceful elections	R 165 000.00
Retsholeleng Catering & Trading	Hosting Gala Dinner	R 160 000,00
Dawn	Refinement of Ldg strategies	R 193 000.00
Amaceiniso Trading	Catering	R 153 500.00
Rea Iputla Trading	Catering & Transport	R167 450.00
Marsh Pty (Ltd)	Short term insurance	R149 447.00

4.5.2. Expenditure above R 200 000

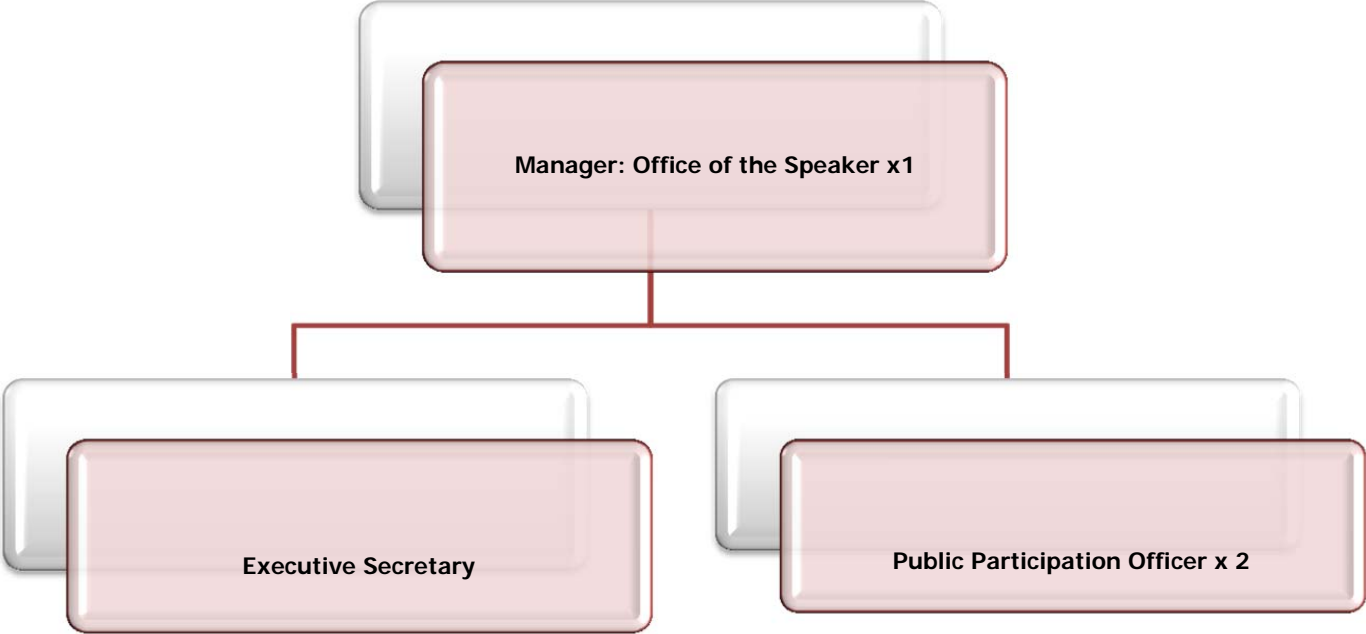
Name of Service Provider	Purpose	Amount
Singa-Bakhe Trading	Manage Mandela Day	R500 000,00
Amaceiniso Trading	Catering	R 389 250,00
C-Squared Consumer Connectedness	Hosting of 80's music festival	R 600 000,00
Mercedes Benz	ML350	R 613 607.28
Mercedes Benz	C 200	R 403 873.87
Tshepong Civils	Building Access road	R 2 113 000 000
Dawn Advisory	Preparation of AFS	R 700 000.00

Human Resource Development

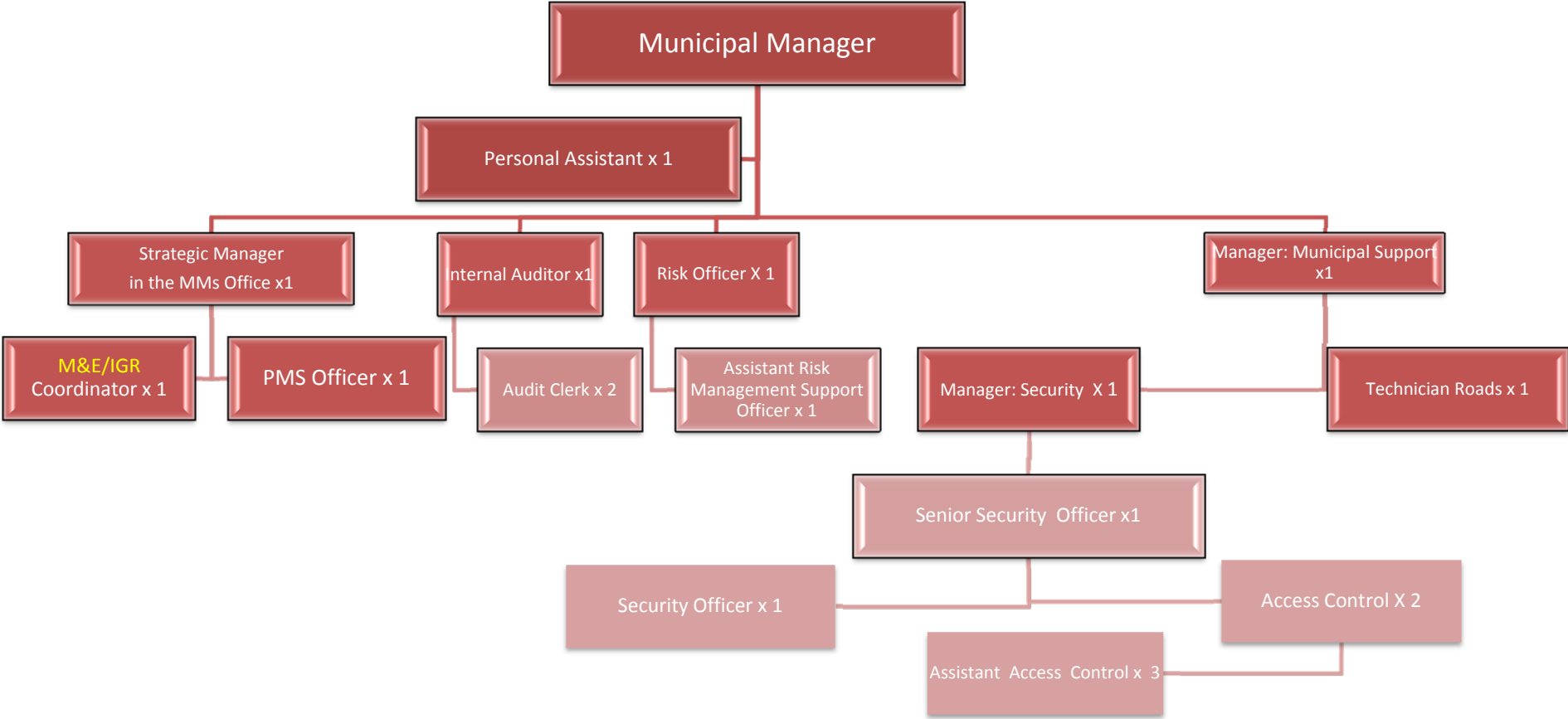
5.1 EXECUTIVE MAYOR’S OFFICE



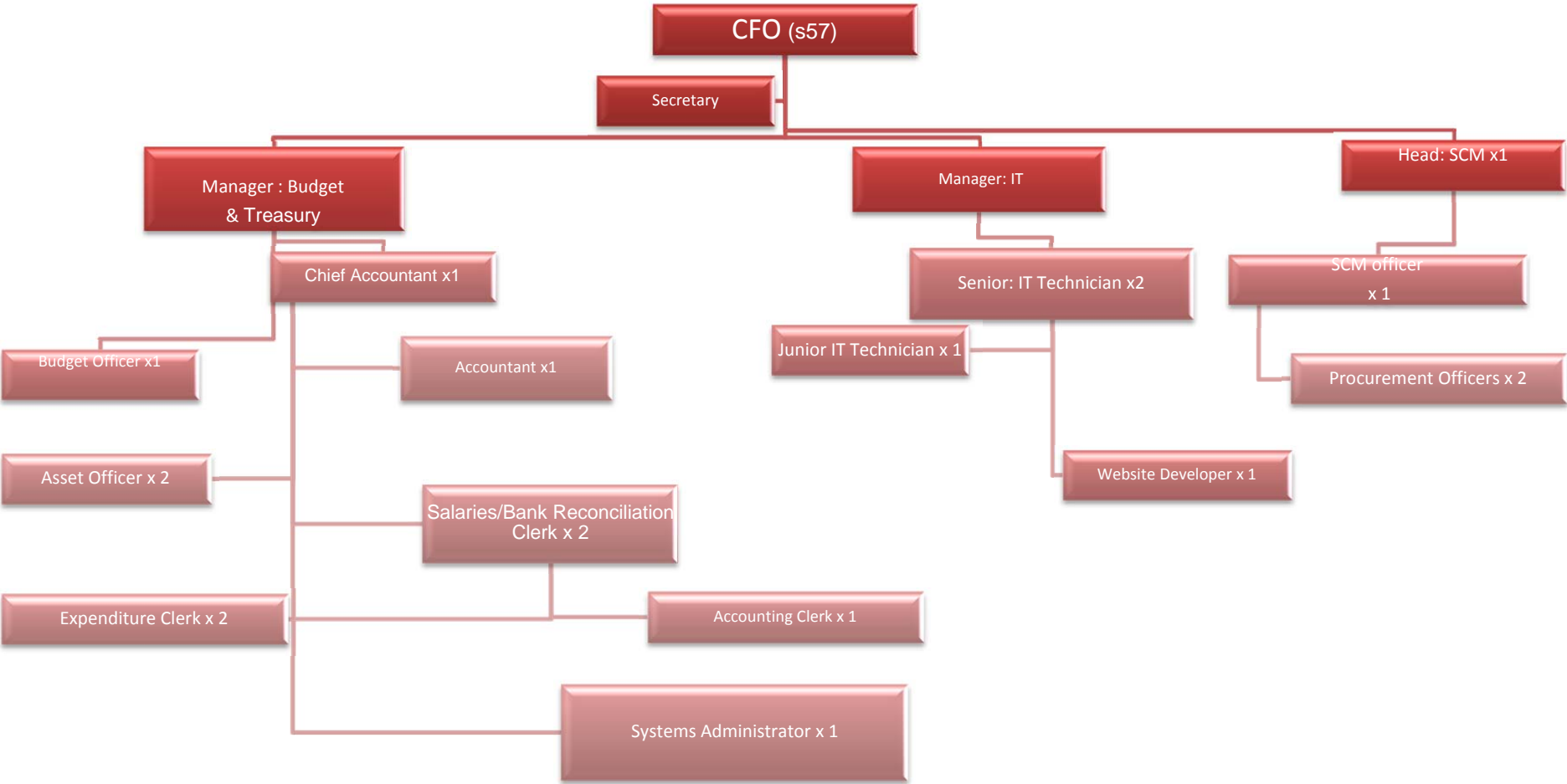
5.2. SPEAKER'S OFFICE



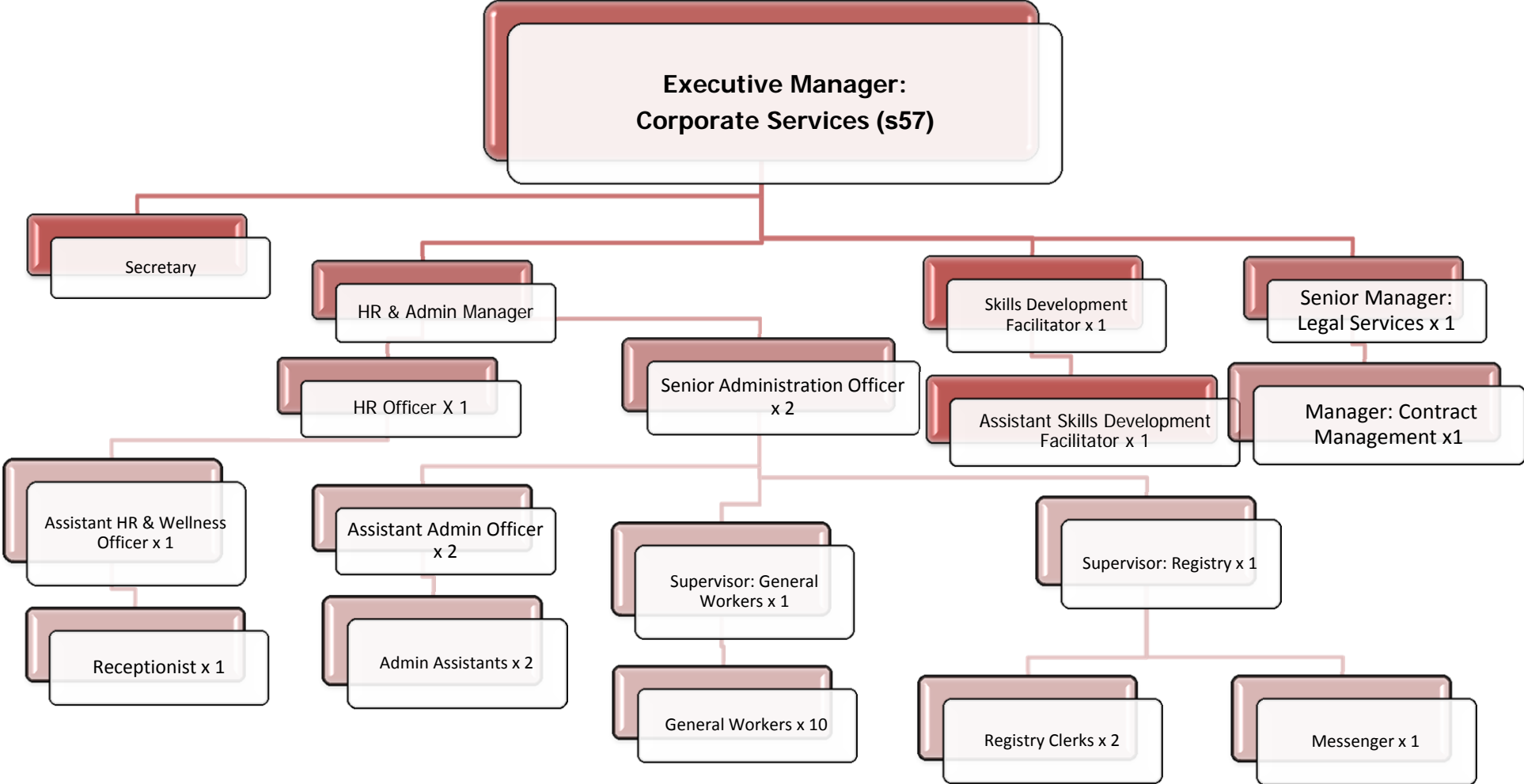
5.3. MUNICIPAL MANAGER'S OFFICE



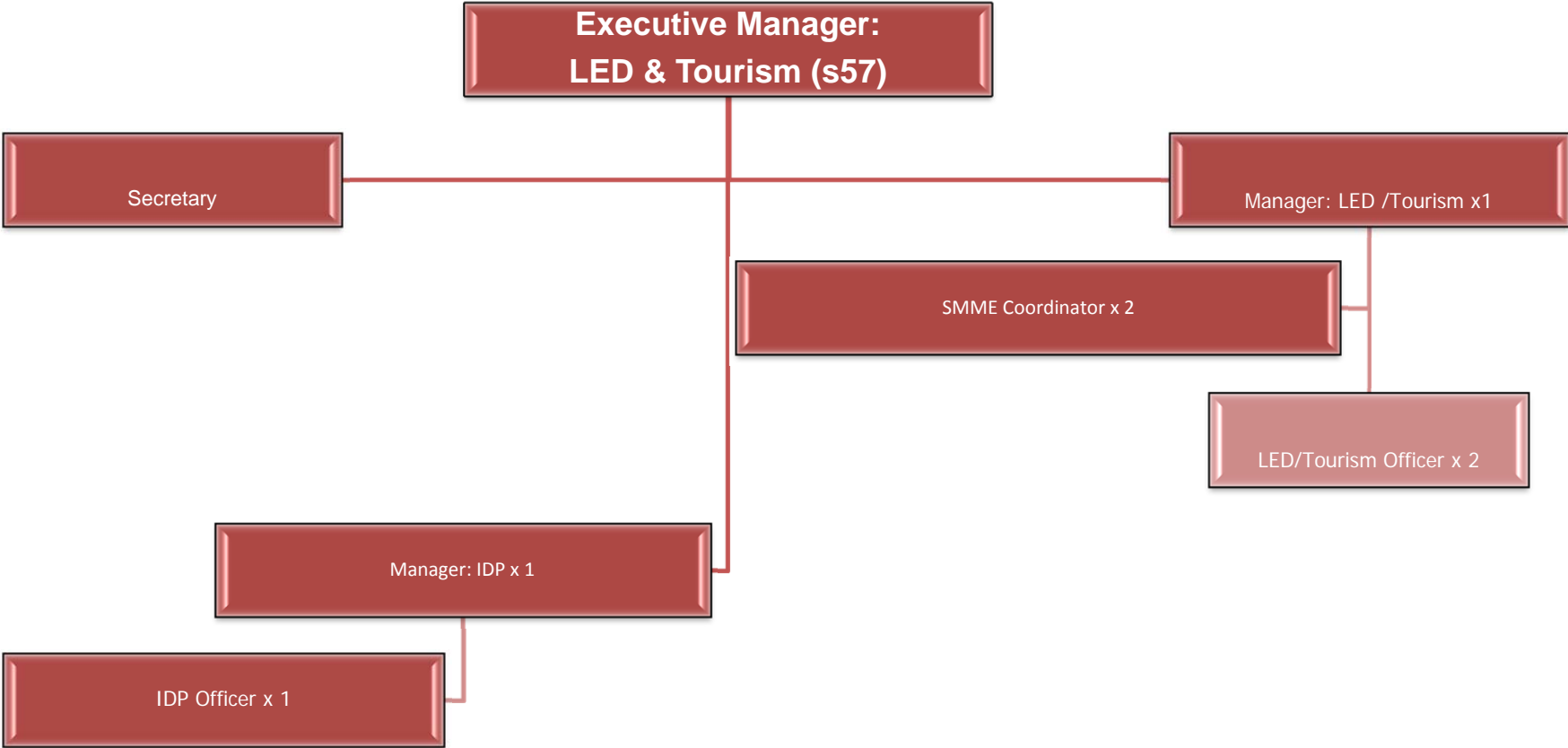
5.4. CHIEF FINANCIAL OFFICER



5.5. CORPORATE SERVICES

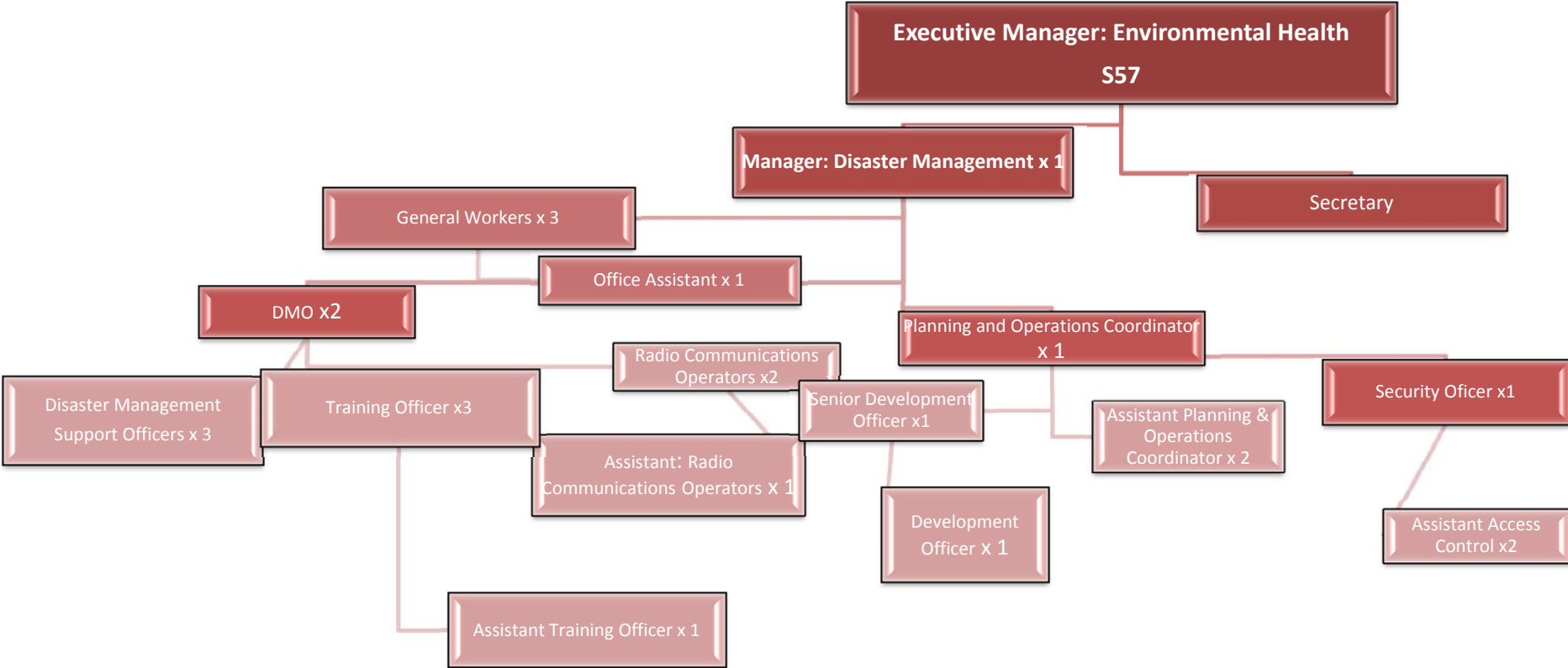


5.6. LED & TOURISM

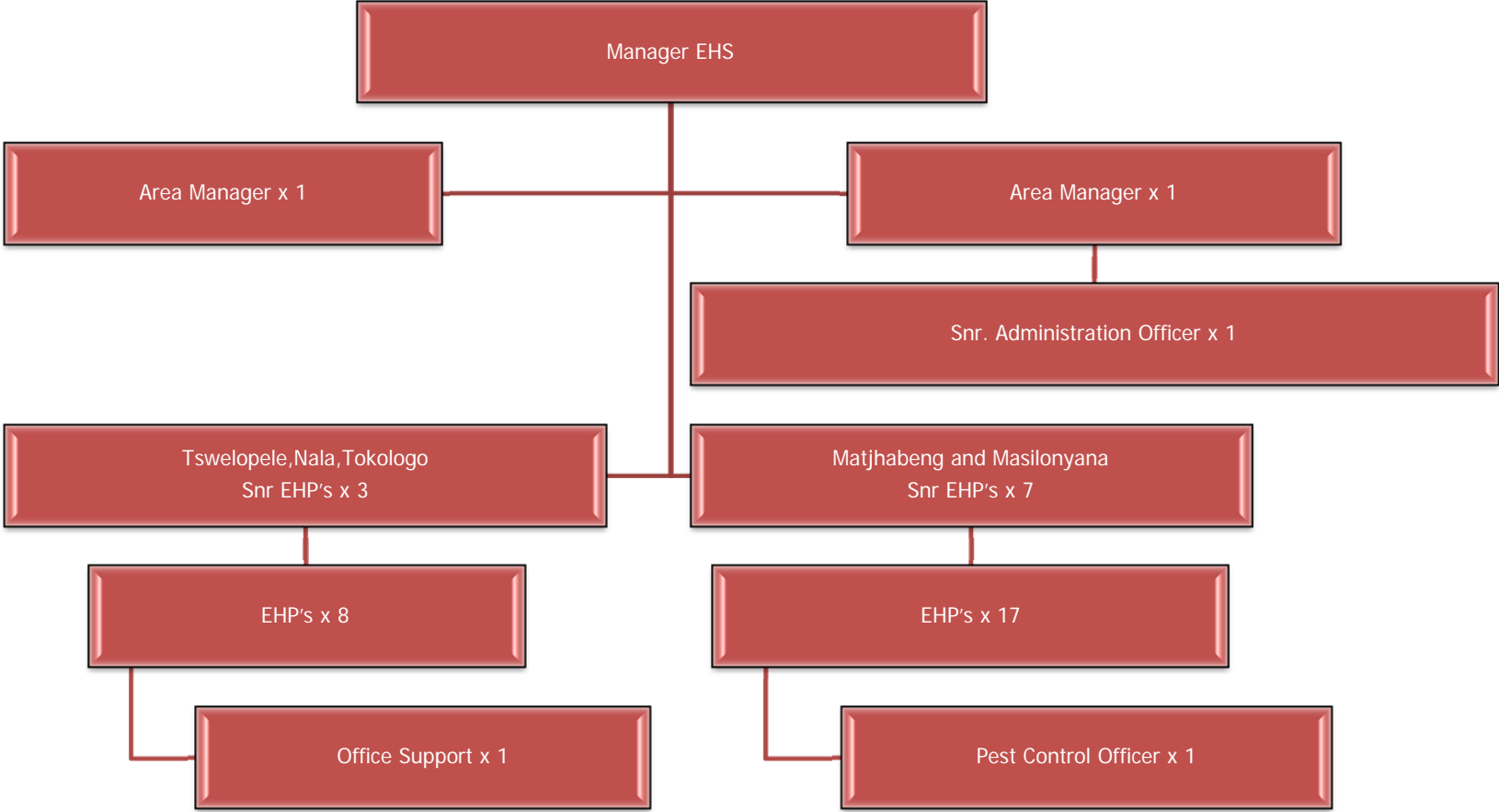


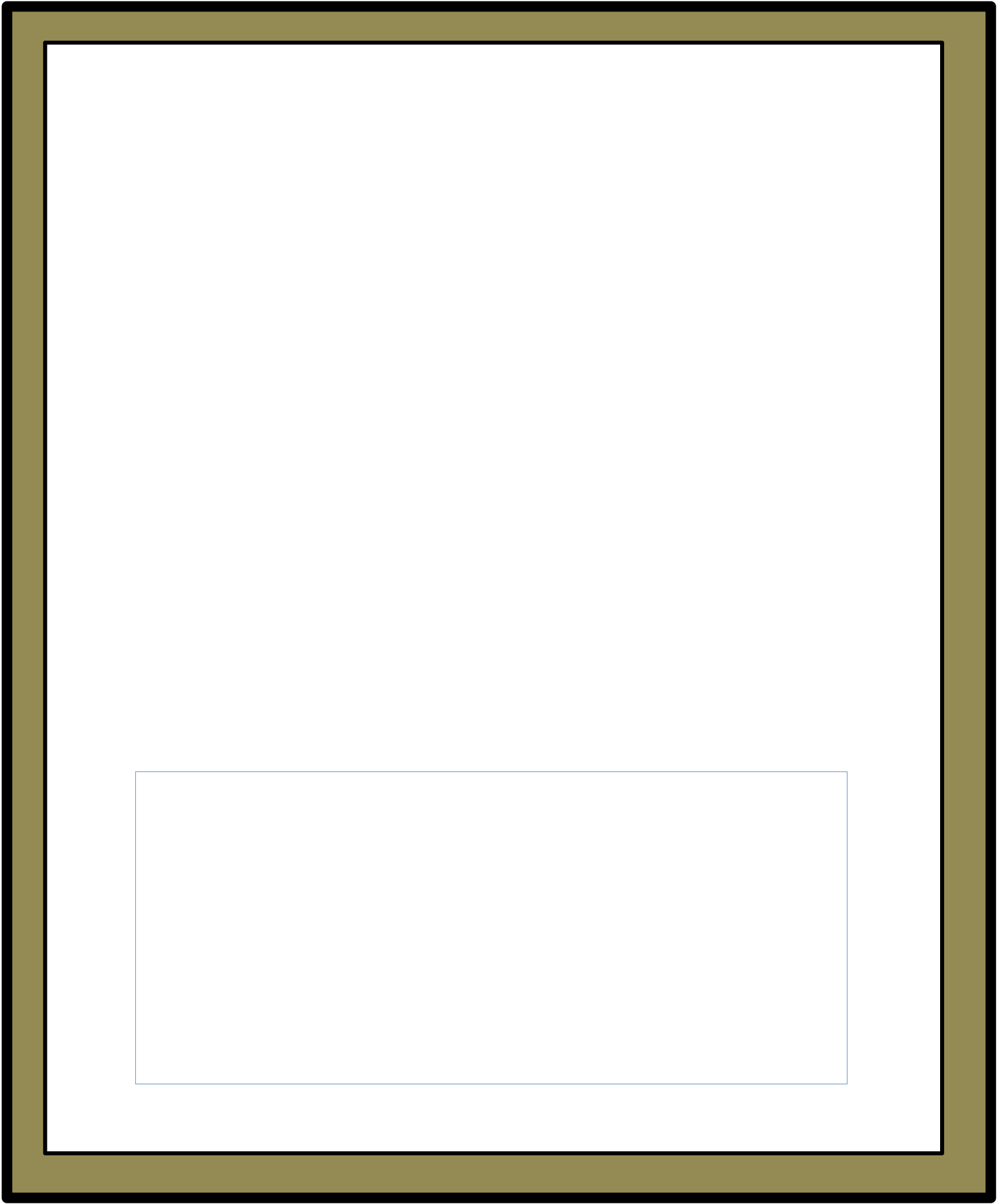
5.7. ENVIRONMENTAL HEALTH & DISASTER MANAGEMENT

5.7.1. Disaster Management



5.7.2. Environmental Health





6.1. Final and consolidated financial statements



Lejweleputswa District Municipality Consolidation
Annual Financial Statements
for the year ended 30 June 2014

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

General Information

Legal form of entity	An organ of state exercising legislative and executive authority
Nature of business and principal activities	District municipality
Mayoral committee	
Executive Mayor	Cllr NW Speelman
Speaker	Cllr MA Olifant
Councillors	Cllr KR Phukuntsi - MMC Sports, Arts, Culture and Recreation Cllr M Lekaota - MMC Corporate Services and Administration Cllr MH Ntsebeng - MMC Social Services and Environmental Health Cllr MJ Pereko - MMC Special Programmes Cllr MMT Matlabe - MMC Finance Cllr PP Maseko - MMC Municipal Support and Infrastructure Cllr XJ Toki - MMC LED, Tourism, Agriculture, Youth and SMME
Municipal demarcation code	DC18
Grading of local authority	4
Capacity of local authority	Low capacity
Accounting Officer	Ms PME Kaota
Chief Finance Officer (CFO)	Mr PK Pitso
Registered office	Office of the Municipal Manager
Business address	Corner of Jan Hofmeyer and Tempest Road Jim Fouche Park WELKOM 9459
Postal address	P.O. Box 2163 WELKOM 9460
Bankers	ABSA Bank Limited
Auditors	Auditor-General of South Africa

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

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

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Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
PAYE	Pay As You Earn
SARS	South African Revenue Services
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
VAT	Value Added Tax

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the economic entity's cash flow forecast for the year to 30 June 2015 and, in the light of this review and the current financial position, she is satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality depends on grants received from National Government (98%) as RSC levies were abolished in 2006.

The external auditors are responsible for auditing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 6 to 71, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2014 and were signed on his behalf by:

Palesa Matshidiso Elizabeth Kaota
Municipal Manager
Date: 31 August 2014
WELKOM

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2014.

Audit committee members and attendance

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

Name of member	Number of meetings attended
From January 2014	
Mr J Makoro (Chairperson)	1
Mr ET Femele	1
Mr NL Masoka	1
Mr K Khonkhe	1
Mr NL Phatlane	1
Until December 2013	
Mr PD Moeti (Chairperson)	4
Mr E Mahonga	3
Mr ET Femele	4
Mr J Makoro	2

Audit committee responsibility

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

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

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

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

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the economic entity and its audits.

Chairperson of the Audit Committee

Date:

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Statement of Financial Position as at 30 June 2014

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2014	2013	2014	2013 Restated
Assets					
Current Assets					
Cash and cash equivalents	3	22 895 556	22 667 743	18 464 437	19 981 927
Other financial assets	4	30 284 902	20 000 000	30 284 902	20 000 000
Receivables from exchange transactions		35 137	29 396	-	-
Receivables from non-exchange transactions	5	859 561	1 552 456	859 561	1 552 456
VAT receivable	6	-	4 750	-	4 750
		54 075 156	44 254 345	49 608 900	41 539 133
Non-Current Assets					
Property, plant and equipment	7	71 016 730	74 373 078	70 947 875	74 316 697
Intangible assets	8	1 610 797	3 027 432	1 610 437	3 020 182
Investments in controlled entities		-	-	100	100
		72 627 527	77 400 510	72 558 412	77 336 979
Total Assets		126 702 683	121 654 855	122 167 312	118 876 112
Liabilities					
Current Liabilities					
Payables from exchange transactions	9	7 077 907	6 642 155	7 021 293	6 459 301
Other financial liabilities	10	1 847 014	1 585 085	1 847 014	1 585 085
VAT payable	13	2 469 131	1 449 842	27 227	-
Employee benefit obligation	11	-	20 376	-	20 376
Long service awards	11	3 217 000	1 822 212	3 217 000	1 822 212
Unspent conditional grants and receipts		2 638 314	1 200 000	-	-
Provisions	12	842 307	381 341	842 307	381 341
		18 091 673	13 101 011	12 954 841	10 268 315
Non-Current Liabilities					
Other financial liabilities	10	13 113 088	14 960 102	13 113 088	14 960 102
Employee benefit obligation	11	7 588 000	5 584 584	7 588 000	5 584 584
		20 701 088	20 544 686	20 701 088	20 544 686
Total Liabilities		38 792 761	33 645 697	33 655 929	30 813 001
Net Assets		87 909 922	88 009 158	88 511 383	88 063 111
Share capital / contributed capital		100	100	-	-
Accumulated surplus		88 171 689	84 452 804	88 773 152	88 337 702
Total Net Assets		88 171 789	84 452 904	88 773 152	88 337 702

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2014	2013	2014	2013 Restated
Revenue					
Revenue from exchange transactions					
Interest received - trading		1 141 575	769 874	1 141 575	769 874
Other income	15	1 123 900	500 035	1 123 900	500 035
Government grants		1 174 398	2 254 149	-	-
Interest received - investment	16	3 010 559	2 511 604	2 824 496	2 425 189
Gains on disposal of assets		-	67 977	-	67 977
Total revenue from exchange transactions		6 450 432	6 103 639	5 089 971	3 763 075
Revenue from non-exchange transactions					
Transfer revenue					
Government grants and subsidies	17	103 760 000	100 511 840	103 760 000	100 511 840
Total revenue	14	110 210 432	106 615 479	108 849 971	104 274 915
Expenditure					
Employee related cost	18	(62 399 778)	(49 910 631)	(60 740 189)	(48 208 182)
Remuneration of councillors	19	(8 952 243)	(8 352 625)	(8 713 434)	(8 121 452)
Transfers to local municipalities		(1 563 049)	(1 950 000)	(1 563 049)	(1 950 000)
Depreciation and amortisation	21	(6 677 704)	(7 181 150)	(6 651 214)	(7 145 106)
Reversal of impairments / (Impairment loss)	22	2 911 381	(4 185)	2 911 381	(4 185)
Finance costs	23	(2 582 857)	(2 848 310)	(2 582 857)	(2 840 657)
Repairs and maintenance	24	(406 696)	(440 217)	(404 943)	(438 257)
Consulting and professional fees	25	(1 648 744)	(1 849 521)	(1 648 744)	(1 849 521)
Transfer to the Development Agency	2633	-	-	(2 500 000)	(2 500 000)
Loss on disposal of assets	26	(481 657)	-	(481 657)	-
General expenses	27	(25 354 842)	(29 443 287)	(22 862 012)	(27 509 423)
Total expenditure		(107 156 189)	(101 979 926)	(105 236 718)	(100 566 783)
Operating surplus		3 054 243	4 635 553	3 613 253	3 708 132
Surplus for the year		3 054 243	4 635 553	3 613 253	3 708 132

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Accumulated surplus	Total net assets
Economic entity			
Opening balance as previously reported	-	82 623 384	82 623 384
Adjustments			
Correction of errors	-	371 670	371 670
Balance at 01 July 2012 as restated*	-	82 995 054	82 995 054
Changes in net assets			
Adjustments on differences between the general ledger and the financial statements	-	(3 177 803)	(3 177 803)
Net income (losses) recognised directly in net assets	-	(3 177 803)	(3 177 803)
Surplus for the year	-	4 635 553	4 635 553
Total recognised income and expenses for the year	-	1 457 750	1 457 750
Total changes	-	1 457 750	1 457 750
Balance at 01 July 2013	-	84 452 803	84 452 803
Changes in net assets			
Additions - assets donated	-	11 500	11 500
Prior year adjustment	-	653 143	653 143
Net income (losses) recognised directly in net assets	-	664 643	664 643
Surplus for the year	-	3 054 243	3 054 243
Total recognised income and expenses for the year	-	3 718 886	3 718 886
Total changes	-	3 718 886	3 718 886
Balance at 30 June 2014	-	88 171 689	88 171 689
Note(s)			
Controlling entity			
Opening balance as previously reported	100	84 257 900	84 258 000
Adjustments			
Correction of errors	-	371 670	371 670
Balance at 01 July 2012 as restated*	100	84 629 570	84 629 670
Changes in net assets			
Surplus for the year	-	3 708 132	3 708 132
Total changes	-	3 708 132	3 708 132
Adjustments			
Prior year adjustments	-	(3 177 803)	(3 177 803)
Balance at 01 July 2013	100	85 159 899	85 159 999
Changes in net assets			
Surplus for the year	-	3 613 253	3 613 253
Total changes	-	3 613 253	3 613 253
Balance at 30 June 2014	100	88 773 152	88 773 252
Note(s)			

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Cash Flow Statement

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2014	2013	2014	2013 Restated
Cash flows from operating activities					
Receipts					
Grants		106 260 000	98 011 840	103 760 000	100 511 840
Interest income		3 010 559	2 511 604	2 824 496	2 425 189
Other receipts		11 415 720	6 240 028	5 869 751	339 514
		120 686 279	106 763 472	112 454 247	103 276 543
Payments					
Employee costs		(71 352 020)	(58 490 139)	(69 453 623)	(56 329 634)
Suppliers		(27 991 749)	(32 405 645)	(26 050 229)	(31 222 441)
Finance costs		(2 582 857)	(2 848 310)	(2 582 857)	(2 840 657)
Other payments		(4 148 742)	650 480	(1 648 742)	(1 849 520)
		(106 075 368)	(93 093 614)	(99 735 451)	(92 242 252)
Net cash flows from operating activities	30	14 610 911	13 669 858	12 718 796	11 034 291
Cash flows from investing activities					
Purchase of property, plant and equipment	7	(6 321 430)	(1 508 539)	(2 199 481)	(2 727 454)
Proceeds from sale of property, plant and equipment	7	1 617 996	1 276 108	(11 994)	1 276 108
Purchase of other intangible assets	8	-	-	(154 824)	-
Proceeds from sale of other intangible assets	8	-	-	-	1 076 734
Proceeds from sale of financial assets		(10 284 902)	(20 000 000)	(10 284 902)	(4 000 000)
Net cash flows from investing activities		(14 988 336)	(20 232 431)	(12 651 201)	(4 374 612)
Cash flows from financing activities					
Repayment of other financial liabilities		(1 585 085)	16 545 187	(1 585 085)	(1 793 047)
Net cash flows from financing activities		(1 585 085)	16 545 187	(1 585 085)	(1 793 047)
Net increase/(decrease) in cash and cash equivalents		(1 962 510)	9 982 614	(1 517 490)	4 866 632
Cash and cash equivalents at the beginning of the year		22 667 743	-	19 981 927	15 115 296
Cash and cash equivalents at the end of the year	3	20 705 233	9 982 614	18 464 437	19 981 928

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (note 43)
Figures in Rand						
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest received - trading	483 976	-	483 976	1 141 575	657 599	
Other income	80 000	-	80 000	1 123 900	1 043 900	
Interest received - investment	1 668 000	-	1 668 000	2 824 496	1 156 496	
Total revenue from exchange transactions	2 231 976	-	2 231 976	5 089 971	2 857 995	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants and subsidies	104 076 000	-	104 076 000	103 760 000	(316 000)	
Total revenue	106 307 976	-	106 307 976	108 849 971	2 541 995	
Expenditure						
Employee remuneration	(56 466 275)	(4 164 496)	(60 630 771)	(60 740 189)	(109 418)	
Remuneration of councillors	(8 373 642)	(313 444)	(8 687 086)	(8 713 434)	(26 348)	
Transfers to local municipalities	(3 450 000)	-	(3 450 000)	(1 563 049)	1 886 951	
Depreciation and amortisation	(6 026 791)	-	(6 026 791)	(6 651 214)	(624 423)	
Impairment loss/ Reversal of impairments	-	-	-	2 911 381	2 911 381	
Finance costs	(2 582 857)	-	(2 582 857)	(2 582 857)	-	
Repairs and maintenance	(640 475)	(29 500)	(669 975)	(404 943)	265 032	
Consulting and professional fees	(923 740)	(416 500)	(1 340 240)	(1 648 744)	(308 504)	
Grants and subsidies paid	(2 500 000)	-	(2 500 000)	(2 500 000)	-	
General expenses	(23 900 412)	(877 131)	(24 777 543)	(22 862 012)	1 915 531	
Total expenditure	(104 864 192)	(5 801 071)	(110 665 263)	(104 755 061)	5 910 202	
Operating surplus	1 443 784	(5 801 071)	(4 357 287)	4 094 910	8 452 197	
Loss on disposal of assets and liabilities	-	-	-	(481 657)	(481 657)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	1 443 784	(5 801 071)	(4 357 287)	3 613 253	7 970 540	

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Annual Financial Statements for the year ended 30 June 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (note 43)
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Other financial assets	25 000 000	-	25 000 000	30 284 902	5 284 902	
Receivables from non-exchange transactions	1 255 000	302 000	1 557 000	859 561	(697 439)	
Cash and cash equivalents	11 035 000	3 947 000	14 982 000	18 464 437	3 482 437	
	37 290 000	4 249 000	41 539 000	49 608 900	8 069 900	
Non-Current Assets						
Property, plant and equipment	70 923 000	2 800 000	73 723 000	70 947 875	(2 775 125)	
Intangible assets	5 423 000	(2 303 000)	3 120 000	1 610 437	(1 509 563)	
Investments in controlled entities	-	-	-	100	100	
	76 346 000	497 000	76 843 000	72 558 412	(4 284 588)	
Total Assets	113 636 000	4 746 000	118 382 000	122 167 312	3 785 312	
Liabilities						
Current Liabilities						
Other financial liabilities	1 585 000	-	1 585 000	1 585 085	85	
Payables from exchange transactions	7 043 000	(584 000)	6 459 000	7 021 293	562 293	
VAT payable	-	-	-	27 227	27 227	
Employee benefit obligation	20 000	-	20 000	-	(20 000)	
Provisions	1 130 000	1 074 000	2 204 000	842 307	(1 361 693)	
Long service awards	-	-	-	3 217 000	3 217 000	
	9 778 000	490 000	10 268 000	12 692 912	2 424 912	
Non-Current Liabilities						
Other financial liabilities	14 960 000	-	14 960 000	13 375 017	(1 584 983)	
Employee benefit obligation	7 407 000	(1 822 000)	5 585 000	7 588 000	2 003 000	
	22 367 000	(1 822 000)	20 545 000	20 963 017	418 017	
Total Liabilities	32 145 000	(1 332 000)	30 813 000	33 655 929	2 842 929	
Net Assets	81 491 000	6 078 000	87 569 000	88 511 383	942 383	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	81 491 000	6 078 000	87 569 000	88 511 383	942 383	

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (note 43)
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Grants	104 076 000	-	104 076 000	103 760 000	(316 000)	
Interest income	1 668 000	-	1 668 000	2 818 522	1 150 522	
Other receipts	80 000	-	80 000	2 326 050	2 246 050	
	105 824 000	-	105 824 000	108 904 572	3 080 572	
Payments						
Employee costs	-	-	-	(69 453 623)	(69 453 623)	
Suppliers	(93 312 000)	(2 793 000)	(96 105 000)	(23 299 185)	72 805 815	
Finance costs	(2 583 000)	-	(2 583 000)	(2 582 857)	143	
Transfers and grants	(5 950 000)	-	(5 950 000)	-	5 950 000	
Other cash item	-	-	-	(1 648 744)	(1 648 744)	
	(101 845 000)	(2 793 000)	(104 638 000)	(96 984 409)	7 653 591	
Net cash flows from operating activities	3 979 000	(2 793 000)	1 186 000	11 920 163	10 734 163	
Cash flows from investing activities						
Purchase of property, plant and equipment	(2 166 000)	(1 663 000)	(3 829 000)	(2 199 481)	1 629 519	
Proceeds from sale of property, plant and equipment	-	-	-	414 766	414 766	
Purchase of other intangible assets	-	-	-	(154 824)	(154 824)	
Purchase of financial assets	-	(7 923 000)	(7 923 000)	(10 000 000)	(2 077 000)	
Net cash flows from investing activities	(2 166 000)	(9 586 000)	(11 752 000)	(11 939 539)	(187 539)	
Cash flows from financing activities						
Repayment of borrowings	(1 847 000)	(271 000)	(2 118 000)	(1 585 085)	532 915	
Net increase/(decrease) in cash and cash equivalents	(34 000)	(12 650 000)	(12 684 000)	(1 604 461)	11 079 539	
Cash and cash equivalents at the beginning of the year	15 115 000	11 081 000	26 196 000	19 981 927	(6 214 073)	
Cash and cash equivalents at the end of the year	15 081 000	(1 569 000)	13 512 000	18 377 466	4 865 466	
Reconciliation						
Economic entity - 2014						
Financial Performance						
Investment revenue	-	1 668 000	1 668 000	-	1 668 000	3 010 559
Transfers recognised - operational	-	-	-	-	-	1 174 398
Other own revenue	-	563 976	563 976	-	563 976	2 265 475

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Annual Financial Statements for the year ended 30 June 2014

Total revenue (excluding capital transfers and contributions)	-	2 231 976	2 231 976	-		2 231 976	6 450 432		4 218 456	289 % DIV/0 %
Employee costs	-	(60 630 771)	(60 630 771)	-	-	(60 630 771)	(62 399 778)	-	(1 769 007)	103 % DIV/0 %
Remuneration of councillors	-	(8 687 086)	(8 687 086)	-	-	(8 687 086)	(8 952 243)	-	(265 157)	103 % DIV/0 %
Depreciation and asset impairment	-	(6 026 791)	(6 026 791)	-		(6 026 791)	(3 766 323)	-	2 260 468	62 % DIV/0 %
Finance charges	-	(2 582 857)	(2 582 857)	-	-	(2 582 857)	(2 582 857)	-	-	100 % DIV/0 %
Transfers and grants	-	(2 500 000)	(2 500 000)	-	-	(2 500 000)	-	-	2 500 000	- % DIV/0 %
Other expenditure	-	(29 019 344)	(29 019 344)	-	-	(29 019 344)	(29 454 988)	-	(435 644)	102 % DIV/0 %
Total expenditure	-	(109 446 849)	(109 446 849)	-	-	(109 446 849)	(107 156 189)	-	2 290 660	98 % DIV/0 %
Surplus/(Deficit)	-	(107 214 873)	(107 214 873)	-		(107 214 873)	(100 705 757)		6 509 116	94 % 94 %

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Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital		- 104 076 000	104 076 000		-	104 076 000	103 760 000		(316 000)	100 %	DIV/0 %
Surplus (Deficit) after capital transfers and contributions		- (3 138 873)	(3 138 873)		-	(3 138 873)	3 054 243		6 193 116	(97)%	DIV/0 %
Surplus/(Deficit) for the year		- (3 138 873)	(3 138 873)		-	(3 138 873)	3 054 243		6 193 116	(97)%	DIV/0 %

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Controlling entity - 2014											
Financial Performance											
Investment revenue	1 668 000		-	1 668 000	-	1 668 000	2 824 496		1 156 496	169 %	169 %
Grants	104 076 000		-	104 076 000	-	104 076 000	103 760 000		(316 000)	100 %	100 %
Other income	563 976		-	563 976	-	563 976	2 265 475		1 701 499	402 %	402 %
Total revenue (excluding capital transfers and contributions)	106 307 976		-	106 307 976	-	106 307 976	108 849 971		2 541 995	102 %	102 %
Employee costs	(56 466 275)	(4 164 496)		(60 630 771)	-	(60 630 771)	(60 740 189)		(109 418)	100 %	108 %
Remuneration of councillors	(8 374 000)	(313 086)		(8 687 086)	-	(8 687 086)	(8 713 434)		(26 348)	100 %	104 %
Depreciation and asset impairment	(6 026 791)		-	(6 026 791)		(6 026 791)	(3 739 833)		2 286 958	62 %	62 %
Finance charges	(2 582 857)		-	(2 582 857)	-	(2 582 857)	(2 582 857)		-	100 %	100 %
Grants and subsidies paid	(2 500 000)		-	(2 500 000)	-	(2 500 000)	(2 500 000)		-	100 %	100 %
Other expenditure	(28 914 269)	(1 323 489)		(30 237 758)	-	(30 237 758)	(26 960 405)		3 277 353	89 %	93 %
Total expenditure	(104 864 192)	(5 801 071)		(110 665 263)	-	(110 665 263)	(105 236 718)		5 428 545	95 %	100 %
Surplus/(Deficit)	1 443 784	(5 801 071)		(4 357 287)	-	(4 357 287)	3 613 253		7 970 540	(83)%	250 %
Transfers recognised - capital	79 341 000	24 735 000		104 076 000	-	104 076 000	103 760 000		(316 000)	100 %	131 %
Surplus (Deficit) after capital transfers and contributions	80 784 784	18 933 929		99 718 713	-	99 718 713	107 373 253		7 654 540	108 %	133 %
Surplus/(Deficit) for the year	80 784 784	18 933 929		99 718 713	-	99 718 713	107 373 253		7 654 540	108 %	133 %

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the economic entity will continue to operate as a going concern for at least the next 12 months.

1.2 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the controlling entity and all controlled entities, including special purpose entities, which are controlled by the controlling entity.

The results of controlled entities, are included in the consolidated annual financial statements from the effective date of acquisition or date when control commences to the effective date of disposal or date when control ceases. The difference between the proceeds from the disposal of the controlled entity and its carrying amount as of the date of disposal, is recognised in the consolidated statement of financial performance as the surplus or deficit on the disposal of the controlled entity.

An investment in a controlled entity is accounted for in accordance with the Standards of GRAP on Financial Instruments from the date that it ceases to be a controlled entity, unless it becomes an associate or a jointly controlled entity, in which case it is accounted for as such. The carrying amount of the investment at the date that the entity ceases to be a controlled entity is regarded as the cost on initial recognition of a financial asset in accordance with the Standards of GRAP on Financial Instruments.

The annual financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as of the same reporting date.

Adjustments are made when necessary to the annual financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

Non-controlling interest in the surplus or deficit of the controlling entity is separately disclosed.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Receivables

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

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable (service) amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

Value in use of cash generating 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. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors such as inflation and interest.

Value in use of non-cash generating assets

The 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. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependant on the availability of data and the nature of the impairment.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 Provisions.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on industry norm. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

Post retirement benefits

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

The 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. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the economic entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 11.

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Effective interest rate

The economic entity used the prime interest rate to discount future cash flows.

Allowance for impairment

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

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment are initially recognised at cost.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost), unless the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

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

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

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

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

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

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

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

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.4 Property, plant and equipment (continued)

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

Item	Average useful life
Land	Not depreciated
Buildings	
· Buildings	30 years
· Paving	30 years
Plant and machinery	5 years
Furniture and fixtures	5 years
Motor vehicles	7 years
Office equipment	4 years
Emergency equipment	5 years
Other property, plant and equipment	5 years

The residual value, 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 economic entity to amend the previous estimate unless expectations differ from the previous estimate.

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

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

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

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

1.5 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

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

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.5 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

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

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

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

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

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

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

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

Item	Useful life
Computer software	3 years

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the intangible asset. Such difference is recognised in surplus or deficit when the intangible asset is derecognised.

1.6 Investments in controlled entities

Controlling entity annual financial statements

In the municipality's separate annual financial statements, investments in investments in controlled entities are carried at cost less any accumulated impairment.

The cost of an investment in controlled entity is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the municipality; plus
- any costs directly attributable to the purchase of the controlled entity.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.7 Financial instruments

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

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.7 Financial instruments (continued)

Classification

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

Class	Category
Other financial assets	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Financial liabilities	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost

Initial recognition

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

The economic entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The economic entity measures a financial asset and financial liability, other than those subsequently measures at fair value, initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The economic entity measures all other financial assets and financial liabilities initially at fair value.

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

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

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

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

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the economic entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the economic entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on economic entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the economic entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

For amounts due to the economic entity, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

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

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1.7 Financial instruments (continued)

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 by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial assets measured at cost:

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

Derecognition

Financial assets

The economic entity derecognises financial assets using trade date accounting.

The economic entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the economic entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the economic entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the economic entity:
 - derecognises the asset; and
 - recognises separately any rights and obligations created or retained in the transfer.

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

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

Financial liabilities

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

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

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

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Accounting Policies

1.8 Leases

Operating leases - lessor

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

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Any contingent rents are recognised separately as revenue in the period in which they are received.

Operating leases - lessee

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

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis over the lease term.

Any contingent rents are recognised separately as an expense in the period in which they are incurred.

1.9 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally 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.

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.

1.10 Impairment of cash-generating assets

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

Identification

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

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

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

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Accounting Policies

1.10 Impairment of cash-generating assets (continued)

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the economic entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the economic entity applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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Accounting Policies

1.10 Impairment of cash-generating assets (continued)

Cash-generating units

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 economic entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the economic entity uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the economic entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

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

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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Accounting Policies

1.10 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

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

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

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

1.11 Impairment of non-cash-generating assets

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

Identification

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

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

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

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Accounting Policies

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

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

Depreciated replacement cost approach

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

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the economic entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

Reversal of an impairment loss

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

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

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

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

1.12 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an economic entity after deducting all of its liabilities.

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Accounting Policies

1.13 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

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

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

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

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

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

Post-employment benefits

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

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

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

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Accounting Policies

1.13 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

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

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

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

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

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1.13 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the economic entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the economic entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The economic entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The economic entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The economic entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses, which is recognised immediately;
- past service cost, which is recognised immediately;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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Accounting Policies

1.13 Employee benefits (continued)

The economic entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the economic entity attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the economic entity attributes benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The economic entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the economic entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

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

The economic entity offsets an asset relating to one plan against a liability relating to another plan when the economic entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

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Accounting Policies

1.13 Employee benefits (continued)

Other long-term employee benefits

The economic entity has an obligation to provide long-term service allowance benefits to all of its employees. According to the rules of the long-term service allowance scheme, which the economic entity 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 economic entity's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for long-term service awards is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The economic entity recognises the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which is recognised immediately;
- past service cost, which is recognised immediately; and
- the effect of any curtailments or settlements.

Termination benefits

The economic entity recognises termination benefits as a liability and an expense when the economic entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The economic entity is demonstrably committed to a termination when the economic entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than twelve months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.14 Provisions and contingencies (continued)

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

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

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

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

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

Provisions are not recognised for future operating expenditure.

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

A constructive obligation to restructure arises only when the economic entity:

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

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

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the economic entity.

A contingent liability:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the economic entity; or
- a present obligation that arises from past events but is not recognised because:
 - it is not probable than an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
 - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

1.15 Revenue from exchange transactions

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

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

Measurement

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

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.15 Revenue from exchange transactions (continued)

Interest and investment income

Revenue arising from the use by others of municipality assets yielding interest or similar distributions is recognised when:

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

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

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

1.16 Revenue from non-exchange transactions

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

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

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

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

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

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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

Recognition

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

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

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

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Measurement

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

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

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

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are not recognised.

1.17 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Unauthorised expenditure

Unauthorised expenditure means:

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

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

1.19 Fruitless and wasteful expenditure

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

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

1.20 Irregular expenditure

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

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

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.21 Grants in aid

The economic entity transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the economic entity does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events giving rise to the transfer occurred.

1.22 Commitments

Items are classified as commitments where the economic entity commits itself to future transactions that will normally result in the outflow of resources.

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments;
- where the expenditure has been approved and the contract has been awarded at the reporting date; and
- where disclosure is required by a specific standard of GRAP.

1.23 Budget information

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

The approved budget covers the fiscal period from 2013/07/01 to 2014/06/30.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.24 Related parties

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

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

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.25 Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements.

Events after the reporting date that are classified as non-adjusting events have been disclosed in the notes to the financial statements.

1.26 VAT

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

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

GRAP 25: Employee Benefits

The objective of GRAP 25 is to prescribe the accounting and disclosure for employee benefits. The standard requires the economic entity to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when the economic entity consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

The standard states the recognition, measurement and disclosure requirements of:

- short-term employee benefits;
 - all short-term employee benefits;
 - short-term compensated absences;
 - bonus, incentive and performance related payments;
- post-employment benefits: Defined contribution plans;
- other long-term employee benefits; and
- termination benefits.

The major difference between this standard (GRAP 25) and IAS 19(R) is with regards to the treatment of actuarial gains and losses and past service costs. This standard requires the economic entity to recognise all actuarial gains and losses and past service costs immediately in the statement of financial performance once occurred.

All amendments to be applied retrospectively.

The effective date of the standard is for years beginning on or after 01 April 2013.

The economic entity has adopted the standard for the first time in the 2014 annual financial statements.

The impact of the standard is not material.

GRAP 1 (as revised 2012): Presentation of Financial Statements

Minor amendments were made to the statement of financial performance as well as the statement of changes in net assets.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013

The economic entity has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors

Amendments were made to changes in accounting policies. A change to the cost model when a reliable measure of fair value is no longer available (or vice versa) for an asset that a standard of GRAP would otherwise require or permit to be measured at fair value is no longer considered to be a change in an accounting policy in terms of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010).

The effective date of the amendment is for years beginning on or after 01 April 2013

The economic entity has adopted the amendment for the first time in the 2014 annual financial statements.

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The impact of the amendment is not material.

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Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated

2. New standards and interpretations (continued)

GRAP 9 (as revised 2012): Revenue from Exchange Transactions

Amendments were made to the scope and definitions.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The economic entity has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

GRAP 13 (as revised 2012): Leases

Amendments were made to disclosures.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The economic entity has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

GRAP 17 (as revised 2012): Property, Plant and Equipment

Amendments were made to measurement at recognition, disposals and disclosure. Changes were made to ensure the consistent application of the principle where assets are acquired in exchange for non-monetary assets when the exchange transaction lacks commercial substance. Furthermore the requirement to disclose property, plant and equipment that were temporarily idle has been clarified.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The economic entity has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

IGRAP 1 (as revised 2012): Applying the Probability Test on Initial Recognition of Revenue

This interpretation now addresses the manner in which the economic entity applies the probability test on initial recognition of both:

- (a) exchange revenue (GRAP 9); and
- (b) non-exchange revenue (GRAP 23).

All amendments to be applied prospectively.

The effective date of the interpretation is for years beginning on or after 01 April 2013.

The economic entity has adopted the interpretation for the first time in the 2014 annual financial statements.

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

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Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated

2. New standards and interpretations (continued)

2.2 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 2014 or later periods:

GRAP 20: Related Parties

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

The economic entity (in this standard referred to as the reporting entity) applies this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between the economic entity and its related parties;
- identifying the circumstances in which disclosure of the items in bullet one and two is required; and
- determining the disclosures to be made about those items.

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

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

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

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

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

The standard elaborates on the definitions and identification of:

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

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Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated

2. New standards and interpretations (continued)

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

- control;
- related party transactions; and
- remuneration of management.

Only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

The standard requires that remuneration of management must be disclosed per person and in aggregate.

The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The economic entity expects to adopt the standard for the first time once it becomes effective.

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

GRAP 5 (revised 2013): Borrowing Costs

Benchmark treatment is to recognise borrowing costs as an expense.

Allowed alternative is to capitalise borrowing costs if it is attributable to the acquisition, construction or production of a qualifying asset. All other instances, expense borrowing costs.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2014.

The economic entity expects to adopt the amendment for the first time in the 2015 annual financial statements.

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

GRAP 100 (revised 2013): Discontinued Operations

All accounting, presentation and disclosure requirements with regards to non-current assets held for sale (or disposal groups) have been deleted. The impact of the amendments is:

- Will no longer be required to reclassify assets as held for sale. GRAP 100 now only deals with discontinued operations.
- Certain disclosure must be made if, at the reporting date, management has taken a decision to dispose of a significant asset or a group of assets and liabilities. Will fall under the Standard of GRAP on Presentation of Financial Statements.

Measurement requirements are to be applied prospectively and presentation and disclosure requirements are to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2014.

The economic entity expects to adopt the amendment for the first time in the 2015 annual financial statements.

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

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Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
3. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	2 200	2 909	2 200	2 200
Bank balances	22 892 356	20 026 301	18 462 237	19 979 727
Short-term deposits	1 000	2 638 533	-	-
	22 895 556	22 667 743	18 464 437	19 981 927

None of the bank accounts were pledged as security.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2014	30 June 2013	30 June 2012	30 June 2014	30 June 2013	30 June 2012
ABSA Bank - cheque account - 1340000117	14 692 987	4 041 011	5 579 247	14 375 267	4 041 011	5 113 096
Nedbank - fixed account - 000025	-	-	5 000 000	-	-	5 000 000
Nedbank - fixed account - 000026	-	-	5 000 000	-	-	5 000 000
Standard Bank - fixed account - 248538810007	-	5 000 000	-	-	5 000 000	-
ABSA - fixed account - 2073233315	-	5 000 000	-	-	5 000 000	-
ABSA call account - 92 7783 0198	5 974	-	-	5 974	-	-
ABSA - call account - 9275618908	-	5 938 716	-	-	5 938 716	-
ABSA Bank - call account - 9292006970	4 080 996	-	-	4 080 996	-	-
Cash on hand	2 200	2 200	2 200	2 200	2 200	2 200
Total	18 782 157	19 981 927	15 581 447	18 464 437	19 981 927	15 115 296

4. Other financial assets

At amortised cost

African Bank fixed account	-	5 000 000	-	5 000 000
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The maturity date of the investment was 2013/07/02 and interest is earned at a rate of 5.80% per annum.

Standard bank fixed account	10 093 580	-	10 093 580	-
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There are two investments at year end each to the value of R5,000,000, the details are as follows:

Account no: 248538810007 - maturity date 2014/07/01 at an interest rate of 5.80%.

Account no: 248538810008 - maturity date 2014/09/02 at a interest rate of 5.90%.

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
4. Other financial assets (continued)				
Nedbank fixed account	10 096 760	10 000 000	10 096 760	10 000 000
There are two investments at year end each to the value of R5,000,000, the details are as follows: Account no: 03/7662020096/000025 - maturity date 2014/07/01 at an interest rate of 5.85%. Account no: 03/7662020096/000026 - maturity date 2014/09/02 at a interest rate of 6.00%.				
FNB fixed account	10 094 562	5 000 000	10 094 562	5 000 000
There are two investments at year end each to the value of R5,000,000, the details are as follows: Account no: 74446795864 - maturity date 2014/07/01 at an interest rate of 5.90%. Account no: 74457257994 - maturity date 2014/09/02 at a interest rate of 5.90%.				
	30 284 902	20 000 000	30 284 902	20 000 000
Current assets				
At amortised cost	30 284 902	20 000 000	30 284 902	20 000 000

Although the maturity date of the investments indicate that the investments needs to be disclosed as cash and cash equivalent, the initial purpose of investments are considered for classifying the asset as a financial asset or a cash and cash equivalent asset.

None of the financial assets were pledged as security.

Financial assets at fair value

Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 2

African Bank fixed deposit	-	-	-	5 000 000
Standard Bank fixed deposit	-	-	10 093 580	-
Nedbank fixed deposit	-	-	10 096 760	10 000 000
FNB fixed deposit	-	-	10 094 562	5 000 000
	-	-	30 284 902	20 000 000

Renegotiated terms

None of the financial assets that are fully performing have been renegotiated in the last year.

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
5. Receivables from non-exchange transactions				
Deposits	4 700	4 700	4 700	4 700
Payments made in advance	-	1 008	-	1 008
Sundry receivables	10 310 090	13 916 795	10 310 090	13 916 795
Less: Allowance for impairment	(9 455 229)	(12 370 047)	(9 455 229)	(12 370 047)
	859 561	1 552 456	859 561	1 552 456

Included in other receivables are irregular expenditure incurred during the financial year. Refer to note 43.

None of the receivables were pledged as security.

Credit quality of receivables from non-exchange transactions

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

Receivables from non-exchange transactions past due but not impaired

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

> 3 months past due	-	-	859 561	1 552 456
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Receivables from non-exchange transactions impaired

Reconciliation of allowance for impairment

Opening balance	-	-	12 370 047	10 592 346
Allowance for impairment	-	-	(2 914 819)	1 777 701
	-	-	9 455 228	12 370 047

Management is of the opinion that the carrying value of the sundry receivables are approximate their fair values.

The fair value of sundry receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and National / Provincial departments as well as sundry receivables. The current payment ratio's of sundry receivables were also taken into account for fair value determination.

6. VAT receivable

VAT	-	4 750	-	4 750
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Notes to the Annual Financial Statements

Figures in Rand	Economic entity			Controlling entity		
	2014	2013		2014	2013 Restated	
7. Property, plant and equipment						
Economic entity	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 870 000	-	2 870 000	2 870 000	-	2 870 000
Buildings	73 139 926	(12 717 647)	60 422 279	73 139 926	(10 389 125)	62 750 801
Plant and machinery	719 620	(523 177)	196 443	-	-	-
Furniture and fixtures	4 100 028	(2 585 414)	1 514 614	149 334	(148 334)	1 000
Motor vehicles	1 836 551	(136 747)	1 699 804	1 424 480	(395 120)	1 029 360
Office equipment	6 520 470	(3 721 397)	2 799 073	97 137	(49 191)	47 946
IT equipment	32 868	(22 691)	10 177	67 384	(59 949)	7 435
Other property, plant and equipment	2 896 359	(1 567 319)	1 329 040	13 468 809	(5 802 273)	7 666 536
Minor plant	352 777	(177 477)	175 300	-	-	-
Total	92 468 599	(21 451 869)	71 016 730	91 217 070	(16 843 992)	74 373 078
Controlling entity	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 870 000	-	2 870 000	2 870 000	-	2 870 000
Buildings	73 139 926	(12 717 647)	60 422 279	73 139 926	(10 389 125)	62 750 801
Plant and machinery	719 620	(523 177)	196 443	-	-	-
Furniture and fixtures	3 953 976	(2 439 383)	1 514 593	-	-	-
Motor vehicles	1 836 551	(136 747)	1 699 804	1 424 480	(395 120)	1 029 360
Office equipment	6 429 971	(3 689 555)	2 740 416	-	-	-
Other property, plant and equipment	2 896 359	(1 567 319)	1 329 040	13 468 809	(5 802 273)	7 666 536
Minor plant	352 777	(177 477)	175 300	-	-	-
Total	92 199 180	(21 251 305)	70 947 875	90 903 215	(16 586 518)	74 316 697

Reconciliation of property, plant and equipment - Controlling entity - 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Land	2 870 000	-	-	-	2 870 000
Buildings	62 750 801	-	-	(2 328 522)	60 422 279
Plant and machinery	319 283	6 946	(1 322)	(128 464)	196 443
Furniture and fixtures	2 173 585	50 255	(9 764)	(699 483)	1 514 593
Motor vehicles	1 029 360	1 197 481	(434 224)	(92 813)	1 699 804
Office equipment	3 404 034	682 084	(36 347)	(1 309 355)	2 740 416
Other property, plant and equipment	1 561 638	262 715	-	(495 313)	1 329 040
Emergency equipment	207 994	-	-	(32 694)	175 300
	74 316 695	2 199 481	(481 657)	(5 086 644)	70 947 875

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Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2013

	Opening balance	Additions	Disposals	Depreciation	Total
Land	2 870 000	-	-	-	2 870 000
Buildings	65 134 034	48 640	-	(2 431 873)	62 750 801
Motor vehicles	1 119 845	200 000	(200 000)	(90 485)	1 029 360
Other property, plant and equipment	10 203 417	2 478 814	(1 008 131)	(4 007 564)	7 666 536
Total	79 327 296	2 727 454	(1 208 131)	(6 529 922)	74 316 697

Pledged as security

None of the assets were pledged as security.

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.

8. Intangible assets

Economic entity	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	6 567 339	(4 956 902)	1 610 437	6 412 515	(3 392 333)	3 020 182
Computer software, other	27 281	(26 921)	360	27 281	(20 031)	7 250
Total	6 594 620	(4 983 823)	1 610 797	6 439 796	(3 412 364)	3 027 432

Controlling entity	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	6 567 339	(4 956 902)	1 610 437	6 412 515	(3 392 333)	3 020 182

Reconciliation of intangible assets - Controlling entity - 2014

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	3 020 182	154 824	(1 564 569)	1 610 437

Reconciliation of intangible assets - Controlling entity - 2013

	Opening balance	Disposals	Amortisation	Total
Computer software, internally generated	4 712 100	(1 076 734)	(615 184)	3 020 182

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Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated

8. Intangible assets (continued)

Pledged as security

None of the assets were pledged as security.

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.

Lejweleputswa District Municipality Consolidation

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Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
9. Payables from exchange transactions				
Trade payables	1 538 466	1 042 970	1 538 466	1 042 970
Accrued leave pay	4 202 293	4 265 028	4 202 293	4 265 028
Accrued bonus	-	50 780	-	-
Other accrued expenses	1 240	54 478	-	-
Retention creditors	184 249	87 293	184 249	87 293
Annual bonus accrued	1 096 285	1 064 010	1 096 285	1 064 010
Salaries and wages	-	13 313	-	-
Accrued leave	55 374	64 283	-	-
	7 077 907	6 642 155	7 021 293	6 459 301
10. Other financial liabilities				
At amortised cost				
DBSA loan (61003236)	2 191 331	2 375 098	2 191 331	2 375 098
DBSA loan (61003237)	1 679 239	1 820 062	1 679 239	1 820 062
DBSA loan (61004020)	(20)	(20)	(20)	(20)
DBSA loan (61001256)	289 883	332 468	289 883	332 468
DBSA loan (61001257)	69 584	81 549	69 584	81 549
DBSA loan (61001258)	358 257	419 859	358 257	419 859
DBSA loan (61001259)	742 529	851 609	742 529	851 609
DBSA loan (61001299)	1 834 524	2 149 970	1 834 524	2 149 970
DBSA loan (61003159)	7 794 775	8 514 592	7 794 775	8 514 592
	14 960 102	16 545 187	14 960 102	16 545 187
Total other financial liabilities	14 960 102	16 545 187	14 960 102	16 545 187
<p>These loans are from the Development Bank of South Africa and repayments are made on a six monthly basis. The last loan will be redeemed at 31 December 2020 and the loans bear interest between 10% and 16.5%.</p> <p>The municipality did not default on any of the other financial liabilities, whether it be on the capital or the interest portions, and none of the terms attached to the other financial liabilities were renegotiated. Refer to Appendix A.</p>				
Non-current liabilities				
At amortised cost	13 113 088	14 960 102	13 113 088	14 960 102
Current liabilities				
At amortised cost	1 847 014	1 585 085	1 847 014	1 585 085

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Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
11. Employee benefit obligations				
Defined benefit plan				
The plan is a post employment medical benefit plan.				
Post retirement medical aid plan				
The municipality provides certain post-retirement health care benefits by finding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates as unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.				
The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by ZAQEN Consultants and Actuaries. 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.				
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:				
* Bonitas				
* Hosmed				
* Keyhealth				
* LA Health				
* Samwumed				
The members of the post-employment health care benefit plan are made up as follows:				
In service members (employees)	-	-	97	97
In service members (employees) - non - members	-	-	13	13
Continuation members (retirees, widowers and orphans)	-	-	1	1
	-	-	111	111
The amounts recognised in the statement of financial position are as follows:				
Employee benefit obligations	-	-	7 588 000	5 604 960
Movement in the present value of the employee benefit obligation				
Opening balance	-	-	5 604 960	5 522 750
Current service cost	-	-	637 084	438 517
Interest	-	-	547 041	485 730
Actuarial (gain) losses	-	-	829 915	(823 437)
Benefits paid by the plan	-	-	(31 000)	(18 600)
	-	-	7 588 000	5 604 960

The following main assumptions were used in performing the valuation at 30 June 2014

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
11. Employee benefit obligations (continued)				
Discount rate	-	-	9,09 %	9,78 %
Consumer price inflation	-	-	7,19 %	6,59 %
Health care cost inflation	-	-	8,19 %	8,09 %
Net discount rate	-	-	0,83 %	1,56 %
Health care cost inflation				
The effect of a one percent increase and decrease in the health care cost inflation rate is as follows:			Increase 1%	Decrease 1%
Employer benefit liability	-	-	7 801 000	7 281 000
Employer service cost	-	-	879 000	818 000
Employer interest cost	-	-	748 000	698 000
Long service awards				
The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by ZAQEN Consultants and Actuaries. The projected unit credit funding method has been used to determine the past - service liabilities at the valuation date and the projected annual expense in the year following the valuation date.				
The expected value of each employee's long service award is projected to the next interval by allowing for future salary growth.				
Long service benefits are awarded in the form of leave days and a percentage of salary. We have converted the awarded leave days into a percentage of the employee's annual salary. The conversion is based on a 250 working day year.				
The amounts recognised in the statement of financial position are as follows:				
Carrying value				
Present value of long service awards obligation	3 217 000	1 822 212	3 217 000	1 822 212
Non-current liabilities	(7 588 000)	(5 584 584)	(7 588 000)	(5 584 584)
Current liabilities	-	(20 376)	-	(20 376)
	(7 588 000)	(5 604 960)	(7 588 000)	(5 604 960)
Changes in the present value of the long service award obligation are as follows:				
Opening balance	1 822 212	2 147 003	1 822 212	2 147 003
Benefits paid	(269 000)	(289 537)	(269 000)	(289 537)
Net expense recognised	1 663 788	(35 254)	1 663 788	(35 254)
	3 217 000	1 822 212	3 217 000	1 822 212
Net expense of the long service awards obligation recognised in the statement of financial performance				
Opening balance (ignore)	(35 254)	-	(35 254)	-
Current service cost	289 980	266 288	289 980	266 288
Interest cost	126 473	142 896	126 473	142 896
Actuarial gains (losses)	1 247 335	(444 438)	1 247 335	(444 438)
	1 628 534	(35 254)	1 628 534	(35 254)

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
11. Employee benefit obligations (continued)				
Key assumptions used				
Assumptions used at the reporting date:				
Discount rates used	8,06 %	7,35 %	8,06 %	7,35 %
Consumer price inflation	6,37 %	5,79 %	6,37 %	5,79 %
Salary increase rate	7,37 %	6,79 %	7,37 %	6,79 %
Net discount rate	0,64 %	0,53 %	0,64 %	0,53 %

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

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Figures in Rand

12. Provisions

Reconciliation of provisions - Controlling entity - 2014

Performance bonus provision

Reconciliation of provisions - Controlling entity - 2013

Performance bonus provision

Performance bonuses accrue to senior managers on an accrual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date and is dependent on the favourable performance of senior managers having met agreed conditions. The balance at year end includes the performance bonuses not paid to senior managers. The performance bonuses are expected to be paid in the next financial reporting period. There is no expected reimbursement from the provision.

The expected cash outflow of the performance bonus is within the next financial year dependent on the outcome of the performance assessment for the individual. There is no expected reimbursement amounts from this provision.

13. VAT payable

VAT	2 469 131	1 449 842	27 227	-
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Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
14. Revenue				
Interest received - trading	1 141 575	769 874	1 141 575	769 874
Other income	1 123 900	500 035	1 123 900	500 035
Government grants	1 174 398	2 254 149	-	-
Interest received - investment	3 010 559	2 511 604	2 824 496	2 425 189
Government grants and subsidies	103 760 000	100 511 840	103 760 000	100 511 840
	110 210 432	106 547 502	108 849 971	104 206 938

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

Interest received - trading	1 141 575	769 874	1 141 575	769 874
Other income - rollup	1 123 900	500 035	1 123 900	500 035
Government grants	1 174 398	2 254 149	-	-
Interest received - investment	3 010 559	2 511 604	2 824 496	2 425 189
	6 450 432	6 035 662	5 089 971	3 695 098

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

Grants and subsidies

Government grants & subsidies	103 760 000	100 511 840	103 760 000	100 511 840
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15. Other income

Other income	1 123 900	500 035	1 123 900	500 035
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16. Investment revenue

Interest revenue

Interest received - investment	3 010 559	2 511 604	2 824 496	2 425 189
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Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
17. Government grants and subsidies				
Operating grants				
Equitable share	24 657 562	23 150 066	24 657 562	23 150 066
Financial Management Grant	1 250 000	1 307 681	1 250 000	1 307 681
Expanded Public Works Programme	1 000 000	1 000 000	1 000 000	1 000 000
Municipal Systems Improvement Programme Grant	890 000	1 092 159	890 000	1 092 159
Levy Replacement (Transitional) Grant	75 962 438	73 961 934	75 962 438	73 961 934
	103 760 000	100 511 840	103 760 000	100 511 840
	103 760 000	100 511 840	103 760 000	100 511 840
Conditional and Unconditional				
Included in above are the following grants and subsidies received:				
Conditional grants received	2 140 000	2 399 840	2 140 000	2 399 840
Unconditional grants received	101 620 000	98 112 000	101 620 000	98 112 000
	103 760 000	100 511 840	103 760 000	100 511 840
Equitable Share				
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.				
Financial Management Grant				
Current-year receipts	1 250 000	1 250 000	1 250 000	1 250 000
Conditions met - transferred to revenue	(1 250 000)	(1 250 000)	(1 250 000)	(1 250 000)
	-	-	-	-
The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).				
Expanded Public Works Programme				
Current-year receipts	1 000 000	1 000 000	1 000 000	1 000 000
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)	(1 000 000)	(1 000 000)
	-	-	-	-
The Expanded Public Works Programme is a operational grant which is used by the municipality on its own discretion.				
Municipal System Improvement Grant				
Current-year receipts	890 000	1 000 000	890 000	1 000 000
Conditions met - transferred to revenue	(890 000)	(1 000 000)	(890 000)	(1 000 000)
	-	-	-	-
Levy Replacement (Transitional) Grant				
Current-year receipts	75 962 438	73 961 934	75 962 438	73 961 934
Conditions met - transferred to revenue	(75 962 438)	(73 961 934)	(75 962 438)	(73 961 934)
	-	-	-	-

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
17. Government grants and subsidies (continued)				
The Levy Replacement (Transitional) Grant is a operational grant which is used by the municipality on its own discretion, which is mainly to fund its operational activities.				
18. Employee related costs				
Basic	32 539 773	28 663 719	31 053 997	27 132 125
Bonus - 13th cheque	3 229 478	2 488 472	3 192 277	2 410 245
Medical aid - company contributions	2 994 492	2 483 786	2 907 242	2 401 277
UIF	225 759	199 516	210 283	188 267
WCA	745 862	80 388	745 862	80 388
SDL	14 754	16 346	-	-
Leave pay provision charge	2 268 990	2 199 612	2 249 858	2 235 921
Defined contribution plans	3 611 653	(99 677)	3 611 653	(112 687)
Overtime payments	187 962	413 061	187 962	407 238
Travel allowance	5 281 735	4 695 541	5 281 735	4 695 541
Housing benefits and allowances	327 386	340 315	327 386	340 315
Cell phone allowance	234 618	274 413	234 618	274 413
Contribution to Pension and Providend funds	5 554 787	4 816 904	5 554 787	4 816 904
Executive packages	4 501 006	2 769 675	4 501 006	2 769 675
Standby allowances	165 000	126 000	165 000	126 000
Group life insurance	516 523	442 560	516 523	442 560
	62 399 778	49 910 631	60 740 189	48 208 182

Remuneration of Ms PME Kaota - Municipal Manager

Annual remuneration	-	-	737 739	-
Car allowance	-	-	202 134	-
Bonus - 13th cheque	-	-	61 478	-
Contributions to UIF, medical and pension funds	-	-	144 214	-
Cellphone allowance	-	-	36 000	-
Housing allowance	-	-	84 000	-
	-	-	1 265 565	-

Ms ME Kaota was appointed in July 2013 and replaced the Acting Municipal Manager Mr Pitso. Mr Pitso replaced Mr Mthombeni. Mr Mthombeni replaced Me Aaron.

Remuneration of Me NE Aaron - Municipal Manager

Annual Remuneration (Jul 2012 - Nov 2012)	-	-	-	255 690
Car allowance	-	-	-	56 413
Bonus - 13th cheque	-	-	-	51 138
Contributions to UIF, Medical and Pension funds	-	-	-	67 740
Cell phone allowance	-	-	-	4 000
Housing allowance	-	-	-	25 000
	-	-	-	459 981

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
18. Employee related costs (continued)				
Remuneration of Mr PK Pitso - Chief Finance Officer				
Annual remuneration	-	-	546 040	393 107
Car allowance	-	-	119 249	113 078
Bonus - 13th cheque	-	-	33 333	-
Contributions to UIF, medical and pension funds	-	-	139 275	92 379
Acting allowance as MM	-	-	3 071	4 127
Housing allowance	-	-	60 000	33 500
Cell phone allowance	-	-	19 800	15 700
	-	-	920 768	651 891

Mr PK Pitso was appointed in October 2012 as Chief Finance Officer. He Replaced the Acting CFO - Mr Heunis.

Remuneration of Me N Gqoli - Acting Chief Finance Officer

Acting allowance (Dec 2013)	-	-	3 071	13 384
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Remuneration of Mr TA Jonas - Manager LED

Annual Remuneration	-	-	515 712	440 352
Car Allowance	-	-	120 000	221 884
Bonus - 13th cheque	-	-	33 705	-
Contributions to UIF, Medical and Pension Funds	-	-	124 129	51 684
Acting allowance	-	-	4 109	-
Housing allowance	-	-	56 703	10 892
Cell phone allowance	-	-	9 000	-
	-	-	863 358	724 812

Mr Jonas was appointed in February 2012 as the Manager - LED.

Remuneration of Mr TL Skele - Acting Manager LED

Acting allowance (Sept 2013)	-	-	4 109	-
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Remuneration of Mr MJ Mahlanyane - Manager Corporate Services

Annual Remuneration	-	-	360 000	-
Car Allowance	-	-	108 655	-
Contributions to UIF, Medical and Pension Funds	-	-	101 345	-
Cell phone allowance	-	-	11 400	-
	-	-	581 400	-

Mr Mahlanyane was appointed in October 2013 and replaced the Acting Manager Corporate Services - Mr Peterson.

Remuneration of Mr C Peterson - Acting Manager Corporate Services

Acting allowance (Jul 2012 - Dec 2012)	-	-	-	5 815
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Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
18. Employee related costs (continued)				
Remuneration of Mr MM Mthombeni - Manager Environmental Health and Disaster Management				
Annual Remuneration	-	-	515 712	520 000
Car Allowance	-	-	103 452	142 907
Bonus - 13th cheque	-	-	40 376	37 695
Contributions to UIF, Medical and Pension Funds	-	-	137 380	135 426
Housing allowance	-	-	60 000	25 000
Acting allowance as MM (Dec 2012 - May 2013)	-	-	-	30 653
Cell phone allowance	-	-	13 000	13 971
	-	-	869 920	905 652
Mr Mthombeni was appointed in February 2012.				
Remuneration of Mr D Kirsten - Acting Manager Environmental Health and Disaster Management				
Acting allowance	-	-	-	7 825
19. Remuneration of councillors				
Executive mayor	846 004	831 328	846 004	831 328
Speaker	437 421	441 188	437 421	441 188
Mayoral committee members	39 883 412	3 608 238	3 983 412	3 608 238
Councillors	3 446 597	3 240 698	3 446 597	3 240 698
	44 613 434	8 121 452	8 713 434	8 121 452

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Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
19. Remuneration of councillors (continued)				
In-kind benefits				
The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has the use of a council owned vehicle for official duties as well as two drivers.				
Remuneration of Cllr Speelman - Executive Mayor				
Annual remuneration (from June 2014)	-	-	28 480	-
Travel allowance	-	-	12 022	-
Cellphone allowance	-	-	1 746	-
Contributions to UIF, medical aid and pension funds	-	-	5 061	-
	-	-	47 309	-
Remuneration of Cllr Leeto - Executive Mayor				
Annual remuneration (July 2012 - May 2014)	-	-	462 501	490 616
Travel allowance	-	-	188 922	196 283
Cellphone allowance	-	-	38 335	104 601
Contributions to UIF, medical aid and pension funds	-	-	108 546	39 828
	-	-	798 304	831 328
Remuneration of Cllr Olifant - Speaker				
Annual remuneration (June 2014)	-	-	31 294	-
Travel allowance	-	-	13 740	-
Cellphone allowance	-	-	1 739	-
Contributions to UIF, medical aid and pension funds	-	-	5 770	-
	-	-	52 543	-
Remuneration of Cllr Speelman - Speaker				
Annual remuneration (Jul 2013 - May 2014)	-	-	246 420	168 779
Travel allowance	-	-	94 461	63 792
Cellphone allowance	-	-	4 361	4 923
Contributions to UIF, medical aid and pension funds	-	-	39 998	27 660
	-	-	385 240	265 154
Remuneration of Cllr Rubulana - Speaker				
Annual remuneration (Jul 2012 - Oct 2012)	-	-	-	108 375
Travel allowance	-	-	-	40 945
Cellphone allowance	-	-	-	5 182
Contributions to UIF, medical aid and pension funds	-	-	-	20 797
	-	-	-	175 299
Executive members (7 members)				
Annual remuneration	-	-	2 367 647	2 169 658
Travel allowance	-	-	968 611	868 373
Cellphone allowance	-	-	112 449	105 212

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Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
19. Remuneration of councillors (continued)				
Contributions to UIF, medical aid and pension funds	-	-	532 004	464 995
	-	-	3 980 711	3 608 238
Part time councillors (17 members)				
Annual remuneration	-	-	1 718 959	1 770 769
Travel allowance	-	-	698 491	693 492
Cellphone allowance	-	-	239 737	126 960
Contributions to UIF, PAYE, medical aid and pension funds	-	-	464 842	342 219
Session allowance	-	-	323 152	307 258
	-	-	3 445 181	3 240 698
20. Transfers to local municipalities				
Expenditure during the financial year	1 563 049	1 950 000	1 563 049	1 950 000
The municipality paid loan repayments on behalf of Matjhabeng local municipality during the year.				
21. Depreciation and amortisation				
Property, plant and equipment	6 677 704	7 181 150	6 651 214	7 145 106
22. Impairment of assets				
Impairments				
Receivables from non-exchange transactions	(2 911 381)	4 185	(2 911 381)	4 185
23. Finance costs				
Non-current borrowings	-	7 653	-	-
Non-current financial liabilities	2 582 857	2 840 657	2 582 857	2 840 657
	2 582 857	2 848 310	2 582 857	2 840 657
24. Repairs and maintenance				
Repairs and maintenance	404 943	438 257	404 943	438 257
25. Consulting and professional fees				
Legal services	361 665	487 385	361 665	487 385
Consultant fees	1 287 079	1 362 136	1 287 079	1 362 136
	1 648 744	1 849 521	1 648 744	1 849 521
26. Grants and subsidies paid				
Other subsidies				
Group co ID 1	2 500 000	2 500 000	2 500 000	2 500 000

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
27. General expenses				
Accounting fees	90 988	121 456	-	-
Advertising	221 873	494 776	159 620	216 309
Agriculture project	35 365	1 277 050	-	1 242 050
Arts and culture	146 390	640 175	146 390	640 175
Auditors remuneration	2 064 398	1 885 160	2 015 513	1 720 781
Bank charges	64 699	71 341	57 853	63 098
Branding of the municipality	237 716	71 650	237 716	71 650
Bursaries	1 277 400	602 857	1 265 492	595 593
Campaigns	1 586 364	1 147 030	871 659	568 950
Children's programme	387 563	285 026	28 995	285 026
Cleaning	23 910	117 643	21 010	114 929
Co-operative development	810 000	-	810 000	-
Capacity development programme	855 473	973 785	855 473	973 785
Conferences and seminars	3 157	500	-	-
Educational project	760 906	541 722	760 906	541 722
Electricity	333 681	320 693	333 681	320 693
Entertainment	269 916	575 755	269 916	575 755
Environmental development	425 512	316 486	81 000	316 486
Expanded Public Works Programme	784 240	999 258	784 240	999 258
Festivals	2 195 514	3 254 386	2 195 514	3 254 386
Financial Management Reforms	1 234 110	1 232 125	1 234 110	1 232 125
Fuel and oil	322 268	320 571	322 268	320 571
Gender disability	292 300	43 850	292 300	43 850
Grant in aid	592 058	1 302 611	592 058	1 302 611
Insurance	152 559	136 496	147 459	134 203
Internet expenses	327 576	228 206	327 576	228 206
LED Development	88 464	500 000	88 464	500 000
Lease payments	231 639	212 000	231 639	212 000
Lease rentals on operating lease	132 323	136 063	-	-
National Freedom Day	455 224	-	455 224	-
Licence fees	198 324	264 882	198 324	264 882
Magazines, books and periodicals	1 528	70 410	1 528	70 410
Membership fees	525 250	479 063	525 250	479 063
Moral regeneration	258 464	227 626	246 962	196 820
OR Tambo games	661 260	500 000	661 260	500 000
Other expenses	1 641 294	1 710 967	1 641 294	1 710 318
PPP (call centre)	416	960 827	-	959 991
Poverty alleviation	500 000	678 200	500 000	678 200
Printing and stationery	441 278	465 670	429 239	442 720
Property rates	52 820	50 092	52 820	50 092
Refuse	10 071	9 412	10 071	9 412
Research and development costs	299 755	400 000	-	-
Security (Guarding of municipal property)	25 866	58 133	25 866	58 133
Sewerage and waste disposal	-	664	-	664
Software expenses	398 092	-	398 092	-
Staff welfare	4 974	10 394	-	-
Telephone and fax	551 610	523 752	521 244	472 332
Tourism development	600 000	728 174	600 000	728 174
Training	1 854 068	2 644 345	1 786 030	2 641 912
Transfer to the development agency	48 440	-	-	-
Skills development levy	453 671	375 820	436 181	372 230
Travel - overseas	17 050	-	-	-
Travelling	165 250	76 327	-	-
Women and children	-	370 000	-	370 000
Youth development	241 775	1 029 858	241 775	1 029 858
	25 354 842	29 443 287	22 862 012	27 509 423

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
28. Auditors' remuneration				
Fees	2 064 398	1 885 160	2 015 513	1 720 781
29. Financial instruments disclosure				
Categories of financial instruments				
Controlling entity - 2014				
Financial assets				
			At amortised cost	Total
Other financial assets			30 284 902	30 284 902
Receivables from non-exchange transactions			859 561	859 561
Cash and cash equivalents			18 464 437	18 464 437
			49 608 900	49 608 900
Financial liabilities				
			At amortised cost	Total
Other financial liabilities			14 960 102	14 960 102
Payables from exchange transactions			7 021 293	7 021 293
			21 981 395	21 981 395
Controlling entity - 2013				
Financial assets				
			At amortised cost	Total
Other financial assets			20 000 000	20 000 000
Receivables from non-exchange transactions			1 552 456	1 552 456
Cash and cash equivalents			19 981 927	19 981 927
			41 534 383	41 534 383
Financial liabilities				
			At amortised cost	Total
Other financial liabilities			16 545 187	16 545 187
Trade and other payables from exchange transactions			6 459 301	6 459 301
			23 004 488	23 004 488

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
30. Cash generated from operations				
Surplus	3 054 243	4 635 553	3 613 253	3 708 132
Adjustments for:				
Depreciation and amortisation	6 677 704	7 181 150	6 651 214	7 145 106
Gain (loss) on sale of assets and liabilities	481 657	(67 977)	481 657	(67 977)
Impairment (reversals) loss	(2 911 381)	4 185	(2 911 381)	4 185
Movements in retirement benefit assets and liabilities	3 377 828	(242 581)	3 377 828	(242 581)
Movements in provisions	460 966	-	460 966	-
Non-cash journals	(3 152 986)	(1 391 202)	(3 152 986)	(1 391 202)
Changes in working capital:				
Receivables from exchange transactions	(5 741)	(6 842)	-	-
Other receivables from non-exchange transactions	3 604 276	(929 563)	3 604 276	(930 395)
Payables from exchange transactions	2 000 306	2 884 420	561 992	1 684 420
VAT	1 024 039	1 625 905	31 977	1 124 603
Taxes and transfers payable (non exchange)	-	(23 190)	-	-
	14 610 911	13 669 858	12 718 796	11 034 291

31. Commitments

Authorised capital expenditure

Operating leases - as lessee (expense)

Minimum lease payments due for Toshiba copiers and fax

- within one year	-	-	263 651	-
- in second to fifth year inclusive	-	-	43 942	-
	-	-	307 593	-

It is municipality policy to lease certain office equipment under operating leases. The lease term is 3 years at an annual rental. The lease will expire in August 2015.

Operating commitments

Professional fees	-	-	751 317	677 975
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32. Contingencies

Contingent liabilities

5 (2011:5) Current employees claiming long service bonus and leave as well as reinstatement of employee	-	-	-	1 403 528
Wager curve dispute	-	-	-	2 674 906
Dikgalabolokwe CC	-	-	-	100 000
Ex - Municipal Manager claiming termination benefits prior to the contract's expiry date	-	-	114 383	-
Current employee declared dispute	-	-	62 494	-
	-	-	176 877	4 178 434

The ex-Municipal Manager claimed termination benefits of the contract prior to its expiry date to the value of R114,383.

Current employee declared a dispute on the post level.

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
33. Related parties				
Relationships				
Controlled entity				Lejweleputswa Development Agency (SOC) Ltd
Members of management				Notes: 18, 19
Related party balances				
Investments				
Investment in subsidiary			100	100
Transfers				
Lejweleputswa Development Agency (SOC) Ltd			2 500 000	2 500 000
Purchases from related parties				
Mayigubhe Trading Enterprise CC			-	500 000
Fair weather Trading			29 000	-

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
34. Prior period errors				
The prior year has been amended to account for prior period errors.				
Below is a description of each individual prior period error followed by a summary of the total effect of the prior period errors on the amounts previously disclosed.				
1. Property plant and equipment restated				
The asset report from prior year did not agree to the annual financial statements of 2013.				
The effect of this adjustment on the prior year is as follows:				
Adjustments affecting the statement of financial position				
Increase in net Property, plant and equipment	-	-		594 132
Decrease in intangibles	-	-		(100 067)
Increase in Accumulated Depreciation	-	-		(494 065)
	-	-		-
2. Unspent conditional grants				
Grants were not treated according to GRAP 24 in the prior years.				
The effect of these adjustments on the prior year are as follows:				
Adjustments affecting the statement of financial position				
Decrease in accumulated surplus	-	-		581 039
Adjustments affecting the statement of financial performance				
Increase in grant income	-	-		(581 039)
	-	-		
Statement of Financial Performance for the year ended 2014	Balance as previously reported	Prior period error	Reclassified - note 35	Restated balance
Revenue				
Grant income	99 930 801	581 039	-	100 511 840
Total revenue	99 930 801	581 039	-	100 511 840

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
34. Prior period errors (continued)				
Statement of Financial Position as at 2014	Balance as previously reported	Prior period error	Reclassified - note 35	Restated balance
Assets				
Current Assets				
Cash and cash equivalents	14 981 927	-	5 000 000	19 981 927
Financial assets	25 000 000	-	(5 000 000)	20 000 000
Total current assets	39 981 927	-	-	39 981 927
Non-current Assets				
Property, plant and equipment	73 722 565	594 132	-	74 316 697
Intangible assets	3 120 248	(100 067)	-	3 020 181
Total non-current assets	76 842 813	494 065	-	77 336 878
Net Assets				
Accumulated surplus - Opening balance	87 569 048	371 670	-	87 940 718
Total net assets	87 569 048	371 670	-	87 940 718

35. Comparative figures

Certain comparative figures have been reclassified (refer to note 34) for the details of the reclassification. The reclassification was done on the ABSA call account. This was disclosed in the past as an investment and should have been disclosed as cash and cash equivalents.

36. Risk management

Financial risk management

The economic entity's activities expose it to a variety of financial risks: credit risk and liquidity risk and market risk.

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated

36. Risk management (continued)

Liquidity risk

The economic entity's risk to liquidity is a result of the funds available to cover future commitments. The economic entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the economic entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

Controlling entity

At 30 June 2014	Less than 1 year	Between 1 and 2 years	After 2 years
Financial liabilities	1 847 293	1 026 641	12 086 467
Payables from exchange transactions	7 021 293	-	-
At 30 June 2013	Less than 1 year	Between 1 and 2 years	After 2 years
Financial liabilities	1 585 085	1 846 995	13 113 107
Payables from exchange transactions	6 459 301	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management.

Cash and cash equivalents and investments - the municipality limits its credit risk by only banking with registered financial institutions in terms of the Banks Act, 94 of 1990 operating in South Africa. The municipality does not expect any counterparty to fail to meet its obligation.

Receivables from non-exchange transactions - management evaluated credit risk relating to customers on an ongoing basis. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	Economic entity - 2014	Economic entity - 2013	Controlling entity - 2014	Controlling entity - 2013
Receivables from non-exchange transactions	-	-	859 561	1 552 456
Cash and cash equivalents	-	-	18 464 437	19 981 927
Financial assets	-	-	30 284 902	20 000 000

Market risk

Interest rate risk

As the economic entity has no significant interest-bearing assets, the economic entity's income and operating cash flows are substantially independent of changes in market interest rates.

The risk is managed on an on-going basis.

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
37. Going concern				
We draw attention to the fact that at 30 June 2014, the municipality had a surplus of R 3 613 253 and the municipality's total assets exceed its liabilities by R 88 773 152.				
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.				
38. Events after the reporting date				
There was no events after the reporting date, which needs to be disclosed.				
39. Unauthorised expenditure				
Opening balance	1 595 540	1 367 850	1 595 540	1 367 850
Unauthorised expenditure during the year	376 959	227 690	-	227 690
Amount condoned	(376 959)	-	-	-
	1 595 540	1 595 540	1 595 540	1 595 540

40. Fruitless and wasteful expenditure

Opening balance	374 611	309 520	288 680	288 680
Current year expenditure	48 440	65 091	-	-
Amount condoned	(85 931)	-	-	-
	337 120	374 611	288 680	288 680

The expenditure includes interest paid for late payment to suppliers.

41. Irregular expenditure

Opening balance	31 243 921	25 549 016	31 243 921	25 549 016
Add: Irregular Expenditure - councillors remuneration	1 392 769	1 504 455	1 392 769	1 504 455
Add: Irregular Expenditure - Supply chain	3 818 042	5 299 217	3 818 042	5 299 217
Add: Irregular Expenditure - Employee related cost	-	395 688	-	395 688
Current year expenses	52 326	-	-	-
Less: Amounts condoned	(52 326)	-	-	-
Less: Amounts recoverable (transferred to receivables)	(1 392 769)	(1 504 455)	(1 392 769)	(1 504 455)
	35 061 963	31 243 921	35 061 963	31 243 921

Details of irregular expenditure - current year

	Disciplinary steps taken/criminal proceedings	
Councillors remuneration	Councillors qualify as Grade 4, but were paid as Grade 5 councillors.	1 392 769
Supply chain processes were not followed	These transactions will be investigated	3 818 042
		5 210 811

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated
41. Irregular expenditure (continued)				
Details of irregular expenditure amounts recoverable (transferred to receivables)				
Councillors Remuneration - councillors qualify as Grade 4, but were paid as Grade 5 councillors		1 504 455		
The full extend of the irregular expenditure for the year is still under investigating.				
42. Additional disclosure in terms of Municipal Finance Management Act				
Contributions to organised local government				
Current year subscription / fee	-	-	508 194	479 063
Amount paid - current year	-	-	(508 194)	(479 063)
	-	-	-	-
Audit fees				
Current year subscription / fee	-	-	2 015 513	1 720 781
Amount paid - current year	-	-	(2 015 513)	(1 720 781)
	-	-	-	-
PAYE, SDL and UIF				
Current year subscription / fee	-	-	11 520 000	9 161 849
Amount paid - current year	-	-	(11 520 000)	(9 161 849)
	-	-	-	-
Pension and medical aid deductions				
Medical aid	-	-	3 321 868	4 652 739
Pension fund	-	-	6 768 955	8 521 000
	-	-	10 090 823	13 173 739
VAT				
VAT receivable	-	4 750	-	4 750
VAT payable	2 469 131	1 449 842	27 227	-
	2 469 131	1 454 592	27 227	4 750

VAT output payables and VAT input receivables are shown in note 6.

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

There are no councillor accounts in arrears for a period greater than 90 days.

Lejweleputswa District Municipality Consolidation

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2014	2013	2014	2013 Restated

43. 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 according to the 5 categories in paragraph 36			Rand value (2014)	Number of transactions (2014)
Emergency	-	-	28 297	4
Supplies from sole supplier	-	-	25 588	6
In any other exceptional case where it is impractical / impossible to follow the SCM process	-	-	1 693 548	6
	-	-	1 747 433	16

44. Budget differences

Material differences between budget and actual amounts

Interest received - trading: the budgeted amount was net of impairment.

Interest received - investments - the amount budgeted for was based on a more conservative approach on a volatile market.

APPENDIX A
Lejweleputswa
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

Details	Interest rates	Loan number	Redeemable	Balance at 30 June 2013	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2014
				R	R	R	R
ANNUITY LOANS							
DBSA-61004020:Bothaville	10.00%	1	2013	-20		-	-20
DBSA-61001299:Henneman	15.00%	2(a)	2019	2,149,970		315,446	1,834,524
DBSA-61001258:Ventersburg	15.00%	2(b)	2019	419,859		61,602	358,257
DBSA-61001256: Boshoff	15.00%	2(c)	2019	332,468		42,584	289,884
DBSA-61001257: Dealesville	15.00%	2(d)	2019	81,549		11,965	69,584
DBSA-61001259:Wesselsbron	15.00%	2(e)	2019	851,609		109,080	742,529
DBSA-61003159:Bothaville2	16.50%	3(a)	2020	8,514,592		719,817	7,794,775
DBSA-61003236:Henneman2	15.75%	3(b)	2020	2,375,098		183,768	2,191,330
DBSA-61003237:Brandfort	15.75%	3(c)	2020	1,820,062		140,823	1,679,239
Total Annuity Loans				16,545,187	-	1,585,085	14,960,102
TOTAL EXTERNAL LOANS				16,545,187		1,585,085	14,960,102

Lejweleputswa District Municipality
Appendix B - Analysis of Property, plant and equipment as at 30 June 2013

Asset	Cost			Accumulated depreciation			Closing balance	Carrying value	
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Additions			Disposals
Build									
Office building	72,878,299	48,640		72,926,939	(7,950,153)	(2,431,873)	(10,382,026)	62,544,914	
Paving	212,987			212,987		(7,100)	(7,100)	205,887	
	73,091,286	48,640		73,139,926	(7,950,153)	(2,438,972)	(10,389,125)	62,750,801	
Intangible									
Computer Software	6,514,593	159,485	(261,565)	6,412,514	(1,702,428)	(1,947,505)	257,601	(3,392,333)	3,020,181
Land									
Vacant land	2,870,000			2,870,000					2,870,000
Motor									
Motor vehicles	1,154,814	200,000	(200,000)	1,154,814	(217,122)	(158,375)	79,187	(296,309)	858,505
Trucks / Bakkies	269,666			269,666	(87,513)	(11,297)		(98,811)	170,855
	1,424,480	200,000	(200,000)	1,424,480	(304,635)	(169,672)	79,187	(395,120)	1,029,360
Emergency equipment									
Emergency light	5,295			5,295	(2,573)	(970)		(3,544)	1,752
Fire equipment	347,481			347,481	(104,476)	(36,764)		(141,240)	206,242
	352,777			352,777	(107,049)	(37,734)		(144,783)	207,993
Furniture and equipment									
Cabinets / Cupboards	1,448,741	6,446		1,455,187	(404,387)	(260,919)		(665,306)	789,881
Chairs	1,150,278	44,959	(1,281)	1,193,956	(322,279)	(211,739)	577	(533,441)	660,515
Tables / Desks	1,263,747	18,593	(4,200)	1,278,141	(332,818)	(224,386)	2,252	(554,951)	723,189
	3,862,766	69,998	(5,481)	3,927,283	(1,059,484)	(697,044)	2,829	(1,753,698)	2,173,585
Office equipm									
Air conditioner	540,251	40,653	(10,054)	570,850	(155,186)	(107,685)	7,213	(255,658)	315,192
Computers	3,151,535	452,755	(51,616)	3,552,674	(872,984)	(736,306)	4,025	(1,605,266)	1,947,408
Office machines	1,650,150	59,792	(4,519)	1,705,423	(189,311)	(377,858)	3,181	(563,988)	1,141,435
	5,341,935	553,201	(66,189)	5,828,947	(1,217,481)	(1,221,849)	14,418	(2,424,912)	3,404,035

Other property, plant and equipment									
Access control	102,100			102,100	(28,761)	(18,378)		(47,139)	54,961
General		1,635		1,635		(222)		(222)	1,413
Miscellaneous	2,366,432	40,256		2,406,688	(547,791)	(422,050)	(150)	(969,992)	1,436,696
Security system	135,215			135,215	(43,069)	(23,577)		(66,646)	68,569
	2,603,747	41,891		2,645,637	(619,621)	(464,228)	(150)	(1,083,999)	1,561,639
Plant and equipment									
Compressors	7,355			7,355	(2,372)	(1,324)		(3,696)	3,659
Laboratory equipment	135,327			135,327	(33,433)	(24,778)		(58,212)	77,115
Lawnmowers	31,265			31,265	(9,231)	(5,628)		(14,860)	16,406
Radio equipment		4,474		4,474		(439)		(439)	4,034
Telecommunication	470,018			470,018	(203,628)	(84,585)		(288,213)	181,806
Television / Radios	62,324	525		62,849	(17,592)	(11,321)		(28,914)	33,936
Tools	3,544	1,275	(1,943)	2,876	(221)	(328)		(548)	2,328
	709,834	6,274	(1,943)	714,166	(266,477)	(128,404)		(394,881)	319,284
Total	96,771,418	1,079,489	(535,178)	97,315,729	(13,227,328)	(7,105,409)	353,886	(19,978,851)	77,336,878

Lejweleputswa District Municipality
Appendix B - Analysis of Property, plant and equipment as at 30 June 2014

Asset	Cost			Accumulated depreciation			Closing balance	Carrying value	
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Additions			Disposals
Build									
Office building	72,926,939			72,926,939	(10,382,026)	(2,313,409)	(12,695,434)	60,231,505	
Paving	212,987			212,987	(7,100)	(15,113)	(22,213)	190,774	
	73,139,926			73,139,926	(10,389,125)	(2,328,522)	(12,717,647)	60,422,279	
Intangible									
Computer Software	6,412,514	154,824		6,567,338	(3,392,333)	(1,564,569)	(4,956,902)	1,610,436	
Land									
Vacant land	2,870,000			2,870,000				2,870,000	
Motor									
Motor vehicles	1,154,814	1,197,481	(785,410)	1,566,885	(296,309)	(81,516)	351,186	(26,639)	1,540,246
Trucks / Bakkies	269,666			269,666	(98,811)	(11,297)		(110,108)	159,558
	1,424,480	1,197,481	(785,410)	1,836,551	(395,120)	(92,813)	351,186	(136,747)	1,699,804
Emergency equipment									
Emergency light	5,295			5,295	(3,544)	(970)		(4,514)	782
Fire equipment	347,481			347,481	(141,240)	(31,724)		(172,964)	174,517
	352,777			352,777	(144,783)	(32,694)		(177,477)	175,299
Furniture and equipment									
Cabinets / Cupboards	1,455,187	4,872		1,460,059	(665,306)	(260,106)		(925,412)	534,647
Chairs	1,193,956	22,514	(11,562)	1,204,907	(533,441)	(213,892)	6,771	(740,562)	464,345
Tables / Desks	1,278,141	22,869	(12,000)	1,289,010	(554,951)	(225,485)	7,027	(773,409)	515,600
	3,927,283	50,255	(23,562)	3,953,976	(1,753,698)	(699,483)	13,798	(2,439,383)	1,514,593
Office equipment									
Air conditioner	570,850	105,880	(37,240)	639,490	(255,658)	(112,145)	16,045	(351,759)	287,731
Computers	3,552,674	542,827	(43,819)	4,051,682	(1,605,266)	(816,654)	28,667	(2,393,253)	1,658,429
Office machines	1,705,423	33,377		1,738,800	(563,988)	(380,555)		(944,543)	794,257
	5,828,947	682,084	(81,059)	6,429,971	(2,424,912)	(1,309,355)	44,712	(3,689,555)	2,740,417
Other property, plant and equipment									
Access control	102,100			102,100	(47,139)	(18,373)		(65,512)	36,588
General	1,635	333		1,969	(222)	(322)		(543)	1,425
Miscellaneous	2,406,688	262,382		2,669,069	(969,992)	(441,147)		(1,411,139)	1,257,931
Security system	135,215			135,215	(66,646)	(23,479)		(90,125)	45,090
	2,645,637	262,715		2,908,352	(1,083,999)	(483,320)		(1,567,319)	1,341,034
Plant and equipment									
Compressors	7,355			7,355	(3,696)	(1,324)		(5,020)	2,335
Laboratory equipment	135,327			135,327	(58,212)	(24,778)		(82,989)	52,338
Lawnmowers	31,265			31,265	(14,860)	(5,628)		(20,488)	10,778
Radio equipment	4,474		(1,491)	2,982	(439)	(560)	169	(830)	2,153

Telecommunication	470,018			470,018	(288,213)	(84,416)		(372,629)	97,389
Television / Radios	62,849			62,849	(28,914)	(11,324)		(40,238)	22,612
Tools	2,876	6,946		9,822	(548)	(434)		(983)	8,839
	714,166	6,946	(1,491)	719,620	(394,881)	(128,465)	169	(523,177)	196,443
Total	97,315,729	2,354,305	(891,522)	98,778,512	(19,978,851)	(6,639,221)	409,865	(26,208,207)	72,570,305

Lejweleputswa District Municipality

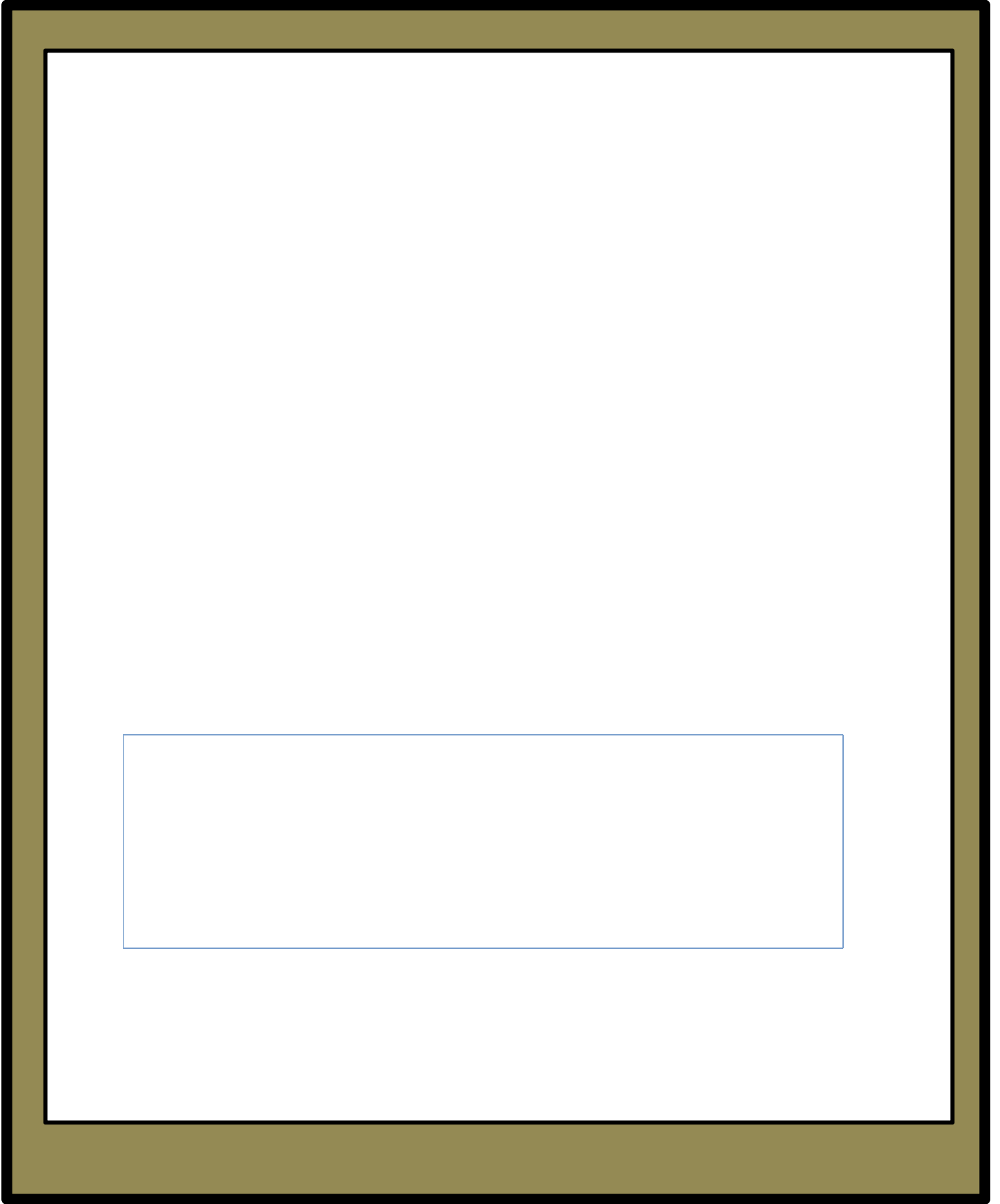
Appendix C - Segmental analysis of property, plant and equipment as at 30 June 2014

Asset	Cost				Accumulated depreciation				Carrying value
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Additions	Disposals	Closing balance	
Corporate Services	717,276	92,824	54,247	864,346	(361,524)	(141,047)	(35,653)	(538,224)	326,122
Council General	2,889,686	1,197,481	(781,914)	3,305,252	(1,246,265)	(372,014)	348,992	(1,269,287)	2,035,966
Economic Development	283,251	46,892	(3,936)	326,207	(132,598)	(56,046)	2,163	(186,481)	139,726
Environmental Health	674,893	212,931	31,671	919,494	(305,525)	(144,619)	(22,233)	(472,377)	447,117
Disaster Managent	17,203,009	90,281	41,486	17,334,777	(3,340,941)	(2,467,310)	(17,957)	(5,826,207)	11,508,570
Property	69,949,675	254,418	(29,388)	70,174,706	(11,161,860)	(2,620,466)	13,677	(13,768,649)	56,406,057
Executive Mayor	399,242	35,510	(12,631)	422,121	(169,903)	(78,638)	8,447	(240,093)	182,028
Finance Service	4,023,947	291,195	(100,125)	4,215,018	(2,688,363)	(520,005)	50,427	(3,157,941)	1,057,077
Municipal Support					(150)			(150)	(150)
Municipal Manager	592,899	89,103	(102,281)	579,722	(301,730)	(122,410)	61,941	(362,199)	217,522
Speaker	217,845	35,244		253,090	(104,433)	(43,664)		(148,097)	104,993
Mayoral Committee	364,007	8,424	11,348	383,779	(165,561)	(73,001)	60	(238,502)	145,277
	97,315,729	2,354,305	(891,522)	98,778,512	(19,978,851)	(6,639,221)	409,865	(26,208,207)	72,570,305

Lejweleputswa District Municipality

Appendix F - Grants and Subsidies as at 30 June 2014

Name of Grants	Quarterly receipts				Quarterly expenditure				Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act
	Sept	Dec	Mar	Jun	Sept	Dec	Mar	Jun	
Municipal Systems Improvement Grant	890,000				(890,000)				Yes
Financial Management Grant	1,250,000				(700,000)		(300,000)		Yes
Expanded Public Works Programme	400,000	300,000	300,000		(400,000)	(300,000)	(300,000)		Yes
Equitable share	10,026,389	8,167,481	6,463,693		(10,026,389)	(8,167,481)	(6,463,693)		Yes
Transitional Grant	32,030,611	25,161,519	18,770,307		(32,030,611)	(25,161,519)	(18,770,307)		Yes
	44,597,000	33,629,000	25,534,000		-	(44,047,000)	(33,629,000)	(25,834,000)	-



REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE AND THE COUNCIL ON THE LEJWELEPUTSWA DISTRICT MUNICIPALITY

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

1. I have audited the consolidated and separate financial statements of the Lejweleputswa District Municipality and its subsidiary set out on pages 149 to 226, which comprise the consolidated and separate statement of financial position as at 30 June 2014, the consolidated and separate statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the consolidated and separate 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) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2013 (Act No. 2 of 2013) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of the 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 consolidated and separate 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 audit opinion.

Opinion

6. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Lejweleputswa District Municipality and its subsidiary as at 30 June 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

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

Restatement of corresponding figures

8. As disclosed in note 34 to the financial statements, the corresponding figures for 30 June 2013 have been restated as a result of errors discovered during 2014 in the financial statements of Lejweleputswa District Municipality at, and for the year ended, 30 June 2013.

Irregular expenditure

9. As disclosed in note 41 to the financial statements, the municipality incurred irregular expenditure of R5 263 137 (2013:R7 199 360) during the year under review due to non-compliance with laws and regulations.

Additional matter

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

Unaudited supplementary schedules

11. The supplementary information set out on pages 148 to 154 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the municipality for the year ended 30 June 2014:
 - Development objective 2: Local economic development on pages 39 to 50 – Parent entity
 - Development objective 3: Local economic development on pages 133 to 133 – Subsidiary

- Development objective 6: Safe and healthy environment on pages 105 to 124 – Parent entity
14. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
 15. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
 16. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
 17. Material findings in respect of the selected programmes are as follows:

Development objective 2: Local economic development – Parent entity

Reliability of reported performance information

18. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. The reported performance information was not valid, accurate and complete when compared to the source information or evidence provided. This was due to a lack of standard operating procedures that give guidance on how to accurately record actual achievements, as well as not monitoring the completeness of source documentation in support of actual achievements and not frequently reviewing the validity of reported achievements against source documentation.

Development objective 6: Safety and healthy environment - Parent entity

Reliability of reported performance information

19. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. The reported performance information was not valid, accurate and complete when compared to the source information or evidence provided. This was due to a lack of standard operating procedures that give guidance on how to accurately record actual achievements, as well as not monitoring the completeness of source documentation in support of actual achievements and not frequently reviewing the validity of reported achievements against source documentation.

Development objective 3: Local economic development - Subsidiary

Usefulness of reported performance information

Consistency

20. Section 121(4)(d) of the MFMA requires the service delivery agreement to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 66% of the reported indicators were

not consistent with those in the approved Service Delivery and Budget Implementation Plan (SDBIP). This was mainly because the municipal entity did not appropriately implement policies and procedures to facilitate effective performance planning, monitoring, evaluation and reporting.

Measurability

21. The FMPPI requires that the performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 33% of the indicators were not well defined. This was mainly because the municipal entity did not appropriately implement policies and procedures to facilitate effective performance planning, monitoring, evaluation and reporting.

Reliability of reported performance information

22. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Significantly important targets were not reliable when compared to the source information or evidence provided. This was due to a lack of standard operating procedures for the accurate recording of actual achievements, recording and monitoring of performance and monitoring of the completeness of source documentation in support of actual achievements.

Additional matter

23. I draw attention to the following matter:

Achievement of planned targets

24. Refer to the annual performance report on pages 27 to 117 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected programmes reported in paragraphs 27 to 128 of this report.

Compliance with legislation

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

Strategic planning and performance management

26. The performance of Lejweleputswa Development Agency against the agreed performance objectives and indicators was not adequately monitored and annually reviewed, as part of the annual budget process, as required by section 93B(b) of the Municipal Systems Act.

27. The municipality did not have effective, efficient and transparent systems of risk management and internal controls, as required by section 62(1)(c)(i) of the MFMA.

Annual report and financial statements

28. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatement of

receivables identified by the auditors in the submitted financial statements was subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

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

Revenue management

30. A credit control and debt collection policy was not implemented, as required by section 96(b) of the Municipal Systems Act and section 62(1)(f)(iii) of the MFMA.

Procurement and contract management

31. Some goods and services with a transaction value below R200 000 were procured without obtaining the price quotations required by SCM regulations 17(a) & (c).
32. Some goods and services with a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a).
33. Some quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

Audit committee

34. The audit committee did not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by the MPPMR 14(4)(a)(iii).

Internal audit

35. The internal audit unit did not function as required by section 165(2) of the MFMA, in that it did not prepare a risk-based audit plan for the financial year under review.
36. The internal audit unit did not audit the performance measurements continuously and submit quarterly reports on their audits to the municipal manager and the audit committee, as required by MPPMR 14(1)(c).

Internal control

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

Leadership

38. The municipality did not effectively exercise oversight responsibility of compliance with laws and regulations and performance information. This was a result of the municipality not prioritising compliance and performance matters.

Financial and performance management

39. The municipality did not ensure that the annual financial statements were properly reviewed for accuracy and completeness prior to submission for audit. This resulted in material misstatements being identified in the annual financial statements submitted for audit.
40. Ongoing monitoring over performance and compliance reporting was not effective. This resulted in material findings being identified on performance information and compliance with laws and regulations.

Governance

41. Work performed by the internal audit function was not based on risk assessment and therefore had a limited impact on addressing key weaknesses in performance management and compliance with laws and regulations. This was due to the risk assessment only being conducted in April 2014; therefore, it could not have an impact on the current year's internal controls.

05 December 2014



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence