

2016/2017



# Kopanong Local Municipality (FS162)

Annual Report for the period ending 30 June 2017

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## CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR’S FOREWORD

#### MAYOR’S FOREWORD

##### **Vision:**

By 2030 the Kopanong Local Municipality should be a vibrant, sustainable and successful municipality which provides quality services.

##### **Mission:**

To promote a working relationship with stakeholders and communities.

To promote and provide effective and efficient administration, political leadership to ensure a safer and healthier environment.

To promote a shared and integrated delivery of services.

To uphold the principles of good governance in a transparent and accountable manner.

To promote sound financial management and increase revenue base.

##### **Slogan**

“Unity, Integrity and Prosperity”

##### **Values**

“Commitment, Innovativeness, Creativity and Integrity”

This Council adopted a five year Integrated Development Plan, which is a single, inclusive and strategic plan for the development of the municipality as a whole. It links, integrates, coordinates plans and aligns resources and the budget. Council also approved the Budget, IDP and SDBIP in 2017/2018.

#### **Pertaining to the implementation of Spatial Planning Land Use and Management Act (SPLUMA)**

Our Municipality managed to complete all the key requirements as required for readiness. We shall however, continue to enhance our administrative and Oversight capability with regard to SPLUMA implementation thereto. The municipality has developed the SPLUMA by-law which was adopted by council and (MPT) Municipal Planning Tribunal has been established. This is based on Strategic alignment to the Provincial Growth and Development Strategy, and the IDP strategies included in the IDP especially with focus on impact and outcome achieved bearing in mind that foreword provides details that should be included in the chapters to follow.

##### **Key Service Delivery Improvements:**

We have managed to register number of improvements in service delivery, which was further outlined later in the report for the year under review and our realization was that amongst these improvements, there were still a plethora of developmental challenges for us as a collective to respond to. The munic-

ipality has completed the upgrading of pump-stations in Bethulie which will transport sewerage to the treatment plant and reduce sewerage spillages, the construction of the Fauresmith Transfer station that will store and recycle refuse waste and transport to a Landfill site, the municipality has commenced installing water meters in Bethulie, Gariiep Dam, Springfontein, Edenburg, Trompsburg and Jagersfontein as a measure of water demand management and collection of revenue. The Municipality commenced with the construction of a 1.5km road in Springfontein that will ensure that there is sufficient storm water management and there is an improved transport system. The Municipality completed that construction of 16 high mast lights and also commenced with the construction of 18 high mast lights that will ensure that the communities are safe and the environment allows for socio-economic activities to occur. Most of our community members have access to basic services. The capital projects that were implemented in the year under review have created jobs that benefitted the youth and women.

**a. Public Participation:**

Community Participation remains pivotal to the sustenance of our Democracy, particularly in Our Municipality. The Municipality has 8 Wards, through those wards 8 ward committees were established. Within our Municipality were functional as envisaged and other Public Participation mechanisms and processes were enhanced during the year under review. The municipality uses ward committee meetings, Ward Councilors community meetings, Mayoral outreach meetings, Budget and IDP consultation meeting, loud-hailing and newsletter distribution and stakeholder meetings to engage the public in decision making process like budget consultation meetings and to improve accountability to communities.

**b. Future Actions:**

The municipality has the following future plans:

- To improve the organizational development capacity of the municipality to render effective service delivery
- To enhance revenue and to ensure financial viability and sustainability for Kopanong Local Municipality
- To utilize the municipal area's agricultural potential to the maximum
- To focus development on tourism and mining as untapped economic sectors that can contribute to economic growth of the municipality
- To promote local economic development and growth in Kopanong Local Municipality through the identification and facilitation of economic opportunities.
- To strengthening public participation

**c. Agreements / Partnerships: Announcements on special partnerships initiated.**

The municipality did not establish any partnership with sector departments in the province.

**Conclusion**

Given the infrastructural challenges we are faced with and the limited resources available, we have done well and much need to be done to address the three challenges being underdevelopment, poverty and unemployment. We need to work hard to mobilize resources to deal with poverty.

Lastly, let me take this opportunity to thank all stakeholders for the collective effort and support even



thou the municipality has regressed from an unqualified audit opinion to qualified audit opinion.

**Signed by:** \_\_\_\_\_

**Cllr. X T Matwa (Mayor)**

*T 1.0.1*

## COMPONENT B: EXECUTIVE SUMMARY

### MUNICIPAL MANAGER'S OVERVIEW

The 2016/2017 reporting period has been an exceptional year for Kopanong Local municipality. The municipality underwent significant changes in both the political and administrative leadership which brought about the political redeployment of the new Speaker and some Councillors.

The municipality as a primary point of service delivery is faced with tremendous responsibility of ensuring quality of life for its citizens through the provision of basic service delivery in line with its constitutional mandate, and to bring about balance between the needs of its communities with the resources available at its disposal to execute such mandate. It is therefore important for the municipality to maintain stability and a degree of certainty going forward as the challenges facing the municipality require such conditions in order to deal with its major binding constraints. These include amongst others.

- The high level of unemployment and poverty which place a huge strain on the municipality's financial capacity to provide basic services to certain areas where communities simply do not pay for their services. This has strengthened our resolution in ensuring that we rigorously collect our monies in those areas where communities have the means to pay their services and we are finding ways and means not to avoid fulfilling their obligations as the municipality. This was achieved in part largely by the installation of the smart water meters project in dealing with the revenue collection.
- For communities, the value, success or failure is largely based on the ability of the municipality to address what I have come to coin as the Big Four service delivery issues. While all functions of the municipality are important, the Big four comprises of Water, Sanitation, Electricity and Waste Management.

None of these challenges would have been adequately addressed without stability. More importantly, the political representative despite political contestation must be unified in supporting good governance and a sound strategic plan for the future. The administration must get a motivated workforce behind the strategy and fulfil obligations of a dutiful public servant.

Despite almost unbearable challenges of 2016/2017 the municipality continued to fulfil its obligations and the details below show that an element of excellence does exist.

#### **Achievements**

The Local Economic Development managed to achieve the following: Payment of registration fees for 6 cooperatives based in Madikgetla, Upgrading of commonage infrastructure in Jagersfontein, Trompsburg, Edenburg, and Springfontein. Successful review for LED strategy and commonage policy, establishment of commonage and Land care committees in Kopanong, establishment of small town regeneration committees and product owners from Kopanong were able to attend Tourism Indaba in Durban to expose their product.

On issues of good governance the municipality managed to approve the risk management strategic documents, Risk and Fraud implementation plan. A new risk management committee chairperson was appointed on the 13<sup>th</sup> of March 2017. The municipality resigned from the Xhariep District municipality's shared audit and performance committee and appointed its own audit and performance committee

members.

The Mayor tabled the mid -year budget and performance assessment report to Council. The Municipality developed and implemented a compliant Integrated Development Plan and Service Delivery Budget Implementation Plan. The Budget compiled complies with the Municipal Finance Management Act requirements; there is an implementation of Supply Chain management policy and Procurement Plan. Submission of WSP to LGSETA and Employment Equity Plan is also in place.

#### **Alignment of priorities to the Integrated Development Plan.**

The municipality delivers services critical to the wellbeing and development of its local communities. To ensure that service delivery is as efficient and economical as possible the IDP which outlines strategic priorities, indicators and resources are adopted by Council. The implementation of these plans and use of resources are monitored through a performance management system and are recorded in the Annual performance report and there are aligned to the 2016/2017 Annual Report.

#### **Conclusion**

We trust that communities will find this annual report as an adequate, honest and responsible account on the work of the municipality for the period, and more important, that it will not gloss over the shortcomings of our work so that we can address this moving forward.

Since my appointment in Kopanong Local municipality, I have been supported and surrounded by a band of hardworking officials who went an extra mile to ensure that service delivery mandate is executed as per Chapter 7 of the Constitution of South Africa. I am thankful to each one for their persistent efforts and may this serve as an encouragement to the entire municipality.

We are also supported by remarkable hardworking Councillors; with their support we will take this municipality forward. I offer my sincere gratitude to the political leadership both outgoing and incoming that worked hard to keep service delivery going.

---

**Mr.MM KUBEKA**

**MUNICIPAL MANAGER**

*T1.1.1*

## MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### INTRODUCTION TO BACKGROUND DATA

The municipality do not own funds for Capital Projects, only depends on Municipal Infrastructure Grant (MIG), Regional Bulk Infrastructure Grant (RBIG), Municipal Water Infrastructure Grant (MWIG) and DOE for Electrification of Projects:

The Municipality has focused on the below service delivery projects:

- a) Supply and installation of water meters
- b) High mast lights
- c) Grading and blading of internal access roads in many of our wards
- d) We electrified 13 408 households in many of our towns
- e) Maintenance of municipal Facilities
- f) Fenced our grave yards
- g) Rehabilitation of land field sites
- h) Fenced our community Halls

#### **Water**

13 693 (99.7%) households have access to water.

#### **Sanitation:**

13 683 (99.6%) households have access to waterborne sanitation.

#### **Electricity:**

13 408 (96.3%) households have access to electricity.

#### **Refuse Removal:**

13 711 (100%) households have access to refuse removal

#### **Housing**

12 397 (85.2%) households have access to housing

T 1.2.1

Population Details									
Population 49 171 (Census 2011 Stats SA)									
Age	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	2 514	2 485	4 999	2 550	2 629	5 179	2 654	2 643	5 297
Age: 5 - 9	2 770	2 877	5 647	2 992	2 986	5 978	2 513	2 529	5 042
Age: 10 - 19	5 646	5 583	11 224	6 313	6 281	12 594	4 346	4 311	8 657
Age: 20 - 29	4 048	4 312	8 360	4 381	4 507	8 888	4 578	4 229	8 807
Age: 30 - 39	2 987	3 190	6 177	3 684	3 910	7 594	3 288	3 250	6 538
Age: 40 - 49	2 321	2 581	4 902	2 808	3 076	5 884	2 660	2 914	5 574
Age: 50 - 59	1 605	1 961	3 566	2 008	1 049	3 057	1 973	2 239	4 212
Age: 60 - 69	1 097	1 493	2 560	1 349	1 807	3 156	1 255	1 623	2 878
Age: 70+	871	1 374	2 245	840	1 550	2 390	817	1 348	2 165
<b>Total</b>	<b>23859</b>	<b>25856</b>	<b>49715</b>	<b>26925</b>	<b>27795</b>	<b>54720</b>	<b>24084</b>	<b>25086</b>	<b>49171</b>
<i>T1.2.3</i>									

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
16/17	6147	27%	2881	20.70%	2.9%	13.40%
15/16	6600	27%	-	-	3.1%	13.40%
14/15	2641	45%	-	-	-	-
13/14	8192	27%	-	-	-	-
<i>T 1.2.4</i>						

Reference to Community Survey statistics.

<b>Overview of Neighbourhoods within Kopanong Local Municipality</b>		
<b>Settlement Type</b>	<b>Households</b>	<b>Population</b>
Towns		
Bethulie	2593	6 720
Edenburg	1875	5 577
Fauresmith	1233	4 512
Gariiep Dam	438	1 314
Jagersfontein	1 882	5 646
Philippolis	1 274	3 822
Reddersburg	1 547	4 641
Springfontein	1 180	3 540
Trompsburg	1 689	5 067
<b>Sub-Total</b>	<b>13 711</b>	<b>40 839</b>
<i>T 1.2.4</i>		

<b>Natural Resources</b>	
<b>Major Natural Resource</b>	<b>Relevance to Community</b>
Jagersfontein Mine( Diamond)	Job Creation
Gariiep Dam in Gariiep	Access to Water
Fish Hatchery in Gariiep	Job Creation
Exploration of Uranium Mine in Edenburg	Job Creation
Tiger Breeding in Philipolis	Tourist attraction
Flatland for Energy Solar Hub	Springfontein & Bethulie
<i>T 1.2.5</i>	

## SERVICE DELIVERY OVERVIEW

### SERVICE DELIVERY INTRODUCTION

#### Achievements

##### a. Access to Water.

A total number of 13 693 (99.7%) households have access to water in the following Towns / Units:

1. Bethulie = 2 593
2. Edenburg = 1 874
3. Fauresmith = 1 233
4. Gariep-Dam = 438.
5. Jagersfontein = 1 882
6. Philippolis = 1 274.
7. Reddersburg = 1 545
8. Springfontein = 1 180.
9. Trompsburg = 1 674

##### b. Access to Sanitation.

A total number of 13 683(99.6%) households have access to waterborne sanitation in the following Towns / Units:

1. Bethulie = 2 593
2. Edenburg = 1 873
3. Fauresmith = 1 225
4. Gariep-Dam = 438
5. Jagersfontein =1 882
6. Philippolis = 1 274
7. Reddersburg = 1 544
8. Springfontein = 1 180.
9. Trompsburg = 1674

##### c. Access to Refuse Removal and Waste Management.

A total number of 13 711 100% households have access to Refuse Removal in the following Towns / Units:

1. Bethulie = 2593
2. Edenburg = 1875
3. Fauresmith = 1233
4. Gariep-Dam = 438.
5. Jagersfontein = 1 882
6. Philippolis = 1 274
7. Reddersburg = 1 547
8. Springfontein = 1 180.
9. Trompsburg = 1 689

There are nine landfill sites, one per Town / Unit. Eight landfill sites are registered, and they are as follows:

1. Bethulie.
2. Edenburg.
3. Fauresmith.
4. Gariiep-Dam.
5. Philippolis.
6. Reddersburg
7. Springfontein.
8. Trompsburg.

Jagersfontein landfill site is on the Environmental Impact Assessment stage failed.

Technical Department

The following landfill sites are approved for Rehabilitation:

1. Reddersburg. (Landfill site under construction)
2. Edenburg. (Transfer station complete)
3. Fauresmith. . (Transfer station under construction)
4. Jagersfontein. . (Contractor appointed).)EIA Failed

**d. Access to Electricity.**

A total number of 13 408 (96.3%) households have access to Electricity in the following Towns / Units:

1. Bethulie = 2584
2. Edenburg = 1850
3. Fauresmith = 1230
4. Gariiep-Dam = 438.
5. Jagersfontein = 1880
6. Philippolis = 1 274.
7. Reddersburg = 1 539
8. Springfontein = 977
9. Trompsburg = 1 636

**CHALLENGES:**

**a. Access to Water**

A total number of 18 (0.3%) households do not have access to water in the following Towns / Units, due to none connections.

1. Reddersburg = 02
2. Trompsburg = 15
3. Edenburg=01

**b. Access to Sanitation**

A total number of 28 (0.4% households do not have access to waterborne sanitation in the following Towns / Units, due to none connections:

1. Fauresmith = 08
2. Reddersburg = 03



3. Trompsburg = 15
4. Edenburg = 02

**c. Access to Refuse Removal.**

Constant mechanical breakdown of the ageing fleet which is also not in good standards refuse removal.

**d. Access to Electricity**

A total number of 303 (3.7%) households have no access to Electricity in the following Towns / Units:

1. Bethulie = 09
2. Edenburg = 25
3. Fauresmith = 03
4. Jagersfontein = 02
5. Reddersburg = 08.
6. Springfontein = 203
7. Trompsburg = 53.

*T 1.3.1*

## **1.1. FINANCIAL HEALTH OVERVIEW**

### **FINANCIAL OVERVIEW**

The municipality regressed from an unqualified audit opinion during the 2015/2016 to a qualified audit opinion in the 2016/2017 financial year. Municipality is going through financial distress as the financial liabilities amounting to R336 million exceeds financial assets R191 Million.

Municipality is going through mSCOA implementations and there were also systematic failure due to old ICT infrastructure.

The municipality's biggest challenge is cash flow. In rural areas such as ours it is very difficult to collect income due to high poverty rate. The municipality's equitable share grant is decreasing due to Stats census. Municipality have entered into payment arrangement with the service providers in order to can recover from the long outstanding creditors.

The credit control department have been strengthened in order to increase collection. Municipality is also by with data cleaning as we are now on mSCOA as from 1<sup>st</sup> July 2017. This process will assist with the correct billing as consumer's addresses will be rectified and then correct account will be sent to consumer and ion time.

Municipality has also appointed a Revenue Enhancement Committee to review the tariff structures to align with the budget as to increase the revenue base of the Municipality. Also plans to cut expenditure and plans of how municipality can raise funds from other sphere of government not forgetting the private sector.

The allocation of National Treasury equitable share as per the projected allocations of the DORA show an increase in future from the 2019 financial year.

*T 1.4.1*

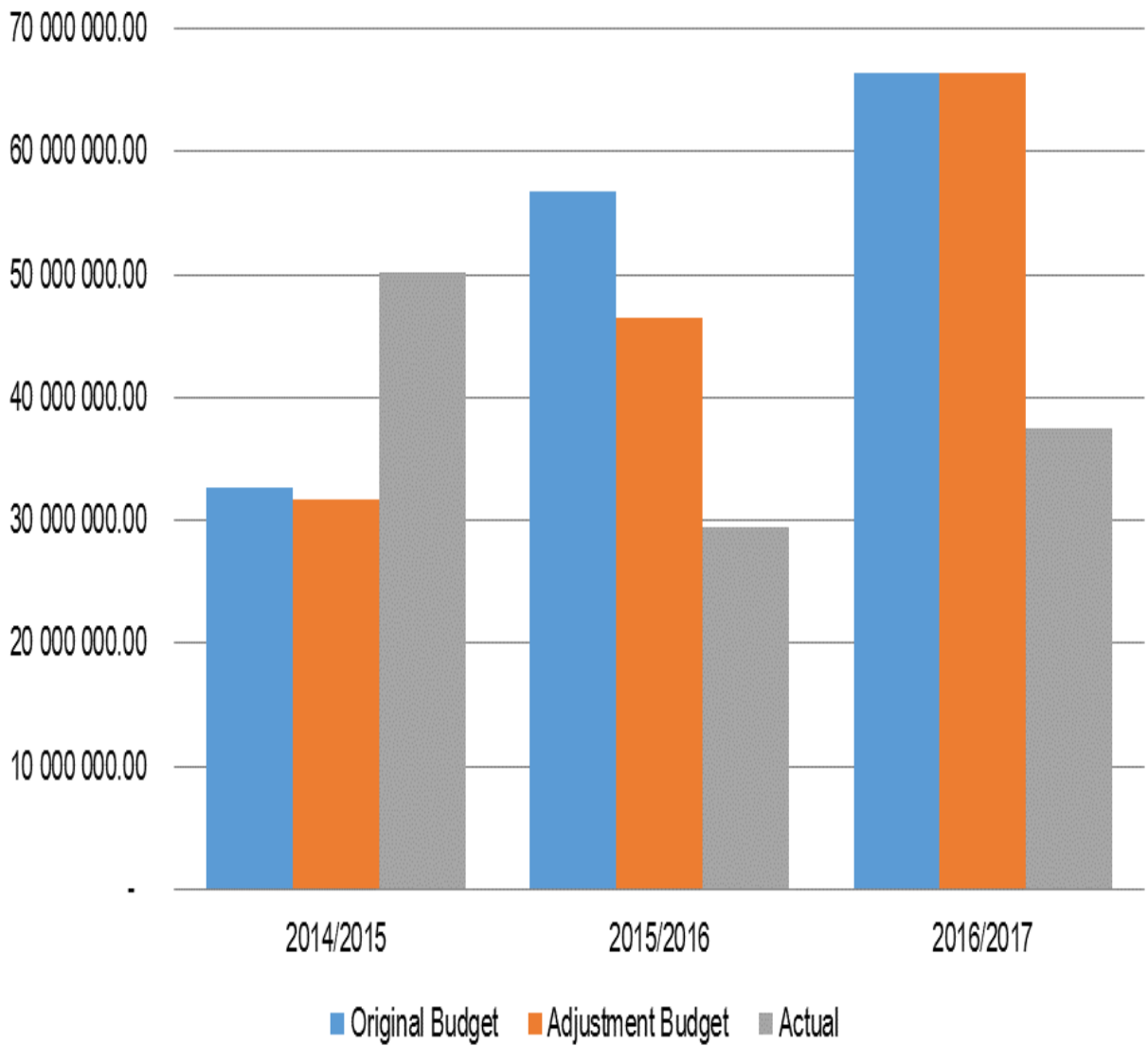
Financial Overview: Year 2016/2017			
R' 000			
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	139 808 995	139 808 995	103 907 380
Taxes, Levies and tariffs	138 913 706	136 133 141	121 062 510
Other	22 875 462	31 973 838	16 168 208
Sub Total	301 598 163	307 915 974	241 230 953
Less: Expenditure	307 530 081.68	314 119 794	329 309 914
Net Total*	-5 931 918.68	-6 203 820.68	-88 078 961
* Note: surplus/(defecit)			T 1.4.2

Operating ratios	
Detail	%
Employee Cost	31%
Repairs & Maintenance	2%
Finance Charges & Impairment	26%

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Total Capital Expenditure: Year 2014/2015 to Year 2017			
R'000			
Detail	2014/2015	2015/2016	2016/2017
Original Budget	32 730 000	56 714 000	66 378 995
Adjustment Budget	31 730 000	46 541 000	66 378 995
Actual	50 160 000	29 469 700	37 574 834
			T 1.4.4

# Total Capital Expenditure



## **1.2. ORGANISATIONAL DEVELOPMENT OVERVIEW**

### **ORGANISATIONAL DEVELOPMENT PERFORMANCE**

Organisational development is about improving performance at the individual, group and municipal organisational level, it is about improving the organisation`s ability to effectively respond to changes in its external environment, and it is about increasing internal capabilities by ensuring that Kopanong Local municipality structures, human resources systems, job designs, communication systems and leadership/managerial processes fully harness human motivation and help people function to their full potential.

The municipality is having an organizational structure in place that was approved by Council. The organogram comprises of the office of the MM, Finance, Corporate services, Technical Services and community services departments respectively.

For compliance matters, the Annual Performance Agreements are only signed by the Municipal Manager and Section 54A and 56 managers; this has not been cascaded to all other staff below (EPAS)

*T 1.5.1*

## **1.3. REPORT OF THE AUDITOR-GENERAL**

The municipality received a qualified opinion in 2016/17. This was regression from the 2015/16 unqualified opinion. Audit report is from page 216 to page 230.

Municipality have deviated with the GRAP 104 financial instruments as amounts used for impairment of debtors was materially misstated.

Municipality also deviated with GRAP 2, Cash flow statements as cash flows from operating activities and financing activities were misstated

*T 1.6.1*

#### 1.4. THE ANNUAL PROCESSES ALIGNED TO LEGISLATION

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	26/07/2016
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	01/07/2017
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year 2016/2017 Annual Report to Internal Audit and Auditor-General	Should be submitted by 31 August 2017
5	Audit/Performance committee considers draft Annual Report of municipality and entities	August 2017
6	Mayor tables the unaudited Annual Report	31/01/2018
7	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	31/08/2017
8	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	N/A
9	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
10	Municipalities receive and start to address the Auditor General's comments	November
11	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	25/01/2017
12	Audited Annual Report is made public and representation is invited	25/01/2017
13	Oversight Committee assesses Annual Report	14/03/2017
14	Council adopts Oversight report	30/03/2017
15	Oversight report is made public	03/04/2017
16	Oversight report is submitted to relevant provincial councils	03/04/2017
17	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	31/05/2017
		<i>T 1.7.1</i>

COMMENT ON THE ANNUAL REPORT PROCESS:

It is very important for the municipality to abide by the statutory requirements regarding the annual reporting. The objective of performance reporting are:

To foster accountability for performance

To facilitate systematic review of performance in order to ensure rational decision making about improvement actions and to provide a historical record of progress made with achieving the municipality's development objectives. as the municipality we don't foresee any failure of complying with statutory requirements regarding the compilation of the Annual Report.

**Importance of alignment between the IDP, Budget, and PMS:**

The IDP, budget, and performance management processes must be seamlessly integrated. IDP fulfils the planning stage of performance management; performance management in turn fulfils the implementation management, monitoring, and evaluation of the IDP. The performance of an organisation is integrally linked to that of Section 54 and 56 managers. If employees do not perform the organisation will not achieve its intended objectives, and seemingly the municipality cannot plan without the budget

*T 1.7.1.1*

## CHAPTER 2 – GOVERNANCE

### INTRODUCTION TO GOVERNANCE

Political governance is governed by the Honorable Mayor it consists of 15 Councillors with the Mayor and the Speaker.

The Speaker presides over the Ordinary and Special Council meeting and she is also designated as a full time Councillor, the administration dispatch notices and agendas to Councillors forty eight (48) hours before the commencement of the Council meeting as determined in the Standard Rules and Orders.

The Mayor has the executive powers and attends to day to day duties of the Municipal Council, and the three Section 80 committee members assist him in executing some of his responsibilities. One of the responsibilities of the Mayor is to present the Executive committee reports before Council.

The municipality has appointed the Municipal Manager who is the head of administration .He is responsible for day to day operations of the organisation and account to the Mayor. Other managers who have been appointed in terms of Section 56 of the Municipal Systems Act, 2000 reports directly to the Municipal Manager. It is important to highlight that the municipality is composed of four departments, excluding the office of the Municipal Manager, Corporate Services Department, Budget and Treasury Office, Technical Department and Community Services department.

*T 2.0.1*

## COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The municipality has an audit and performance committee in place, consisting of four (4) members and it is established in terms of Section 166 of the Municipal Finance Management Act (MFMA). The committee fulfils its oversight responsibility for the financial reporting, the system of internal controls, performance management, the audit process, and monitoring compliance with laws and regulations and the code of conduct. The committee sit and report quarterly to council about its activities, issues, and related recommendations.

The council appointed an oversight committee on the 25 January 2017, comprising of 5 members, a Councillor as a chairperson of oversight committee, 1 member of the audit committee, 1 community member and 2 councillors which are non –executive councillors. The resolution taken by Oversight Committee on the Annual Report 2015/2016 was to adopt an Annual Report without reservations and the oversight report was publicised on the 06<sup>th</sup> April 2017. Copies of the oversight report and minutes were forwarded to COGTA, Auditor General, Provincial and National Treasury, they were also publicised on the website, units and libraries as per legislation.

*T 2.1.0*

## **2.1 POLITICAL GOVERNANCE**

### **INTRODUCTION TO POLITICAL GOVERNANCE**

Three Section 80 committees that process items before they could be forwarded to the Exco Committees and eventually to Council are Rural and Finance Committee, Institutional transformation and Rural Development Committees.

The three departments of the municipality prepare reports that are then submitted to the Section 80 committees for deliberation. After the aforementioned committees have processed the reports presented before them, they are forwarded to the Exco committees for further deliberations. Furthermore these reports are taken to Council for consideration and adoption. Important to note is that the Section 80 committees, Exco committees and Council sit as per schedule of Council meetings that was adopted by the Council.

The Annual Report is prepared by the Performance Management Unit in collaboration with other department, when management is satisfied with this report it is then submitted to the Council for noting by 31 January 2018. Subsequent to this process it is forwarded to the Oversight Committee by 31 March 2018 of each for assessment and thereafter it is presented before Council with the committee's recommendations and comments. The Oversight report and the Annual report are submitted to Departments of Provincial and National Treasury and Cooperative Governance and Traditional Affairs for comments. Furthermore these reports are published to the communities, libraries units and municipal website.

*T 2.1.1*

### **POLITICAL STRUCTURE**

#### **MAYOR**

Cllr. X T Matwa

#### **SPEAKER**

Cllr. K E Dlomo

#### **CHIEF WHIP**

Cllr. N M Jan

#### **MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE**

(Honourable Councillor X T Matwa, Cllr P Basholo and  
Cllr H Shebe)

*T 2.1.1*



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## **COUNCILLORS**

Councillors are elected by the local registered voters in their respective wards and represent their respective constituents in local Council.

Kopanong municipality has a total of 15 seats, eight (8) of those are allocated to Ward Councillors who are elected by wards they are representing. The other 7 seats are allocated to political parties in proportion to the number of votes cast for them.

Furthermore it has established an oversight committee which composed of five members. i.e. three Council members, one community member and the Chairperson of the Audit and Performance Committee.

*T 2.1.2*

## **POLITICAL DECISION-TAKING**

The Section 80 committees sit as per schedule of Council meeting to process the items placed before them and make recommendations to the Executive Committee. These items are further processed by the Exco committee and forwarded to the full sitting of Council with recommendations. Then the Council pronounces itself on the issues presented before it. The decisions are taken by majority of members present at the meeting where the members share different view on an item under consideration. All resolutions passed by the Council are implemented by the administration.

*T 2.1.3*

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## **2.2 ADMINISTRATIVE GOVERNANCE**

### **INTRODUCTION TO ADMINISTRATIVE GOVERNANCE**

The Municipal Manager and Managers accountable to the Municipal Managers organize administration in a manner that enables the municipality to be responsive to the needs of the community within its jurisdiction. The Municipal Manager is the Accounting officer who accounts to the Mayor as well as Council. He further provides guidance and advice to the political structures to manage the administration of the institution.

The Director Corporate Services administer the Department of Corporate Services and advice the Municipal Manager that relate to administration, human resources and information technology. The Chief Financial Officer administers Budget and Treasury Office and advice the Municipal Manager on matters that relates to the finances of the municipality. The Director Technical Services is responsible for the Infrastructure and Development of the municipality and Community Services is also responsible for services delivery to the community.

*T 2.2.1*

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**Top administrative structure**

**Tier 1**

**MUNICIPAL MANAGER**

Mr MM Kubeka



**Tier 2**

***Directors***

**Chief Financial Officer**

Mr M J Mekhoe Acting from January till March



**Chief Financial Officer**

Me PM Koatla Acting from April till June



**Director Corporate Services**  
Me K C Pitso



**Director Technical Services**  
Mr S Hololoshe



**Director Community Services**

Vacant

T2.2.2

All Section 54 and 56 managers' posts are filled.

- Municipal Manager – Filled
- Chief Financial Officer – Vacant
- Director Corporate Services – Filled
- Director Technical Services – Filled
- Director Community Services - Vacant

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## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The Inter-governmental Relations Framework Act 13 of 2005 seeks to establish a framework for the National, Provincial and Local governments to promote and facilitate intergovernmental Relations to provide for mechanisms and procedures to facilitate the settlement of intergovernmental disputes and to provide for matters connected herewith.

Informed by guiding legislation and policies related to IGR structures, Xhariep District Municipality established an IGR forum where which Kopanong as a Municipality is a member of, this forum holds meetings quarterly to engage on issues pertaining to service delivery. There are two structures of IGR, the Political IGR and the Technical IGR; The Political IGR is the structure for Mayors and Councilors and the technical structure for Municipal Managers and Key Manager and Officials.

The Municipality guided by the framework and other policies in good relations with other government departments for the sole reason of service delivery. Intergovernmental relations are mainly informal, making the system flexible to respond to change. The approach of the Act is therefore that it does not seek to govern intergovernmental relations in its totally but provides only the broad framework in terms of which spheres of government interact with one another.

Provincially, COGTA is playing a monitoring and evaluation role on issues of PMS, Back to Basics, IDP. The municipality then identified 5 Key Performance Areas (KPA's) to report on and to see to it that the municipality complies in terms of supply chain management. The Provincial Treasury plays a monitoring role on issues of MSCOA, and there is also a supporting staff on Auditor General steering committee meetings.

T 2.3.0

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## 2.3 INTERGOVERNMENTAL RELATIONS

### NATIONAL INTERGOVERNMENTAL STRUCTURES

From the Department of Co-operative Governance and Traditional Affairs (COGTA) there is a national body that focuses mainly on monitoring, evaluation and service delivery, more especially on municipal turnaround strategy, which addresses key issues within the municipality that focuses mainly on service delivery issues e.g. Fighting of corruption; basic services, local economic development, clean audit and institutional arrangements.

#### **Back to Basics**

The President launched the Back to Basics principles in September 2014, to involve the communities in all government affairs and provision of service delivery. Back to Basics came with five principles:

*Putting Peoples First*

*Delivery Basic Services*

*Good Governance*

*Sound financial management*

*Building capacity*

The program was cascaded to the Province via district and the municipalities whereby we should report on a monthly basis to National Ministry (DCOC) as well as Provincial COGTA. On the 31 March 2015 the programme was adopted by Council, whereby Kopanong Local municipality is reporting to National and COGTA Provincial. The crack team that was established by the Province visited the municipality to assist with the development of Improvement plan, and the plan was submitted to Council for approval on the 29th May 2015. Currently there are no outstanding reports for both National and Provincial.

The municipality had three meetings with the Provincial Coordinator and 3 provincial crack meetings where we consolidated the report and monitor progress from there province report to Provincial Lekhotla.

**Municipal Grading**

The municipal grading was influenced by decrease in population due to STATS SA census 2011. From category 3 to Category 2 municipality.

**SPLUMA**

The **SPLUMA** was introduced by Minister of Rural development and Land Reform to coordinate the developments that are taking place in the local municipality. SPLUMA gave the municipality all the right with matters of the development in their local space. We as the municipality we have adopted the bylaws, established the municipal planning tribunal. The e/lodgment training was conducted. Our municipality is 100% ready for implementation of **SPLUMA**.

In terms of the implementation we have advertised for commercial land development center and the committee sat on the 13-14 May 2016 to finalize the applications. The service provider was appointed for the development of 2 fuel outlet, shopping complex and construction of disaster management center at the present moment the municipality and service provider we are busy with application of subdivision of land.

T 2.3.1

**PROVINCIAL INTERGOVERNMENTAL STRUCTURE**

Kopanong Local Municipality participate in the Municipal Managers Forum, IDP Managers Forums, PMS Forum, LED forum and Risk and Internal Audit forums. There is also a shared audit and performance committee amongst the district.

T 2.3.2

**RELATIONSHIPS WITH MUNICIPAL ENTITIES**

The municipality does not have any entities. The municipality is having a services level agreement with Centlec and Bloem- Water.

T 2.3.3

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## **DISTRICT INTERGOVERNMENTAL STRUCTURES**

There is a district coordinating forum that consists of the District Mayor, and three Primary members of which is the Local Mayors.

### **Technical Support Committee**

Forum consists of the District Manager and 3 primary members (Local Municipal Manager). The forum must meet at least once per year with services providers and other role players concerned with the development in the district to co-ordinate effective provision of services and planning in the district.

T 2.3.4

## **COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION**

### **OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION**

The Speaker is responsible for public participation, whereby the Council works to empower local communities to have control over their own lives and livelihoods. Public participation is designed to promote the values of good governance and human rights. Public participation acknowledges a fundamental right of all people to participate in the governance system.

The Municipal Systems Act 2000 defines “the legal nature of a municipality as including the local community within the municipal area, working in partnerships with the municipality’s political and administrative structures to provide for community participation”.

Section 16(1) requires the municipality to develop ‘a culture of municipal governance that complements formal representative government with a system of participatory governance’.

According to the Systems Act: Section 4 (c) (e), the council has the duty to.....

(c) Encourage the involvement of the local community

(e) Consult the community about the level quality, range and impact of municipal services provided by the municipality, either directly or through another service provider

5 (a) Members of the community have the right...

(b) to contribute to the decision-making processes of the municipality and submit written or oral recommendations, representations and complaints

T 2.4.0

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## **2.4.PUBLIC MEETINGS**

### **COMMUNICATION, PARTICIPATION AND FORUMS**

Ward committee meetings are public meetings, orchestrated by the Ward Councillors. The sole purpose of these meeting is to create a platform whereby a Councillor gives feedback about the Council decision more especially on issues pertaining to community needs. These meetings are held on a monthly basis and quarterly reports from wards are submitted to the office of the Speaker.

To ensure that the community needs are attended to, different government department are at times invited to the above meetings with the intended purpose of giving clarity to community members about the services rendered by each department as well as the role of the community.

### **WARD COMMITTEES**

Ward Councilor is the Chairperson of a particular ward within the municipality, whereas a proportional representative is a Councilor deployed within a ward representing a political party.

*T 2.4.2*

### **COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:**

As per the requirements of Municipal Systems Act and the Municipal Finance Management Act the municipalities has a series of outreach consultation including the IDP and Budget consultative sessions with the communities of the Kopanong Local Municipality.

The Local Government Municipal Management Act (MFMA Act 56 of 2003) puts at the center of the process the voice of the people. The MFMA calls for active participation and input from the public in the budgeting process as well as the alignment of the budget to the IDP.

In order to ensure public participation in local governance, government has over time put in place various pieces of legislation and policies. The following are some of the legislative and policy provision aimed at fostering public participation at local government level:

The Constitution-1996

Municipal Structures Act and White Paper on local government-1998

Municipal Systems Act-2000

Municipal Finance Management Act-2003

Municipal Property Rates Act-2004

Guidelines for operation of Wards Committees-2005

*T 2.4.3.*



<b>PUBLIC MEETINGS</b>						
<b>Nature and purpose of meeting</b>	<b>Date of events</b>	<b>Number of Participating Municipal Councillors</b>	<b>Number of Participating Municipal Administrators</b>	<b>Number of Community members attending</b>	<b>Issue addressed (Yes/No)</b>	<b>Dates and manner of feedback given to community</b>
Community Meeting	22/09/16	2	0	48	Yes	Both the municipality and the community engaged at length about service delivery and solutions to improve it were brought forth
Mayoral food parcels	16/12/16	2	3	25	Yes	In his quest to alleviate poverty, the mayor gave food parcels to the needy members of the community
Motheo Road show	18/01/17	1	1	45	Yes	Career exposition was given by Motheo TVET College to the youth in the community and as part of the initiative to give them access to educational facilities
Parliamentary	27/01/17	4	7	155	Yes	Awareness on the Visit of NCOP (Bringing Parliament to the people)
Identification of cemetery	12/02/17	1	1	37	Yes	Public Participation to solicit imputes from Communities where to bury their loved once
Mayoral imbizo	28/02/17	6	7	85	Yes	Both the municipality and the community engaged at length about service delivery and solutions to improve it were brought forth, further
CWP recruitment	14/03/17	1	1	55	Yes	Unemployed members of the community were recruited. Municipality benefited from manpower and the community benefited by having the level of ser-

						vice delivery improved and some people some people got employment
Home affairs	10/04/17	1	0	49	Yes	Encouraging communities to register for documentation this enables the municipality to identify which indigents with in the Community
Asidi) committee) Building of a new School	16/05/17	1	0	12	Yes	Eliminate Education poverty in our communities
Community Meeting	30/05/17	1	0	75	Yes	Both the municipality and the community engaged at length about service delivery and solutions to improve it were brought forth
NCOP	17/05/17	1	0	58	Yes	Health, an opportunity for communities to comments on the health services
Subsidy/ indigents	12/06/17	1	1	135	Yes	Communities have an opportunity to register for free basic services
Joined nyda	19/07/17	1	0	77	Yes	Communities are being informed about extended information regarding employment, Business and Education
Community database	25/07/17	1		85		Easy for municipality to create ward profiles and to plan precise
Clinic committee elections	25/07/17	1	0	40	Yes	Communities are being involved and have an opportunity to form part in the operations of the Government

Centlec/ electricity	27/06/17	1	1/ field worker	200	Yes	Gaining trust from the Communities by alerting them about challenges Municipality is facing and this will avoid unnecessary protests
Introduction of Ward Councillor	31/08/16	1	2	150		Council is being represented in the communities as a result its closing a wide gap between the community and the Council
Payment of services and indigents registration	02/05/17	1	1	100	Yes	Enables the municipality to collect revenue while communities have access to free basic services
Introduction of ward committee and taxi hub /centre	13/12/16	1	1	80	Yes	Municipality is being represented in the communities as a result its closing a wide gap between the community and Municipality
Bloemwater shortages report	03/03/17	1	1	150	Yes	Gaining trust from the Communities by alerting them about challenges Municipality is facing due to water restriction and this will avoid unnecessary protests

## 2.5 IDP PARTICIPATION AND ALIGNMENT

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

T 2.5.1

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance is a term that refers broadly to the rules, processes, or laws by which businesses are operated, regulated, and controlled. The term can refer to internal factors defined by the officers, stockholders or constitution of a corporation, as well as to external forces such as consumer groups, clients, and government regulations. Our municipalities too, is expected to practice well-defined corporate governance in this manner.

The Section 80 committees, Executive Committees and Council meetings are sitting on a quarterly basis, the Mayor and the Municipal Manager are meeting daily to discuss issues of governance. The Municipal Whippersnapper committee consists of the Mayor, Speaker, Chief Whip of the ruling party and they are holding weekly meetings with the MM, CFO, Finance managers, Internal Auditor, PMS Officer, all Directors, an official from COGTA for municipal support and PA to the Mayor to discuss issues of revenue enhancement strategy, audit action plan as a way of improving the municipality's audit outcome.

T 2.6.0

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## 2.6 RISK MANAGEMENT

### **The need for risk management (See MFMA Section 62 (1) (c) (i))**

Risk management is a continuous, pro-active, and systematic process implemented by the municipality's council, management and other personnel, applied in strategic planning and across the municipality, designed to identify potential events that may affect the municipality, and manage risks to be within its risk tolerance level, to provide reasonable assurance regarding the achievements of municipality objectives. The municipality's risk management committee is in place and functional. The committee had four meetings in 2016/2017 financial year.

### **The benefits of having an effective risk management:**

1. Support efficient use of resources,
2. Promoting continuous improvement,
3. Minimize surprises,
4. Reassure the stakeholders,
5. Helps internal audit to comply with internal audit framework and standards
6. Continuity of services delivery.

### **An effective risk management**

1. Improve accountability by ensuring that risks are explicitly stated and understood by all parties, that the management of risks is monitored and reported on, and that action is taken based on the results.
2. Focus on planning to deal with factors that may impact on the objectives of the municipality and provide an early warning signal
3. Ensure opportunities are not missed and surprise costs don't arise

### **Service department role:**

1. Develop risk management implementation plan of the municipality.
2. Works with senior management to develop risk management vision, strategy, and policy as well as risk appetite and tolerance level.
3. Conducting workshops on risk management and fraud awareness.

4. Coordinating risk assessment within the municipality.
5. Assisting management in developing and implementing risk responses for each identified material risk.
6. Reporting quarterly to the Risk Management Committee.

Risk management awareness workshop was held for managers and councilors in May 2017.

Risk assessment was conducted in July and August 2016

Top five risks to the municipality:

1. Uncontrolled water demand
2. Non-payment of services

3. Irregular expenditure
4. Ageing Infrastructure.

#### **An effective risk management**

1. Improve accountability by ensuring that risks are explicitly stated and understood by all parties, that the management of risks is monitored and reported on, and that action is taken based on the results.
2. Focus on planning to deal with factors that may impact on the objectives of the municipality and provide an early warning signal
3. Ensure opportunities are not missed and surprise costs don't arise

#### **Service department role:**

1. Develop risk management implementation plan of the municipality.
2. Works with senior management to develop risk management vision, strategy, and policy as well as risk appetite and tolerance level.
3. Conducting workshops on risk management and fraud awareness.
4. Coordinating risk assessment within the municipality.
5. Assisting management in developing and implementing risk responses for each identified material risk.
6. Reporting quarterly to the Risk Management Committee.

Risk management awareness workshop was held for managers and councilors in May 2017.

Risk assessment was conducted in July and August 2016.

Top five risks to the municipality:

1. Uncontrolled water demand.
2. Non-payment of services.
3. Irregular expenditure.
4. Not all Audit queries are not being resolved.
5. Ageing Infrastructure.

*T 2.6.1*

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## **2.7 ANTI-CORRUPTION AND FRAUD**

### **FRAUD AND ANTI-CORRUPTION STRATEGY**

The municipality reviewed an anti-fraud and corruption strategy on the 2<sup>nd</sup> of June 2016.

Fraud awareness workshop was held for managers and councilors in May 2017.

Fraud aware Pamphlets were distributed.

Fraud risk register is in place.

Fraud surveys questionnaires were distributed and completed by employees.

The municipality has a shared audit and performance committees, is fully functional and councilors are not part of the committee.

*T 2.7.1*

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## **2.8 SUPPLY CHAIN MANAGEMENT**

### **OVERVIEW SUPPLY CHAIN MANAGEMENT**

The Supply Chain Management Policy; Policy on Unauthorised, Irregular, Fruitless and Wasteful Expenditure were reviewed and approved by Council.

The Municipality has improved systems and controls to be in line with the MFMA and SCM Regulations and other related prescripts.

The service delivery projects were included in the IDP; the Budget; and a service delivery project plan/procurement plan. Implementation of the plan was monitored to ensure proper implementation.

The prescripts of Section 112 of the MFMA were taken into account when drafting the SCM policy and the SCM Implementation Checklist was developed and reported on a quarterly basis.

The Municipality has started making use of the Central Supplier Database to request written price quotations from suppliers

Bids were advertised on the e-tender portal as required by Circular 83

Bid Committees are functional and has undergone trainings that were facilitated by Free State Provincial Treasury

Contract monitoring and management – the Municipality has entered into contracts and service level agreements with its service providers and performance monitoring is performed on a monthly basis.

The following challenges occurred in the implementation of the SCM Policy:

(1) Irregular Expenditure incurred mainly due to 2012;2013 & 2014 instances where the Bid Adjudication Committee did not comprise of the four directors as prescribed in Regulation 29 and the expendi-

ture incurred on those multi-year contracts were regarded as irregular. A fourth director was appointed and the Committee is now compliant.

(2) Deviation from SCM processes were mainly as a result of instances where it was impractical and impossible to obtain a minimum of three quotations. Those instances were approved, recorded in the register and disclosed as a note to the Annual Financial Statements T 2.8.1

## 2.9 BY-LAWS

Two BY-LAWS were adopted during the year, which are: Business Regulations was adopted on the 30<sup>th</sup> March 2017 and Standard rules and orders was adopted on the 30<sup>th</sup> March 2017. Electricity by-law was not approved was deferred because it needed to be customised to meet the Municipal economical standard council sitting was on the 28<sup>th</sup> June 2017.

T 2.9.1.1

## 2.10 WEBSITES:

**Please see the Live Website with all the Details & History available @ [www.kopanong.gov.za](http://www.kopanong.gov.za)**

The following is a list of documents published and made available to the public yearly:  
The annual and adjustments budgets and all budget-related documents;

- All budget related policies and the Budget
- The Annual Report
- All Performance Agreements required in terms of section 56 of the Municipal Systems Act
- All Municipal Tenders
- All Weekly Quotations of the Municipality
- All quarterly reports tabled in the council in terms of section 52 (d)
- All Vacancies of the Municipality
- Contact Information for all Directorates and Sub-Directorates
- The Integrated Development Plan (IDP)
- The Service Delivery and Budget Implementation Plan (SDBIP)
- Computers are available at libraries in all 9 town of Kopanong with access to access the website
- The use of the website and number of hits on the website will be measured on quarterly basis



Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	31 May 2017
All current budget-related policies	Yes	31 May 2017
The previous annual report (Year 2015/2016)	Yes	25/01/2017
The annual report (2016/2017) published/to be published		Not yet
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	31 July 2016
All long-term borrowing contracts (Year 2016/2017)	No	The Municipality does not have long term borrowings
All supply chain management contracts above a prescribed value (give value) for 2016/2017	Yes	Awarded Formal Quotations (R 30 001.00 – R 200 000.00) & Awarded Formal BIDS (above R 200 000) for the Period during July 2014 till June 2015
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	None	
Contracts agreed in Year 2016/2017 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	None	
Public-private partnership agreements referred to in section 120 made in Year 2016/2017	No	Not applicable
All quarterly reports tabled in the council in terms of section 52 (d) during Year 2016/2017	Yes	Quarterly( After tabling to council)
<p><i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i></p>		

T 2.10.1

## SATISFACTION ON MUNICIPAL SERVICE

### PUBLIC SATISFCATION LEVELS

There were no surveys conducted for 2016/2017.

T 2.11.1

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

### INTRODUCTION

#### ACCESS TO WATER

There is a total number of 13 693 (99.7%) households with access to water. 20 (0.3%) households do not have access to water due to none connections (i.e.02 households in Reddersburg and 18 Trompsburg. The below water projects are in progress:

1. Trompsburg: Construction of 3mg / concrete reservoir and a distribution pipeline (Work in Progress)
2. Reddersburg: Construction of elevated tank and a 3 km bulk supply pipeline (Work in progress)
3. Philippolis: Upgrading of a rising main pipeline

There are some areas whereby the Municipality experiences low water pressure due to small capacity of network and sometimes pipe burst.

#### B.ACCESS TO SANITATION

There is a total number of 13 683 (99.7%) households with access to waterborne. 18 (0.4%) households do not have access to waterborne sanitation due to none connection (i.e.03 households in Reddersburg and 15 households in Trompsburg). Constant Sewerage spillages due to mechanic and electrical breakdown of pumps.

#### C.ACCESS TO ELECTRICITY

A total number of 13 408 (96.3%) households have access to electricity. An amount of R5 000 000 has been allocated for the electrification of 378 households which was distributed as follows:

1. Bethulie = 204 Connections
  2. Springfontein = 30 Connections
  3. Trompsburg = 40 Connections
  4. Bethulie = 20 infills
  5. Jagersfontein = 42 infills
  6. Edenburg = 42 infills
- Installation of 18 high mast lights (work in progress)

#### D.WASTE MANAGEMENT:

There are 08 landfill / waste disposal sites:

1. Bethulie.
2. Edenburg.
3. Fauresmith.
4. Gariep-Dam.

5. Jagersfontein.
6. Philippolis.
7. Reddersburg.
8. Springfontein.
9. Trompsburg.

Five landfill sites are registered and licensed. Land fill sites that are not yet registered and licensed are: Jagersfontein, Edenburg, Reddersburg and Fauresmith

In the 2016/2017 financial year the Municipality has managed to implement the following project under waste management:

1. Reddersburg Landfill site, (Work in Progress)
2. Fauresmith Landfill site – Transfer station, (Complete)

T 3.0.1

### **3.1. WATER PROVISION**

#### **INTRODUCTION TO WATER PROVISION**

*Note: Recent legislation includes the Water Services Act 1997 and the General Enabling Act 2005*

Bloem-Water is contracted to treat raw water and the Municipality supplies the community. There is a total number of 13 693 (99.7%) households with access to water.

There are sometimes areas whereby the Municipality experience low water pressure due to small capacity of network and sometimes pipe bursts which results to losses of water due to old asbestos pipes. The following projects were approved by COGTA and DWS, to minimise the above stated challenges:

1. Trompsburg: Construction of 3mg / concrete reservoir and a distribution pipeline (Work in Progress)
2. Reddersburg: Construction of elevated tank and a 3 km bulk supply pipeline (Work in progress)
3. Fauresmith 1km bulk pipeline
4. Jagersfontein Water Treatment Works Mechanical & Electrical Works
5. Installation of water meters and valves.

There are also business plans that are submitted to COGTA and DWS for the total replacement of old asbestos pipes with PVC.

T 3.1.1

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free#
Year 2015/16	0	13 693	2 381
Year 2016/17	0	13 580	2 827
			T 3.1.5

Employees: Water Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
7 - 9	20	22	20	2	9%
Total	20	22	20	2	9%

Financial Performance Year : Water Services					
Details	2015/2016	Year 2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	29 996 129.53	31 959 157.00	32 565 069.00	23 167 944.84	-38%
Expenditure:					
Employees	15 592 755.13	-	5 454 822.00	5 345 558.58	100%
Repairs and Maintenance	112 495.06	200 000.00	200 000.00	32 779.40	-510%
Other	41 789 656.00	37 310 982.00	48 132 406.00	83 048 768.15	55%
Total Operational Expenditure	57 494 906.19	37 510 982.00	53 787 228.00	88 427 106.13	58%
Net Operational Expenditure	27 498 776.66	5 551 825.00	21 222 159.00	65 259 161.29	91%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.1.8

Capital Expenditure Year 2016/2017 Water Services					
R' 000					
Capital Projects	Year 2016/2017				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	26 800 000.00	26 800 000.00	11 600 024.64	-131%	280
Instalation of water meters	3 800 000.00	3 800 000.00	7 698 677.09	51%	150
Jagersfontein and Fauresmith water project	23 000 000.00	23 000 000.00	3 901 347.55	-490%	320
					T 3.1.9

**COMMENT ON WATER SERVICES PERFORMANCE OVERALL:**

There is ageing and decaying water infrastructure which is beyond its expected life span as well as low water pressure due to small water pipe capacity. The technical reports and the business plans have been submitted to DWS and COGTA for the upgrading of the water network as capital projects

The Municipality has received two funding from the Department of Water and Sanitation (DWS) an amount of R20, 562,000.00, WSIG programme, R19, 977,000.00 on the MIG programme and R3, 000,000.00 under RBIG programme. All the three programmes were ear marked to implement water related projects below:

1. Jagersfontein Water Treatment Works Civil Works (Completed).
2. Jagersfontein Water Treatment Works Mechanical & Electrical Works (90% Completion).
3. Fauresmith 2.3 MI Reservoir (Practical Completion).
4. Fauresmith 1km bulk pipe line (Practical completion).
5. Trompsburg: Construction of 3mg / l concrete reservoir and pipe line (70% Completion)
6. Reddersburg augmentation of water supply (Elevated Tank Contractor) (30% Completion)
7. Reddersburg augmentation of water supply (Pipe-line Contractor) (35% Completion)
8. Edenburg/Harasebei: Installation of water meters and valves (88% Completion)
9. Springfontein/Maphodi: Installation of water meters and valves (90% Completion)
10. Jagersfontein/Itumeleng: Installation of water meters and valves (90% Completion)
11. Trompsburg/Madikgetla: Installation of water meters and valves (60% Completion)
12. Bethulie/Lephoi: Installation of water meters and valves (90% Completion)
13. Gariep Dam: Installation of water meters and valves (90% Completion)

The municipality does not have specific employee responsible for water, it is utilizing the general workers. However they were sent for process controllers training and they were placed as from 01 July 2013.

	<b>RBIG VALUE</b>	<b>ANTICIPATED COM- PLETION DATE</b>	<b>PROGRESS (%)</b>
Philippolis: Construction of a 3km pipeline and booster pump station	<b>R 6,810,595.62</b>	<b>February 2017</b>	<b>100% Completion</b>
Trompsburg: Construction of 3mg / l concrete reservoir and pipe line	<b>R18,766,463.17</b>	<b>November 2017</b>	<b>54% Completion</b>
<b>TOTAL</b>	<b>R25,577,058.70</b>		
	<b>MIG VALUE</b>	<b>ANTICIPATED COM- PLETION DATE</b>	<b>PROGRESS</b>
Kopanong Installation of water meters and valves in Bethulie	<b>R1,710,274.00</b>	June 2017	271 of 300
Kopanong Installation of water meters and valves in Trompsburg	<b>R1,558,186.00</b>	November 2017	0 of 300
Kopanong Installation of water meters and valves in Edenburg	<b>R1,703,394.00</b>	June 2017	501 of 250
Kopanong Installation of water meters and valves in Gariep dam	<b>R900,288.00</b>	June 2017	63 of 11
Kopanong Installation of water meters and valves in Jagersfontein	<b>R1,509,229.00</b>	June 2017	289 of 180
Kopanong Installation of water meters and valves in Springfontein	<b>R1,199,668.00</b>	June 2017	398 of 180
<b>TOTAL</b>	<b>R8.581,039.00</b>		

Jagersfontein WTW Mechanical & Electrical Works	R 5 927 239	March 2018	90% Completion
Fauresmith 2.3 MI Reservoir	R 11 794 600	November 2017	98% Completion
Philippolis: Construction of a 3km pipeline and booster pump station	R 6,810,595.62	February 2017	100% Completion
Trompsburg: Construction of 3mg / l concrete reservoir and pipe line	R18,766,463.17	April 2017	70% Completion
<b>TOTAL</b>	<b>R43 298 897.8</b>		
			<i>T 3.1.10</i>

### 3.2 WASTE WATER (SANITATION) PROVISION

#### INTRODUCTION TO SANITATION PROVISION

There is a total number of 13 683(99.7%) households with access to waterborne. 56 (0.4%) households do not have access to waterborne sanitation due to none connection (i.e.3 households in Reddersburg and 36 households in Trompsburg). Constant Sewerage spillages due to mechanic and electrical breakdown of pumps.

*T 3.2.1*

Sanitation Service Delivery Levels				
Description	2013/14	2014/15	2015/16	*Households 2016/17
	Outcome	Outcome	Outcome	Actual
	No.	No.	No.	No.
<b>Sanitation/sewerage: (above minimum level)</b>				
Flush toilet (connected to sewerage)	942	600	720	930
Flush toilet (with septic tank)	712	952	502	535
Chemical toilet	535	535	511	601
Pit toilet (ventilated)	124	135	103	100
Other toilet provisions (above min.service level)	13	13	15	11
<i>Minimum Service Level and Above sub-total</i>	2 325	2 236	1 851	2 178
<i>Minimum Service Level and Above Percentage</i>	68.9%	59.9%	55.5%	63.1%
<b>Sanitation/sewerage: (below minimum level)</b>				
Bucket toilet	502	952	938	720
Other toilet provisions (below min.service level)	535	535	535	535
No toilet provisions	10	11	12	15
<i>Below Minimum Service Level sub-total</i>	1 047	1 498	1 485	1 271
<i>Below Minimum Service Level Percentage</i>	31.1%	40.1%	44.5%	36.9%
<b>Total households</b>	<b>3 372</b>	<b>3 734</b>	<b>3 336</b>	<b>3 449</b>
<i>*Total number of households including informal settlements</i>				<i>T 3.2.3</i>

Households - Sanitation Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 2016/2017		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
<b>Formal Settlements</b>						
Total households	100 000	100 000	100 000	100 000	100 000	100 000
level	25 000	25 000	25 000	25 000	25 000	25 000
Proportion of households below minimum service level	25%	25%	25%	25%	25%	25%
<b>Informal Settlements</b>						
Total households	100 000	100 000	100 000	100 000	100 000	100 000
Households ts below minimum service	25 000	25 000	25 000	25 000	25 000	25 000
Proportion of households ts below minimum service level	25%	25%	25%	25%	25%	25%
						<i>T 3.2.4</i>



Employees: Sanitation Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%

T 3.2.7

Financial Performance Year : Sanitation Services					
Details	R'000				
	Year 2015/2016	Year 2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	12 973 288.86	14 843 034.00	15 520 263.00	14 495 232.10	-2%
Expenditure:					
Employees	5 367 515.25	-	5 373 072.00	5 388 286.58	100%
Repairs and Maintenance	1 097 590.73	2 100 000.00	850 000.00	262 451.41	-700%
Other	1 753 261.18	4 888 637.00	3 978 815.00	8 418 821.04	42%
Total Operational Expenditure	8 218 367.16	6 988 637.00	10 201 887.00	14 069 559.03	50%
Net Operational Expenditure	-4 754 921.70	-7 854 397.00	-5 318 376.00	-425 673.07	-1745%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					T 3.2.8

Employees: Sanitation Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 - 6	3	3	3	0	0%
Total	55	93	55	38	41%

T 3.2.7

Capital Expenditure 2016/2017: Sanitation Services					
					R' 000
Capital Projects	2016/2017				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	146000	146000	1071613	86%	
Bethulie/Lephoi: Upgrading of sewer pump stations	146000	146000	1071613	86%	

T 3.2.9

### 3.3 ELECTRICITY

#### INTRODUCTION TO ELECTRICITY

A total number of 13 408 (96.3%) households have access to electricity. An amount of R5 000 000 has been allocated for the electrification of 378 households which was distributed as follows:

1. Bethulie = 204 Connections
  2. Springfontein = 30 Connections
  3. Trompsburg = 40 Connections
  4. Bethulie = 20 infills
  5. Jagersfontein = 42 infills
  6. Edenburg = 42 infills
- Installation of 18 high mast lights (work in progress)

Project Name	Value	Funder	ANTICIPATED COMPLETION DATE
Kopanong: Installation 18 high mast lights, two per town	R6,498,000.00 Budget Maintenance (R7,793,059.67)	MIG	March 2018
Electrification of 378 household in Bethulie, Springfontein, Trompsburg Edenburg, Jagersfontein	R5 000 000	DOE	June 2017

T 3.3.1

Employees: Electricity Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0-3	0	0	0	0	0
Total	0	0	0	0	0
T 3.3.6					

Financial Performance 2016/2017: Electricity Services						R'000
Details	Year 2015/2016	Year 2016/2017				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	55 109 874.10	62709 957	60 697 830	61 335 769.32	-2%	
Expenditure:						
Employees	-	-	-	-	-	
Repairs and Maintenance	387 439.99	1 666 461.00	1 666 461.00	265 910.54	-527%	
Other	52 251 660.44	56 452 018.00	55 742 623.00	54 126 935.86	-4%	
Total Operational Expenditure	52 639 100.43	58 118 479.00	57 409 084.00	54 392 846.40	-7%	
Net Operational Expenditure	-2 470 773.67	-4 591 478.00	-3 288 746.00	-6 942 922.92	34%	
T 3.3.7						

Capital Expenditure Year 2016/2017: Electricity Services						R' 000
Capital Projects	Year 2016/2017					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	4 500 000.00	4 500 000.00	5 100 000.00	12%		
Bethulie 115 House Connections	1 782 500.00	1 782 500.00	1 782 500.00	0%	280	
Bethulie upgrading of mini-sub Station	2 717 500.00	2 717 500.00	2 717 500.00	0%	150	
Installation of High Mast light	-	-	600 000.00	100%	320	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.3.8	

### 3.4 WASTE MANAGEMENT (REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

#### INTRODUCTION TO WASTE MANAGEMENT

A total number of 13 711 (100%) households have access to Refuse Removal. Refuse is collected once per week as per Unit / Town weekly action plan. Sometimes Refuse Removal is not collected as per Unit / Town Schedule to constant mechanical breakdown of the vehicles. The Department of Public Works donated a Tipper Truck, Tractor with a Trailer and a TLB which rotate to assist with refuse removal and cleaning of the environment.

There are 09 landfill / waste sites, one per town. Eight landfill sites are registered except Jagersfontein EIA. The following landfill sites are approved for Rehabilitation:

1. Reddersburg (80% construction)
2. Edenburg (transfer station—completed)
3. Fauresmith (25% under construction)
4. Jagersfontein (EAI Processes and the Contractor appointed)

T 3.4.1

Employees: Solid Waste Management Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
13 - 15	1	1	1	1	100%
Total	1	1	1	1	100%

T3.4.5

Financial Performance Year 2016/2017: Solid Waste Management Services						R'000
Details	Year 2015/2016	Year 2016/2017				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	9 307 605.52	10 054 850.20	11 117 273.00	10 559 032.85	5%	
Expenditure:						
Employees	4 877 389.92	-	827 290.00	5 027 636.54	100%	
Repairs and Maintenance	-	-	-	-	-	
Other	457 712.01	3 768 593.80	3 083 818.00	6 083 783.29	38%	
Total Operational Expenditure	5 335 101.93	3 768 593.80	3 911 108.00	11 111 419.80	66%	
Net Operational Expenditure	-3 972 503.59	-6 286 256.40	-7 206 165.00	552 386.95	1238%	
					T 3.4.7	

Capital Expenditure Year 2016/2017 Waste Management Services						R' 000
Capital Projects	Year 2016/2017					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	5 946 000.00	5 946 000.00	1 067 695.49	-457%		
Jagersfontein Rehabilitation of landfill site	4 400 000.00	4 400 000.00	6 943.57	-63268%	280	
Fauresmith Rehabilitation of landfill site	160 000.00	160 000.00	1 060 751.92	85%	150	
Trompsburg closure of existing solid waste site and construction of a landfill Site	800 000.00	800 000.00	-	-	320	
Gariiep Dam Closure of existing solid waste site and construction of a waste transfer facility	586 000.00	586 000.00	-	-!	90	
					T 3.4.9	

**COMMENT ON WASTE MANAGEMENT SERVICE PERFORMANCE OVERALL:**

There is progress with regards to waste management, regarding capital projects. In terms of constructing facilities that meet standards and regulation at a reasonable operational level.

The construction of the Reddersburg Landfill Site

The construction of the Edenburg Transfer Station.

### 3.5 HOUSING

#### INTRODUCTION TO HOUSING

There were 605 housing allocation which falls under the Breaking New Grounds (BNG) projects for the financial year 2016/2017.

Towns	Allocation	Completions	
- Bethulie:	100	89	New Contractor appointed
- Bethulie	300	142	New Contractor appointed
- Edenburg:	40	00	Contract renewed
- Jagersfontein:	42	33	Contract Terminated
- Springfontein	134	10	New Contractor appointed
- Trompsburg	02	02	Complete (Services such as water, electricity & Sewer connections it's outstanding)

2 There is a total backlog of 6,147 housing need, 392 of which have been allocated serviced sites and 5,755 do not have serviced sites.

-Bethulie	1624
-Edenburg	1252
-Gariiep Dam	288
-Fauresmith	703
-Jagersfontein	412
-Philippolis	501
-Reddersburg	601
-Springfontein	364
-Trompsburg	360

.Households with serviced site in need of BNG houses:

- Trompsburg	280
- Reddersburg	111
- Edenburg	427
- Philippolis	65
- Fauresmith	276
- Jagersfontein	136
- Gariiep Dam	0
- Springfontein	96

2. There are 460 dilapidated houses.

- Trompsburg	32
-Bethulie	158
-Reddersburg	0

-Edenburg	70
-Philippolis	159
-Fauresmith	0
-Jagersfontein	41
-Gariiep Dam	0
Springfontein	0
-	
<i>T 3.5.1</i>	

<b>Percentage of households with access to basic housing</b>			
<b>Year end</b>	<b>Total households (including in formal and informal settlements)</b>	<b>Households in formal settlements</b>	<b>Percentage of HHs in formal settlements</b>
Year 2014/2015	16988	15643	92.1%
Year 2015/2016	16988	15643	92.1%
Year 2016/2017	16988	15643	92.1%
<i>T 3.5.2</i>			

<b>Employees: Housing Services</b>					
<b>Job Level</b>	<b>2015/16</b>		<b>2016/17</b>		
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equiva- lents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	11	21	11	10	48%
19 - 20	18	30	18	12	40%
Total	55	93	55	38	41%
<i>T 3.5.4</i>					

R'000					
Details	Year 2015/2016	Year 2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	7 876.55	-	10 000	4 385.96	100%
Expenditure:					
Employees	692 336.91	-	722 965	712 626.26	100%
Repairs and Maintenance	89 787.81	100 000	100 000	55 890.06	-79%
Other	-	-	-	-	-
Total Operational Expenditure	782 154.72	100 000	822 965	768 516.32	87%
Net Operational Expenditure	774 278.17	100 000	812 965	764 130.36	87%
					<i>T 3.5.5</i>

**COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:**

1. There were 605 housing allocation which falls under the Breaking New Grounds (BNG) projects for The financial Year 2016/2017.

<i>T 3.5.7</i>			
TOWN	ALLOCATION	COMPLETIONS	STATUS
Bethulie:	100	89	On progress
Bethulie	300	158	On Progress
Edenburg:	40	00	On Progress
Jagersfontein	42	33	Contractor Terminated
Springfontein	134	10	On Progress
Trompsburg	02	02	Complete

**3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT**

**INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT**

Free Basic Services and summarise your municipality's policies towards indigent support. Kopanong Local Municipality is committed to its mandate of providing free basic services as outlined in its indigent policy, this manifest in a continuous registration processes and renewal undertaken.

**Policy objectives**

In support of the above principles the objectives of this policy will be to ensure the following:-



The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council.

The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation.

Establishment of a framework for the identification and management of indigent households including a socio-economic analysis and an exit strategy.

The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households;

To ensure co-operative governance with other spheres of government and

To enhance the institutional and financial capacity of the Municipality to implement the policy.

### **Policy Principles**

It is against the above background that the Kopanong local municipality undertakes to promote the following principles:-

To ensure that the portion for free basic services allocated as part of the equitable share received annually will be utilised for the benefit of the poor only and not to subsidise rates and services charges of those who can afford to pay;

To link this policy with the Municipality's Integrated Development Plan (IDP), Local Economic Development (LED) initiatives and poverty alleviation programmes;

4.1.3 To promote an integrated approach to free basic service delivery; and

4.1.4 To engage the community in the development and implementation of this policy.

T 3.6.1

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## COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm water drainage).

### INTRODUCTION TO ROAD TRANSPORT

Road is not the responsibility of the municipality but of the Province

T 3.7.1

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## 3.7 ROADS

### INTRODUCTION TO ROADS

**98 756 m are gravelled roads and they are as follows :**

1. Bethulie = 16 666 m.
2. Edenburg = 13 413 m.
3. Fauresmith = 11 227 m.
4. Gariep-Dam = 2 000 m.
5. Jagersfontein = 9 300 m.
6. Philippolis = 13 600 m.
7. Reddersburg = 9 450 m.
8. Springfontein = 12 100 m.
9. Trompsburg = 11 000 m.

**35 880 m. are tarred roads and they are as follows:**

1. Bethulie = 3 000 m.
2. Edenburg = 2 680 m
3. Fauresmith = 2 000 m. (PROVINCIAL ROAD)
4. Gariep-Dam = 16 800 m.
5. Jagersfontein = 1 400 m.
6. Philippolis = 3 700 m.
7. Reddersburg = 5 500 m.
8. Springfontein = 800 m.

**27 500 m are paved access road and they are as follows:**

1. Bethulie = 7 500 m.
2. Edenburg = 3 000 m.
3. Jagersfontein = 3 900 m.
4. Philippolis = 3 500 m.
5. Reddersburg = 3 800 m.
6. Springfontein = 2 500 m.
7. Trompsburg = 3 300 m.

Storm water channels are cleaned and maintained through the assistance of the EPWP. Most of the roads have potholes, however potholes are re-sealed and patched quarterly by the Municipality. Most of the internal gravel streets are muddy and not accessible especially during heavy rains, however the Municipality do sometimes get assistance from the private business chambers, contractors and Public Works with the grading and blading of the streets.

T 3.7.1

Gravel road infrastructure:				
				Kilometres
	Total gravel roads	New gravel roads constructed	Gravel roads up-graded to tar/paving	Gravel roads graded/maintained
Year 2016/17	390.96	0	km	330.96 km
Year 2015/16	280.07 km	0km	7km	
Year 2014/15	253.07 km	0km	0km	

T 3.7.2

Employees: Road Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 - 6	126	122	122	0	0%
Total	126	122	122	0	0%

T3.7.7

Financial Performance Year: Road Services					
	R'000				
Details	Year 2015/2016	Year 2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	-	3 316 283.00	3 290 929.48	100%
Expenditure:					
Employees	-	-	7 333 059.00	7 401 581.84	100%
Repairs and Maintenance	-	350 000.00	700 000.00	492 381.44	29%
Other	-	1 430 000.00	1 850 000.00	1 564 144.25	9%
Total Operational Expenditure	-	1 780 000.00	9 883 059.00	9 458 107.53	81%
Net Operational Expenditure	-	1 780 000.00	6 566 776.00	6 167 178.05	71%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.7.8

Capital Expenditure Year 2016/2017: Road Services					
					R' 000
Capital Projects	Year 2016/2017				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	9 438 483.00	9 438 483.00	2 388 165.29	-295%	
Springfontein construction 1.5KM Paved road Phase 1 and storm water channels	9 438 483.00	9 438 483.00	2 388 165.29	-295%	280
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.7.9

### 3.8. TRANSPORT

#### INTRODUCTION TO TRANSPORT

Kopanong Local Municipality does not render transport services

T 3.8.1

Employees: Transport Services					
Job Level	Year -1	2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
7 - 9	21	24	21	3	13%
Total	21	24	21	3	13%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T3.8.4

### 3.9 WASTE WATER (STORMWATER DRAINAGE)

#### INTRODUCTION TO STORMWATER DRAINAGE

The storm water channels at high level areas causes houses on low level to be flooded. There are no storm water drainage system.

T 3.9.1

Stormwater Infrastructure				Kilometres
	Total Storm water measures	New storm water measures	Storm water measures upgrad-ed	Stormwater measures main-tained
Year 14/15	0	0	0	0
Year 15/16	4km	4km	4km	69.21km
Year 16/17	4km	4km	4km	69.21km
				T 3.9.2

Cost of Construction/Maintenance				R' 000
	Stormwater Measures			
	New	Upgraded	Maintained	
2014/15	1 700 000	600 000	280 000	
2015/16	1 800 000	700 000	330 000	
2016/17	1 900 000	900 000	420 000	
				T 3.9.3

Employees: Stormwater Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 - 6	66	60	60	0	0%
Total	66	60	60	0	0%
T 3.9.6					

Financial Performance Year 2016/2017: Stormwater Services				
R'000				
Details	Year 2016/2017			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0
Expenditure:				
Employees	0	1827055	1818090	100%
Repairs and Maintenance	0	0	0	0
Other	0	0	0	0
Total Operational Expenditure	0	1827055	1818090	100%
Net Operational Expenditure	0	1827055	1818090	100%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>				<b>T 3.9.7</b>

#### COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL

The storm water channels at high level areas causes houses on low level to be flooded. There are no storm water drainage system.

T3.9.9

### COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

#### 3.10 PLANNING

##### INTRODUCTION TO PLANNING AND DEVELOPMENT

1. Construction of Trompsburg Transport Hub.
2. Xhariep District Hospital
3. Small Town Regeneration Programme.
4. Paving of roads in Springfontein (Infrastructure development)

##### Achievements:

1. Xhariep District Hospital employed 50 people.
2. Paving of roads created employment for 100 people
3. Training and registration of SMMEs assisted 6 cooperatives to be operational

##### Challenges:

1. Lack of funding impact negatively on the implementation of the Small Town Regeneration which is envisaged to create more than 150 job opportunities according to the submitted business plans.
2. Reluctance by SMMEs to register on the National Treasury database.
3. Insufficient funding for the roads infrastructure for accessibility of our towns
4. Insufficient funding for maintenance of our internal roads e.g. patching of internal roads

3.10

Employees: Planning Services					
Job Level	Year -1		Year 2016/2017		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 20	16	19	15	4	21%
Total	16	19	15	4	21%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.10.4*

### 3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

#### INTRODUCTION TO ECONOMIC DEVELOPMENT

The LED Strategy was developed and adopted by Council in March 2016, the Municipality together with Cogta is planning to convene a summit to be attended by businesses and SMMEs where the strategy will be discussed in detail and the targeted date is February 2018. The LED Unit has also conducted roadshows in all the towns encouraging SMMEs to register on the Municipal and Provincial Treasury Database so that they can be assisted in securing grants from the Department of Economic, Tourism and Environmental Affairs. This initiative is intended to create job opportunities for SMMEs and Cooperatives in the area.

T 3.11.1

#### COMMENT ON LOCAL JOB OPPORTUNITIES:

The LED Unit has conducted an awareness programmes in all the nine towns on Local Economic development opportunities and as a result SMMEs are coming forward to register after which they are included in the database

The Municipality has implemented Extended Public Programmes projects in the 4 towns each project employing 10 unemployed people.

Edenburg Exploration of Uranium mine – Feasibility studies conducted but application temporarily withdrawn due to declining uranium prices.

Jagersfontein Diamond Mine which has created employment for local people.

T 3.11.4

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
Fencing of Jagersfontein cemetery	1	20
Cleaning of Landfill sites, cemeteries and stormwater channels	1	60
Renovation of Caleb Motshabi stadium	1	10
Fencing of Phillipolis hall	1	10
Kopanong Data capturers	1	1
<b>Total</b>	<b>5</b>	<b>101</b>
* - Extended Public Works Programme		T 3.11.6



Employees: Local Economic Development					
Job Level	Year 2015/2016	Year 2016/2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
4 - 6	3	3	3	0.00	0.00%
					<i>T3.1.7</i>

### LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Due to its current financial position Kopanong local Municipality is unable to commit itself on Capital projects even though they are captured in both the IDP and LED Strategy therefore the successful implementation of these projects depends on funding from sector department. It must also be indicated that the Free State Tourism Authority has also come on board in assisting the Municipality through its marketing strategies

T3.11.11

### COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes: libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

#### 3.12 LIBRARIES AND COMMUNITY FACILITIES

##### INTRODUCTION TO LIBRARIES AND COMMUNITY FACILITIES

Libraries are being handed over to Department of Sports, Art, Culture and Recreation.

##### COMMUNITY FACILITIES:

Kopanong Local Municipality has 25 Community halls, which are situated in each town as follows:

1. Bethulie:

- 1.1. Lephoi Community hall.
- 1.2. Bethulie Town hall.
- 1.3. Cloetespark hall.

2. Edenburg:

- 2.1. Edenburg Town hall.
- 2.2. Willem Green hall.
- 2.3. JJC Kock hall.
- 2.4. Phala Phethu Community hall.

3. Fauresmith:

- 3.1. FauresmithTown hall.
- 3.2. Jacob Zuma Community hall.

3.3. Freyville hall.

4. Gariep-Dam:

4.1. Town hall.

4.2. Community hall.

5. Jagersfontein:

5.1. Mayibuye hall.

5.2. Town hall.

6. Philipollis:

6.1. Town hall.

6.2. Community hall.

6.3. Bergmanshoogte hall.

7. Reddersburg:

7.1. Community hall.

7.2. Town hall.

8. Springfontein:

8.1. Town hall.

8.2. Mapholi hall.

8.3. Williamsville hall.

9. Trompsburg:

9.1. Town hall.

9.2. Madikgetla hall.

9.3. Noormansville hall.

A total number of 18 hall sites are fenced and they are as follows:

1. Bethulie:

1.1. Lephoi Community hall.

1.2. Cloetespark hall.

2. Edenburg:

2.1. Town hall.

2.2. Willem Green hall.

2.3. JJC Kock hall.

2.4. Phala Phethu hall.

3. Fauresmith:

3.1. Jacob Zuma hall.

3.2. Frayville Hall

4. Gariep-Dam:

4.1. Community hall.

5. Jagersfontein:

5.1. Mayibuye hall.

6. Philippolis:

6.1. Community hall.

6.2. Town Hall

7. Reddersburg:

7.1. Community hall.

8. Springfontein:

8.1. Mapholi hall.

8.2. Williamsville hall.

8.3. Town hall.

9. Trompsburg:

9.1, Madikgetla.

9.2. Noordmansville.

A total number of 07 hall sites are not fenced and they are as follows:

1. Bethulie:

1.1. Bethulie Town hall.

2. Fauresmith:

2.1. Fauresmith Town hall.

3. Gariep-Dam:

3.1. Town hall.

4. Jagersfontein:

4.1. Town hall.

5. Philipollis:

5.1. Bergmanshoogte.

6. Reddersburg:

6.1. Town hall.

7. Trompsburg:

7.1. Town hall.

The following halls were damaged and not in good conditions:

1. Bethulie:

1.1. Town hall: Was damaged by wind. Ceiling is falling, broken doors and the toilets are broken. It is not accessible. [Need to be repainted, replacement of ceiling, broken windows and toilets systems]. Specifications for material completed.

2. Edenburg:

2.1. Town hall: Leakages at the ceiling and cracks at interior walls. It is not accessible. [Need to be repainted, replacement of ceiling and roof]. Specifications for material completed.

3. Jagersfontein:

3.1. Town hall: The building was burned during unrest.

4. Philippolis:

4.1. Bergmanshoogte: Toilet systems and walls not in good conditions. No electricity and ceiling.

5. Reddersburg:

5.1 Community hall: It was burnt during the protest. Stage and ceiling damaged.

The following halls were renovated:

1. Cloetespark hall:

1.1. Lephoi hall.

2. Edenburg:

2.1. Phaladi Phetlhu.

3. Philippolis:

3.1. Bergmanshoogte hall.

4. Springfontein:

4.1. Mapholi hall

5. Trompsburg:

5.1. Madikgetla hall.

6. Fauresmith

6.1 Freyville Hall

7. Jagersfontein

7.1 Mayibuye Hall

*T3.12.1*

### **SERVICE STATISTICS FOR LIBRARIES**

**There are Twelve (Libraries) in Kopanong Local Municipality, and they are as follows:**

1. Bethulie Library.

2. Lephoi Library.

3. Edenburg Library.
4. Fauresmith Library.
5. Gariiep Dam Library.
6. Hydropark Library.
7. Jagersfontein Library.
8. Itumeleng Library.
9. Philippolis Library.
10. Reddersburg Library.
11. Springfontein Library.
12. Trompsburg Library.

Eleven (11) buildings belong to the Department of Sports, Art, Culture and Recreation. One (01) building of Itumeleng Library belongs to Kopanong Local Municipality.

**Twenty Two (22) Municipal Employees work at the Libraries:**

Librarians = 07.

Assistant Librarian = 05.

General Workers = 10.

After the Engagements and Consultations between the Department, Municipality, Affected Employees and the Labour Union with regard to the transfer of Library Services back to the Province, the Council took a resolution on the 09 December 2014 to Handover all Library Services back to the Department.

**Fourteen (14) Employees declared their interests to be absorbed by the Department, and eight (08) declared to remain in the employment of Kopanong Local Municipality:**

Librarians = 05.

Assistant Librarians = 02.

General Workers = 07.

During December 2015, the Department started with the processes of absorption of which is still continuing. The Province is responsible for the operation and functioning of the Libraries, as the Services were handed as per Council Resolution.

*T 3.12.2*

Financial Performance Year 0: Libraries; Archives; Museums; Galleries; Community Facilities; Other

R'000

Details	Year 2015/2016	Year 2016/2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	-	114 613	4 613	-1 534 733.23	107%
Expenditure:					
Employees	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-
Other	-	-	-	-	-
Total Operational Expenditure	-	-	-	-	-
Net Operational Expenditure	-	-114 613	-4 613	1 534 733.23	107%
					T 3.12.5

### 3.13 CEMETORIES

#### INTRODUCTION TO CEMETORIES

Kopanong Local Municipality has 28 Cemetery sites, which are situated in each town as follows:

1. Bethulie: (03).
  - 1.1. Lephoi = 02.
  - 1.2. Bethulie = 01.
  - 1.3. New site Lephoi
2. Edenburg: (03).
  - 2.1. Edenhoogte = 01.
  - 2.2. Edenburg = 01.
  - 2.3. Harasebei = 01.
3. Fauresmith: (03)
  - 3.1. Ipopeng = 01.
  - 3.2. Fauresmith = 01
  - 3.3. Fryville = 01
4. Gariep-Dam: (02)
  - 4.1. Hydropark = 01.
  - 4.2. Good Hope = 01
5. Jagersfontein: (03)
  - 5.1. Itumeleng = 02.
  - 5.2. Jagersfontein = 01.

6. Philippolis: (03)

6.1. Poling tse Rolo = 01.

6.2. Bergmanshoogte = 01.

6.3. Philippolis = 01.

7. Reddersburg: (04)

7.1. Matoporong = 03.

7.2. Reddersburg = 01.

8. Springfontein: (03)

8.1. Mapholi = 01.

8.2. Springfontein = 01.

8.3. Williamsville = 01.

9. Trompsburg: (04)

9.1. Madikgetla = 02.

9.2. Noordmansville = 01.

9.3. Trompsburg = 01.

A total number of 25 cemetery sites are fenced and they are as follows:

1. Bethulie: (05)

1.1. Lephoi cemetery = 02.

1.2. Bethulie cemetery = 03.

2. Edenburg: (03)

2.1. Edenhoogte = 01.

2.2. Edenburg = 01.

2.3. Harasebei = 01.

4. Fauresmith: (03)

4.1. Ipopeng = 01.

4.2. Fauresmith = 01

4.3. Fryville = 01.

5. Gariep-Dam: (01)

5.1. Hydropark = 01.

6. Philipolis: (02)

6.1. Poling tse Rolo = 01

6.2. Philippolis = 01.

7. Reddersburg: (04)

7.1. Matoporong = 03.

7.2. Reddersburg = 01.

- 8. Springfontein: (02)
- 8.1. Maphodi = 01.
- 8.2. Springfontein = 01

- 9. Trompsburg: (04)
- 9.1. Madikgetla = 02.
- 9.2. Noordmansville = 01.
- 9.3. Trompsburg = 01.

A total number of 07 Cemetery sites are not fenced and they are as follows:

- 1. Bethulie: (01)
- 1.1. Old Lephoi cemetery.

- 2. Gariiep-Dam: (01)
- 2.1. Good Hope.

- 3. Jagersfontein: (03)
- 3.1. Itumeleng = 02.
- 3.2. Jagersfontein = 01.

- 4. Philipollis: (01)
- 4.1. Bergmanshoogte.

- 5. Springfontein: (01)
- 5.1. Williamsville.

Total number of 12 cemetery sites are nearly full and full to capacity, and they are as follows:

- 1. Bethulie: (03)
- 1.1. Lephoi = 02: One is closed and one nearly full.
- 1.2. Bethulie = 03: One nearly full and two are closed.

- 2. Fauresmith: (02)
- 2.1. Fauresmith cemetery: Nearly full.
- 2.2. Fryville cemetery: Full but extended.

- 3. Jagersfontein: (01)
- 3.1. Old Itumeleng cemetery is full to capacity and closed.

- 4. Philippolis: (02)
- 4.1. Poling tse Rolo: Nearly full.
- 4.2. Philippolis: Nearly full.

- 5. Reddersburg: (02)
- 5.1. Matoporong: Two are full.



- 6. Springfontein: (01)
- 6.1. Mapholi: Nearly full.
- 7. Trompsburg: (01)
- 7.1. Madikgetla: Next to the stadium is nearly full.

The cemetery sites are kept clean by the General workers and also through the assistance of the EPWP. Itumeleng cemeteries is fenced during financial year of 2016/17

T 3.13.1

**SERVICE STATISTICS FOR CEMETORIES**

- Bethulie: (03).
- Edenburg: (03)
- Fauresmith: (03)
- Gariep-Dam: (02)
- Jagersfontein: (03)
- Philipolis: (03)
- Reddersburg: (04)
- Springfontein: (03)
- Trompsburg: (04)

T 3.13

Employees: Stormmwater Services				
Job Level	2016/17			
	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	%
4 - 6	122	45	0	0%

T 3.13.7

### **3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES**

#### **INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES**

##### **Introduction**

This contributes to the development of programmes in dealing with inequalities and discrimination, to HIV/AIDS people, the youth, disable people, women and children. This also creates an environment that acknowledges social aspects of discrimination such as the gender division of labour and assumption about women in planning and implementation of projects. This also in line with women empowerment

##### **Measures taken to improve performance and the major efficiencies achieved by your services during the year**

One of our core basic function is to service our communities in our areas, we improved the relationship by inviting in stakeholders before we start with Mayoral Imbizo's and we communicated with the community at large.

The municipality's youth relations had improved as a result that we met with different departments for information as to disseminate it to the youth in our areas.

Currently more women had employment in the different projects as to curb the gap between women and men

##### **Support given to those communities that are living in poverty**

Jobs were created through Extended Public Works Programme, Landfill site rehabilitation, upgrading of sports facilities, installation of water pipe lines, fencing of cemeteries through these projects employment had been created to such extend that women and youth were mostly benefitting

*T 3.14.1*

##### **Service Statistics for Child Care**

No students were assisted with finance as to register for their further studies in different fields.

*T 3.14.2*

Employees: Child care, aged care, social programmes					
Job Level	Year15/16	Year 16/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
10 - 12	1	1	1	0	0%

**COMMENT ON THE PERFORMANCE OF CHILD CARE; AGED CARE; SOCIAL PROGRAMMES OVERALL:**

We need to create awareness on the holistic approach on integrated mainstreaming tool for transversal issues such as Gender, Youth, Disability, Children and HIV/AIDS community development. Establishment of forums to deal with the integrated transversal issues. Luncheon clubs buildings need to be renovated as they are accommodated by the municipality .The Early Child hood Development are taken care by the social development department and monitored.

*T 3.14.7*

**COMPONENT E: ENVIRONMENTAL PROTECTION**

This component includes: pollution control; biodiversity and landscape; and costal protection.

**INTRODUCTION TO ENVIRONMENTAL PROTECTION**

The municipality has started working on an Environmental Management Plan and during the financial year was not in place.

*T 3.16.1*

**COMPONENT F: HEALTH**

This component includes: clinics; ambulance services; and health inspections.

**INTRODUCTION TO PRIMARY HEALTH**

Primary health services are a competence of the Department of Health.

*T 3.17*

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### **3.17 CLINICS**

#### **INTRODUCTION TO CLINICS**

The municipality provides basic municipal services such as water, electricity and refuse and sanitation services to all the primary care clinics within the municipal area.

*T 3.17.1*

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### **3.18 AMBULANCE SERVICES**

Primary health services are a competence of the Department of Health and Ambulance services is rendered by the provincial department of health

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### **3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION**

The municipality has not yet introduced a municipal health inspection; food and abattoir licensing services.

*T 3.19.1*

## **COMPONENT G: SECURITY AND SAFETY**

This component includes: Police; Fire; Disaster Management, Licensing and Control of animals, and control of public nuisances, etc.

#### **INTRODUCTION TO SECURITY & SAFETY**

Security and Safety is a functionality of the Province.

*T 3.20*

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### **3.20 POLICE**

#### **INTRODUCTION TO POLICE**

Police Services is a functionality of the Province

*T 3.20.1*

### 3.21 FIRE

#### INTRODUCTION TO FIRE SERVICES

Kopanong Municipality is regulated by Fire Protection Association and has bought 620 litres fire engine to assist for veld fires

Challenges: The municipal budget is limited and no fire equipment. The municipality is using the Services of Working on Fire and its general workers who are not trained.

T 3.21.1

### 3.22 DISASTER MANAGEMENT

#### INTRODUCTION TO DISASTER MANAGEMENT

Kopanong Local Municipality has a disaster management plan. The Xhariep District Municipality has a disaster management Unit which consists of the following personnel: Manager Disaster Management, Coordinator Disaster Management and Senior Data Capturer. The Unit was established in September 2009. The District and Province have also assisted the Municipality to develop and review the Disaster Management Plan which must inform the District plan.

T 3.22.1

#### INCIDENTS OF DISASTER

UNIT/TOWN	DISASTER	CHALLENGE/S	PROGRESS
GARIEPDAM 12/12/2016	Veld fire/municipal land	The municipality don't have capacity to fight fires <ul style="list-style-type: none"><li>• Fire equipment</li><li>• Trained staff</li><li>• Budget</li><li>• Scientific risk assessment (expensive)</li></ul>	The municipality use general workers of which is the high risk because they are not trained as fire fighters

T 3.22.2

## COMPONENT H: SPORT AND RECREATION

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

### INTRODUCTION TO SPORT AND RECREATION

**The Municipality has the following sports and recreational facilities:**

1. Lephoi closing ground: Slabs, toilet systems and entrance are vandalized.
2. Clotespark Netball ground: It is completely vandalized.
3. Ipopeng Sports Facility: Upgraded under MIG.
4. Fauresmith Sports ground (Town): In good conditions.
5. Ipopeng Sports facility: Good conditions was upgraded during 2015 / 2016 financial year.
6. Ha-rasebei Stadium: Good conditions.
7. Edenburg Tennis Court: Vandalized.
8. Edenburg Swimming Pool: Vandalized.
9. Edenburg Golf Club: Good conditions.
10. Gariep-Dam swimming pool: Not functional
11. Florapark sports ground: Not in good conditions.
12. Hydropark soccer field: Vandalized.
13. Hydropark Netball ground: Not in good conditions.
14. Faunapark Tennis court: Not in good conditions.
15. Squash court: Not in good conditions.
16. Bowling Green: in good conditions.
17. Jagersfontein Sports ground: Not in good conditions.
18. Jagersfontein Swimming pool: Vandalized.
19. Jagersfontein Tennis Court: Vandalized.
20. Philippolis sports ground: Vandalized.
21. Philippolis Golf Course: Vandalized.
22. Philippolis Bowling Club: Building in good conditions.
23. Reddersburg stadium: Upgrading through MIG.
24. Reddersburg open soccer ground: Vandalized.
25. Reddersburg netball ground: Vandalized.
26. Reddersburg Golf Court and Tennis: Vandalized.
27. Springfontein / Mapholi Sports ground: Slabs, ablution facilities are vandalized, however approved for upgrading during 2016 / 2017 financial year.
28. Springfontein Sports ground: Vandalized.
29. Caleb Motshabi Stadium: Good conditions.
30. Trompsburg swimming pool: Fibre glass on surface of pool damaged.
31. Trompsburg Bowling ground: Good conditions.
32. Trompsburg Tennis court: Good conditions.

33. Trompsburg Golf Ground: Good conditions.

T 3.23.2

### 3.23 SPORT AND RECREATION

#### SERVICE STATISTICS FOR SPORT AND RECREATION:

The Municipality has 44 parks situated as follows:

1. Bethulie = 03.
2. Edenburg = 07.
3. Fauresmith = 04.
4. Gariep-Dam = 12.
5. Jagersfontein = 01.
6. Philippolis = 08.
7. Reddersburg = 03.
8. Springfontein = 03.
9. Trompsburg = 03.

T 3.23.1

Some of the parks are not in good conditions and accessible. There are illegal dumping at public places, however the illegal dumping sites are identified and illegal dumping signage are placed on those sites. Notices and fines are issued to the defaulters for the reinforcement of by-laws.

T 3.23.

#### COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

The parks and community facilities are cleaned and maintained by general workers weekly

T 3.23.6

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## COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

### 3.24 EXECUTIVE AND COUNCIL

This component includes: Executive office (mayor; councilors; and municipal manager).

#### INTRODUCTION TO EXECUTIVE AND COUNCIL

The council is fully functional and sit quarterly as per legislation. The council is composed of 15 councillors with the inclusion of the Mayor, Speaker, and the Executive Committee, it comprises of the following: Section 80 Committees, Finance, and LED committee, Institutional transformation and rural development.

#### 5 service delivery priorities

Basic services delivery  
Financial viability  
Good governance  
Local economic development  
Public participation

Measures taken to improve performance and the major efficiencies achieved

The municipality, through the committee section unit in the Corporate Services Department develops an action list after every Council sitting that ensures the implementation of Council resolutions for different departments as a monitoring tool.

There is a draft schedule for Section 80, EXCO, and council .It is used as a guiding tool for meetings and the dates are proposed by Management and endorsed by the Speaker

*T 3.24.1*

#### SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

15 Councillors including the Mayor and the Speaker.

*T 3.69.2*

#### COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL

The executive and council have achieved 100% target because they do sit as per legislation. The table for employees for executive and council is not completed because they don't have job levels. The council is composed of 15 Councilors with the inclusion of the Mayor and the Speaker.

*T 3.24.7*



### 3.25 FINANCIAL SERVICES

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	Year 2015/16		Year 2016/2017			Year 2017/18	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	13 952 421	94.37	16 134 160	15 281 671	94	19 632 027	94.00
Electricity Pre Paid	54 678 682	100.00	60 891 693	58 977 652	96	62 516 311	98
Water	30 480 345	38.19	23 292 670	7 733 865	33.20	20 133 902	40.00
Sanitation	11 206 791	36.23	12 286 690	5 569 243	45.33	13 515 359	50.00
Refuse	8 030 812	37.77	8 953 026	4 165 475	46.53	9 848 000	50.00
Other	0	0	0	0	0	0	0

*B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.*

*T 3.25.2*

<b>Employees: Financial Services</b>						
<b>Job Level</b>	<b>Year -1</b>		<b>Year 2016/2017</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>	
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>	
0 - 3	1	1	1	0	0%	
4 - 6	3	3	3	0	0%	
7 - 9	6	8	6	2	25%	
10 - 12	7	15	7	8	53%	
13 - 15	9	15	9	6	40%	
16 - 18	11	21	11	10	48%	
19 - 20	18	30	18	12	40%	
<b>Total</b>	<b>55</b>	<b>93</b>	<b>55</b>	<b>38</b>	<b>41%</b>	

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. \*Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that*

### **3.26 HUMAN RESOURCE SERVICES**

#### **INTRODUCTION TO HUMAN RESOURCE SERVICES**

The priorities with the Corporate Services Department are very broad and equally important because they all have to do with the wellbeing of Employees as the Human Capital of the Municipality. We are responsible for Human Resource in the form of files and leave administration of employees, Administration/Committee services where we are focusing on the quality of material and information provided for Council and all its committee meetings going down to minutes, Skills development of employees to ensure that they are well equipped and relevantly qualified to execute their duties also for their own development and growth despite the financial challenges and constraints faced by the Municipality; Employee Wellness which looks after the wellbeing of employees as they are also social beings faced with different challenges and coming from different households and backgrounds and this function is there to ensure that our employees are at work as expected and that they are well taken care of emotionally as well so that their domestic challenges do not impact negatively on the services they have to deliver to our communities out there, Employee benefits deals with looking after the investment of employees during their years of service at the Municipality by ensuring that they belong to a pension fund and that they take care of their family members by taking out policies for them in case they pass on, they are also, through this function encouraged to join medical aids because one never knows what the future holds for you in terms of sudden/hidden illnesses as well as in the unfortunate accidents which might lead to paralysis or one needing hospitalisation, Labour Relations deals with discipline at the workplace and we normally go out and educate our employees on issues of discipline and the consequences of ill-discipline at the same time encouraging them not to misconduct or misrepresent themselves in any way at the workplace, Occupational Health and Safety deals with the safety of employees at the workplace where we have to ensure that employees are not exposed to dangerous and hazardous objects hence they need to be provided with the relevant tools of the trade/PPEs to enable them to execute their duties diligently, effectively and efficiently, the Municipality also needs to abide by the rules and regulations of the Department of Labour in as far as the safety of employees is concerned and one of those is to contribute to the Workman's Compensation Fund which would assist employees in cases of injury on duty as well as to take employees for medical check-ups especially

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those working with hazardous objects to ensure that they stay healthy, we also have elected Safety Representatives in each Unit/Town to ensure the safety of our employees.

*T 3.26.1*

## SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

Human Resource Services Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i>  (i)	Outline Service Targets  (ii)	Year 2015/2016		Year 2016/2017					
		Target	Actual	Target	Actual	Target			
		*Previous Year (iii)	(iv)	*Previous (v)	*Curren (vi)	(vii)	*Current (viii)	*Curre (ix)	*Follow (x)
<b>Service Objective xxx</b>									
Fill posts with skilled, committed and competent individuals as and when the need arises	Filling of the vacancy: Human Resource Manager on or before 30 June 2018.	New KPI		0					
FSGDS Long-term: Strengthen, build, retain & develop human resources for effective health services. MTSF: Ensure that appropriately qualified & adequately skilled staff is appointed.	Financial advisers to hold 4 workshops that will assist employees on financial management Stress, Abuse of drugs and alcohol on a quarterly basis in all nine towns of Kopanong.	4 workshops were held for 15/16.		2					
To enhance the human capacity & productivity within the municipality through the review of the organogram	Conducting (2) Two awareness campaign and workshops on leave discipline benefits, and municipal policies by 31 Dec 2017 in all nine Towns of Kopanong	4 workshops were held for 15/16.		2					
To enhance the human capacity & productivity within the municipality through the review of the organogram	Conducting (2) Two awareness campaign and workshops on leave discipline benefits, and municipal policies by 30 June 2018 in all nine Towns of Kopanong	4 workshops were held for 15/16.		2					
To provide an effective and efficient administrative service to the organisation	Sitting of Ordinary Council on a quarterly basis as per Sec 18 (2) of Municipal Structures Act	Achieved 4 ordinary Council meetings		2					
To ensure the efficient utilization of human capital	100% of the municipality budget actually spent on implementing its Work Skills Plan by 30 June 2018	submitted on 28 April 2016		1					
To create an efficient, effective and accountable administration	Submission of signed WSP to LGSETA by 30 April 2018.	New KPI		0					
To create an efficient, effective and accountable administration	2 people employed in the three highest level of Management in compliance with EEP by 30 June 2018.	New KPI		0					
To ensure assessment of Employee performance	Conducting of 1 training for Managers and Supervisors on EPAS by 30 June 2018.								
									T 3.25.3

T 3.26.2

Details	Year 2016/2017			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	5 189 264	40 000	108 734.92	-4672%
Expenditure:				
Employees	4 837 615.26	-	632 229.47	-665%
Repairs and Maintenance	-	-	-	-
Other	578 648.76	278 000	96 534.53	-499%
Total Operational Expenditure	5 416 264.02	278 000	728 764	-643%
Net Operational Expenditure	227 000.02	238 000	620 029.08	63%

T 3.26.5

### 3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

#### INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The unit is operating good, however being only two officials in the unit it is quite a challenge to assist all the officials with day to day problems.

The servers (Financial, Proxy, Firewall and Admin) is still operating well and no changes have been done or are being planned for pending the MSCOA implementation.

Department's performance is monitored by the Chief Financial Officer as Chair of the ICT steering committee. Internet and email is operating well, we are striving to keep downtime to and absolute minimum.

Telephone system is still operating well with controls in place to monitor / control expenses. We still need to convert PMU's section system to be upgraded/linked to our system as no control is in place for the system utilized at this unit.

T 3.27.1

#### SERVICE STATISTICS FOR ICT SERVICES

Mail server: is working fine.

T 3.27.2

<b>Employees: ICT Services</b>					
<b>Job Level</b>	<b>Year 15/16</b>	<b>Year 16/17</b>			
	<b>Employees</b>	<b>Posts</b>	<b>Employees</b>	<b>Vacancies (fulltime equivalents)</b>	<b>Vacancies (as a % of total posts)</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>%</b>
13 - 15	2	2	2	0	0
					<i>T3.27.4</i>

### **3.28 RISK MANAGEMENT AND PROCUREMENT SERVICES**

This component includes: property; legal; risk management and procurement services.

#### **INTRODUCTION TO RISK MANAGEMENT AND PROCUREMENT SERVICES**

Risk management is a continuous, pro-active, and systematic process implemented by the municipality's council, accounting officer, management and other officials, applied in a strategic planning and across the municipality, designed to identify potential events that may affect the municipality, and manage risks to be within its risk tolerance level, to provide reasonable assurance regarding the achievements of municipality objectives

A fraud risk assessment was performed and quarterly monitoring and reporting to the Risk Management Committee was done.

A procurement plan for the year 2016/2017 detailing procurement above R200- 000-00 was approved by the Accounting Officer before the start of the financial year; Capital projects formed an integral part of the plan.

The plan was monitored on a monthly basis to ensure adherence and to ensure that proper SCM processes are followed and that Bid Committee hold their meeting as scheduled. A SCM implementation report/checklist was prepared on a quarterly and submitted to the Mayor and to Council.

The Municipality started requesting quotations from suppliers who are registered on the Central Supplier Database (CSD).To improve performance, the following training was attended: SCM i-toolkit; CIDB workshop; Contract Management; Bid Committees Training; Infrastructure Procurement Training; Central Supplier Database workshop.

*T 3.28.2*

Property; Legal; Risk Management; and Procurement Services Policy Objectives Taken From IDP									
Service Objectives  <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year 2015/2016		Year 2016/2017			Year 1	Year 3	
		Target	Actual	Target		Actual	Target		
		*Previous (iii)	(iv)	*Previous Year (v)	*Current (vi)	(vii)	*Current (viii)	*Current (ix)	*Followi (x)
<b>Service Objective xxx</b>									
Staffs at all levels have the authority, experience, competence, and support they need to do their jobs	Review of risk register for 2016/2017 by 30 June 2016	Target was not achieved	0	Review of risk register for 2017/2018 by 30 June 2017	1	Achieved			
To provide effective and efficient government administration	Conducting of 1 Risk awareness Campaign by 30 June 2016	Target was achieved	1	Conducting of 1 Risk awareness Campaign by 30	1	Achieved			
To provide effective and efficient government administration	1 awareness/ workshop on Fraud prevention and corruption by 30 June 2016	Target was achieved	1	1 awareness/ workshop on Fraud prevention and corruption by 30	1	Achieved			
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year 0 Budget/IDP round; **Current Year' refers to the targets set in the Year 1 Budget/IDP round. **Following Year' refers to the targets set in the Year 2 Budget/IDP round. Note that all targets in the IDP</i></p>									

T 3.28.3

## COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

Annual Performance Scorecard Report for 2016/2017

### MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Strategic objective: to improve overall financial management in the municipality by developing and implementing, appropriate financial policies, procedures and systems.

Intended outcome: Improved financial management and accountability

N o	IDP- Objec- tive/goal	Strate- gies	Key Perfor- mance out- come	Key Perfor- mance Indica- tor(s).	Annual Target	Baseline	Actual 16/17	Variance	Reason for Devi- ation  Corrective measure	Source of Evidence	Actual 15/16
1	To im- prove financial manage- ment	Compli- ance with the MFMA	Im- proved expendi- ture man- agement	Submitting quarterly sec- tion 52 ex- penditure re- ports to the Municipal Man- ager for ap- proval	4	4 Section 52 ex- penditure  Reports were submitted 2015/201 6.	4	0	Not applicable target achieved	Signed Sec- tion 52 ex- penditure reports	Achieved 4 Sec- tion 52 reports were submitted.



2	To improve financial management	Compliance with the MFMA	Improved revenue Management	Submitting quarterly section 52 Income reports to the Municipal Manager for approval	4	4 Section 52 income reports were submitted 2015/2016	4	0	Not applicable target achieved	Signed Section 52 Income reports	Achieved Section 52 income report was submitted.
3	To improve financial management	Compliance with GRAP and other relevant standards	Annual Financial Statements	Compilation of GRAP compliant Annual Financial Statement and submitted to the Office of the Auditor General by 31 August 2016.	31 August 2016	GRAP AFS submitted to AG on the 31/08/2016	1	0	Not applicable target achieved	GRAP Compliant  Acknowledgement of receipt from the Office of the Auditor General.	GRAP AFS were submitted on the 31/08/16
4	To improve financial management	To improve the audit outcome by 2017.	Address AG Audit Management Report	Implementation of Audit Action Plan on Finance related findings raised by AGSA and submitted to the Municipal Manager for	31 March 2017	AAP was submitted to AGSA 15/16.	1	0	Not applicable target achieved	Audit Action Approved Plan	AAP report was submitted on 31/01/16.

				approval by 31 March 2017.							
5	To improve financial management	To ensure effective transparent and fair supply chain management practices	To ensure effective transparent and fair supply chain management practices towards Irregular and Fruitless and Wasteful expenditure.	Submission to the Municipal Manager for approval of quarterly reports on the following:  Quarterly supply chain management checklist	4	4 reports on Supply Chain Management checklist were submitted 2015/2016	4	0	Not applicable target achieved	Approved Quarterly SCM Checklist	Achieved 4 quarterly reports
6				Fruitless and Wasteful Expenditure	4	4 Fruitless and Wasteful Expenditure were submitted 2015/2016	4	0	Not applicable target achieved	Approved Report by the Municipal Manager	Achieved 4 quarterly reports
7				Irregular Expenditure	4	4 Irregular Expenditure reports	4	0	Not applicable target achieved	Approved Report by the Municip-	Achieved 4 quarterly re-

						were submitted 2015/2016				pal Manager	ports
8				Deviation register updated	4	4 Deviation register report was submitted 2015/2016	4	0	Not applicable target achieved	Approved report by the Municipal Manager	Achieved 4 quarterly reports
9				Suppliers database Awards above R 100 000, 00 report.	4	4 reports of Database for Suppliers with awards above R100 000 .00 was submitted 2015/2016	4	0	Not applicable target achieved	Approved Report by the Municipal Manager.	Achieved 4 quarterly reports
10	To safeguard and maintain assets	To maintain asset register	GRAP compliant asset register	To maintain, updated and safeguarding of assets on a quarterly basis.	4	4 reports in maintaining and updating	4 Refer to asset	0	Not applicable target achieved	Quarterly updated Inventory/Asset list	Achieved 4 quarterly reports

						inventory lists was submitted 2015/2016	files.				Map to identify office location. Yearly GRAP assets register.	
1 1	To ensure financial planning and ensure that it is in line with the IDP.	Compliance with the MFMA	To prepare a Budget as per pre-scripts of the Act	Submission of Draft Budget to Council by 31 March 2017.	31/03/17	Draft Budget was submitted to council by 31 March 2016	1  30/03/17	0	Not applicable target achieved	Draft Budget  Council Resolution	Achieved  31/03/16	
1 2	To ensure financial planning and ensure that it is in line with the IDP.	Compliance with the MFMA	To prepare a Budget as per pre-scripts of the Act	Submission of Final Budget to Council by 31 May 2017.	30/05/2017	Final Budget was submitted to Council by 31 May 2017	1  Soft copy attached because it's	0	Not applicable target achieved	Council Resolution  Final Budget	Achieved on  30/05/16	

							thick.				
1 3	To improve financial management	To register the Community for indigents subsidy	Updated indigent register.	100% registration of households earning less than 1500 with access to free basic services.	100% registration of households  12 monthly reports.	New KPI.	0	0	Slow pace of people to come and register for indigents.  Municipality to amend the policy for indigent to at least run for a period of 3 years	Monthly reports for indigent registration.	New KPI
1 4	To adjust revenue and expenditure estimates	Compliance with the MFMA	To prepare a Budget as per pre-scripts of the Act	Submission of Adjustment Budget to Council by 28 <sup>th</sup> February 2017.	28/02/17.	Adjustment budget was submitted to Council 28/02/16.	1  28/02/17	0	Not applicable target achieved	Adjustment Budget  Council Resolution	Achieved on the 28/02/16

## MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

STRATEGIC OBJECTIVE: Improve organizational cohesion and effectiveness

INTENDED OUTCOME: Improve organizational stability and sustainability

No	IDP-Objective/Goal	Strategies	Key Performance outcome	Key Performance Indicator	Annual Target 16/17	Baseline	Actual	Variance	Reason for Deviation Corrective measure	Source of evidence	Actual 15/16
1	<b>NDP Objective:</b>  Fill posts with skilled, committed and competent individuals as and when the need arises	Through implementation of WSP.	Improved productivity of employees.	1 vacant Human Resource Manager post will be filled by 30 June 2017.	1 vacant Human Resource Manager Post.  30 June 2017	New KPI	0	0	The required skill was not acquired.  The post will be filled before end of 17/18 Financial year	Recruitment process reports	New KPI

<p><b>2</b></p>	<p><b>FSGDS Long-term:</b></p> <p>Strengthen, build, retain &amp; develop human resources for effective health services.</p> <p><b>MTSF:</b></p> <p>Ensure that appropriately qualified &amp; adequately skilled staff is appointed.</p>	<p>Develop an inclusive long-term recruitment &amp; retention strategy</p>	<p>Healthy and productive workforce</p>	<p>Financial advisers to hold 4 workshops that will assist employees on financial management.</p> <p>Stress, Abuse of drugs and alcohol on a quarterly basis in all nine towns of Kopanong.</p>	<p>4 workshops on financial management</p> <p>Stress, Abuse of drugs and alcohol on a quarterly basis in all nine towns of Kopanong.</p> <p>Quarterly</p>	<p>4 workshops were held for 2015/2016.</p>	<p>0</p>	<p>0</p>	<p>2 workshops were conducted during the financial year.</p> <p>The department should adhere to the planned schedule to avoid indicators not being achieved.</p>	<p>Attendance registers</p> <p>Correspondences</p>	<p>4 workshops were held for 15/16.</p>
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3	<b>IDP Objective:</b> To enhance the human capacity & productivity within the municipality through the review of the organogram	Reviewing of HR related policies  Reviewing of organogram	Conductive working environment	Conducting (4)four awareness campaign and workshops on leave  Discipline benefits, and municipal policies on a quarterly basis in all nine towns of Kopanong.	4 awareness campaign and workshops discipline benefits and municipal policies on a quarterly basis in all nine towns of Kopanong.  Quarterly	1 workshop was held for 2015/2016.0	0	0	1 workshop was performed however there was a non-adherence to some Towns due in the plan because of some requirements that the municipality have to adhere to as they are operational.  Appointment of the HR manager will help in the smooth running of the department and adherence to compliance matters.	Invitation Program  Attendance register  Minutes	Indicator was not achieved in 15/16
4	To provide an effective and effi-	To ensure that there is effective	Effective administration and	Sitting of 4 Ordinary Council meetings per fi-	4 Ordinary Council meet-	4 Ordinary council meetings	0	0	2 Council meeting minutes were signed during the financial year, however the other	1. Attendance register.  2. Notice of	Achieved 4 ordinary Council



	cient administrative service to the organization.	,efficient administration and adherence of council schedules	proper council sitting	nancial year (2016-2017)	ing. Quarterly	were held for 2015/2016			2 Council meeting minutes were not signed yet because Council meeting minutes are only signed in the Ordinary Council meeting.  The municipality will look into the matter as this is beyond the department control.	Council meetings sittings  3. Signed minutes by the MM and Speaker  4. Acknowledgement of receipt for Agendas.	meetings.
5	To ensure the efficient utilization of human capital	Provision of relevant training to personnel based on the Municipality's financial muscle or availability of training budget	Utilization of the training budget for the purpose intended and productive employees	Submission of signed WSP by the MM, representative of the training committee and union representative to LGSETA by 30 <sup>th</sup> April 2017.	Submission of signed WSP by 30 <sup>th</sup> April 2017.	WSP was submitted by 28 April 2016 to LGSETA	1	0	Not applicable target achieved	1.Signed copy of the WSP by relevant people  2. Acknowledgement of receipt from LGSETA.	Achieved WSP was submitted on 28 April 2016.

6	To create an efficient, effective and accountable administration	Implementation of WSP	Trained skilled workforce.	100%of the municipality budget actually spent on  Implementing its Work Skills Plan	Quarterly	New KPI	0	0	The department doesn't have final responsibility on their budget.  Corporate department should have control over their budget.	Expenditure Reports  SDF reports submitted to council, training committee and LLF Quarterly	New KPI
7	To create an efficient, effective and accountable administration	Implementation of employment equity plan	Fair employment of targeted group.	12 people employed in three highest level of management in compliance of EEP by 30 June 2017	EEP report on number of people employed in the three highest level of  Management submitted to LLF.	New KPI	0	0	The function was performed but it is not documented in the report. EEP report was submitted to Exco.  HOD will ensure that information is documented going forward.	EEP report on number of people employed in the three highest level of  Management submitted to LLF.	New KPI

LOCAL ECONOMIC DEVELOPMENT
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STRATEGIC OBJECTIVE: Improve organizational cohesion and effectiveness.

INTENDED OUTCOME: Improve organizational stability and sustainability.

No	IDP-Objective/Goal	Strategies	Key Performance outcome	Key Performance Indicator	Annual Target 2016/2017	Baseline	Actual	Variance	Reason for Deviation Corrective measure	Source of evidence	Actual 15/16
1	To implement and review the LED strategy	Registration of co-operatives and SMM E's	Registered co-operatives and training	Monitoring the development of Youth cooperative mall by 30 June 2017.	30 June 2017.	2015/2016 Youth Co-operative Mall was monitored.	0	0	The department of social development is no longer engaging the municipality it is communicating directly with beneficiaries  To have another letter to write to the HOD.	Attendance register Minutes Invitations Progress report.	Not achieved
2	To implement and	Registration of co-operatives and training	Registered co-operatives and training	Reviewing of commonage policy by 30 June 2017.	Nil	30 June 2017	0	0	Delayed inputs from the department of Rural development and land reform	Reviewed Commonage policy	Not achieved.

	review the LED strategy	tives and SMM E`s								The policy will be tabled before the end of October 2017.		
3	To promote & encourage agricultural initiative	Facilitate, encourage and support public & private initiatives to promote agricultural extension programmes	Provide emerging farmers with commonage land including facilitation of access to land for emerging commercial farm  Edenburg Ostrich Farm	Consultation with emerging farmers on reviewed commonage policy by 30 June 2017 in nine towns in Kopanong.	30 June 2017	New KPI	0	0	The other towns were not completed because there was moratorium issued on traveling.  The matter will be tabled at the management meeting.	Attendance registers  minutes  Notices	In 15/16, notices were done through loud hailing.	

		including of agricultural products									
4	To promote & encourage agricultural initiative	Facilitate, encourage and support public & private initiatives to promote agri-	Provide emerging farmers with commonage land including facilitation of access to land for emerging commercial farm  Edenburg Ostrich Farm	Implementation of animal impoundment bylaws for all nine towns of Kopanong.	Quarterly	New KPI	0	0	The municipality was relying on the department of agriculture for assistance on the establishment of municipal pound, the designs, specifications, the municipality is currently working on the costing.  To speed up the costing process.	Report on number of animals impounded from pound master	New KPI

		cul- tural ex- ten- sion pro- gram mes in- clud- ing of agri- cul- tural prod- ucts									
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## GOOD GOVERNANCE AND PUBLIC PARTICIPATION

**Strategic Objective:** Promote a culture of participatory, democracy and good governance

**Intended Outcome:** Entrenched a culture of accountability and clean governance.

No	IDP-Objective/goal	Strategies	Key Performance outcome	KPI	Annual Target 16/17	Base-line	Actual	Variance	Reason for Deviation Corrective measure	Source of evidence	Actual 15/16
1	<b>NDP Objective</b>  Staffs at all levels have the authority, experience, competence, and support they need to	Ensure effective, efficient, and transparent system of risk management.	Implementation of all systems	Reviewing of risk register for 2017/2018 by 30 June 2017.	Reviewing of risk register by 30 June 2017.	Risk Register for 2015/2016 was done from 11/07/16-20/07/16.	1	0	Not applicable target achieved	Risk assessment register  Attendance register	Target was not achieved.

No	IDP-Objective/goal	Strategies	Key Performance outcome	KPI	Annual Target 16/17	Baseline	Actual	Variance	Reason for Deviation Corrective measure	Source of evidence	Actual 15/16
2	do their jobs  <b>IDP Objective</b>  To provide effective and efficient government administration	Ensure effective, efficient, and transparent system of risk management.	Implementation of all systems	Monitoring of risk register.	Monitoring of risk register.  Quarterly	4 Monitoring risk registers were completed. 2015/2016	4	0	Not applicable target achieved	Attendance registers.  Risk monitoring tool.	4 quarterly reports were achieved.
3		Ensure effective, efficient, and transparent	Implementation of all systems	Conducting of 1 risk awareness	Conducting of 1 risk awareness by	Risk awareness was com-	1	0	Not applicable target achieved	Attendance register.	Achieved



No	IDP-Objective/goal	Strategies	Key Performance outcome	KPI	Annual Target 16/17	Baseline	Actual	Variance	Reason for Deviation Corrective measure	Source of evidence	Actual 15/16
4		ent system of risk management.		campaign by 30 June 2017.	30 June 2017	pleted in 15/16.					
			Implementation of all systems	1 awareness/workshop on Fraud Prevention and corruption by 30 June 2017.	1 awareness/campaign 30/06/16	Awareness/workshop on Fraud Prevention and corruption was conducted. 2015/2016	1	0	Not applicable target achieved	Attendance register Distribution list for fraud awareness pamphlets Fraud Survey. Presentation 2016-2017	Achieved

No	IDP-Objective/goal	Strategies	Key Performance outcome	KPI	Annual Target 16/17	Baseline	Actual	Variance	Reason for Deviation Corrective measure	Source of evidence	Actual 15/16
5	To develop Integrated Development plan(IDP)	Adoption of the process plan 2016-2017	Adopted IDP by Council	Tabling of Final IDP document 2017-2018 to Council for adoption by 31 May 2017 as per MSA S32.	Tabling of IDP document 17/18 to Council by 31/05/17	Tabled IDP 16/17 to Council.	1	0	Not applicable target achieved	Final IDP documents Council Resolution	Achieve. IDP 16/17 to was tabled on 30/05/2016
6	To develop Integrated Development plan(IDP)	Adoption of the process plan 2017-2018	Adopted IDP by Council	Tabling of draft IDP document 2017-2018 to Council for adoption by 31	Tabling of IDP document 17/18 to Council by 31/03/17.	Tabling of Draft IDP 16/17 to Council	1	0	Not applicable target achieved	Draft IDP document Council Resolution	New KPI

No	IDP-Objective/goal	Strategies	Key Performance outcome	KPI	Annual Target 16/17	Baseline	Actual	Variance	Reason for Deviation Corrective measure	Source of evidence	Actual 15/16
				March 2017.							
7	To develop credible Integrated Development plan(IDP)	Adoption of the process plan 2016-2017	Adopted Credible IDP by Council	Conducting of 1 IDP steering committee meeting by 30 Nov 2016 as per Process plan.	1 IDP Steering committee	IDP Steering committee meeting done. 15/16	1	0	Not applicable target achieved	Attendance register Agenda	Achieved

No	IDP-Objective/goal	Strategies	Key Performance outcome	KPI	Annual Target 16/17	Baseline	Actual	Variance	Reason for Deviation Corrective measure	Source of evidence	Actual 15/16
8	To develop credible Integrated Development plan(IDP)	Adoption of the process plan 2016-2017	Adopted Credible IDP by Council	Conducting of 1 representative forums on IDP and Budget by 28 Feb `17.	Conducting of 1 IDP representative forum 28/02/17	1 IDP representative forum held 15/16	1	0	Not applicable target achieved	Attendance register Presentations.	Indicator achieved
9	To develop credible Integrated Development plan (IDP)	Adoption of the process plan 2016-2017	Adopted Credible IDP by Council	Conducting of 1 representative forums on IDP and Budget by 30 <sup>th</sup> April 2017	Conducting of 1 IDP representative forum 30 <sup>th</sup> April 2017.	1 IDP representative forum held 15/16	0	0	The function was performed but it is not documented in the report. HOD will ensure that information is documented going forward.	Attendance register Presentations	Achieved

No	IDP-Objective/goal	Strategies	Key Performance outcome	KPI	Annual Target 16/17	Baseline	Actual	Variance	Reason for Deviation Corrective measure	Source of evidence	Actual 15/16
10	To improve the effectiveness and efficiency of internal controls systems.	Development and implementation of policies and audit action plan	Improved audit report	Formulating corrective actions for Audit Action plan on issues raised by Auditor General in 2015/16 financial year by 31/01/2017	Audit Action Plan by 31/01/17	Submitted in 28/01/2016	1	0	Not applicable target achieved	2016-2017	Indicator was achieved on the 28/01/16

No	IDP-Objective/goal	Strategies	Key Performance outcome	KPI	Annual Target 16/17	Baseline	Actual	Variance	Reason for Deviation Corrective measure	Source of evidence	Actual 15/16
11	To develop an SDBIP	As per MFMA Circular 13 of National Treasury	2017-2018 SDBIP	Signed SDBIP 2017/18 by the Mayor within 28 days after approval of the IDP/Budget for 17/18	Signed SDBIP 2017/18 by the Mayor within 28 days after approval of the IDP/Budget for 17/18	Signed SDBIP 2016/2017 by the Mayor 29/06/16	1	0	Not applicable target achieved	Signed SDBIP by the Mayor.	Achieved 29/06/16
12	To develop an SDBIP	As per MFMA Circular 13 of National Treasury	2017-2018 SDBIP	Publication of SDBIP 17/18 on the municipal website, units and libraries within 14 days after the	Publication of SDBIP 17/18 Within 14 days after approval of the IDP and Budget	2016/2017 SDBIP was publicised to the units and libraries	1	0	Not applicable target achieved	1. Screen dump for publication from the website. 2.Acknowledgment of receipt from the units and libraries,	Achieved 07/07/16

No	IDP-Objective/goal	Strategies	Key Performance outcome	KPI	Annual Target 16/17	Baseline	Actual	Variance	Reason for Deviation Corrective measure	Source of evidence	Actual 15/16
				approval by the Mayor as per Circular 13 of the MFMA.	17/18.						
13	To develop and customise performance agreement	As per legislation MSA Chapter 6	Signed performance agreement of Section 54 (A) and Section 56 managers	Submission of signed performance agreements for 2016/2017 of Section 54 (a) and 56 managers to COGTA	Submission of signed performance agreements to Council by 31 July 2017	PA 15/16 were submitted to Cogta on the 28/07/16.	1	0	Not applicable target achieved	Acknowledgement of receipt from Cogta.	Achieved PA were submitted to Cogta On 28/07/16

No	IDP-Objective/goal	Strategies	Key Performance outcome	KPI	Annual Target 16/17	Baseline	Actual	Variance	Reason for Deviation Corrective measure	Source of evidence	Actual 15/16
				by 31 July 2016.							
14	o develop and customise performance agreement	As per legislation MSA Chapter 6	Submission of performance reports to internal audit for review	Review of 4 performance reports by internal audit.	4 performance reports Quarterly	4 performance reports for 15/16 were submitted to Internal Audit for review.	4	0	Not applicable target achieved	Acknowledgement of receipt Performance reports.	16/17 4 reports were achieved



No	IDP-Objective/goal	Strategies	Key Performance outcome	KPI	Annual Target 16/17	Base-line	Actual	Variance	Reason for Deviation Corrective measure	Source of evidence	Actual 15/16
15	To ensure effectiveness and transparent system of internal control towards performance information.	As per legislation MSA Chapter 6	Submission of performance reports to audit committee.	Internal audit reports on the functionality of the PMS, compliance of the PMS with relevant legislation and the reliability of performance measurements	IA reports 15/16 were submitted to IA. 31/10/16 31/01/17 30/04/2017 31/07/2017	Audit Committee report for 15/16 were submitted in 2015/2016.	0	0	The POE's have not been provided timeously to the Internal Audit as a result of delayed POE's been provided to the PMS office by Directorates.  The Internal Audit Report on PMS is to be tabled to the Audit Committee during the Audit Committee meeting scheduled end of May	IA reports  Minutes for AC.	New KPI

No	IDP-Objective/goal	Strategies	Key Performance outcome	KPI	Annual Target 16/17	Baseline	Actual	Variance	Reason for Deviation Corrective measure	Source of evidence	Actual 15/16
				submitted to the audit committee/performance audit committee [MPPMR, r 14(1)(c)]							
16	To ensure effectiveness and transparent system of internal control towards perfor-	As per legislation MSA Chapter 6	Submission of performance reports to audit committee.	Availability of quarterly audit reports on (internal controls, financial and compli-	Quarterly audit reports on internal controls, financial and compli-	Quarterly reports for 2016/2017 were submitted for	0	0	The POE's have not been provided timeously to the Internal Audit as a result of delayed POE's been provided to the PMS office by Directorates  The Internal Audit Report on PMS is to be tabled to the Audit Committee dur-	IA Plan  Audit reports (internal controls, financial and	New KPI

No	IDP-Objective/goal	Strategies	Key Performance outcome	KPI	Annual Target 16/17	Baseline	Actual	Variance	Reason for Deviation Corrective measure	Source of evidence	Actual 15/16
	mance information.			Finance and compliance).	ance	2015/2016.			ing the Audit Committee meeting scheduled end of May	compliance) AC Minutes	
17	To develop the mid- year budget and performance assessment report	As per Schedule C from Treasury, non- Financial and Financial information.	Mid- year budget and performance assessment report	Submission of mid- year budget and performance assessment report (Section 72 report) for July- December 2016 to	Submission of mid- year budget and performance assessment report to Council by 25 Jan `17.	Mid- Year Budget and performance assessment report 15/16 was approved by Council	1	0	Not applicable target achieved	1. Copy of the Mid- Year Budget and performance assessment report.  2. Council resolution 2016-2017	Achieved 28/01/16

No	IDP-Objective/goal	Strategies	Key Performance outcome	KPI	Annual Target 16/17	Baseline	Actual	Variance	Reason for Deviation Corrective measure	Source of evidence	Actual 15/16
				Council by 25 Jan 2017.							
18	To develop the Annual Report	Through Circular 63 of MFMA Compliance with Section 46 of MSA and MFMA 121	Draft Annual Report.	Submission of draft annual report 15/16 to Auditor General by 31 August 2016.	Submission of Draft Annual Report to AG 31/08/16	Draft AR 14/15 submitted to AG.	1	0	Not applicable target achieved	Acknowledgment of receipt from AG.	Achieved on 31/08/16.
19	To develop the Annual Report	Through Circular 63 of MFMA Compliance with Section 46 of	Draft Annual Report.	Submission of Draft Annual Report 2015/2016 to Council	Draft AR Council Resolution 31/01/17.	Draft AR 14/15 was submitted to Council	1	0	Not applicable target achieved	Draft AR 15/16 Council Resolution 31/01/17	Achieved 28/01/16

No	IDP-Objective/goal	Strategies	Key Performance outcome	KPI	Annual Target 16/17	Baseline	Actual	Variance	Reason for Deviation Corrective measure	Source of evidence	Actual 15/16
		MSA and MFMA 121		by 31 January 2017.		cil on 31/01/2016					
20	To develop the Oversight report on the AR	MFMA Section 129	Oversight Report	Submission of oversight report on the AR 2015/2016 to Council 2 months from the date in which the AR was tabled as	Submission of draft AR 2015/2016 to Council 31/03/17	Draft AR 14/15 was submitted to Council.	1 30/03/17	0	Not applicable target achieved	Council Resolution Draft AR 15/16	Indicator was achieved.

No	IDP-Objective/goal	Strategies	Key Performance outcome	KPI	Annual Target 16/17	Baseline	Actual	Variance	Reason for Deviation Corrective measure	Source of evidence	Actual 15/16
				per MFMA Section 129.							

<b>BASIC SERVICE DELIVERY COMMUNITY SERVICES</b>
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**Strategic Objective** : Eradicate backlogs in order to improve access to basic services and ensure proper operations and maintenance of the infrastructure

**Intended outcome** : Sustainable delivery to improved services to all households.

No	IDP objectives	Strategy	Outcome	Key Performance Indicators	Annual Target	Baseline	Actual	Variance	Reason for Deviation and Corrective measure	Source of evidence	Actual 15/16
1	IDP Objective: To provide access to water in a sustainable manner.	To provide clean potable water to households.	Access to clean water	Connections of water to 20 households by 30 June 2017	13 595 (99.9)% households with access to water	New KPI	0	0	The task performed however source of evidence provided was not measurable and reliable  The Community Services department to ensure proper document management system and filling	1.Connection report(external) 2. Proof of Physical verification report (internal) 3.Bill/invoice	New KPI

No	IDP objectives	Strategy	Outcome	Key Performance Indicators	Annual Target	Baseline	Actual	Variance	Reason for Deviation and Corrective measure	Source of evidence	Actual 15/16
2	IDP Objective: To provide acceptable Sanitation Infrastructure	To provide decent and acceptable sanitation to households	Access to Sanitation	Connections of sewerage to 21 households by 30 June 2017:	13 578 households with access to water by May 2017	New KPI	0	0	The task performed however source of evidence provided was not measurable and reliable  The Community Services department to ensure proper document management system and filling	1.Connection report(external) 2. Proof of Physical verification report (internal) 3.Bill/invoice	New KPI
3	To ensure the provision of adequate and sustainable electricity services to all customers	To ensure that all households have access to electricity.	Electrification of households	Electricity connection to 196 households by 30 June 2017	13 305 (97,7%) households with access to electricity	New KPI	0	0	The task performed however source of evidence provided was not measurable and reliable  When the municipality reviews the SDBIP the function will be transferred to Technical Services as connection of electricity is not function of Community Services	1, Electricity bill or consumer slip	New KPI



No	IDP objectives	Strategy	Outcome	Key Performance Indicators	Annual Target	Baseline	Actual	Variance	Reason for Deviation and Corrective measure	Source of evidence	Actual 15/16
4	To ensure the provision of clean environment	To ensure that all households have access to refuse removal	Refuse removal of households	100% of households with access to basic level of solid waste removal	100% of households with access to basic removal	New KPI	1	0	Not applicable target achieved	Bill	New KPI

No	IDP objectives	Strategy	Outcome	Key Performance Indicators	Annual Target	Baseline	Actual	Variance	Reason for Deviation and Corrective measure	Source of evidence	Actual 15/16
5	IDP Objective: To increase available space for cemeteries in Kopanong	Identify, set aside suitable land for new and extending the existing cemeteries.	Extension of existing cemeteries and new cemeteries	Identification and subdivision of land for cemeteries by 30 September 2016	Four (04) Towns, one cemetery site per Town / Unit	<ul style="list-style-type: none"> <li>▪ New KPI</li> </ul>	0		<p>The set target date could not be performed due to non-payment of the service provider</p> <p>The municipality will ensure that the target is Implemented</p>	<p>Advertisement for the appointment of a Service Provider.</p> <p>Appointment letter for the Service Provider.</p> <p>Approval Letter from environmental affairs.</p>	New KPI

No	IDP objectives	Strategy	Outcome	Key Performance Indicators	Annual Target	Baseline	Actual	Variance	Reason for Deviation and Corrective measure	Source of evidence	Actual 15/16
6	IDP Objective: To increase available space for cemeteries in Kopanong.	Identify, set aside suitable land for new and extending the existing cemeteries.	Extension of existing cemeteries and new cemeteries	Identification and subdivision of land for cemeteries by 30 September 2016:	Five (05) towns. One (01) cemetery site per Town /Unit,	<ul style="list-style-type: none"> <li>▪ New KPI</li> </ul>	0	0	<p>The set target date could not be performed due to non-payment of the service provider</p> <p>The municipality will ensure that the target is Implemented</p>	<p>Advertisement for the appointment of a Service Provider.</p> <p>Appointment letter for the Service Provider.</p> <p>Approval Letter from environmental affairs.</p>	New KPI

No	IDP objectives	Strategy	Outcome	Key Performance Indicators	Annual Target	Baseline	Actual	Variance	Reason for Deviation and Corrective measure	Source of evidence	Actual 15/16
7	Numbering of Grave numbers for identification	Proper management of graves and allocation of grave numbers.	Numbering of graves in all towns of Kopanong local municipality.	Allocation of grave numbers at the new cemeteries by 30 September 2016.	Four (04) Towns New cemetery sites	New KPI	0	0	The task performed however source of evidence provided was not measurable and reliable  The Community Services department to ensure proper document management system and filling	Cemetery registers Proof of payment receipt	New KPI
8	Numbering of Grave numbers for identification	Proper management of graves and allocation of grave numbers.	Numbering of graves in all towns of Kopanong local municipality.	Allocation of grave numbers at the new cemeteries by 30 September 2016.	Five (05) Towns new cemetery sites	▪ New KPI	0	0	The task performed however source of evidence provided was not measurable and reliable  The Community Services department to ensure proper document management system and filling	Cemetery registers Proof of payment receipt	New KPI

No	IDP objectives	Strategy	Outcome	Key Performance Indicators	Annual Target	Baseline	Actual	Variance	Reason for Deviation and Corrective measure	Source of evidence	Actual 15/16
9	Maintenance of streets and cleaning of storm water channels	Improve road infrastructure and public transport facilities.	Easy flow of traffic	Patching of potholes and renewal of road marking in all units of Kopano on a quarterly basis	A.Patching of potholes at total number of 40 (forty) streets  B. Road marking at a total number of 67 (sixty seven ) streets which is a total distance of 22 080m	Achieved 15/16	0	0	Road-marking paint was not purchased  Will ensure that in future the paint will be purchased so that the task can be performed	Requisition for the purchase of Road Marking paints.  Purchase order.  Invoices and delivery note.	Achieved 15/16

No	IDP objectives	Strategy	Outcome	Key Performance Indicators	Annual Target	Baseline	Actual	Variance	Reason for Deviation and Corrective measure	Source of evidence	Actual 15/16
10	Maintenance of streets and cleaning of storm water channels	Improved road infrastructure and public transport facilities.	Reduction of flooding.	Cleaning of storm water channels in all units of Kopano ng on a weekly basis	Total number of 74 (seventy Four) streets with a total distance of 35 467m	Not achieved 15/16	0	0	The task performed however source of evidence provided was not measurable and reliable  The Community Services department to ensure proper document management system and filling	Job cards	Not achieved in 15/16
11	Maintenance of sports ground.	Cutting of grass Grading and blading of sports facilities.	To ensure proper maintenance of sports facilities.	Maintenance of main sports facilities on a weekly basis	Maintained sports facilities weekly	Achieved 2 quarters 15/16	0	0	The task performed however source of evidence provided was not measurable and reliable  The Community Services department to ensure proper document management system and filling	Job cards	2 quarters were achieved

No	IDP objectives	Strategy	Outcome	Key Performance Indicators	Annual Target	Baseline	Actual	Variance	Reason for Deviation and Corrective measure	Source of evidence	Actual 15/16
12	Maintenance of Public amenities.	Through cleaning , greening of parks and public amenities	To ensure proper maintenance of public amenities.	Identification of illegal dumping in all nine towns and place signage.	Cleaning and placing illegal dumping signage at the identified illegal dumping sites monthly	New KPI	0	0	The task performed however source of evidence provided was not measurable and reliable  The Community Services department to ensure proper document management system and filling	Job cards	New KPI
13	Maintenance of municipal facilities.	Cleaning of all municipal facilities	Promotion of social cohesion in a healthy environment	Fencing and cleaning of Bergmanshooogte hall in Philippolis by 30 June 2017.	Provide security for the building by fencing it by 30 June 2017.	New KPI	0	0	The hall was fenced but the gate was not installed  Will ensure that in the new financial year the gate will be installed	Employment contracts	New KPI

## SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (TECHNICAL SERVICES)

**Strategic Objective:** Eradicate backlogs in order to improve access to basic services and ensure proper operations and maintenance of the infrastructure.

**Intended Outcome:** Sustainable delivery to improved services to all households

No	IDP-objective/goal	Strategies	Key Performance outcome	KPI	Annual Target	Baseline (June 2016)	Actual	Variance	Reason for deviation and Corrective measure	Source of Evidence	Actual 15/16
1	IDP Objective: To provide access to water in a sustainable manner.	To provide sufficient potable water	Access to clean water	20% Construction of concrete 3 Mgl Reservoir in Trompsburg by 30 June 2017	20%Construction of 3 Mgl reservoir by 30 June 2017	80% complete 15/16.	5%	(15%)	The indicator set was not smart therefore it limited the target from being achieved however up to date the project is at 54% complete <sup>1</sup> . The contractor had cash flow prob-	Report on the challenges experienced  Variation or-	80% complete 15/16



		to household s.		Distribution of 3km water pipe line in Trompsburg by 30 June 2017	Distribution of 3 km water pipe line by 30 June 2017		5%	(15%)	<p>lem.</p> <p>2. Due to hard rock experienced on site, there was a need for variation which has led to the delay as well as the completion construction period</p> <p>3. Variation due to Additional scope of works. Sealing of the reservoir, Additional Chamber, Bearing existing services and Structural Concrete.</p> <p>4. Subsoil Drainage (provision of subsoil drainage)</p> <p>The Municipality to ensure that all works are carried as indicated on the approved variation orders in due time by conducting regular site visits.</p> <p>The municipality will review the baseline.</p>	der	Report of the drainage
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2	IDP Objective: To provide access to water in a sustainable manner.	To provide sufficient potable water to households.	Access to clean water	80% Construction of elevated tank in Reddersburg by 30 June 2017.	80% Construction of elevated tank in Reddersburg by 30 June 2017	New KPI	0%	(80%)	The Municipality has followed all SCM processes and appointed a service provider, however the project was interrupted by another bidder who was contesting the awarded supplier and the court order was issued against the Municipality  Municipal Attorney is working on the matter	Appointment letter  Court order	New KPI
				3 km bulk supply pipeline in Reddersburg by 30 June 2017	3 km bulk supply pipeline in Reddersburg by 30 June 2017		0%	(80%)			
3	IDP Objective: To provide access to water in a sustainable manner	To provide sufficient potable water to households.	Access to clean water	Upgrading of a 3 km rising main pipeline in Philippolis by 28 February 2017.	Upgrading of rising main pipe station in Philippolis by 28 February 2017	New KPI	1	0	Not applicable target achieved	Certificate of Completion	New KPI

4	IDP Objective:  To provide access to water in a sustainable manner	To provide sufficient potable water to households.	Reducing Water Leakages	Supply and installation of water meters, valves & fire hydrant by 30 June 2017	Supply and installation of water meters, valves and fire hydrant by 30 June 2017	New KPI				Proof that the 5 Towns were provided	New KPI
				Bethulie	300	New KPI	0	0	271 households was connected and practical completion certificate was submitted however the list of households with water meters installed was not provided as evidence.  In future input source of evidence will be adequately collected	Proof of late delivery of material  SLA of contractors  Listing of water meters	
				Springfontein	180	New KPI	0	0	398 households was connected and practical completion certificate was submitted however the list of households with water		

									<p>meters installed was not provided as evidence.</p> <p>In future input source of evidence will be adequately collected</p>		
				Gariep Dam	11	New KPI	0	0	<p>63 households was connected and practical completion certificate was submitted however the list of households with water meters installed was not provided as evidence.</p> <p>In future input source of evidence will be adequately collected</p>		
				Trompsburg	300	New KPI	0	0	<p>Due to delay on delivery of material the project could not be completed on time</p>		

									The municipality should communicate with the suppliers to deliver material on time		
				Jagersfontein	180	New KPI	0	0	289 households was connected and practical completion certificate was submitted however the list of households with water meters installed was not provided as evidence.  In future input source of evidence will be adequately collected		
				Edenburg	250	New KPI	0	0	501 households was connected and practical completion certificate was submitted however the list of households with water meters installed was not provided as evidence.		

									In future input source of evidence will be adequately collected		
5	IDP Objective: To provide access to water in a sustainable manner	To provide sufficient potable water to households.	Access to clean water	47 Quarterly maintenance of bore holes	Maintenance of boreholes	47 Maintenance of boreholes achieved	See below	See below		Job cards	Achieved 4 quarterly reports 15/16
				Reddersburg	7	7	0	0	Quarterly maintenance of 7 boreholes was maintained however the input source of evidence was not provided  In future input source of evidence will be adequately collected		
				Edenburg	5	5	0	0	Quarterly maintenance of 5 boreholes was maintained however the input source of evidence was not provided		



				Trompsburg	6	6	0	0	<p>Quarterly maintenance of 6 boreholes was maintained however the input source of evidence was not provided</p> <p>In future input source of evidence will be adequately collected</p>		
				Fauresmith	6	6	0	0	<p>Quarterly maintenance of 6 boreholes was maintained however the input source of evidence was not provided</p> <p>In future input source of evidence will be adequately collected</p>		
				Bethulie	8	8	0	0	<p>Quarterly maintenance of 8 boreholes was maintained however the input source of evidence was not provided</p>		



									vided In future in put source of evidence will be adequately collected		
				Gariep Dam	0	0	0	0	No boreholes to be maintained at Gariep Dam		
6	IDP Objective: To provide acceptable Sanitation Infrastructure	To provide decent and acceptable sanitation to households	Access to Sanitation	Capacity of Bulk Infrastructure development to secure access to basic sanitation.  1.Upgrading of 3 Pump Stations in Bethulie by 30 June 2017	Upgrading 3 pump stations in Bethulie by 30 June 2017	20% upgrading was completed 15/16	0%	(80%)	Project had a shortfall of funding due to hard rock and extra quantities on concrete works therefore the project budget had to be adjusted  The municipality to fast track the approval of the project budget	Proof from the independent consultant( <i>the project as run by the municipality, there is no independent consultant, all the designs and supervision</i> )	Achieved 20% completed in 15/16

										was done by the municipality) that extra quantities on concrete work was required and that there was no budgeted in the BOQ	
7	IDP Objective: To provide acceptable Sanitation Infrastructure	To provide decent and acceptable sanitation to	Access to Sanitation	Construction of a new 200mm Sewer pipe over the length of 3 km in Fauresmith by 28 February 2017.	Construction of a new 200mm sewer pipe over the length of 3 km in Fauresmith by 28 February 2017	New KPI	0	0	Performance indicator and target were incorrectly set. Rehabilitation of a 315 mm Sewer pipe over the length of 1.44 km in Fauresmith was completed by 28 February 2017 of which should have been the performance indicator and target	Close out Report Monthly Reports	New KPI

		households							set.  The municipality will in future check all performance indicator to read as per business plan		
8	IDP Objective:  To provide acceptable Sanitation Infrastructure	To provide decent and acceptable sanitation to households	Access to Sanitation	Construction of a new 200mm steel pipe over the length of 3 km in Philipopolis by 28 February 2017	Construction of new 200mm steel pipe over the length of 3 km in Philippolis by 28 February 2017	New KPI	0	0	Performance indicator and target were incorrectly set. Rehabilitation of a 250 mm Sewer pipe over the length of 1.176 km in Philipopolis was completed by 28 February 2017 of which should have been the performance indicator and target set.  The municipality will in future check all performance indicator to read as per business plan	Close out Report  Monthly Reports	New KPI

9	To ensure the provision of adequate and sustainable electricity services to all customers	To ensure that all households have access to electricity.	Electrification of household	Construction of 18 high mast lights in all 9 Towns of Kopanong by 30 June 2017	Construction of 18 high mast lights in all towns of Kopanong by 30 June 2017	Construction of 16 high mast lights was completed				Particulars of the 18 installations	Achieved before anticipated date in 15/16
				Bethulie	2	2	0	0	1 high mast light was constructed however awaiting for Eskom to provide electricity connection  1 high mast was constructed with electricity connection done by Centlec. Target could not be achieved due to completion certificate can only be provide once the whole project is completed (all 18 high mast lights constructed).	Proof that challenges to Eskom and Centlec	

									The Municipality engaged with Eskom to submit invoices of the connections		
				Edenburg	2	2	2	0	Not applicable target achieved		
				Fauresmith	2	2	0	0	<p>1 high mast light was constructed however awaiting for ESKOM to provide electricity connection</p> <p>1 high mast was constructed with electricity connection done by Centlec. Target could not be achieved due to completion certificate can only be provide once the whole project is completed (all 18 high mast lights constructed).</p>		
									The Municipality en-		

									gaged with Eskom to submit invoices of the connections		
				Gariep Dam	2	0	0	0	<p>1 high mast light was constructed however awaiting for ESKOM to provide electricity connection</p> <p>1 high mast was constructed with electricity connection done by Centlec. Target could not be achieved due to completion certificate can only be provide once the whole project is completed (all 18 high mast lights constructed).</p> <p>The Municipality engaged with Eskom to submit invoices of the connections</p>		

				Jagersfontein	2	2	2	0	Not applicable target achieved		
				Philippolis	2	2	0	0	<p>1 high mast light was constructed however awaiting for Eskom to provide electricity connection</p> <p>1 high mast was constructed with electricity connection done by Centlec. Target could not be achieved due to completion certificate can only be provide once the whole project is completed (all 18 high mast lights constructed).</p> <p>The Municipality engaged with Eskom to submit invoices of the connections</p>		

				Reddersburg	2	2	0	0	<p>1 high mast light was constructed however awaiting for Eskom to provide electricity connection</p> <p>1 high mast was constructed with electricity connection done by Centlec. Target could not be achieved due to completion certificate can only be provide once the whole project is completed (all 18 high mast lights constructed).</p> <p>The Municipality engaged with Eskom to submit invoices of the connections</p>		
				Springfontein	2	2	2	0	Not applicable target achieved		



				Trompsburg	2	2	2	0	Not applicable target achieved		
1 0	To ensure the provision of adequate and sustainable electricity services to all customers	To ensure that all households have access to electricity.	Electrification of household	Connection of 411 new electricity to households by 30 June 2017	411 new electricity to household by 30 June 2017	133 electricity connection in 2016/2016				Proof of the centlec connectivity report	New KPI
				Bethulie	254	New KPI	0	0	224 households was connected and practical completion certificate was submitted however the list of households with electricity meters installed was not provided as evidence.  In future input source of evidence will be adequately collected	Note: Auditor has the Centlec report dated 28/02/2017 for 411 connections made at R3 857 700.	
				Edenburg	42	New KPI	0	0	42 households was connected and practical completion certifi-	However the second	

									cate was submitted however the list of households with electricity meters installed was not provided as evidence.  In future input source of evidence will be adequately collected	connection report and invoice is outstanding.  List of households
				Jagersfontein	42	New KPI	0	0	42 households was connected and practical completion certificate was submitted however the list of households with electricity meters installed was not provided as evidence.  In future input source of evidence will be adequately collected	
				Springfontein	20	New KPI	0	0	30 households was connected and practical completion certificate was submitted	

									however the list of households with electricity meters installed was not provided as evidence.  In future input source of evidence will be adequately collected		
				Trompsburg	53	New KPI	0	0	40 households was connected and practical completion certificate was submitted however the list of households with electricity meters installed was not provided as evidence.  In future input source of evidence will be adequately collected		

1 1	Provision of registered landfill sites refuse removal and cleaning of landfill sites.	Construction of the new landfill sites.	Provision of acceptable and complying landfill site on Environment	60% Construction of the transfer station site in Fauresmith by 30 June 2017.	Construction of the new landfill site in Fauresmith by 30 June 2017	40% construction of the transfer station was completed 15/16	60%	0	Not applicable target achieved	Practical completion certificate	40% construction of the transfer station was completed 15/16
1 2	Provision of registered landfill sites refuse removal and cleaning of landfill sites.	Construction of the new landfill sites.	Provision of acceptable and complying landfill site on Environment	15% Construction of the new landfill site in Reddersburg by 30 June 2017.	Construction of the landfill site in Reddersburg by 30 June 2017.	85% construction of the transfer station (small landfill site is complete 15/16	5%	(15%)	The project was stopped due to non-performance of a service provider contractor.  The municipality is engaging with MISA and their environmental specialist in analyzing the amount of work that is still outstanding and the implementation thereon.	Proof of appointed contractor and termination letter signed by both parties	85% construction of the transfer station (small landfill site is complete 15/16

1 3	Upgrading of gravel roads, Internal Roads and Storm water channels	Improve-ment of ac-cess road and safe-ty.	Improve-ment of ac-cess road and safety.	Construction of Itumeleng paved ac-cess road phase 7, 560m by 28 February 2017	Construction of Itumeleng paved access road phase 7, 560m by 28 February 2017	Comple-ted phase 5	1	0	Not applicable target ed	Final practical comple-tion cer-tificate  Ap-point-ment of a ser-vice provider by Pub-lic works.	New KPI
1 4	Upgrading of gravel roads, Internal Roads and Storm water channels	Improve-ment of ac-cess road and safe-ty.	Improve-ment of ac-cess road and safety.	20% Con-struction of 1.5 km paved ac-cess road and storm water chan-nel in Springfon-	Construction of 1.5 km ac-cess paved road and storm water channel in Springfontein by 30 June	New KPI	20%	0	Work in progress	Final Com-pletion Cer-tificate  practical comple-tion cer-	New KPI

		ty.		tein by 30 June 2017	2017					tificate Monthly Reports Final Close out report Final Bill of quantities Proof of retention re-pay	
1 5	Creation of temporary jobs through EPWP Projects	Creation of temporary jobs through imple-	Implementation of EPWP Strategy and complying with Public Works policies.	Cleaning of storm water channels, Graveyards and Landfill sites by 30 June 2017	Cleaned storm water channels by 30 June 2017	New KPI				Management representation letter for the reasoning	New KPI
				Bethulie	1	New KPI	0	0	Quarterly cleaning of storm water channels		

		men- tation of EPW P pro- jects							was performed how- ever the input source of evidence was not provided  In future input source of evidence will be ad- equately collected		
			Springfon- tein	1	New KPI	0	0		Quarterly cleaning of storm water channels was performed how- ever the input source of evidence was not provided  In future input source of evidence will be ad- equately collected		
			Edenburg	1	New KPI	0	0		Quarterly cleaning of storm water channels was performed how- ever the input source of evidence was not provided		

									In future input source of evidence will be adequately collected			
				Gariep Dam	1		New KPI	0	0	Quarterly cleaning of storm water channels was performed however the input source of evidence was not provided  In future input source of evidence will be adequately collected		
				Fauresmith	1		New KPI	0	0	Quarterly cleaning of storm water channels was performed however the input source of evidence was not provided  In future input source of evidence will be adequately collected		
				Jagersfontein	1		New KPI	0	0	Quarterly cleaning of storm water channels		



									was performed however the input source of evidence was not provided		
									In future input source of evidence will be adequately collected		
1 6	Creation of temporary jobs through implementation of EPWP Projects	Creation of temporary jobs through implementation of EPWP Projects	Implementation of EPWP Strategy and complying to Public Works policies	Fencing of community hall in Bergmanshoogte in Philippolis by 30 June 2017	Fencing community hall in Bergmanshoogte in Philippolis by 30 June 2017	New KPI	0	0	Community hall in Bergmanshoogte in Philippolis was fenced however the input source of evidence was not provided	Management representation letter for the reasoning	New KPI
									In future input source of evidence will be adequately collected		

17	Creation of temporary jobs through implementation of EPWP Projects	Creation of temporary jobs through implementation of EPWP Projects	Implementation of EPWP Strategy and complying to Public Works policies	Fencing of Itumeleng cemetery Jagersfontein by 30 November 2016	Fencing of cemetery Itumeleng Jagersfontein by 30 November 2016	New KPI	0	-1	Itumeleng cemetery in Jagersfontein was fenced however the input source of evidence was not provided  In future input source of evidence will be adequately collected	Management representation letter for the reasoning	New KPI
18	Creation of temporary jobs through implementation of local economic initiative	Creation of temporary jobs through implementation	Creation of conducive environment for economic growth and job opportunities.	100 jobs created through municipality local economic development initiatives including capital projects by 30 June	100 jobs created through municipality for 2016/2017	100 jobs were created in 2015/2016	110	0	Not applicable target achieved	Employment contracts	100 jobs were created in 15/16

		of EPW P Projects		2017.							
19	Management and coordination of Grants	Compliance on the conditions of Grants,	100% spending of capital budget on capital projects.	100% of a municipality capital budget spent on capital projects <b>(MIG)</b> identified for 2016/2017 in terms of the municipality IDP by 30 June 2017	100% spent on <b>MIG</b> projects	New KPI	97%	0	The Municipality has delayed to pay the final certificates in June 2017  The municipality will ensure that the invoice / final certificates are paid timeously	Management representation letter from the CFO for the proof of delay of final certificate	New KPI

20	Management and coordination of Grants	Compliance on the conditions of Grants,	100% spending of capital budget on capital projects.	100% of a municipality capital budget spent on capital projects <b>(RBIG)</b> identified for 2016/2017 in terms of the municipality IDP by 30 June 2017.	100% spent on <b>RBIG</b> project  30 June 2017	New KPI	100%	0	Not applicable target achieved	Proof of budget allocated and proof of budget spent	New KPI
21	Management and coordination of Grants	Compliance on the conditions of Grant	100% spending of capital budget on capital projects.	100% of a municipality capital budget spent on capital projects <b>(DOE)</b> identified for 2016/2017 in terms of the municipality	100% spent on <b>DOE</b> project	New KPI	100%	0	Not applicable target achieved	Proof of budget allocated and proof of budget spent.	New KPI

		s,		IDP by 30 June 2017							
2 2	Management and coordination of Grants	Compliance on the conditions of Grants,	100% spending of capital budget on capital projects.	100% of a municipality capital budget spent on capital projects ( <b>EPWP</b> ) identified for 2016/2017 in terms of the municipality IDP by 30 June 2017	100% spent on <b>EPWP</b> project by 30 June 2017	New KPI	100%	0	Not applicable target achieved	Proof of budget allocated and proof of budget spent.	New KPI
2 3	Management and coordination of Grants	Compliance on the conditions	100% spending of capital budget on capital projects.	100% of a municipality capital budget spent on capital projects ( <b>WSIG</b> ) identified for	100% spent on <b>WSIG</b> project	New KPI	36%	0	There were 2 Court orders ordering the temporary stop-age of the contractors and therefore there was no progress on site.	Proof of the 2 court orders for the stop-age of the con-	New KPI

		of Grant s,		2016/2017 in terms of the municipality IDP by 30 June 2017					Municipal Attorney is working on the matter	tractors	
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## CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

### INTRODUCTION

The municipality develops a Workplace Skills Plan on an annual basis where all training needs are outlined and funding sourced for implementation of such training needs

T 4.0.1

## COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

### 4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	Year -15-16	Year -16-17			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	20	22	20	2	9.00%
Waste Water (Sanitation)	79	77	77	0.00	0.00
Electricity	0	0	0	0.00	0.00
Waste Management	1	1	1	0.00	100. 0%
Housing	2	2	2	1.00	0.00
Waste Water (Stormwater Drainage)	66	60	60	0.00	0.00
Roads	126	122	122	0.00	0.00
Transport	21	24	21	3.00	1.00
Planning	16	19	15	4.00	4.00

Local Economic Development	2	3	3	0.0	0.00
Planning (Strategic & Regulatory)	4	4	4	0.0	0.00
IDP	2	2	2	0.0	0.00
Community & Social Services	67	67	59	8.0	2.00
Environmental Protection	0	0	0	0.0	0.00
Health	0	0	0	0.0	0.00
Security and Safety	0	0	0	0.0	0.00
Sport and Recreation	0	0	0	0.0	0.00
Corporate Policy Offices and Other	57	55	55	5	0.12
Interns	3	3	3	0.0	0.00
Councillors	15	15	15	0.0	0.00
	481	476	459	23	7.2
<i>Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.</i>					<i>T 4.1.1</i>



Vacancy Rate: Year 0			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0.00
CFO	1	1	100.00
Other S57 Managers (excluding Finance Posts)	3	1	0.00
Other S57 Managers (Finance posts)	0	0	0.00
Police officers	0	0	0.00
Fire fighters	0	0	0.00
Senior management: Levels 13-15 (excluding Finance Posts)	49	12	9.00
Senior management: Levels 13-15 (Finance posts)	19	3	3.00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	63	1	1.00
Highly skilled supervision: levels 9-12 (Finance posts)	22	0	0.00
<b>Total</b>	<b>158</b>	<b>18</b>	<b>13.00</b>
<p><i>Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p>			T 4.1.2

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year-14-15	34	19	41%
year-15-16	34	7	41%
year-16-17	13	11	41%
<i>The number of terminations is inclusive of deaths, resignations and dismissals</i>			41

#### COMMENT ON VACANCIES AND TURNOVER

All section 54 (a) and 2 section 56 managers posts were vacant in the 2016/17 Financial year

T 4.1.4

## COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

#### INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Employment equity plan is in place and enforced until 2021. Employment equity report was submitted to the Department of Labour on the 28 March 2016 and related policies were reviewed and approved by council for this financial year 30 June 2016

T 4.2.0

## 4.2 POLICIES

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Supply Chain Management Policy	Yes	Yes	28-Jun-17
2	Risk Management and Anti-Fraud Policy	Yes	Yes	28-Jun-17
3	PMS Frame-work	Yes	Yes	28-Jun-17
<i>All HR related policies were reviewed and workshopped to all employees and then later approved and adopted by Council on 30 June 2017</i>				T 4.2.1

Number of days and Cost of Sick Leave (excluding injuries on duty)							
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost	Total Cost
	Days	%	No.	No.	Days	R' 000	
Low skilled (levels 5-7)	1562	0%	223	259.00	6.03	376.60	97539.40
Highly skilled production (levels 6-8)	49	0%	12	74	0.66	2883	213367.90
Highly skilled supervision (levels 9-12)	129	0%	20	35	3.69	813	28470.05
Senior management (Levels 13-15)	129	4%	43	54	2.39	4306	232524.00
MM and S57	17	0%	4	5	3.40	6458	32290.00
<b>Total</b>	<b>1886</b>	<b>4%</b>	<b>302.00</b>	<b>427.00</b>	<b>16.17</b>	<b>14837.38</b>	<b>604191.35</b>
<p>* - Number of employees in post at the beginning of the year</p> <p>*Average is calculated by taking sick leave in column 2 divided by total employees in column 5. Entry level for our employees is guided by SALGA T-Level the entry level for General Worker is T4 Level 4 R5 647.33</p>							T 4.3.2

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Unit Manager	Insabodination	03-Nov-15	Pending	Pending
Unit Manager	Absenteeism and Theft	09-Dec-16	Pending	Pending
Cashier	Theft		Referred to Labour Court	Settled in August 2017
General Worker	Absenteeism		Pending	Pending
General Worker	Absenteeism		Referred to Arbitration	Pending
General Worker	Unfair Labour Practice		Referred to Labour Court	Pending
General Worker	Substance Abuse	25-Jan-17		Pending
General Worker	Physical fight	25-Jan-17	Settled	29-May-17
General Worker	Physical fight	25-Jan-17	Settled	29-May-17
General Worker	Physical fight	25-Jan-17	Settled	29-May-17
				T 4.3.5

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Cashier	Theft - Value R 2 200.00	Employee was re-employed	Settled on August 2017
Unit Manager	Theft and Absenteeism	Pending	Pending
			T 4.3.6

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#### **4.4 PERFORMANCE REWARDS**

##### **COMMENT ON PERFORMANCE REWARDS**

As earlier mentioned, the Municipality have a performance management system, this would also enable the identification of good performance versus poor performance, therefore good performance is currently not recognized, and only long-term service bonus is applicable to all employees of the municipality.

*T 4.4.1.1*

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female				
	Male				
Skilled (Levels 3-5)	Female				
	Male				
Highly skilled production (levels 6-8)	Female				
	Male				
Highly skilled supervision (levels 9-12)	Female				
	Male				
Senior management (Levels 13-15)	Female	1	1		
	Male	2	2		
MM and S57	Female				
	Male				
<b>Total</b>		<b>3</b>	<b>3</b>		
<i>Has the statutory municipal calculator been used as part of the evaluation process ?</i>					
<p><i>Note: MSA 2000 S51(d) requires that ... 'performance plans, on which rewards are based should be aligned with the IDP'... (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).</i></p>					

T 4.4.1

## COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

### INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Employment equity plan is in place and it is enforced until 2021. Employment equity report was submitted to Exco and related policies were reviewed and approved by council for this financial year 30 June 2017.

T 4.5.0

### 4.5 SKILLS DEVELOPMENT AND TRAINING

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

\*Registered with professional Associate Body e.g CA (SA)

T 4.5.1



Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
<b>Financial Officials</b>						
<i>Accounting officer</i>	1	0	1	1	1	1
<i>Chief financial officer</i>	1	0	1	1	1	1
<i>Senior managers</i>	3	0	3	3	3	3
<i>Any other financial officials</i>	73	0	73	0		
<b>Supply Chain Management Officials</b>						
<i>Heads of supply chain management units</i>	1	0	1	0		
<i>Supply chain management senior managers</i>	0	0	0	0		
<b>TOTAL</b>	<b>79</b>	<b>0</b>	<b>79</b>	<b>5</b>	<b>5</b>	<b>5</b>
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)						T 4.5.2

Skills Development Expenditure										
										R'000
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	2						500000		
	Male	2								
Legislators, senior officials and managers	Female	27								
	Male	8								
Professionals	Female	24						50000		
	Male	14								
Technicians and associate professionals	Female	0								
	Male	2								
Clerks	Female	23								
	Male	35								
Service and sales workers	Female	0								
	Male	0								
Plant and machine operators and assemblers	Female	0								
	Male	2								
Elementary occupations	Female	100						500000		
	Male	22								
Sub total	Female	0								
	Male	0								
<b>Total</b>		<b>261</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500000</b>	<b>0</b>	<b>456</b>
<i>*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.</i>										<b>%* *R</b>
The municipality pays 1% of the Skills Development Levy over to SARS, monies which are deducted from employees										T4.5.3

## COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

### 4.6 EMPLOYEE EXPENDITURE

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	
	Male	
Skilled (Levels 3-5)	Female	
	Male	
Highly skilled production (Levels 6-8)	Female	
	Male	
Highly skilled supervision (Levels9-12)	Female	
	Male	
Senior management (Levels13-16)	Female	1
	Male	2
MM and S 57	Female	
	Male	
Total		3
<p><i>The Process Controllers were General Workers who were capacitated and provided with relevant training then elevated to their new positions with salary adjustments, each Unit/Town was beefed up with an extra driver to enable units to have two drivers who would assist and relieve each other, the Budget Manager was given an extra incentivisedue to the fact that she was compiling Annual Financial Statements in-house.</i></p>		T 4.6.2

## CHAPTER 5 – FINANCIAL PERFORMANCE

### INTRODUCTION

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

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

**Delete Directive note once comment is completed** - Please explain how your municipality sought to contain inflationary pressures during the financial year. Take the 5 most expensive consultancy arrangements in year 0 and explain the costs, the reasons for the engagements and the results. Include such other introductory remarks as you wish.

T 5.0.1

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE:

#### INTRODUCTION TO FINANCIAL STATEMENTS

*Note: Statements of Revenue Collection Performance by vote and by source are included at **Appendix K**.*

**Delete Directive note once comment is completed** - This component provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

T 5.1.0

**5.1 STATEMENTS OF FINANCIAL PERFORMANCE:**

Financial Performance of Operational Services						
Description	R '000					
	Year 2015/16	Year 2016/17		Year 0 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
<b>Operating Cost</b>						
Water	26 485	62 723	62 723	88 394	29.04%	29.04%
Waste Water (Sanitation)	8 541			14 070	100.00%	100.00%
Electricity	12 355	43 389	43 389	54 393	20.23%	20.23%
Waste Management	14 232			11 111	100.00%	100.00%
Housing	6 542			769	100.00%	100.00%
Component A: sub-total	68 155	106 112	106 112	168 737	37.11%	37.11%
Waste Water (Stormwater Drainage)	3 643			1 818	100.00%	100.00%
Roads	5 643			9 458	100.00%	100.00%
Transport						
Component B: sub-total	9 285	-	-	11 276	100.00%	100.00%
Planning	1 254	2 280	2 280	1 004	-127.00%	-127.00%
Local Economic Development						
Component B: sub-total	1 254	2 280	2 280	1 004	-127.00%	-127.00%
Planning (Strategic & Regulatory)						
Local Economic Development						
Component C: sub-total	-	-	-	-		
Community & Social Services	4 565	58 966	58 966	4 291	-1274.18%	-1274.18%
Environmental Protection						
Health						
Security and Safety						
Sport and Recreation	5 352			4 971	100.00%	100.00%

Corporate Policy Offices and Other	5 649	9 122	9 122	651	-1301.04%	-1301.04%
Component D: sub-total	15 566	68 088	68 088	9 913	-586.86%	-586.86%
<b>Total Expenditure</b>	<b>94 260</b>	<b>176 480</b>	<b>176 480</b>	<b>190 930</b>	<b>7.57%</b>	<b>7.57%</b>
						<i>T 5.1.2</i>

## 5.2 GRANTS:

FS162 Kopanong - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme - 28/02/2017

Description	Ref	Budget Year 2016/17							Budget Year	Budget Year
		Original	Prior	Multi-year	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	capital	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands		2	3	4	5	6	7	+1 2017/18	+2 2018/19	
		A	A1	B	C	D	E	F		
<b>EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:</b>	1									
<b><u>Operating expenditure of Transfers and Grants</u></b>										
<b>National Government:</b>		73 430	-	-	-	-	-	73 430	65 153	68 546
Local Government Equitable Share		70 650						70 650	63 453	66 846
Finance Management		1 625						1 625	1 700	1 700
Municipal Systems Improvement		-						-	-	-
Water Services Operating Subsidy		-						-	-	-
EPWP		1 155						1 155	-	-
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>		73 430	-	-	-	-	-	73 430	65 153	68 546
<b><u>Capital expenditure of Transfers and Grants</u></b>										
<b>National Government:</b>		66 379	-	-	-	-	-	66 379	83 846	120 360
Municipal Infrastructure Grant (MIG)		19 977						19 977	21 346	22 360
Regional Bulk Infrastructure		15 700						15 700	15 500	28 000
Integrated National Electrification Programme		5 000						5 000	2 000	5 000
MWIG		25 702						25 702	45 000	65 000
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		66 379	-	-	-	-	-	66 379	83 846	120 360
<b>Total capital expenditure of Transfers and Grants</b>		139 809	-	-	-	-	-	139 809	148 999	188 906

5.5 CAPITAL EXPENDITURE

T 5.5.1

<b>Capital Expenditure 2016/2017</b>		
<b>Description</b>	<b>AMOUNT RECEIVED</b>	<b>AMOUNT SPEND</b>
Municipal Infrastructure Grant	20 889 000.00	20 310 565.79
Expanded Public Works Program	1 155 000.00	1 155 000.00
Regional Bulk Infrastructure Grant	2 346 069.99	2 346 069.99
Water Services infrastructure Grant	20 562 000.00	7 453 814.75
<b>Total</b>	<b>44 952 069.99</b>	<b>31 265 450.53</b>



### 5.7.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS:

Three year (2014/15,2015/16 &2016/17) Capital Plan for addressing Infrastructure Backlogs in terms of Municipal Grant (MIG,RBIG,ACIP,EPWP,ACIP,WSIG):

#### 1. INFRASTRUCTURE PROJECT (MIG) 2014-2015

PROJECT NAME	PROJECT VALUE	START DATE	COMPLETION DATE	EXPENDITURE TO DATE	PROJECT STATUS	WARD
Edenburg: Rehabilitation of landfill site	R4 383 106.16	2014/10/15	2015/07/31	R3 972 613.74	95% physical progress on site	WARD 8
Reddersburg: Rehabilitation of landfill site	R6 701 537.11	2014/10/15	2015/07/31	R4 701 007.95	85% physical progress on site	WARD 1
Gariep Dam:Upgrading of Waste Water treatment	R 9 912 779.51	2013/05/21	2015/08/31	R8,112,630.64	70% completed	WARD 4
Reddersburg: Recreational/Sports facility	R 8 803 186.70	2014/09/19	2015/10/30	R4 090 214.15	45% completed	WARD 1
Fauresmith: sport facility	R5,635,727.46	2014/01/13	2015/07/31	R5 635 727.46	98% physical progress on site	WARD 7
Kopanong: Installation of 16 high mast lights in various towns	R5 406 336.00	2015/05/26	2015/10/30	R1 800 000.00	15% progress	ALL WARDS
Phillipolis: Construction of paved access road 2.0 km	R13 869 535.00	2012/01/14	2014/11/28	R13 345 125.36	100% complete	WARD 4

## 2. DWA FUNDED PROJECTS: RBIG 2014-2015

PROJECT NAME	PROJECT VALUE	START DATE	COMPLETION DATE	EXPENDITURE TO DATE	PROJECT STATUS	WARD
Fauresmith 2.3mgl concrete reservoir	R9 097 292.25	2012/11/20	2015/07/31	R6 201 207.17	85 physical progress on site	WARD 7
Jagersfontein treatment works-Civil	R10 015 658.55	2013/01/16	2014/11/28	R9 390 780.84	95% physical progress on site	WARD 6
Jagersfontein – Fauresmith pipe line 11,2 km	R14 899 421.82	2013/01/16	2013/11/29	R14 257 748.57	100% complete	WARD 6 & 7
Jagersfontein treatment works-Mechanical	R 5 004 657.00	2013/01/16	2014/11/28	R2 611 400.70	55% physical progress on site	WARD 6

## 3. EPWP PROJECTS (INCENTIVES) 2014-2015

PROJECT NAME	PROJECT VALUE	START DATE	COMPLETION DATE	EXPENDITURE TO DATE	PROJECT STATUS	WARD
Springfontein Town:Cleaning of landfill sites	R100 000	09/06/2014	19/12/2014	R100 000.00	Complete	WARD 8
Trompsburg Town: Cleaning of landfill sites	R100 000	09/06/2014	19/12/2014	R100 000.00	Complete	WARD 2

Reddersburg: Cleaning of land fill sites, stormwater channels and cemeteries	R100 000	11/05/2015	30/10/2015	R 8 900.00	In progress	WARD 1
Trompsburg Town: Cleaning of storm water channels and cemeteries	R100 000	11/05/2015	30/10/2015	R12 000.00	In progress	WARD 2
Philipolis Town: Cleaning of storm water, cemeteries and landfill sites	R100 000	11/05/2015	30/10/2015	R 9 000.00	In progress	WARD 4
Updating of indigent register and title deeds	R400 000	03/11/2015	31/07/2015	R 486 990.00	In progress	ALL WARDS
Fauresmith Fencing of Cemeteries	R325 000	08/06/2015	31/08/2015	R0.00	In progress	WARD 6

## 1. INFRASTRUCTURE PROJECT (MIG) 2015 -2016

PROJECT NAME	PROJECT VALUE	START DATE	COMPLETION DATE	PLANNED EXPENDITURE	PROJECT STATUS	WARD
Edenburg: Rehabilitation of landfill site	R4 383 106.16	2014/10/15	2015/07/31	R 174 432.97	100% completed	WARD 8
Reddersburg: Rehabilitation of landfill site	R6 701 537.11	2014/10/15	2015/07/31	R 262 766.11	80% physical progress on site	WARD 1
Gariep Dam:Upgrading of Waste Water treatment	R 9 912 779.51	2013/05/21	2015/08/31	R 843 024.07	100% completed	WARD 4
Reddersburg: Recreational/Sports facility	R 8 803 186.70	2014/09/19	2015/10/30	R 3 563 492.94	100% completed	WARD 1
Jagersfontein: Rehabilitation of landfill site	R3 926 645.00	2015/07/10	2015/11/30	R 3 131 358.48	Advertisement for procurement, Evaluation report and adjudication processes were in progress.	WARD 6
Fauresmith : Rehabilitation of landfill site	R5 810 722.50	2015/07/10	2015/11/30	R 3 442 564.52	Advertisement for procurement, Evaluation report and adjudication processes were in progress.	WARD 7

## 2. DWA FUNDED PROJECTS: RBIG 2015-2016

PROJECT NAME	PROJECT VALUE	START DATE	COMPLETION DATE	PLANNED EXPENDITURE	PROJECT STATUS	WARD
Fauresmith 2.3mgl	R9 097 292.25	2012/11/20	2015/07/31	R6 201 207.17	85 physical progress	WARD 7

concrete reservoir					on site	
Jagersfontein treatment works-Civil	R10 015 658.55	2013/01/16	2014/11/28	R9 390 780.84	95% physical progress on site	WARD 6
Jagersfontein – fauresmith pipe line 11,2 km	R14 899 421.82	2013/01/16	2013/11/29	R14 257 748.57	100% physical progress on site	WARD 6 & 7
Jagersfontein treatment works-Mechanical	R 5 004 657.00	2013/01/16	2014/11/28	R2 611 400.70	55% physical progress on site	WARD 6
Jagersfontein-Bulk pipeline	R 3 127 500.00			R3 000 000.00	Advertisement for procurement, Evaluation report and adjudication processes were in progress.	WARD 6
		2015/08/07	2015/12/04			
Fauresmith-Bulk pipeline	R 2 245 670.05			R2 000 000.00	Advertisement for procurement, Evaluation report and adjudication processes were in progress.	WARD 7
		2015/08/07	2015/12/04			

### 3. EPWP PROJECTS (INCENTIVES) 2015-2016

PROJECT NAME	PROJECT VALUE	START DATE	COMPLETION DATE	EXPENDITURE TO DATE	PROJECT STATUS	WARD
Updating of indigents register, title deeds, water population and Municipal Profiling	184 800,00	01/06/2015	31/08/2015	184 800,00	Complete	ALL WARDS
Fauresmith: Fencing of cemetery	88 000,00	01/06/2015	31/08/2015	88 000,00	Complete	WARD 7
Trompsburg: Cleaning of cemeteries, storm water channels and landfill sites	110 000,00	12/05/2015	27/11/2015	110 000,00	Complete	WARD 2
Philipolis: Cleaning of cemeteries, storm water channels and landfill sites	110 000,00	12/05/2015	27/11/2015	110 000,00	Complete	WARD 4
Reddersburg: Cleaning of cemeteries, storm water channels and landfill sites	110 000,00	12/05/2015	27/11/2015	110 000,00	Complete	WARD 1
Jaggersfontein: Fencing of cemeteries	345 000,00	03/08/2015	30/10/2015	345 000,00	Complete	WARD 6
Bethulie: Cleaning of cemeteries, storm water channels and landfill sites	110 000,00	01/02/2016	29/07/2016	110 000,00	Complete	WARD 3
Gariep Dam: Cleaning of cemeteries, storm water channels and landfill sites	66 000,00	04/04/2016	30/09/2016	66 000,00	Complete	WARD 4
Edenburg: Cleaning of cemeteries, storm water channels and landfill sites	66 000,00	04/04/2016	30/09/2016	66 000,00	Complete	WARD 8
Springfontein: Cleaning of cemeteries storm water channels and landfill sites	66 000,00	04/04/2016	30/09/2016	66 000,00	Complete	WARD 5

Data Capture	30 000,00	01/02/2016	29/07/2016	30 000,00	Complete	ALL WARDS
PPE	77 200,00			77 200,00	Complete	ALL WARDS

#### 4. ELECTRIFICATION PROJECTS (FUNDED BY THE DEPARTMENT OF ENERGY) 2015-2016

PROJECT NAME	PROJECT VALUE	START DATE	COMPLETION DATE	EXPENDITURE TO DATE	PROJECT STATUS	WARD
Connection of 56 households in Jagersfontein/Charleville	R 672 000.00	01/06/2015	31 June 2016	R 672000.00	Completed	Ward 6
Connection of 67 households in Gariep Dam/Hydropark	R 804 000.00	01/06/2015	31 June 2016	R 804 000.00	Completed	Ward 4
Connection of 10 households in Sprinfotein/Maphodi	R 120 000.00	01/06/2015	31 June 2016	R 120 000.00	Completed	Ward 5
TOTAL	R 1.6 Million					

#### 4. INFRASTRUCTURE PROJECT (MIG) 2016-2017

PROJECT NAME	PROJECT VALUE	START DATE	COMPLETION DATE	EXPENDITURE TO DATE	PROJECT STATUS	WARD
Reddersburg: Rehabilitation of landfill site	R6,701,537.00	9/19/2014	6/30/2017	R6,701,537.00	85% physical progress on site	WARD 1
Reddersburg: Recreational/Sports facility	R8,803,187.00	9/19/2014	6/30/2017	R8,803,187.00	85% physical progress on site	WARD 1

Fauresmith: Rehabilitation of landfill site	R3,969,556.00	1/26/2016	4/28/2017	R3,809,556.00	Practical Completion	WARD 7
Jagersfontein: Rehabilitation of landfill site	R8,626,910.00	10/2/2017	5/31/2018	R1,370,271.49	Planning stage	WARD 6
Springfontein: Upgrading of sports facility	R9,200,000.00	6/12/2017	6/30/2018	R569,176.62	Planning stage	WARD 5
Bethulie/Lephoi: Upgrading of sewer pump stations	R2,450,000.00	5/21/2016	6/30/2017	R2,039,600.00	The project is on	WARD 3
Springfontein: Closure of existing solid waste site and construction of a waste transfer facility	R5,200,000.00	6/4/2018	2/28/2019	R136,800.00	The project is on design stage	WARD 5
Springfontein: Construction 1.5km paved road phase 1 and storm water channels	R16,217,435.00	4/7/2017	11/28/2018	R1,163,171.69	The project is on design stage	WARD 5

**5. DWA FUNDED PROJECTS: RBIG 2016-2017**

PROJECT NAME	PROJECT VALUE	START DATE	COMPLETION DATE	EXPENDITURE TO DATE	PROJECT STATUS	WARD
Fauresmith 2.3mgl concrete reservoir	R9 097 292.25	2012/11/20	2015/07/31	R8 713 303.59	85% physical progress on site	WARD 7
Jagersfontein treatment works-Civil	R10 015 658.55	2013/01/16	2014/11/28	R10 015 658.55	95% physical progress on site	WARD 6
Fauresmith Bulk Pipeline	R2 245 670.05	2016/02/05	2016/08/15	R2 003 259.69	100% physical progress on site	WARD 7
Jagersfontein – Fauresmith pipe line 11,2 km	R16 899 421.82	2013/01/16	2013/11/29	R16,232,976.30	100% physical progress on site	WARD 6 & 7
Jagersfontein treatment works-Mechanical	R5 927 239.13	2013/01/16	2014/11/28	R5 176 419.95	55% physical progress on site	WARD 6



**6. DWA FUNDED PROJECTS: WSIG 2016-2017**

PROJECT NAME	PROJECT VALUE	START DATE	COMPLETION DATE	EXPENDITURE TO DATE	PROJECT STATUS	WARD
Augment water supply and increase water pressure and WDM:Reddersburg(Elevated Tank)	R6 068 394.42	2017/02/02	2017/10/31	R 521 536.32	30% physical progress on site	WARD 1
Augment water supply and increase water pressure and WDM:Reddersburg(Pipeline)	R7,465,663.92	2017/02/02	2017/08/31	R 1 034 608.70	15% physical progress on site	WARD 1

**7. EPWP PROJECTS (INCENTIVES) 2016-2017**

PROJECT NAME	PROJECT VALUE	START DATE	COMPLETION DATE	EXPENDITURE TO DATE	PROJECT STATUS	WARD
Jagesfontein: Fencing of cemeteries	R 345 000,00	01/06/2016	31/08/2016	R40 300.00	Complete	6
Bethulie: Cleaning of cemeteries,stormwater channels and landfill sites	R 132 000,00	04/04/2016	30/09/2016	R84 590.00	Complete	3
Springfontein: Cleaning of cemeteries,stormwater channels and landfill sites	R 132 000,00	04/04/2016	30/09/2016	R84 550.00	Complete	5
Gariep Dam: Cleaning of cemeteries,stormwater channels and landfill sites	R 150 000,00	01/06/2016	31/01/2017	R144 260.00	Complete	4
Edenburg: Cleaning of cemeteries,stormwater channels and landfill sites	R 150 000,00	01/06/2016	31/01/2017	R125 210.00	Complete	8
Jagersfontein: Cleaning of cemeteries,stormwater channels and landfill sites	R 150 000,00	01/02/2017	31/07/2017	R 45 060.00	Complete	6
Fauresmith: Cleaning of cemeteries,stormwater channels and landfill sites	R 150 000,00	01/02/2017	31/07/2017	R45 660.00	Complete	7

Data Capture	R 60 000,00	01/06/2016	31/05/2017	R97 880.00	In Progress	
Trompsburg: Renovation of Caleb Motshabi Stadium	R 150 000,00	03/04/2017	31/07/2017	R0	Planning stage	2
Philipolis: Fencing of Hall	R 345 000,00	03/04/2017	31/07/2017	R150 660.00	In Progress	4

#### 5. Electrification Projects (Funded by the Department of Energy) 2016-2017

PROJECT NAME	PROJECT VALUE	START DATE	COMPLETION DATE	EXPENDITURE TO DATE	PROJECT STATUS	WARD
Connection of 195 households in Bethulie/Cloetespark	R 3 069 000.00	01/06/2016	31 June 2017	R 3 069 000.00	90 %	Ward 3
Connection of 30 households in Sprinfontein/Maphodi	R 456 000.00	01/06/2016	31 June 2017	R 456 000.00	Completed	Ward 5
Connection of 40 households in Trompsburg/Phalisoview	R 620 000.00	01/06/2016	31 June 2017		70 %	Ward 2
Connection of 42 infills to households in Jagersfontein	R 293 000.00	01/06/2016	31 June 2017	R 293 000.00	Completed	
Connection of 42 infills to households in Edenburg/Ha-Ra-Sebei	R 293 000.00	01/06/2016	31 June 2017	R 293 000.00	Completed	
Connection of 20 infills to households in Bethulie/Maphodi	R 140 000.00	01/06/2016	31 June 2017	R 140 000.00	Completed	
Connection of 20 infills to households in Fauresmith/Ipoheng	R 63 000.00	01/06/2016	31 June 2017	R0.00	0 %	
<b>Total</b>	<b>R 5 Million</b>					

## 5.8. BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

### INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The total population is 49 171 which is organized as 13 711 households. The municipality experience with sewerage blockages, spillages, water pipe leakages, bursts and low water pressure. The number of population and households has increased as the existing network was constructed far back 1994, thus affecting the efficiency of the network. It is imperative that the current network be upgraded to accommodate the current population and future developments. The causes of sewer blockages, spillages, water pipe leakages and burst are as follows: 1. Aging and decaying infrastructure which is beyond its expected life span 2. The small capacity of the network which can longer withstand the current growth 3. The capacity of the sewerage pumps can longer withstand the current population growth 4. Regular blockages are beyond municipal maintenance capacity.

T 5.8.1

#### Service Backlogs as at 30 June Year 2016/2017

Households (HHs)

	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water	13 693	99.7%	38	2.3%
Sanitation	13 683	99.6%	56	0.4%
Electricity	13 408	96.3%	504	3.7%
Waste management	13 711	100%	0	0%
Housing		%		%

T 5.8.2

**Municipal Infrastructure Grant (MIG)\* Expenditure Year 0 on Service backlogs**

R' 000

Details	Budget	Adjustments Budget	Actual	Major conditions applied by donor (continue below if necessary)
<b>Infrastructure - Road transport</b>				
<i>Roads, Pavements &amp; Bridges</i>	13 869 535	13 869 535	13 868 491	
<i>Storm water</i>				
<b>Infrastructure - Electricity</b>				
<i>Generation</i>				
<i>Transmission &amp; Reticulation</i>				
<i>Street Lighting</i>	12 985 684	12 985 684	12 407 005	
<b>Infrastructure - Water</b>				
<i>Dams &amp; Reservoirs</i>	27 285 860	27 285 860	23 274 780	
<i>Water purification</i>				
<i>Reticulation</i>				
<b>Infrastructure - Sanitation</b>				
<i>Reticulation</i>				
<i>Sewerage purification</i>	12 361 015	12 361 015	10 204 154	
<b>Infrastructure - Other</b>				
<i>Waste Management</i>	23 681 109	23 681 109	14 357 994	
<i>Transportation</i>				
<i>Gas</i>				
<b>Other Specify:</b>				
Sport and Recreational Facility	8 803 187	8 803 187	8 460 113	
<b>Total</b>				

\* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by

T 5.8.3

**Three year Capital Plan for addressing Infrastructure Backlogs in terms of Municipal Infrastructure Grant (MIG):**

PROJECTS	COST ESTIMATE	PLANNED FINANCIAL YEAR OF IMPLEMENTATION	STATUS OF THE BUSINESS PLAN
Bethulie: Upgrading of access road and storm water (0.4km)	R6,486,972.39	2017/2018	Evaluation
Springfontein: Construction 1 km paved road phase 2 and storm water channels	R10,811,623.23	2017/2018	Evaluation
Trompsburg: Permitting and Closure of Existing Disposal Site and Construction of a new Disposal Site	Applied for: <b>R8,131,319.87</b>  Recommended by sector Department: <b>R6,505,056.00</b>	2016/2017	Recommended with an amount lesser by <b>R1,626,263.87</b> to the applied amount.
Gariep Dam: Permitting and Closure of Existing Disposal Site and Construction of a new Disposal Site	Applied for: <b>R5,200,000.00</b>  Recommended by sector Department: <b>R4,160,000</b>	2016/2017	Recommended with an amount lesser by <b>R1,040,000</b> to the applied amount.

**Water Services Infrastructure Grant (WSIG):**

<b>Projects</b>	<b>Cost Estimate</b>	<b>Planned Financial year of Implementation</b>	<b>Status of the Business plan</b>
Springfontein Waste Water Treatment Works (KLM/SPR/WWTW/10/2016)	R16,127,830.00	2017/2018	Evaluation
Jagersfontein WTW- Backwash Water Reclamation (KLM/JGR/RCL/09/2014)	R14,957,898.51	2017/2018	Evaluation
Jagersfontein Bulk Pipe-Line (KLM/JAGR/BW/05/2015)	R6,669,349.95	2017/2018	Evaluation
Upgrading of Bulk Water Steel Pipe-Line (KLM/bet/wt/11/2014)	R6,000,000.00	2017/2018	Evaluation
Philippolis: Upgrading of Bulk Distribution Water Pipe-line (KLM/phill/wtp/09/2016)	R3,000,000.00	2017/2018	Evaluation
Philippolis: Upgrading of Bulk Distribution Water Pipe-Line (KLM/phill/wwtp/09/2016)	R12,315,120.00	2017/2018	Evaluation

**Accelerated Community Infrastructure Programme (ACIP):**

<b>Projects</b>	<b>Cost Estimate</b>	<b>Planned Financial year of Implementation</b>	<b>Status of the Business plan</b>
Replacement of Asbestos Pipes in Kopanong Local Municipality	R140,333,407.20	2017/2018	Evaluation
Refurbishment of Edenburg Waste Water Treatment Works	R5 520 000-00	2017/2018	Evaluation
Refurbishment of Jagersfontein Waste Water Treatment Works	R 7 053 000-00	2017/2018	Evaluation
Refurbishment of Philippolis Waste Water Treatment Works	R 7 150 125.00	2017/2018	Evaluation
Refurbishment of Reddersburg Waste Water Treatment Works	R 7 150 125.00	2017/2018	Evaluation
Refurbishment of Springfontein Waste Water Treatment Works	R 7 150 125.00	2017/2018	Evaluation
Refurbishment of Gariep pump station	R1 640 000.00	2017/2018	Evaluation

Refurbishment of Springfontein pump station	R1 240 000.00	2017/2018	Evaluation
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**XDM DROUGHT RELIEF DISASTER FUND**

<b>Projects</b>	<b>Cost Estimate</b>	<b>Planned Financial year of Implementation</b>	<b>Status of the Business plan</b>
XDM Drought Disaster Management	R 78 171 480.00	2017/2018	Submitted to XDM

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.10 BORROWING AND INVESTMENTS

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.12 SUPPLY CHAIN MANAGEMENT

#### SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Policy; Policy on unauthorized, Irregular, Fruitless and Wasteful Expenditure were reviewed and approved by Council.

There is no Councilor who is a member of any bid committee handling SCM processes.

SCM Manager, SCM Officer and SCM Clerk have attained minimum competency level (MFMP and CPMD).

The Municipality has improved systems and controls to be in line with the MFMA and SCM Regulations and other related prescripts.

The Auditor General has raised concerns that constituted irregular expenditure and the following cases were identified.

1. The bid adjudication committee was not fully constituted according to Regulation 29 of the SCM Regulations at the time of awarding projects in previous years.
2. Money appropriated in terms of DORA that remained unspent at year end for which cash or cash equivalent exist at year end
3. Evaluation functionality criteria differ from bid specifications
4. Supply chain processes were not followed in full

*T 5.12.1*

### 5.13 GRAP COMPLIANCE:

#### GRAP COMPLIANCE

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

Municipality have deviated with the GRAP 104 financial instruments as amounts used for impairment of debtors was materially misstated.

Municipality also deviated with GRAP 2, Cash flow statements as cash flows from operating activities and financing activities were misstated.

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**CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS:****COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 2015/16****6.1 AUDITOR GENERAL REPORTS YEAR 2015/2016**

In 2015/16 the municipality received an Unqualified Audit Opinion from the AGSA. The following matters of emphasis, non-compliance and the annual performance report were highlighted in that report

Auditor-General Report on Financial Performance: Year 2015/16	
Non-Compliance Issues	Remedial Action Taken
Matters of Emphasis	
Restatement of corresponding figures	
1 As disclosed in note 37 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of errors discovered during 2015-16 in the financial statements of the municipality at, and for the year ended, 30 June 2015.	Action taken: All uncorrected misstatements will be corrected with 2015/2016 financial statements.
Material losses	
2 As disclosed in note 46 to the financial statements, material electricity losses of R5 427 415 and water distribution losses of R16 285 378; were incurred by the municipality, mainly due to the aging electricity and water infrastructure.	Action taken: National treasury have allocated R 25 million for improvement of infrastructure which will assist in the two towns. A reservoir in Trompsburg and Tank and pipeline in Reddersburg which will improved infrastructure. There is also R9 million from MIG for water meters. This will make a little improvement in losses
3 As disclosed in note 20 to the financial statements, the municipality had foregone revenue of R23,5 million (2015: R14,1 million) due to the council's decision to discount tariffs during the financial year.	Action taken: This was due to the complaints from community. Municipality had to reduce the tariff for rates. This was corrected with the 2016/2017 budget.

**Auditor-General Report on Financial Performance: Year 2015/16**

4	As disclosed in note 9 to the financial statements, material losses of R14 728 561 (2015: R6 916 164) were incurred as a result of a write-off of irrecoverable receivables from exchange transactions.	Action taken: This was the write off of indigents account only. Which happens on yearly basis at year end.
Material impairments		
5	As disclosed in note 7 to the financial statements, receivables from non-exchange transactions were impaired by R15 207 530 (2015: R15 902 609) and, as disclosed in note 9 to the financial statements, receivables from exchange transactions were impaired by R124 812 509 (2015: R72 547 027).	Action taken: Municipality has appointed a service provider to assist with water meters and management, and to investigate instances of water losses.  Arrange a meeting with Centlec to discuss the electricity usage and billing.
Irregular expenditure		
6	As disclosed in note 43 to the financial statements, the municipality incurred irregular expenditure of R19 210 921 (2015: R12 878 240) during the year due to non-compliance with supply chain management requirements. In addition, the full extent of irregular expenditure during the year was still in the process of being determined.	Action taken: <ul style="list-style-type: none"> <li>• SCM policy and processes will be followed to avoid irregular expenditure and a report will be submitted to council on a quarterly basis.</li> <li>• Section 32 committee will investigate irregular expenditure and submit report to Council.</li> </ul>
Fruitless and wasteful expenditure		
7	As disclosed in note 42 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R19 155 122 (2015: R11 525 323) during the year due to interest and penalty charges on the late payment of suppliers.	Action taken: <ul style="list-style-type: none"> <li>• Implementation of controls to avoid fruitless and wasteful expenditure.</li> <li>• The main contributors are the non-payment of creditors within 30 day due to negative cash flow.</li> <li>• Section 32 committee will investigate irregular expenditure and submit reports to Council.</li> </ul> <p>Material underspending of Conditional Grants Municipality has applied for rollover as the contract was terminated and upon approval by National Treasury, this spending will be implemented.</p>

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<b>Unauthorised expenditure</b>	
8	<p>As disclosed in note 41 to the financial statements, the municipality incurred unauthorised expenditure of R95 552 998 (2015: R56 334 055) during the year due to expenditure that exceeded the limits provided for in the main divisions of the approved budget.</p>
	<p>Action taken:</p> <ul style="list-style-type: none"> <li>• Implementation of controls to avoid unauthorised expenditure.</li> <li>• Implementation of Virement policy to approve non cash expenditures (provisions for bad debt, depreciations etc.)</li> <li>• Section 32 committee will investigate irregular expenditure and submit report to Council.</li> </ul>
<b>Going concern</b>	
9	<p>The statement of financial performance indicates that the municipality incurred a deficit of R81 691 755 (2015: R71 164 145) during the year ended 30 June 2016 and, as of that date, the municipality's current liabilities exceeded its current assets by R211 065 554 (2015: R149 381 940). In addition, the municipality owed Bloem Water R139 868 492 as at 30 June 2016, which was long overdue and was included with trade payables disclosed in note 14 to the financial statements. These conditions, along with other matters set forth in note 39, indicate a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern and to meet its service delivery objectives.</p>
	<p>Action taken: Management will make a going concern assessment and make a full disclosure in the financial statements</p>
<b>Report on other legal and regulatory requirements</b>	
<b>Predetermined objectives</b>	
<b>Service delivery and infrastructure development – technical services</b>	
<b>Usefulness of reported performance information</b>	
10	<p>The FMPPI requires performance targets to be specific, in clearly identifying the nature and required level of performance, and measurable. A total of 100% of the targets were not specific.</p>
	<p>Action taken: Municipality is going to adjust the target during the adjustment t budget in order to be specific, reliable and achievable</p>
<b>Service delivery and infrastructure development – community services</b>	
<b>Usefulness of reported performance information</b>	
11	<p>The FMPPI requires performance targets to be specific, in clearly identifying the nature and required level of performance, and measurable. A total of 100% of the targets were not specific.</p>
	<p>Action taken: Municipality is going to adjust the target during the adjustment t budget in order to be specific, reliable and achievable</p>

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<b>Compliance with legislation</b>	
<b>Strategic planning and performance management</b>	
12	<p>The key performance indicators set by the municipality did not include indicators on the percentage of households with access to a basic level of water, sanitation, electricity and solid waste removal, as required by section 43(2) of the Municipal Systems Act and municipal planning and performance management regulation 10(a).</p>
	<p>Action taken: Municipality adjusted the targets during the adjustment budget in order to be specific</p>
13	<p>Sufficient appropriate audit evidence could not be obtained that the municipality developed and adopted appropriate systems (policies) and procedures to monitor, measure and evaluate staff performance, as required by section 67(d) of the Municipal Systems Act.</p>
	<p>Action taken: The Municipality ensured that all policies related to performance management systems are in place.</p>
<b>Financial statements</b>	
14	<p>The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of revenue, non-current assets, current assets, non-current liabilities and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.</p>
	<p>Action taken: Management will appoint the experts to review the financial statement before submission</p>
<b>Procurement and contract management</b>	
15	<p>I could not obtain sufficient appropriate audit evidence that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding, as required by SCM regulations 21(b) and 28(1)(a) and the Preferential Procurement Regulations</p>
	<p>Action taken: A SCM policy will be fully implemented and monitored on a monthly basis.</p> <ul style="list-style-type: none"> <li>• Bid evaluation committee will ensure that the criteria and points are discussed and documented in the committee minutes and tender document.</li> </ul>
16	<p>Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(a) and (c).</p>
	<p>Action taken: Municipality will not rely on proposals as form of quotation however request a direct quotation from suppliers</p>
17	<p>Construction contracts were awarded to contractors that did not qualify for the contract, in contravention of section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A).</p>
	<p>Action taken: Municipality will do advertisement of tenders on CIDB as well.</p>

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<b>Auditor-General Report on Financial Performance: Year 2015/16</b>	
<b>Expenditure management</b>	
18	Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. Action taken: Implementation of internal controls to prevent unauthorised, irregular and wasteful expenditure will be strengthened
19	Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. Action taken: Implementation of internal controls to prevent unauthorised, irregular and wasteful expenditure will be strengthened
20	Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. Action taken: Implementation of internal controls to prevent unauthorised, irregular and wasteful expenditure will be strengthened
21	Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA. Action taken: Development and implementation of a Revenue Enhancement Strategy will assist the Municipality to collect revenue and be able to pay creditors within 30 days of valid invoice.
<b>Conditional grants received</b>	
22	The municipal infrastructure grant allocation was not spent in accordance with the applicable grant framework, in contravention of section 17(1) of Dora. Action taken: Conditional Grant Received MIG project implementation plans has been completed and adhered to. Spending on projects will be reported as required by DoRA.
<b>Revenue management</b>	
23	An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA. Action taken: An adequate management, accounting and information system will be implemented by reviewing and implementing internal controls and procedure manual and monitoring consistently.
<b>Assets management</b>	
24	An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA. Action taken: An adequate management, accounting and information system will be implemented by reviewing and implementing internal controls and procedure manual and monitoring consistently.

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25	Capital assets were permanently disposed without the approval of the council, as required by section 14(2)(a) of the MFMA.	Action taken: Municipality will submit the report to council for all assets disposed and loses.
Liability management		
26	An effective system of internal control for liabilities was not in place, as required by section 63(2)(c) of the MFMA	Action taken: An adequate management, accounting and information system will be implemented by reviewing and implementing internal controls and procedure manual and monitoring consistently.
Consequence management		
27	Unauthorised expenditure by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(a) of the MFMA.	Action taken: A section 32 committee has been appointed and will investigate unauthorised, irregular and fruitless and wasteful expenditure and report to Council.
28	Irregular expenditure by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA and municipal budget and reporting regulation 75(1).	Action taken: A section 32 committee has been appointed and will investigate unauthorised, irregular and fruitless and wasteful expenditure and report to Council
29	Fruitless and wasteful expenditure by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA and municipal budget and reporting regulation 75(1).	Action taken: A section 32 committee has been appointed and will investigate unauthorised, irregular and fruitless and wasteful expenditure and report to Council
<u>Internal control</u>		
Leadership		
30	The leadership did not sufficiently oversee financial and performance reporting and compliance and related internal controls, as it did not ensure that there were sound controls in the daily operations of the municipality.	Action taken: Leadership issues as raised by AG will be followed up and corrected during 2016/2017.
31	There has been a slow response from leadership to implementing and monitoring the audit action plan to address qualification areas and internal control deficiencies identified during the previous audits. As a result, addressing these deficiencies was again a last minute effort to avoid audit report matters.	Action taken: Management will actively work with the AG to improve in responses for the audit.
32	The leadership did not take effective steps to ensure that there were consequences for poor performance and transgressions, as none of the unauthor-	Action taken: A section 32 committee has been appointed and will investigate unau-



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<p>ised, irregular, and fruitless and wasteful expenditure was investigated during the financial year.</p>	<p>thorised, irregular and fruitless and wasteful expenditure and report to Council.</p>
<p><b>Financial and performance management</b></p>	
<p>33 Management did not implement proper record keeping and prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information. This was due to the lack of consequence management, for competent staff that did not perform in line with their responsibilities and level of competencies, at the financial department and in the performance information division.</p>	<p>Action taken:</p> <ul style="list-style-type: none"> <li>• Investigate root-causes for weak internal control.</li> <li>• Daily and monthly controls matrix is done and monitoring must be done and reported to CFO.</li> </ul>
<p>34 The municipality did not prioritise the review and monitoring of compliance with legislation, which resulted in repeat findings being reported.</p>	<p>Action taken:</p> <ul style="list-style-type: none"> <li>• The municipality will prioritise the review and monitoring of compliance with legislation.</li> </ul>
<p>35 The financial statements were not properly reviewed for completeness and accuracy prior to submission for auditing. Numerous repeat findings were identified, which we communicated to the municipality and was corrected by management during the audit process. These corrections resulted in material amendments to the financial statements.</p>	<p>Action taken:</p> <ul style="list-style-type: none"> <li>• Municipality will appoint the expect to review the annual financial statement in 2016/2017 financial year</li> </ul>
<p><b>Governance</b></p>	
<p>36 The effectiveness of the audit committee and internal audit was impeded, as could be seen from the issues identified by the audit not being given appropriate audit coverage. These issues were therefore unable to influence an improvement in the municipality's control environment. Furthermore, steps taken by management to address internal control deficiencies and emerging audit risks identified in the previous audit were not adequately monitored.</p>	<p>Action taken:</p> <p>Recommendations of internal audit &amp; audit committee will be a standing item in Management meetings. Ensure prompt implementation of recommendations. Track implementation on a quarterly basis.</p>
<p><b>Other reports</b></p>	
<p><b>Investigations</b></p>	
<p>37 The municipality is still awaiting a report from the Special Investigations Unit (SIU) relating to several issues of non-compliance with the municipal policies. As reported previously, at the time of this report, the SIU did not report back to the municipality on these issues.</p>	<p>Action taken:</p> <p>Municipality still waiting for SIU to finalise the reports</p>

## COMPONENT B: AUDITOR-GENERAL OPINION YEAR 2016-2017

### 6.2 AUDITOR GENERAL REPORT YEAR 2016/2017

In 2016/17 financial year, the municipality received a qualified Audit Opinion from the AGSA. The following matters of qualification, emphasis, non-compliance and the annual performance report were highlighted in that report

Auditor-General Report on Financial Performance: Year 2016/17	
Non-Compliance Issues	Remedial Action Taken
Basis for qualified opinion	
Receivables from exchange transactions	
38 Gross receivables from exchange transactions disclosed in note 9 to the financial statements were not assessed for impairment as per the requirements of GRAP 104 <i>Financial instruments</i> . The municipality only made a general provision and did not consider whether objective evidence exists that individually significant receivables and/or a group of receivables with similar credit risk characteristics is collectively impaired. As the relevant information pertaining to the estimated future cash flows was not available, I was not able to determine the impact on the net amount for receivables from exchange transactions, as it was impracticable to do so. Furthermore, I was unable to obtain sufficient and appropriate audit evidence for the difference noted between the gross debtors' amounts per the financial statements and the gross debtors' amounts used in the impairment calculation. Additionally, there was a resultant impact on debt impairment as disclosed in note 27 to the annual financial statements. Consequently, I was unable to determine whether any further adjustments were necessary to receivables from exchange transaction stated at R26 182 516 in the financial statements.	Action taken: An impairment policy to be compiled. Municipality will ensure that all impairment calculations are in the AFS
39 The municipality incorrectly calculated interest on overdue accounts at a rate contrary to the approved tariffs of the council. Consequently, receivables from exchange transactions as disclosed in note 9 to the financial statements is understated by R4 844 418 and interest received income understated by a similar amount.	Action taken: Municipality will do recalculation of interest on all accounts for 2016/17
Receivables from non-exchange transactions	
Gross receivables from non-exchange transactions as per note 7 to the financial statements were not assessed for impairment as per the requirements of GRAP 104 <i>Financial instruments</i> . The mu-	Action taken: Municipality will check the total population of accounts with credit balances.

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<p>nicipality only made a general provision and did not consider whether objective evidence exists that individually significant receivables and/or a group of receivables with similar credit risk characteristics are collectively impaired. As the relevant information pertaining to the estimated future cash flows was not available, I was not able to determine the impact on the net amount for receivables from non-exchange transactions, as it was impracticable to do so.</p>	
<p><b>Payables from exchange transactions</b></p>	
<p>I was unable to obtain sufficient appropriate audit evidence for payment received in advance of R10 573 658 as disclosed in note 14 to the financial statement, as I could not determine whether there were any obligations towards the debtors. I could not confirm the payments in advance by alternative means. In addition, differences were identified between third-party statements and the salary payables, resulting in trade and other payables from exchange transactions being overstated by R9 234 873 and employee cost overstated by the same amount. Furthermore, I was unable to obtain sufficient appropriate audit evidence for retention, as internal controls had not been established for the recognition of retention as well as the difference between the payables listing and ledger. Consequently, I was unable to determine whether any further adjustments were necessary to trade and other payables from exchange transactions stated at R291 442 675 in the financial statements.</p>	<p>Action taken: All third party statement to be requested, filed for audit purposes and reconciled to salary creditors</p> <p>Commitment register will be prepared to ensure that Retention is disclosed separately to ensure that it is correctly disclosed in the AFS</p> <p>Centlec Journals will be adequately reviewed by the CFO prior to processing.</p>
<p>The municipality incorrectly recorded the payables owed to the electricity service organisation against the accumulated surplus account. Consequently, payables from exchange transactions were understated by R17 912 200 and accumulated surplus was overstated by the same amount.</p>	<p>Action taken: Timeous appointment of Consultants to review the AFS</p>
<p><b>Statement of changes in net assets</b></p>	
<p>I was unable to obtain sufficient appropriate audit evidence for the restated opening balance of accumulated surplus, as the supporting information was not provided. I was unable to confirm the opening balance by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the restated opening balance of accumulated surplus stated at R734 651 249 in the financial statements.</p>	<p>Action taken: Timeous appointment of Consultants to review the AFS</p>
<p><b>Cash flow statement</b></p>	
<p>The municipality did not present the cash flow statement in accordance with SA Standards of GRAP, GRAP 2, <i>Cash flow statements</i>. The cash flows from operating activities and financing activities are misstated, resulting in the cash flow statement being misstated by R11 965 748.</p>	<p>Action taken: Timeous appointment of Consultants to review the AFS</p>
<p><b>Unauthorised expenditure</b></p>	
<p>The municipality did not calculate unauthorised expenditure as disclosed in note 41 in the current year per vote, as a result I was unable to obtain sufficient appropriate audit evidence in the current</p>	<p>Action taken: Timeous appointment of Consultants to review the</p>

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year for unauthorised expenditure of R67 387 246. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the current year unauthorised expenditure stated at R67 387 246 in note 41 to the financial statements.	AFS
<b>Material uncertainty related to going concern</b>	
1. I draw attention to the matter below. My opinion is not modified in respect of this matter:  Note 37 in the financial statements, which indicates that the municipality incurred a net loss of R88 078 861 (2016: R83 839 942) during the year ended 30 June 2017 and, as of that date, the municipality's current liabilities exceeded its current assets by R274 070 938 (2016: R207 072 996). The municipality has been deducting pay as you earn taxes, pension fund and medical aid funds from employees' salaries, but has been unable to pay over R59 130 474 (2016: R36 176 724) of these amounts deducted to the relevant third parties as disclosed in note 13: payables from exchange. In addition, the municipality owed the water board R195 408 466 as at 30 June 2017, which was long overdue and was included with trade payables disclosed in note 14 to the financial statements. These conditions, along with other matters as set forth in note 37 indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern and to meet its service delivery objectives.	<b>Action taken:</b> Management will make a going concern assessment and make a full disclosure in the financial statements.
<b>Emphasis of matters</b>	
<b>Restatement of corresponding figures</b>	
As disclosed in note 37 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors discovered during 2016-17 in the financial statements of the municipality at, and for the year ended, 30 June 2016.	<b>Action taken:</b> All uncorrected misstatements will be corrected with 2017/2018 financial statements.
<b>Material losses</b>	
As disclosed in note 48 to the financial statements, material electricity losses of R8 278 827 and water distribution losses of R13 512 953 were incurred by the municipality, mainly due to the ageing electricity and water infrastructure.	<b>Action taken:</b> "National treasury have allocated R 25 million for improvement of infrastructure which will assist in the two towns. A reservoir in Trompsburg and Tank and pipeline in Reddersburg which will improved infrastructure. There is also R9 million from MIG for water

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	<p>meters. This will make a little improvement in losses.</p> <p>Upgrading of a Bulk pipe line in Bethulie and Philipolis "</p>
As disclosed in note 20 to the financial statements, the municipality had foregone revenue of R25 356 246 (2016: R23 509 404) due to the council's exemption policy on property rates charged during the financial year.	<p><b>Action taken:</b> This was the write off of indigents account only. Which happens on yearly basis at year end.</p>
As disclosed in note 9 to the financial statements, material debtors balances were written off against the impairment provision of R25 564 493 (2016: R14 728 561) as a result of a write-off of irrecoverable receivables from exchange transactions.	<p><b>Action taken:</b> This was the write off of indigents account only. Which happens on yearly basis at year end.</p>
<b>Material underspending of the water service infrastructure grant</b>	<p><b>Action taken:</b> Municipality has applied for rollover as the contract was terminated and upon approval by National Treasury, this spending will be implemented.</p>
As disclosed in the note 21 to the annual financial statements, the municipality has materially underspent the budget on the water service infrastructure grant to the amount of R13 108 185 due to a pending court case.	
<b>Material impairments</b>	
As disclosed in note 7 to the financial statements, receivables from non-exchange transactions were impaired by R20 415 343 (2016: R15 207 530) and, as disclosed in note 9 to the financial statements, receivables from exchange transactions were impaired by R141 726 849 (2016: R124 812 509).	<p><b>Action taken:</b> "Municipality has appointed a service provider to assist with installation of water meters and management, and to investigate instances of water losses.</p> <p>Arrange a meeting with Centlec to discuss the electricity usage and billing.</p> <p>"</p>
<b>Irregular expenditure</b>	
As disclosed in note 43 to the financial statements, the municipality incurred irregular expenditure of R30 557 049 (2016: R25 074 130) during the year due to non-compliance with supply chain management requirements. In addition, the full extent of irregular expenditure during the year was still in the process of being determined.	<p><b>Action taken:</b> "• SCM policy and processes will be followed to avoid irregular expenditure and a report will be submitted to council on a quarterly basis.</p>

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	<ul style="list-style-type: none"> <li>• Section 32 committee will investigate irregular expenditure and submit report to Council.</li> </ul>
<b>Fruitless and wasteful expenditure</b>	
As disclosed in note 42 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R24 185 847 (2016: R19 155 122) during the year due to interest and penalty charges on the late payment of suppliers.	<p>Action taken:</p> <ul style="list-style-type: none"> <li>• SCM policy and processes will be followed to avoid irregular expenditure and a report will be submitted to council on a quarterly basis.</li> <li>• Section 32 committee will investigate irregular expenditure and submit report to Council.</li> </ul>
<b>Report on the audit of the annual performance report</b>	
<b>KPA 1 – Service delivery and infrastructure development – Technical services</b>	
Various indicators	
I was unable to obtain sufficient appropriate audit evidence for the reported achievement of indicators listed below. This was due to inadequate technical indicator descriptions and/or formal standard operating procedures or documented systems descriptions that predetermined how the achievement would be measured, monitored and reported, as required by the Framework for managing programme performance information (FMPPi). I was unable to confirm that the reported achievement of this indicator was reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.	<p><b>Action taken:</b></p> <p>The Municipality will set Technical indicators that have adequate description and formal standard procedures that would be measured.</p>
The performance indicator was not clearly defined as it contained an ambiguous definition, where the performance was limited to monitoring work as opposed to when the actual work was done by other departments, which can be misleading, and this is contrary to the requirement of the FMPPi. This could be attributed to a lack of understanding of the relevant guidelines in setting performance indicators and targets that are specific, measureable, achievable, relevant and time bound.	<p><b>Action taken:</b></p> <p>Municipality will adjust the targets during the adjustment budget in order to set SMART targets.</p>
<b>KPA 2 – Service delivery and infrastructure development – Community Service</b>	
Various indicators	
The performance indicator and target was not well defined as it did not allow for consistency of data collection, as the indicator and the target are not reading the same, which is contrary to the	<p><b>Action taken:</b></p> <p>Municipality will adjust the targets during the adjust-</p>

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requirement of the FMPPi. This was due to inadequate technical indicator descriptions and/or formal standard operating procedures or documented systems descriptions that pre-define how the achievement would be measured, monitored and reported, as required by the FMPPi. I was unable to confirm that the reported achievement of this indicator was reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.	ment budget in order to set target targets that are well defined and measurable.
Other matters	
Adjustment of material misstatements	
I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA – service delivery and infrastructure development – Technical services and service Delivery and infrastructure development – community service as management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.	Action taken: Municipality will adjust the targets and correct misstatements.
Report on audit of compliance with legislation	
Budget	
Reasonable steps were not taken to prevent unauthorised expenditure amounting to R48 162 721 (2016: R95 552 999), as disclosed in note 39 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.	Action taken: Implementation of internal controls to prevent unauthorised, irregular and wasteful expenditure will be strengthened
Annual financial statements and annual performance report	
The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of current assets, current liability and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and/or supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.	Action taken: Management will appoint the expects to review the financial statement before submission
The annual performance report for the year under review did not include a comparison of the performance with set targets and comparison with the previous financial year and measures taken to improve performance for each service provider, as required by section 46(1)(b) of the MSA.	Municipality will include a comparison of performance of service providers with previous financial year before submitting.
Expenditure management	
Money owed by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA.	Action taken: Development and implementation of a Revenue En-

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	hancement Strategy will assist the Municipality to collect revenue and be able to pay creditors within 30 days of valid invoice.
Effective steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by changes made to criteria or differing criteria applied than what was published. Irregular expenditure amounting to R30 557 049 was incurred on most of the projects awarded during the financial year.	<b>Action taken;</b> Implementation of internal controls to prevent unauthorised, irregular and wasteful expenditure will be strengthened
Effective steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. Fruitless and wasteful expenditure amounting to R24 135 348 was incurred on mainly Bloemwater outstanding invoices not paid.	<b>Action taken;</b> Implementation of internal controls to prevent unauthorised, irregular and wasteful expenditure will be strengthened
<b>Revenue management</b>	
An effective system of internal control for revenue was not in place, as required by section 64(2)(f) of the MFMA.	<b>Action taken;</b> An adequate management, accounting and information system will be implemented by reviewing and implementing internal controls and procedure manual and monitoring consistently.
<b>Asset management</b>	
An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.	<b>Action taken:</b> An adequate management, accounting and information system will be implemented by reviewing and implementing internal controls and procedure manual and monitoring consistently.
Capital assets were permanently disposed of without the approval of the council and as required by section 14(2)(a) of the MFMA.	<b>Action taken:</b> Municipality will submit the report to council for all assets disposed and loses.
<b>Liability management</b>	
An effective system of internal control for liabilities was not in place, as required by section 63(2)(c) of the MFMA.	<b>Action taken:</b> An adequate management, accounting and information system will be implemented by reviewing and implementing internal controls and procedure manual and monitoring consistently.



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<b>Procurement and contract management</b>	
Some of the contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a) and the Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.	<p><b>Action taken:</b> "1. Training of all Bid Committees</p> <p>2. A standard evaluation criteria as specified by Bid Specification committee must be used by Evaluation and Adjudication Committees.</p> <p>3. Review of bid committee reports"</p>
Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.	<p><b>Action taken:</b> "1. Training of all Bid Committees</p> <p>2. A standard evaluation criteria as specified by Bid Specification committee must be used by Evaluation and Adjudication Committees.</p> <p>3. Review of bid committee reports"</p>
Some of the contracts were awarded to bidders based on preference points that were not allocated or calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.	<p><b>Action taken:</b> "1. Training of all Bid Committees</p> <p>2. Ensure that the scores allocated are accurate and consistent with BBEE codes</p> <p>3. Review of bid committee reports"</p>
Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and preferential procurement regulations.	<p><b>Action taken:</b> "1. Training of all Bid Committees</p> <p>2. Ensure that a motivation for not appointing the bidder who scored the highest points is documented.</p> <p>3. Ensure that the scores allocated are accurate and consistent with BBEE codes</p> <p>"</p>
Some of the contracts were awarded to bidders based on functionality criteria that differed from those stipulated in the original invitation for bidding, in contravention of preferential procurement regulation 4.	<p><b>Action taken:</b> "1. Training of all Bid Committees</p>

**Auditor-General Report on Financial Performance: Year 2016/17**

	<p>2. A standard evaluation criteria as specified by Bid Specification committee must be used by Evaluation and Adjudication Committees.</p> <p>3. Review of bid committee reports"</p>
Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A). Similar non-compliance was also reported in the prior year.	<p><b>Action taken:</b> Implementation of controls to ensure a thorough verification of supplier grading on CiDB website</p>
Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM regulation 5.	<p><b>Action taken:</b> Contract extensions and or Variation order must be approved the Accounting Officers</p>
The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.	<p><b>Action taken:</b> Implementation of controls to monitor the performance of external service providers on a monthly basis and report to Management</p>
The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, in contravention of section 116(2)(c) of the MFMA.	<p><b>Action taken:</b> Implementation of controls to monitor the performance of external service providers on a monthly basis and report to Management</p>
<b>HR management</b>	
Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted as required by section 67(1)(d) of the MSA.	<p><b>Action taken:</b> Support and assistance was sourced from the National office of SALGA, a planned workshop had to be postponed due to clashing schedules, Corporate Services s working hand in hand with the PMS Officer in trying to secure a new date for the workshop and training to take place.</p>
<b>Utilisation of conditional grants</b>	
The water service infrastructure grant was not spent in accordance with the applicable grant framework, in contravention of section 17(1) of the Division of Revenue Act.	<p><b>Action taken:</b> "MIG project implementation plans has been completed and adhered to. Spending on projects will be reported as required by DoRA. "</p>

**Auditor-General Report on Financial Performance: Year 2016/17**

<b>Auditor-General Report on Financial Performance: Year 2016/17</b>	
<b>Consequence management</b>	
Unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(b) of the Municipal Finance Management Act.	<b>Action taken:</b> A section 32 committee has been appointed and will investigate unauthorised, irregular and fruitless and wasteful expenditure and report to Council.
<b>Internal control deficiencies</b>	
The leadership did not sufficiently oversee financial and performance reporting and compliance and related internal controls, as it did not ensure that there were sound controls in the daily operations of the municipality.	<b>Action taken:</b> Leadership issues as raised by AG will be followed up and corrected during 2017/2018.
There has been a slow response from the leadership to implementing and monitoring the audit action plan to address qualification areas and internal control deficiencies identified during the previous audits. As a result, addressing these deficiencies was again a last minute effort to avoid audit report matters.	<b>Action taken:</b> Management will actively work with the AG to improve in responses for the audit.
The leadership did not take effective steps to ensure that there were consequences for poor performance and transgressions, as none of the unauthorised, irregular, and fruitless and wasteful expenditure was investigated during the financial year.	<b>Action taken:</b> A section 32 committee has been appointed and is currently busy with investigation of unauthorised, irregular and fruitless and wasteful expenditure and report to Council.
Management did not implement proper record keeping and prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information. This was due to the lack of consequence management, for competent staff that did not perform in line with their responsibilities and level of competencies, at the financial department and in the performance information division.	<b>Action taken:</b> "• Investigate root-causes for weak internal control. • Daily and monthly controls matrix is done and monitoring must be done and reported to CFO. "
The municipality did not prioritise the review and monitoring of compliance with legislation, which resulted in repeat findings being reported.	<b>Action taken:</b> • The municipality will prioritise the review and monitoring of compliance with legislation.
The financial statements were not properly reviewed for completeness and accuracy prior to submission for auditing. Numerous repeat findings were identified, which we communicated to the municipality and were corrected by management during the audit process. These corrections resulted in material amendments to the financial statements.	<b>Action taken:</b> • Municipality will appoint the expert to review the annual financial statement in 2017/2018 financial year
The effectiveness of the audit committee and internal audit was impeded, as could be seen from the issues identified by the audit not being given appropriate audit coverage. These issues therefore could not influence an improvement in the municipality's control environment. Furthermore, steps	<b>Action taken:</b> "• Recommendations of internal audit & audit committee will be a standing item in Management meetings.

**Auditor-General Report on Financial Performance: Year 2016/17**

<p>taken by management to address internal control deficiencies and emerging audit risks identified in the previous audit were not adequately monitored.</p>	<ul style="list-style-type: none"> <li>• Ensure prompt implementation of recommendations.</li> <li>• Track implementation on a quarterly basis.</li> </ul>
<p>Other reports</p>	
<p>Investigations</p>	
<p>The municipality is still awaiting a report from the special investigations unit (SIU) relating to several issues of non-compliance with the municipal policies. As reported previously, at the time of this report, the SIU had not yet reported back to the municipality on these issues and according to information obtained from the SIU, the report on proclamation 58/2011 had already been completed and issued to the President.</p>	<p><b>Action taken:</b> Municipality still waiting for SIU to finalise the reports.</p>

T 6.1.2

## AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 2016-2017

### REPORT OF THE AUDITOR-GENERAL TO FREE STATE LEGISLATURE AND THE COUNCIL ON THE KOPANONG LOCAL MUNICIPALITY

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### QUALIFIED OPINION

1. I have audited the financial statements of the Kopanong Local Municipality set out on pages 262 to 354, which comprise of the statement of financial position as at 30 June 2017, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kopanong local municipality as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003)(MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016)(Dora).

##### BASIS FOR QUALIFIED OPINION

##### RECEIVABLES FROM EXCHANGE TRANSACTIONS

3. Gross receivables from exchange transactions disclosed in note 9 to the financial statements were not assessed for impairment as per the requirements of GRAP 104 *Financial instruments*. The municipality only made a general provision and did not consider whether objective evidence exists that individually significant receivables and/or a group of receivables with similar credit risk

characteristics is collectively impaired. As the relevant information pertaining to the estimated future cash flows was not available, I was not able to determine the impact on the net amount for receivables from exchange transactions, as it was impracticable to do so. Furthermore, I was unable to obtain sufficient and appropriate audit evidence for the difference noted between the gross debtors' amounts per the financial statements and the gross debtors' amounts used in the impairment calculation. Additionally, there was a resultant impact on debt impairment as disclosed in note 27 to the annual financial statements. Consequently, I was unable to determine whether any further adjustments were necessary to receivables from exchange transaction stated at R26 182 516 in the financial statements.

4. The municipality incorrectly calculated interest on overdue accounts at a rate contrary to the approved tariffs of the council. Consequently, receivables from exchange transactions as disclosed in note 9 to the financial statements is understated by R4 844 418 and interest received income understated by a similar amount.

#### RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

5. Gross receivables from non-exchange transactions as per note 7 to the financial statements were not assessed for impairment as per the requirements of GRAP 104 *Financial instruments*. The municipality only made a general provision and did not consider whether objective evidence exists that individually significant receivables and/or a group of receivables with similar credit risk characteristics are collectively impaired. As the relevant information pertaining to the estimated future cash flows was not available, I was not able to determine the impact on the net amount for receivables from non-exchange transactions, as it was impracticable to do so.

#### Payables from exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence for payment received in advance of R10 573 658 as disclosed in note 14 to the financial statement, as I could not determine whether there were any obligations towards the debtors. I could not confirm the payments in advance by alternative means. In addition, differences were identified between third-party statements and the salary payables, resulting in trade and other payables from exchange transactions being overstated by R9 234 873 and employee cost overstated by the same amount. Furthermore, I was unable to obtain sufficient appropriate audit evidence for retention, as internal controls had not been established for the recognition of retention as well as the difference between the payables listing and ledger. Consequently, I was unable to determine whether any further adjustments were necessary to trade and other payables from exchange transactions stated at R291 442 675 in the financial statements.

7. The municipality incorrectly recorded the payables owed to the electricity service organisation against the accumulated surplus account. Consequently, payables from exchange transactions were understated by R17 912 200 and accumulated surplus was overstated by the same amount.

#### Statement of changes in net assets

8. I was unable to obtain sufficient appropriate audit evidence for the restated opening balance of accumulated surplus, as the supporting information was not provided. I was unable to confirm the opening balance by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the restated opening balance of accumulated surplus stated at R734 651 249 in the financial statements.

#### Cash flow statement

9. The municipality did not present the cash flow statement in accordance with SA Standards of GRAP, GRAP 2, *Cash flow statements*. The cash flows from operating activities and financing activities are misstated, resulting in the cash flow statement being misstated by R11 965 748.

#### UNAUTHORISED EXPENDITURE

10. The municipality did not calculate unauthorised expenditure as disclosed in note 41 in the current year per vote, as a result I was unable to obtain sufficient appropriate audit evidence in the current year for unauthorised expenditure of R67 387 246. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the current year unauthorised expenditure stated at R67 387 246 in note 41 to the financial statements.

#### CONTEXT FOR THE OPINION

11. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
12. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

#### MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

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

Note 39 in the financial statements, which indicates that the municipality incurred a net loss of R88 078 861 (2016: R83 839 942) during the year ended 30 June 2017 and, as of that date, the municipality's current liabilities exceeded its current assets by R274 070 938 (2016: R207 072 996). The municipality has been deducting pay as you earn taxes, pension fund and medical aid funds from employees' salaries, but has been unable to pay over R59 130 474 (2016: R36 176 724) of these amounts deducted to the relevant third parties as disclosed in note 13: payables from exchange. In addition, the municipality owed the water board R195 408 466 as at 30 June 2017, which was long overdue and was included with trade payables disclosed in note 14 to the financial statements. These conditions, along with other matters as set forth in note 37 indicate the existence of a material uncertainty that may cast significant doubt on the municipality's ability to operate as a going concern and to meet its service delivery objectives.

#### EMPHASIS OF MATTERS

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

##### Restatement of corresponding figures

16. As disclosed in note 37 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of errors discovered during 2016-17 in the financial statements of the municipality at, and for the year ended, 30 June 2016.

##### Material losses

17. As disclosed in note 48 to the financial statements, material electricity losses of R8 278 827 and water distribution losses of R13 512 953 were incurred by the municipality, mainly due to the ageing electricity and water infrastructure.

18. As disclosed in note 20 to the financial statements, the municipality had foregone revenue of R25 356 246 (2016: R23 509 404) due to the council's exemption policy on property rates charged during the financial year.



19. As disclosed in note 9 to the financial statements, material debtors balances were written off against the impairment provision of R25 564 493 (2016: R14 728 561) as a result of a write-off of irrecoverable receivables from exchange transactions.

Material underspending of the water service infrastructure grant

20. As disclosed in the note 21 to the annual financial statements, the municipality has materially underspent the budget on the water service infrastructure grant to the amount of R13 108 185 due to a pending court case.

Material impairments

21. As disclosed in note 7 to the financial statements, receivables from non-exchange transactions were impaired by R20 415 343 (2016: R15 207 530) and, as disclosed in note 9 to the financial statements, receivables from exchange transactions were impaired by R141 726 849 (2016: R124 812 509).

Irregular expenditure

22. As disclosed in note 43 to the financial statements, the municipality incurred irregular expenditure of R30 557 049 (2016: R25 074 130) during the year due to non-compliance with supply chain management requirements. In addition, the full extent of irregular expenditure during the year was still in the process of being determined.

Fruitless and wasteful expenditure

23. As disclosed in note 42 to the financial statements, the municipality incurred fruitless and wasteful expenditure of R24 185 847 (2016: R19 155 122) during the year due to interest and penalty charges on the late payment of suppliers.

OTHER MATTER

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

UNAUDITED DISCLOSURE NOTES

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

#### RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

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

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

#### AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

#### REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

#### INTRODUCTION AND SCOPE

30. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected key performance areas (KPAs) presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
31. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
32. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected KPAs presented in the annual performance report of the municipality for the year ended 30 June 2017:

<b>Development priorities</b>	<b>Pages in the annual performance report</b>
Service delivery and infrastructure development – Technical services	130– 160
Service delivery and infrastructure development – Community services	121– 129

33. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
34. The material findings in respect of the usefulness and reliability of the selected KPAs are as follows:

**KPA 1 – Service delivery and infrastructure development – Technical services**

Various indicators

35. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of indicators listed below. This was due to inadequate technical indicator descriptions and/or formal standard operating procedures or documented systems descriptions that predetermined how the achievement would be measured, monitored and reported, as required by the Framework for managing programme performance information (FMPPI). I was unable to confirm that the reported achievement of this indicator was reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

Indicator	Reported achievement
<ul style="list-style-type: none"> <li>KPI 1 – 20% construction of concrete 3 mgl reservoir and distribution of 3 km water pipeline in Trompsburg by 30/06/17</li> </ul>	5%
<ul style="list-style-type: none"> <li>KPI 2 – 80% construction of elevated tank and 3 km bulk supply pipeline in Reddersburg by 30 June 2017</li> </ul>	0
<ul style="list-style-type: none"> <li>KPI 11 – 60% construction of the transfer station site in Fauresmith by 30 June</li> </ul>	60%
<ul style="list-style-type: none"> <li>KPI 11 – 15% construction of the transfer station site in Reddersburg by 30 June</li> </ul>	5%

36. The performance indicator was not clearly defined as it contained an ambiguous definition, where the performance was limited to monitoring work as opposed to when the actual work was done by other departments, which can be misleading, and this is contrary to the requirement of the FMPPI. This could be attributed to a lack of understanding of the relevant guidelines in setting performance indicators and targets that are specific, measureable, achievable, relevant and time bound.

Indicator	Reported achievement
<ul style="list-style-type: none"> <li>KPI 3 – Upgrading of 3 km rising main pipeline in Phillippolis by 28 February 2017</li> </ul>	1
<ul style="list-style-type: none"> <li>KPI 5 – 47 quarterly maintenance of boreholes</li> </ul>	0

• KPI 7 – Construction of new 200 mm sewer pipe over the length of 3km in Fauresmith by 28 February 2017	0
• KPI 8 – Construction of new 200 mm steel pipe over the length of 3 km in Philippolis by 28 February 2017	0

## KPA 2 – Service delivery and infrastructure development – Community Service

Various indicators

37. The performance indicator and target was not well defined as it did not allow for consistency of data collection, as the indicator and the target are not reading the same, which is contrary to the requirement of the FMPPI. This was due to inadequate technical indicator descriptions and/or formal standard operating procedures or documented systems descriptions that pre-define how the achievement would be measured, monitored and reported, as required by the FMPPI. I was unable to confirm that the reported achievement of this indicator was reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

Indicator	Reported achievement
• KPI 1 – Connections of water to 20 household	0
• KPI 2 – Connections of sewerage to 21 (0,2%) households	0
• KPI 3 – Electricity connections to 196 households by June 2017	0
• KPI 12 – Identification of illegal dumping in all nine towns and place signage	0

## OTHER MATTERS

38. I draw attention to the matters below.

#### Achievement of planned targets

39. Refer to the annual performance report on pages 88 to 160 and 121 to 160 for information on the achievement of planned targets for the year and explanations provided for the underachievement of a significant number of targets. This information should be considered in the context of the qualified opinions expressed on the usefulness and reliability of the reported performance information in paragraph(s) 33 of this report.

#### Adjustment of material misstatements

40. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of KPA – service delivery and infrastructure development – Technical services and service Delivery and infrastructure development – community service as management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information.

#### Unaudited supplementary schedules

41. The supplementary information set out on pages 88 to 120 does not form part of the annual performance report and is presented as additional information. We have not audited these schedules and, accordingly, we do not express a conclusion on them.

### REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION

#### INTRODUCTION AND SCOPE

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

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

#### Budget

43. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R48 162 721 (2016: R95 552 999), as disclosed in note 39 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

#### Annual financial statements and annual performance report

44. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of current assets, current liability and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and/or supporting records that could not be provided resulted in the financial statements receiving a qualified audit opinion.
45. The annual performance report for the year under review did not include a comparison of the performance with set targets and comparison with the previous financial year and measures taken to improve performance for each service provider, as required by section 46(1)(b) of the MSA.

#### Expenditure management

46. Money owed by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA.
47. Effective steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by changes made to criteria or differing criteria applied than what was published. Irregular expenditure amounting to R30 557 049 was incurred on most of the projects awarded during the financial year.
48. Effective steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. Fruitless and wasteful expenditure amounting to R24 135 348 was incurred on mainly Bloemwater outstanding invoices not paid.

#### Revenue management

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

#### Asset management

50. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.
51. Capital assets were permanently disposed of without the approval of the council and as required by section 14(2)(a) of the MFMA.

#### Liability management

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

#### Procurement and contract management



53. Some of the contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a) and the Preferential Procurement Regulations. Similar non-compliance was also reported in the prior year.
54. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43.
55. Some of the contracts were awarded to bidders based on preference points that were not allocated or calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.
56. Some of the contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and preferential procurement regulations.
57. Some of the contracts were awarded to bidders based on functionality criteria that differed from those stipulated in the original invitation for bidding, in contravention of preferential procurement regulation 4.
58. Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A). Similar non-compliance was also reported in the prior year.
59. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM regulation 5.
60. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.
61. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, in contravention of section 116(2)(c) of the MFMA.

HR management

62. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted as required by section 67(1)(d) of the MSA.

#### Utilisation of conditional grants

63. The water service infrastructure grant was not spent in accordance with the applicable grant framework, in contravention of section 17(1) of the Division of Revenue Act.

#### Consequence management

64. Unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a)(b) of the Municipal Finance Management Act.

### OTHER INFORMATION

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

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

67. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected KPAs presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

68. I have not yet received the annual report. When I do receive this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected I may have to re-issue my auditor's report amended as appropriate.

## INTERNAL CONTROL DEFICIENCIES

69. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
70. The leadership did not sufficiently oversee financial and performance reporting and compliance and related internal controls, as it did not ensure that there were sound controls in the daily operations of the municipality.
71. There has been a slow response from the leadership to implementing and monitoring the audit action plan to address qualification areas and internal control deficiencies identified during the previous audits. As a result, addressing these deficiencies was again a last minute effort to avoid audit report matters.
72. The leadership did not take effective steps to ensure that there were consequences for poor performance and transgressions, as none of the unauthorised, irregular, and fruitless and wasteful expenditure was investigated during the financial year.
73. Management did not implement proper record keeping and prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information. This was due to the lack of consequence management, for competent staff that did not perform in line with their responsibilities and level of competencies, at the financial department and in the performance information division.
74. The municipality did not prioritise the review and monitoring of compliance with legislation, which resulted in repeat findings being reported.
75. The financial statements were not properly reviewed for completeness and accuracy prior to submission for auditing. Numerous repeat findings were identified, which we communicated to the municipality and were corrected by management during the audit process. These corrections resulted in material amendments to the financial statements.
76. The effectiveness of the audit committee and internal audit was impeded, as could be seen from the issues identified by the audit not being given appropriate audit coverage. These issues therefore could not influence an improvement in the municipality's con-

control environment. Furthermore, steps taken by management to address internal control deficiencies and emerging audit risks identified in the previous audit were not adequately monitored.

## OTHER REPORTS

77. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

### Investigations

78. The municipality is still awaiting a report from the special investigations unit (SIU) relating to several issues of non-compliance with the municipal policies. As reported previously, at the time of this report, the SIU had not yet reported back to the municipality on these issues and according to information obtained from the SIU, the report on proclamation 58/2011 had already been completed and issued to the President.

Bloemfontein

30 November 2017



## AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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

### FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Kopanong Local Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a municipality to cease to continue as a going concern.

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

#### COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

*T 6.2.3*

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 2015-2016

**Delete Directive note once comment is completed** - Provide comments from the Municipal Manager / CFO on the Auditor-General's opinion. Include comments on year 0 if it provides useful context.

T 6.2.4

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer)..... Dated

T 6.2.5

# GLOSSARY

## GLOSSARY

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



<b>mance indicators</b>	general key performance indicators that are appropriate and applicable to local government generally.
<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.

<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>

# APPENDICES

## APPENDICES

### APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councilors, Committees Allocated and Council Attendance						
Council Members	Full Time / Part Time	Committees Allocated		*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT				%	%
Councilor X.T Matwa	FT	Finance and LED Committee		ANC / Ward 3	100%	N/A
Councilor J.Moitse	PT	Finance And LED Committee		ANC/ Ward 6	100%	N/A
Councillor S.Sola	PT	Finance and LED Committee		ANC/ Ward 7	100%	N/A
Councilor H.Shebe	PT	Institutional Committee	Transformation	DA/ Ward 5	100%	N/A
Councilor K.Moeketsi	PT	Institutional Committee	Transformation	ANC/ Ward 1	100%	N/A
Councilor N.Jan	PT	Institutional Committee	Transformation	ANC/Ward 4	100%	N/A
Councilor L.Makoa	PT	Institutional Committee	Transformation	ANC/ Ward 4	100%	N/A

# APPENDICES

Councillor T.May	PT	Rural Development Committee	ANC /Ward 8	100%	N/A
Councillor T.Phafudi	PT	Rural Development Committee	ANC/ Ward 2	100%	N/A
Councillor P.Basholo	PT	Rural Development Committee	ANC /Ward 7	100%	N/A
Councillor N.Mjika	PT	Rural Development Committee	ANC /Ward 3	100%	N/A
Councillor S.Sola	PT	Section 32 Committee	ANC /Ward 5	100%	N/A
Councillor J.Moitse	PT	Section 32 Committee	ANC/Ward 6	100%	N/A

Concerning T A

**Delete Directive note before publication:** Provide comments on the above table.

T A.1

## APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Finance and LED ( Section 80)	Deals with Budget and Local Economic Development Issues
Institutional Transformation committee (Section 80)	Deals with Human Resources and Institutional Development

# APPENDICES

Rural Development committee (Section 80)

Deals with Arts, Sports, Recreational and Social Development Issues

*T B*

## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third tier structure	
Directorate	Director/Manager
Municipal Manager`s department	Municipal Manager: Mr Mazondi Martiens Kubeka
Corporate services	Director: Me. Cecilia Kedisaletse Pitso
Technical services	Director :Mr Sibongile Hololoshe
Finance department	Chief Financial Officer: Mr Phakiso Jan Mekhoe
Community Services	Director: Mr Sidwell James

# APPENDICES

## APPENDIX D – FUNCTIONS OF MUNICIPALITY

MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*
<b>Constitution Schedule 4, Part B functions:</b>	
Air pollution	No
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	No
Firefighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No
Storm Water management systems in built-up areas	No
Trading regulations	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	yes
Beaches and amusement facilities	No
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Y
Control of public nuisances	No
Control of undertakings that sell liquor to the public	No we use District services

# APPENDICES

Facilities for the accommodation, care and burial of animals	No
Fencing and fences	Yes
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes
Local sport facilities	Yes
Markets	No
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	No
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	No
Street lighting	yes
Traffic and parking	No

## APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2016/2017

Date of Committee	Committee recommendations during 2016/17	Recommendations adopted (enter yes) if not adopted provide explanation)
29 August 2016	The Audit Committee resolved that GRAP financial statements checklist be used when reviewing the Annual Financial Statements	Yes

# APPENDICES

Date of Committee	Committee recommendations during 2016/17	Recommendations adopted (enter yes) if not adopted provide explanation)
29 August 2016	The Audit Committee resolved that the municipality should find a way to recover the revenue from Councillors accounts in arrears and be brought to the attention of the Mayor so that the revenue can be collected.	
16 September 2016	The Audit Committee resolved that the matter regarding cancelled receipts be followed up and management to report back as to what was done to rectify this finding	
16 September 2016	The Audit Committee resolved that the following amendments to be included in the annual internal audit plan:  The audit of compliance	Yes
16 September 2016	The Audit Committee resolved the following:  •Reasons for non-implementation of resolutions be documented on the register	Yes
05 December 2016	The Audit Committee resolved that the Technical Director submit the evidence files to the PMS Officer for assessment and thereafter the PMS officer to submit the updated report to the committee for approval by the 09 December 2016	Yes
05 December 2016	The committee resolved that a Mscoa progress report be included in the agenda during the next meeting and the Mscoa champion be invited to sit in	Yes



# APPENDICES

Date of Committee	Committee recommendations during 2016/17	Recommendations adopted (enter yes) if not adopted provide explanation)
	the meeting.	
12 April 2017	The Audit Committee resolved that the amended/corrected internal audit strategic documents be submitted by E-mail to the committee for review by the 25/04/2017	Yes
12 April 2017	The Audit Committee resolved that the reporting template of the PMS department be modified to reflect the cumulative results inclusive of previous quarters so that the committee can have a brief background of what transpired within the different departments as well as the progress made during the current quarter.	Yes
12 April 2017	The Audit Committee resolved that the revenue enhancement committee to submit their plan to the audit committee for review and for them to provide their inputs.	Yes
12 April 2017	The Audit Committee resolved that a detailed risk register to accompany risk management reports when they are tabled before the committee	Yes
12 April 2017	The Audit Committee requested a comprehensive report on the rental income matter to be submitted during the next meeting for the committee to be able to deal with it.	Yes
19 June 2017	The Audit Committee resolved that the municipality seek advice on how to acquire support for an intern to be allocated to the municipality in assistance to enhance human capital within the internal audit unit from the Province or	

# APPENDICES

Date of Committee	Committee recommendations during 2016/17	Recommendations adopted (enter yes) if not adopted provide explanation)
	other stakeholders such as the LG SETA.	
19 June 2017	The Audit Committee requested that Director Technical Service and Director Corporate Service to write a motivation for the need of the critical positions to be filled within their departments so that the committee can cascade the matter to council.	Yes
19 June 2017	<p>The Audit Committee resolved the following:</p> <ul style="list-style-type: none"> <li>- Indicators for each directorate for the quarter under review to be included, so that the materiality of the indicators can be reflected.</li> </ul> <p>The quarterly targets against the annual targets to be reflected on the report.</p>	Yes
19 June 2017	The Audit Committee resolved that the internal audit unit structure matter will be raised to Council	The matter to be discussed during the next Ordinary Council Meeting
19 June 2017	The Audit Committee resolved that a leave audit be conducted before the end of the financial year.	Yes
19 June 2017	The Audit Committee resolved that a leave reconciliation be performed for all employees every month	Yes
19 June 2017	The Audit Committee resolved that it be provided with the SDBIP both before and after adjustment.	Yes

# APPENDICES

## APPENDIX I – MUNICIPAL SERVICE PROVIDER PERFORMANCE SCHEDULE

Directorate	Service Provider	Term of contract	Contract value	Description of service / key Performance areas	Targets	Performance rating 16/17	Performance comment	Corrective measure	Performance rating 15/16
Technical	Soaring Summit developers	4 months	R 5 927 293.13	Construction of 4.726 MI/D capacity water treatment works phase 2 (mechanical and electrical work)	Service Delivery	2	Project is at 90% completion but the contractor is behind schedule but the equipment has been procured and only installations are outstanding.	The Municipality is to appoint Tecroveer subsequent the termination of Soaring Summit. Tecroveer is a capacitated service provider in relation to the concerned project.	3
Technical	Skhokho Civils  Is Terminated and replaced by:	6 months	R9 097 292.25	Construction of 1.5MI capacity reinforced concrete Reservoir in Faur-smith	Service Delivery	2	The contractor has been terminated	Termination letter submitted	2

# Contents

Directorate	Service Provider	Term of contract	Contract value	Description of service / key Performance areas	Targets	Performance rating 16/17	Performance comment	Corrective measure	Performance rating 15/16
	Mogolola Mokoka and Associate	6 months	R9 097 292.25	Construction of 1.5MI capacity reinforced concrete Reservoir in Faur-smith	Service Delivery	4	The project is at Practical Completion.	The defect for testing the reservoir to be finalised in the Month of August 2017	No service rendered
Technical	PSR	4 months	R 6 701 537,00	Reddersburg Landfill site	Service Delivery	1	The project is at 89% of completion	The Contractor has been terminated and the project is to be completed internally.  The municipality has requested a quotation from Gundle geosynthetics; which are specialising in landfill cells lining	2
Technical	TE SKOSANA	8	R8 803 187.00	Reddersburg Upgrading	Service	1	The project is at 88% of comple-	The Contractor has been termi-	2

# Contents

Directorate	Service Provider	Term of contract	Contract value	Description of service / key Performance areas	Targets	Performance rating 16/17	Performance comment	Corrective measure	Performance rating 15/16
		months		of Sport centre	Delivery		tion, and the soccer pitch and the running track are not completed.	nated and the project is to be completed Internally.  The Municipality has appointed a plumber and two welders as an approach to completing the project	
Technical	Matsapa	12 months	R 6 498 000.00	Installation of 18 high mast light in all Kopanong Units	Service Delivery	4	The project is at 80% with all the high mast lights installed.	The quotations of Eskom needs to be finalised and paid.  Centlec has commenced powering the High Mast lights, eleven of the eighteen, which are in their area of supply	4

# Contents

Directorate	Service Provider	Term of contract	Contract value	Description of service / key Performance areas	Targets	Performance rating 16/17	Performance comment	Corrective measure	Performance rating 15/16
Technical	Snowball	6 months	R3 969 556.00	Fauresmith: Rehabilitation of Landfill sites	Service Delivery	4	The project is at practical completion.	The contractor is installing the HDPE, which is part of the snag list	No service rendered
Technical	All Stars and AMAMP	4 months	R2 450 000.00	Bethulie: Upgrading of sewer pumps	Service Delivery	4	The project is at 80% of completion	The screen service provider has commenced installing the screen at vergenoog pump station	No service rendered
Technical	Follow The Star JV	4 Months	R 1 169 110.47	Springfontein/Maphodi: Installation of water meters and valves.	Service Delivery	4	The project is at practical completion.	None.	No service rendered
Technical	Setshabelo Trading 624	4 Months	R 1 506 111.68	Jagersfontein/Itumeleng: Installation of water me-	Service Delivery	4	The project is at practical com-	None	No service rendered

# Contents

Directorate	Service Provider	Term of contract	Contract value	Description of service / key Performance areas	Targets	Performance rating 16/17	Performance comment	Corrective measure	Performance rating 15/16
	JV			ters and valves.			pletion.		
Technical	Smouse and Gedu General Trading	4 Months	R 1 695 596.20	Bethulie/Lephoi: Installation of water meters and valves.	Service Delivery	4	The project is at practical completion.	None	No service rendered
Technical	Tshepilezizi-Tema JV	4 Months	R 897 332.20	Gariiep Dam: Installation of water meters and valves.	Service Delivery	4	The project is at practical completion.	None.	No service rendered
Technical	Thabcon Civils	4 Months	R 1 691 653.52	Edenburg/Harasebei: Installation of water meters and valves.	Service Delivery	4	The project is at Practical completion.	None	No service rendered
Technical	Nomano Trading and Plant Hire	4 Months	R 1 468 935.60	Trompsburg/Madikgetla: Installation of water meters and valves.	Service Delivery	2	The project is at 63% of completion but the contractor is behind schedule.	The contractor has cessioned material supplier so as to assist a contractor with supplying material timeously.	No service rendered
Technical	MAT Engi-	9	R	Augment water supply	Service	2	The consultant	The consultant is	No service

# Contents

Directorate	Service Provider	Term of contract	Contract value	Description of service / key Performance areas	Targets	Performance rating 16/17	Performance comment	Corrective measure	Performance rating 15/16
	neering and Project Managers	Months	1 965 360.00	and increase water pressure: Feasibility study, Design and Super vision of construction works. (Reddersburg)	Delivery		has completed the designs and the construction progress is being supervised. The consultant is not performing as per the contract as takes time to revise drawings and is not managing the contract efficiently.	supervising the pipe works progress.  The contractor of Elevated tank, that supposed to be supervised by MAT Engineer, has been stopped on site through a court interdict.	rendered
Technical	Rantoa Service Providers cc	6 Months	R 6 068 394.42	Augment water supply and increase water pressure: Elevated water reservoir/tank. (Reddersburg)	Service Delivery	4	The project is at 40% of completion and the contractor is not on site due to the interdict from court but the contractor has performed	The contractor has been stopped through a court interdict and the Municipality to pursue the court order to be set aside.	No service rendered



# Contents

Directorate	Service Provider	Term of contract	Contract value	Description of service / key Performance areas	Targets	Performance rating 16/17	Performance comment	Corrective measure	Performance rating 15/16
							site establishment and earthworks.		
Technical	Johnny Bravo Trading (PTY) LTD	6 Monhs	R 7 465 663.92	Augment water supply and increase water pressure: Pipeline, pump station, and water treatment plant works. (Reddersburg)	Service Delivery	4	The project is at 55% of completion. The contractor is behind schedule due to a court interdict that resulted in a month of delays and the consultant's delays in managing the contract efficiently.	The contractor court order has been set aside and the Municipality to have an intervention meeting with consultant as to resolve contract management challenges.	No service rendered
Technical	Nala Consulting	-	R 1 447 826.02	<b>Springfontein:</b> Recreational /Sport facility	Service Delivery	4	The consultant has completed the designs.	None	No service rendered

# Contents

Directorate	Service Provider	Term of contract	Contract value	Description of service / key Performance areas	Targets	Performance rating 16/17	Performance comment	Corrective measure	Performance rating 15/16
Technical	YB Mashalaba Consulting	-	R 684 000.00	<b>Springfontein:</b> Closure of existing solid waste disposal site and construction of a waste transfer facility	Service Delivery	4	The consultant is working on applications of the old dumping site closure.	None	No service rendered
Technical	Mogolola Mokoka Consulting	7 Months	R 2 014 697.72	Construction of 1.5 km Paved Access Road	Service Delivery	4	The Consultant has completed the designs.  The consultant is on site supervising the construction works.	None	No service rendered
Technical	Nomano Trading	7 Months	R 12 664 309.02	Construction of 1.5 km Paved Access Road	Service Delivery	4	The project is at 40% of comple-	None	No service rendered

# Contents

Directorate	Service Provider	Term of contract	Contract value	Description of service / key Performance areas	Targets	Performance rating 16/17	Performance comment	Corrective measure	Performance rating 15/16
							tion		
Technical	Engineering Aces	-	R 1 407 962.88	Trompsburg: Rehabilitation of landfill site.	Service Delivery	4	<p>The project is yet to be registered under MIG.</p> <p>The payments were in relation to initiating the EIA application processes.</p>	The municipality has sent the counter-funding letters to CoGTA.	No service rendered
Technical	Nare Sereto and All green JV	-	R 737 077.52	Gariiep Dam: Rehabilitation of landfill site.	Service Delivery	4	<p>The project is yet to be registered under MIG.</p> <p>The payments were in relation to initiating the EIA application processes</p>	The municipality has sent the counter-funding letters to CoGTA	No service rendered

# Contents

Directorate	Service Provider	Term of contract	Contract value	Description of service / key Performance areas	Targets	Performance rating 16/17	Performance comment	Corrective measure	Performance rating 15/16
Community Services	Khameo JV	24 Months	R 1 818 660.00	Subdivision of Cemeteries in all 9 towns	Service Delivery	3	The consultant is unable to provide reports on completed Stages and to continue with next stages due to non-payment from Municipality	Municipality to enter into payment arrangement	3
Finance	Jager- Technologies	12 Months	R 1 559 520.00	Provision of water meter management system	Financial Sustainability	4	Contract expired on 03 June 2017	Regular monitoring  Extension of contract on a month to month basis	4

# Contents

Directorate	Service Provider	Term of contract	Contract value	Description of service / key Performance areas	Targets	Performance rating 16/17	Performance comment	Corrective measure	Performance rating 15/16
Finance	MARSH insurance	36 Months	R 1 403 211.18	SHORT-TERM INSURANCE	Financial Sustainability	5	Performance is excellent	Tender processes must commence in February 2018	5
Finance	ITEC Alenti	24 months	R 684 889.40	Provision of photocopier and fax machines	Service delivery	3	Maintenance of machines is not done regularly as required due non-payment to supplier.	Regular monitoring.  Enter into a payment arrangement with supplier	4
Finance	UNIQUE Co. Valuators	2.6 years	R 2 220 000.00	Compilation of VALUATION ROLL and Interim roll	Financial Sustainability	3	Contract was extended with 1 year for interim valuations	Regular monitoring.  Tender process must commence in September	3

# Contents

Directorate	Service Provider	Term of contract	Contract value	Description of service / key Performance areas	Targets	Performance rating 16/17	Performance comment	Corrective measure	Performance rating 15/16
								2017	
Finance	SEBATA Municipal Solutions (Pty)Ltd		R 3 356 496.00	Supply, installation, implementation, support and maintenance of SEBATA products and services	Financial Sustainability	3		Regular monitoring on implementation of mSCOA.	No service rendered
Corporate	Mhlokonya Attorneys	24 Months	High court fees	Provision of legal services		3	Service provider is busy with litigations. A performance report will be provided.	Regular monitoring.	Not service rendered

# APPENDICES

## APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Financial disclosures made for the period 1 July 2016 to 30 June 2017		
Position	Name	Description of financial interests* (Nil / or details)
<b>Mayor</b>	Cllr X T Matwa	Welkom Yizani Investments Ltd – 20 ordinary shares. 15% stake in media 24%
<b>Member of Exco</b>	Cllr X T Matwa	Welkom Yizani Investments Ltd – 20 ordinary shares 15% stake in media 24%
	Cllr Dlomo	Bokamoso catering, construction and cleaning CC.
<b>Speaker</b>	Cllr K E Dlomo	Bokamoso catering, construction and cleaning cc
<b>Councillor</b>	Cllr J Moeketsi	Redemeer Ltd
	Cllr E M Mjika	No interest to disclose
	Cllr H Shebe	On the DOT
	Cllr P Basholo	Light blitz projects and services
	Cllr B Smit	Residence in Dama Bay, Old mutual and Sanlam
	Cllr N M Jan	Registered with Forever Living Company. Employed by Department of Health
	Cllr LM May	Redilelenko Brick making cooperative Limited
	Cllr J M Moitse	No interests to disclose
	Cllr T A Phafudi	No interests to disclose
	Cllr M J Phoba	No interests to disclose
	Cllr L M Makoa	SAB, Boiketlo Tarven
	Cllr S A Sola	Shareholder-Sanlam computer shares
<b>Municipal Manager</b>	Mr MM Kubeka	No interests to disclose
<b>Chief Financial Officer</b>	Mr M J Mekhoe	Taxi business
<b>Other S56 Officials</b>	Mr. S Hololoshe	No interests to disclose
	Me. C Pitso	IEC- Municipal Electoral officer
	Mr S James	No interest to disclose

# APPENDICES

## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG:

Grant Performance					
Description	Year 2015/2016			Year 0 Variance	
	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
	R' 000				
<b>Operating Transfers and Grants</b>					
<b>National Government:</b>	<b>116 875</b>	<b>106 875</b>	<b>89 881</b>		
Equitable share	78 370	78 370	78 370	0%	0%
Municipal Systems Improvement	930	930	987	1%	1%
Department of Water Affairs	20 000	10 000	5 961	47%	47%
EPWP	1 363	1 363	1 363	0%	0%
Mwig	13 012	13 012	-	100%	100%
Intergrated national Electrification program	1 600	1 600	1 600	0%	0%
Finance Management	1 600	1 600	1 600	0%	0%
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>-</b>		
Health subsidy					
Housing					
Ambulance subsidy					
Sports and Recreation					
	-	-			
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<i>[insert description]</i>					
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<i>[insert description]</i>					
<b>Total Operating Transfers and Grants</b>	<b>116 875</b>	<b>106 875</b>	<b>89 881</b>		
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.</i>					T 5.2.1



# APPENDICES

## APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 2016/2017

## APPENDIX O–CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 2016/2017

Capital Programme by Project by Ward: Year 2016/2017		
Capital Project	Ward(s) affected	Works completed (Yes/No)
<b>R' 000</b>		
<b>Water</b>		
Fauresmith 2.3mgl concrete reservoir	7	95%
Jagersfontein treatment works-Civil	6	100%
Jagersfontein treatment works-Mechanical	6	85%
Fauresmith Bulk Pipeline	7	90%
Phillipolis: Upgrading the existing pump station through the enlarging of the building to house two new pumps together with the construction a new rising main	4	100%
Trompsburg: Construction of 3MGL concrete reservoir and pipeline	2	75%
Springfontein: Refurbishment of pump station and construction	5	100%
<b>Electricity</b>		
Installation of 16 High Mast Lights	All 8 wards.	100%
<b>Housing</b>		
Bethulie 300 Korean Solar		36%
Bethulie 100 Mminathoko		80%
Edenburg 40 Mampotla		0%
Jagersfontein 42 Sediti		91%
Springfontein 121 Pampers		0%

# APPENDICES

## APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS:

The municipality does not have service backlogs on schools and clinics as it is a responsibility of a province.

## APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION:

## APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT:

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	13 693 households have access to water -99.7% 13 683 households have access to waterborne sanitation-99.6% 13 408 households have access to electricity-96.3% 13 711 households have access to refuse removal-100%	99.7% 99.6% 96.3% 100%
Output: Implementation of the Community Work Programme	CDW's are employed in 8 (7) wards and they are fully functional. They report to the Office of the Speaker, and the Premiers office and they also have monthly programmes.	100%
Output: Deepen democracy through a refined Ward Committee model	The office of the Speaker has developed a programme of action with the sole purpose of deepening democracy through public participation and ward committed played a vital role in the implementation of the programme.	100%
T S		

# APPENDICES

## VOLUME II: ANNUAL FINANCIAL STATEMENTS: FINANCE

Provide the Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.

**OFFICE OF THE MUNICIPAL MANAGER**

**Prepared by: Funeka Thena PMS Officer**

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Officer's Responsibility and Approval of the Annual Financial Statements



Kopanong Local Municipality  
Annual Financial Statements  
for the year ended 30 June 2017

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## General Information

<b>Legal form of entity</b>	Local Municipality
<b>Nature of business and principal activities</b>	Providing municipal services as set in the Constitution
<b>Municipal Demarcation code</b>	FS 162
<b>Grading of local authority</b>	Three
<b>Council composition</b>	
<b>Mayor</b>	Matwa TX
<b>Speaker</b>	Dlomo LK
<b>Chief Whip</b>	Jan NM
<b>Ordinary Councillors</b>	Basholo PD Moitse J Smith B Phafudi TA Sola SA Shebe H May ME Rasoeu LG Makoa L Moeketsi MJ Phoba MJ Mjika ME
<b>Accounting Officer</b>	Mr. MM Kubeka
<b>Chief Finance Officer (CFO)</b>	Mrs MP Koatla
<b>Registered office</b>	20 Louw Street Trompsburg 9913
<b>Postal address</b>	Private Bag X23 Trompsburg 9913
<b>Bankers</b>	First National Bank
<b>Auditors</b>	Auditor General of South Africa Supreme Audit Institution of South Africa
<b>Attorneys</b>	Mohlokonya attorneys Maduba Attorneys

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## General Information

### Relevant legislation applicable on our operations:

1. Basic Condition of Employment Act (Act no.75 of 1997)
2. Division of Revenue Act (Act no.3 of 2016)
3. Electricity Act (Act no. 41 of 1998)
4. Employment Equity Act (Act no.55 of 1998)
5. Housing Act (Act no.107 of 1997)
6. Income tax Act (Act no. 58 of 1962)
7. Municipal Finance Management Act (Act No 56 of 2003)
8. Municipal Planning and Performance Management Regulation
9. Municipal Property Rates Act (Act no.6 of 2004)
10. Municipal Structure Act (Act no.117 of 1998)
11. Skill Development Levies Act (Act no.9 of 1999)
12. South Africa Local Bargaining Council Regulations
13. Supply Chain Management Regulation of 2005
14. Unemployment Insurance Act (Act no.89 of 1991)
15. Value Added Tax Act (Act no, 89 of 1991)
16. Water Service Act (Act no.108 of 1997)
17. Municipal Systems Act (Act 32 of 2000)

### Area of impact:

- Employee related issues
- Budget and annual appropriations
- Electricity Services to the community
- Employee related issues
- Housing activities
- Taxation
- Financial management
- Performance management
- Property rates and related matters
- Municipal structures i.e. committees, form of governance, etc.
- Employee related issues
- Employee related issues
- Procurement and related matters
- Employee related issues
- Taxation
- Water related matters
- Municipal systems i.e. job profiles, municipal establishment, etc.

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Statement of Financial Position as at 30 June 2017

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

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Accounting Officer's Responsibilities and Approval	5
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Statement of Financial Performance	7
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## Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

### Accounting Officer's Responsibility and Approval of the Annual Financial Statements

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003) (MFMA), 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 was 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 municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The annual financial statements set out on page 5-76 which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2017 and were signed on its behalf by:

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MM Kubeka  
Accounting Officer /  
Municipal Manager

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31 August 2017  
Approval date of the financial statements for submission to the AGSA for auditing  
31 August 2017



# **Kopanong Local Municipality**

Annual Financial Statements for the year ended 30 June 2017

## **Accounting Officer's Responsibility and Approval of the Annual Financial Statements**

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Officer's Responsibility and Approval of the Annual Financial Statements

	Note Reference	2017	2016
		Figures in Rand	Figures in Rand
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	5	93 252	79 858
Other Receivables from exchange transactions	6	4 182 564	3 695 113
Receivables from non-exchange transactions	7	2 875 316	6 328 359
VAT receivable	8	2 464 853	2 655 129
Receivables from exchange transactions	9	26 182 516	16 258 522
Cash and cash equivalents	10	2 062 104	912 567
<b>Total Current Assets</b>		<b>37 860 605</b>	<b>29 929 548</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	930 049 151	942 929 730
<b>Total Non-Current Assets</b>		<b>930 049 151</b>	<b>942 929 730</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Long-term liabilities	12	179 928	179 928
Payables from exchange transactions	14	291 442 675	227 856 805
Consumer deposits	15	3 129 473	3 102 602
Unspent conditional grants and receipts	11	17 179 467	5 863 209
<b>Total Current Liabilities</b>		<b>311 931 543</b>	<b>237 002 544</b>
<b>Non-Current Liabilities</b>			
Long-term liabilities	12	1 089 431	1 269 359
Employee benefit obligation	4	14 069 000	13 926 203
Provisions	13	9 487 806	9 157 540
<b>Total Non-Current Liabilities</b>		<b>24 646 237</b>	<b>24 353 102</b>
<b>Total Liabilities</b>		<b>336 577 780</b>	<b>261 355 646</b>
<i>Assets</i>		<i>967 909 756</i>	<i>981 749 634</i>
<i>Liabilities</i>		<i>336 577 780</i>	<i>261 355 646</i>
<b>Net Assets</b>		<b>631 331 976</b>	<b>711 502 632</b>
Accumulated surplus		635 682 066	711 502 632

# **Kopanong Local Municipality**

Annual Financial Statements for the year ended 30 June 2017

## **Accounting Officer's Responsibility and Approval of the Annual Financial Statements**

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Statement of Financial Performance for the year ended 30 June 2017

	Note Ref- erence	2017	2016
		Figures in Rand	Figures in Rand
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Sale of goods		374 024	669 882
Service charges	17	105 424 079	108 396 630
Rental of facilities and equipment		364 459	968 848
Fees earned		3 966	3 785
Rental income		805 413	136 704
Sundry income		1 099 967	722 148
Interest received	19	12 990 602	9 636 481
<b>Total revenue from exchange transactions</b>		<b>121 062 510</b>	<b>128 736 195</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	20	16 134 160	13 952 421
<b>Transfer revenue</b>			
Government grants & subsidies	21	103 907 380	115 329 459
Fines, Penalties and Forfeits		34 048	124 534
<b>Total revenue from non-exchange transactions</b>		<b>120 075 588</b>	<b>129 406 414</b>
<b>Total revenue</b>	<b>16</b>	<b>241 138 098</b>	<b>249 940 892</b>
<b>Expenditure</b>			
Employee related costs	22	-102 740 741	-96 717 959
Remuneration of councillors	23	-3 527 609	-3 854 539
Administration	24	-2 200 654	-2 122 552
Depreciation and amortisation	25	-42 559 762	-54 847 872
Finance costs	26	-324 857	-162 922
Lease rentals on operating lease		-2 000 078	-1 835 292
Debt Impairment	27	-42 478 833	-61 581 833
Interest paid		-22 827 103	-18 958 057
Repairs and maintenance		-3 000 498	-2 733 065
Bulk purchases	28	-86 352 749	-78 512 656
Contracted services	29	-	-648 566
General Expenses	30	-18 323 103	-19 361 603
<b>Total expenditure</b>		<b>-326 335 987</b>	<b>-341 336 916</b>
Actuarial gains/ (loss)	16	92 855	8 201 717
Gain (loss) on disposal of assets		-3 066 782	-645 635
<b>Total Revenue</b>		<b>241 230 953</b>	<b>249 940 892</b>
<b>Total expenditure</b>		<b>-329 309 914</b>	<b>-341 336 916</b>
Deficit before taxation		=88 078 961	-83 839 942

# **Kopanong Local Municipality**

Annual Financial Statements for the year ended 30 June 2017

## **Accounting Officer's Responsibility and Approval of the Annual Financial Statements**

Deficit for the year

**-88 078 861**

**-83 839 942**

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Statement of Changes in Net Assets for the year ending 30 June 2017

	Figures in Rand	Figures in Rand
Balance at 01 July 2015	788 298 043	788 298 043
<b>Changes in net assets</b>		
Deficit for the year	-83 839 942	-83 839 942
<b>Total changes</b>	<b>-83 839 942</b>	<b>-83 839 942</b>
<b>Opening balance as previously reported</b>	<b>734 651 249</b>	<b>734 651 249</b>
Adjustments		
Prior year adjustments: Note 36	-11 037 601	-11 037 601
<b>Balance at 01 July 2016 as restated*</b>	<b>723 613 648</b>	<b>723 613 648</b>
<b>Changes in net assets</b>		
Deficit for the year	--88 078 961	-88 078 961
<b>Total changes</b>	<b>-88 078 961</b>	<b>-88 078 961</b>
<b>Balance at 30 June 2017</b>	<b>635 534 687</b>	<b>635 534 687</b>

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Unaudited Appropriation Statement

	Note Ref- erence	2017 Figures in Rand	2016 Figures in Rand
<b>Cash flows from operating activities</b>			
Receipts			
Sale of goods and services		69 092 995	67 039 565
Grants		116 820 000	91 695 779
Interest income		12 990 602	9 636 481
<b>Total cash in flow from operating activities</b>		<b>198 903 597</b>	<b>168 371 825</b>
Payments			
Employee costs		-106 268 350	-99 880 498
Suppliers		-61 301 437	-45 466 360
Finance costs		-324 857	-162 922
<b>Total cash out flow from operating activities</b>		<b>-167 894 644</b>	<b>-145 509 780</b>
Total receipts		198 903 597	168 371 825
Total payments		-167 894 644	-145 509 780
<b>Net cash flows from operating activities</b>	<b>32</b>	<b>31 008 953</b>	<b>22 862 045</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	-29 679 184	-26 369 067
Proceeds from sale		0	1 499 689
<b>Net cash flows from investing activities</b>		<b>-29 679 184</b>	<b>-24 869 378</b>
<b>Cash flows from financing activities</b>			
Repayment of long-term liabilities		-179 928	-179 930
<b>Net cash flows from financing activities</b>		<b>-179 928</b>	<b>-179 930</b>

## Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

### Unaudited Appropriation Statement

<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>1 149 841</b>	<b>-2 187 263</b>
Cash and cash equivalents at the beginning of the year		912 567	3 099 828
<b>Cash and cash equivalents at the end of the year</b>	<b>10</b>	<b>2 062 408</b>	<b>912 565</b>



# Koponong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Unaudited Appropriation Statement

Budget on Cash Basis (Figures in Rand)	Council's Initial Budget Approved	Council's Ad- justment Ap- proved	Final Budget for the financial year	Actual Amounts on comparable basis	Difference between Final Budget and Actual Budget	Note Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	1 009 648	-299 012	710 636	374 024	-336 612	47
Service charges	116 595 000	2 683 000	119 278 000	105 424 079	-13 853 921	47
Rental of facilities and equipment	273 178	777 822	1 051 000	364 459	-686 541	47
Fees earned	24 200	-17 200	7 000	3 966	-3 034	
Rental income	991 579	-821 579	170 000	805 413	635 413	47
Sundry Income	17 815 138	-12 872	17 802 266	1 099 967	-16 702 299	47
Interest received - investment	9 490 820	2 654 136	12 144 956	12 990 602	845 646	47
Total revenue from exchange transactions	146 199 563	4 964 295	151 163 858	121 062 510	-30 101 348	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	22 319 228	-5 464 441	16 854 787	16 134 160	-720 627	47
Transfer revenue						
Government grants & subsidies	73 430 000	-	73 430 000	103 907 380	30 477 380	47
Fines, Penalties and Forfeits	60 000	28 000	88 000	34 048	-53 952	
Total revenue from non- exchange transactions	95 809 228	-5 436 441	90 372 787	120 075 588	29 702 801	
Expenditure						
Personnel	-90 357 811	-9 285 073	-99 642 884	-102 740 741	-3 097 857	47
Remuneration of councillors	-4 200 000	-376 406	-4 576 406	-4 729 924	-153 518	47
Depreciation and amortisation	-72 312 000	-280 974	-72 592 974	-42 559 762	30 033 212	47
Bad debts written off	-23 726 951	8 600 100	-15 126 851	-42 478 833	-27 351 982	47

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Unaudited Appropriation Statement

Interest paid	-2 122 552	-	-2 122 552	-22 827 103	-22 827 103	47
Bulk purchases	-62 063 989	-10 331 974	-72 395 963	-86 352 749	-13 956 786	47
General Expenses	-52 746 778	5 083 614	-47 663 164	-25 849 190	-21 813 974	47
Total expenditure	-307 530 081	-6 590 713	-314 120 794	-327 538 302	-13 417 508	
Actuarial gains/losses	-	-	-	92 855	92 855	
Deficit before taxation	-65 521 290	-7 062 859	-72 584 149	-86 400 204	-13 816 055	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-65 521 290	-7 062 859	-72 584 149	-86 400 204	-13 816 055	

# Koponong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Unaudited Appropriation Statement

2017 (Figures in Rand)	Original Budget approved	Adjustment made i.t.o. s28 and s31 of the MFMA)	Final adjustments Budget	Shifting of funds i.t.o section S31 of MFMA	Virement applied i.t.o. council approved policy	Final budget	Actual Outcome	Unauthorised Expenditure (UE)	Budget Variances (Incl. UE)	% Actual against Final Budget	% Actual against Original Budget
<b>Revenue (Excluding capital transfers and contributions)</b>											
<b>Financial Performance</b>											
Property rates	22 319 228	-5 464 441	16 854 787	Nil	Nil	16 854 787	16 134 160	Not applicable	720 627	96%	72%
Service charges	116 595 000	2 683 000	119 278 000	Nil	Nil	119 278 000	105 424 079	Not applicable	13 853 921	88%	90%
Investment revenue	-	-	-		Nil	Nil	12 990 602	Not applicable	-12 990 602	-100%	100%
Transfers recognised –Operational	73 430 000	-	73 430 000	Nil	Nil	73 430 000	68 363 000	Not applicable	5 067 000	93%	93%
Other own revenue	22 876 000	9 098 000	31 974 000	Nil	Nil	31 974 000	2 973 342	Not applicable	29 000 658	9%	13%
<b>Total revenue (Excluding capital transfers and contributions)</b>	<b>235 220 228</b>	<b>6 316 559</b>	<b>241 536 787</b>			<b>241 536 787</b>	<b>205 885 183</b>				
<b>Expenditure</b>											
Employee costs	-90 357 811	-9 285 073	-99 642 884	Nil	Nil	-99 642 884	-102 740 741	-3 097 857	0	103%	114%
Remuneration of Councillors	-4 200 000	-376 406	-4 576 406	Nil	Nil	-4 576 406	-4 729 924	-153 518	0	103%	113%
Debt impairment	-23 727 418	8 600 567	-15 126 851	Nil	Nil	-15 126 851	-42 478 833	-27 351 982	0	281%	179%
Depreciation and asset Impairment	-72 312 000	-280 974	-72 592 974	Nil	Nil	-72 592 974	-42 559 762	Nil	-30 033 212	59%	59%
Finance charges	-2 122 552	-	-2 122 552	Nil	Nil	-2 122 552	-22 827 103	-22 827 103	0	1075%	1075%
Materials and bulk Purchases	-62 063 989	-10 330 974	-72 394 963	42	Nil	-72 394 921	-86 352 749	-13 956 786	0	119%	139%
Other expenditure	-52 746 778	5 083 614	-47 663 164	Nil	Nil	-47 663 164	-25 849 190	Nil	-21 813 974	54%	49%
<b>Total expenditure</b>	<b>-307 530 548</b>	<b>-6 589 246</b>	<b>-314 119 794</b>	<b>42</b>	<b>Nil</b>	<b>-314 119 752</b>	<b>-327 538 302</b>	<b>67 387 246</b>	<b>51 847 186</b>		
<i>Surplus/ (Deficit)</i>	<i>-72 310 320</i>	<i>-272 687</i>	<i>-72 583 007</i>	<i>42</i>	<i>Nil</i>	<i>-72 582 965</i>	<i>-121 653 119</i>				

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Unaudited Appropriation Statement

2017 (Figures in Rand)	Original Budget approved	Adjustment made i.t.o. s28 and s31 of the MFMA)	Final adjustments Budget	Shifting of funds i.t.o section S31 of MFMA	Virement applied i.t.o. council approved policy	Final budget	Actual Outcome	Unauthorised Expenditure	Budget Variances (Including unauthorised expenditure)	% Actual against Final Budget	% Actual against Original Budget
Surplus/ (Deficit) for the year	-72 310 320	-272 687	-72 583 007	42	Nil	-72 582 965	-125 338 772	0	0	0	0
Capital Transfers and Contributions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Surplus (Deficit) after capital transfers and contributions	-72 310 320	-272 687	-72 583 007	42	Nil	-72 582 965	-125 338 772	0	0	0	0
Surplus/ (Deficit) for the year											
Capital Expenditure and sources of funding	66 379 000	Nil	Nil	Nil	Nil	66 379 000	46 541 000	46 541 000	-46 541 000	70%	70%

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Unaudited Appropriation Statement

2016 Figures in Rand	Reported Unauthorised authorised in	Expenditure authorised in terms of Section 32 of MFMA	Balance to be recovered	Restated audited outcome
Financial Performance				
Property rates	Nil	Nil	Nil	13 952 421
Service charges	Nil	Nil	Nil	108 396 630
Investment revenue	Nil	Nil	Nil	9 636 481
Transfers recognised – operational	Nil	Nil	Nil	78 370 000
Other own revenue	Nil	Nil	Nil	10 827 618
Total revenue (excluding capital transfers and contributions)				221 183 150
Employee costs	Nil	Nil	Nil	-96 717 959
Remuneration of councillors	Nil	Nil	Nil	-3 854 539
Debt impairment	Nil	Nil	Nil	-61 581 833
Depreciation and asset impairment	Nil	Nil	Nil	-54 847 872
Finance charges	Nil	Nil	Nil	-162 922
Materials and bulk purchases	Nil	Nil	Nil	-78 512 656
Other expenditure	Nil	Nil	Nil	-46 304 770
Total expenditure	-	-		-341 982 551
Surplus/ (Deficit)				-120 799 401
Transfers recognised – capital	Nil	Nil	Nil	36 959 459
Surplus (Deficit) after capital transfers and contributions				-83 839 942
Surplus (Deficit) after capital transfers and contributions	Nil	Nil	Nil	-83 839 942
Surplus/ (Deficit) for the year				-83 839 942

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Unaudited Appropriation Statement

Figures in Rand	2016	Reported Unauthorised	Expenditure authorised in terms of Section 32 of MFMA	Balance to be recovered	Restated audited outcome
Capital expenditure and funds sources					
Total capital expenditure		Nil	Nil	Nil	7 501 591
Sources of capital funds		Nil	Nil	Nil	
Transfers recognised – capital		Nil	Nil	Nil	Nil
Public contributions and donations		Nil	Nil	Nil	600 000
Borrowing		Nil	Nil	Nil	3 076 000
Internally generated funds		Nil	Nil	Nil	14 288 000
Transfers recognised – capital		Nil	Nil	Nil	1 721 000
Transfers recognised – capital		Nil	Nil	Nil	10 000 000
Transfers recognised – capital		Nil	Nil	Nil	995 000
Transfers recognised – capital		Nil	Nil	Nil	Nil
Total sources of capital funds					30 680 000
Cash flows					
Net cash from (used) operating		Nil	Nil	Nil	22 862 045
Net cash from (used) investing		Nil	Nil	Nil	-24 869 378
Net cash from (used) financing		Nil	Nil	Nil	-179 930
Net increase/ (decrease) in cash and cash equivalents					-2 187 263
Cash and cash equivalents at the beginning of the year		Nil	Nil	Nil	3 099 828
Net increase / (decrease) in cash and cash equivalents		Nil	Nil	Nil	-2 187 263
Cash and cash equivalents at the beginning of the year		Nil	Nil	Nil	3 099 828
Cash and cash equivalents at year end					912 565

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

### 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.

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below. The annual financial statements are compiled on a going concern basis.

#### 1.1 Presentation currency

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

#### 1.2 Going concern assumption

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

#### 1.3 Significant judgements and sources of estimation uncertainty

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

##### *Trade receivables / Held to maturity investments and/or loans and receivables*

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

##### *Fair value estimation*

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

##### *Provisions*

Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates of provision are included in note 13 of Provisions.

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

### 1.3 Significant judgements and sources of estimation uncertainty

#### *Useful lives of waste and water network and other assets*

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

#### *Post-retirement benefits*

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 4.

#### *Effective interest rate*

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

#### *Allowance for doubtful debts*

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

### 1.4 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 of the item can be measured reliably.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired



# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

### 1.4 Property, plant and equipment

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred

Subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also

Included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of 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 the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. No item of property plant and equipment are pledged as security for liabilities.

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

<b>Item useful life</b>		<b>Average</b>
Land no average Useful life	Straight line	indefinite-
Furniture and fixtures	Straight line	1-10 years
Motor vehicles	Straight line	7-10 years
Office equipment	Straight line	3-5 years
Computer software	Straight line	3-5 years
Electricity years	Straight line	3-100
Roads	Straight line	5-100year
Water and sanitation 100years	Straight line	10-
Landfill Sites	Straight line	25years

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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

### 1.4 Property, plant and equipment

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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

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

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

The gain or loss arising from the de recognition 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 de recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

### 1.5 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

(a) Subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;

(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and

(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

### 1.6 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

minus any reduction (directly or through the use of an allowance account) for impairment or un-collectability.

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

### 1.6 Financial instruments

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

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

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

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

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').

It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

- It is settled at a future date.

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

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

A financial asset is:

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

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

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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

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

### 1.6 Financial instruments

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

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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

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

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

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

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

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

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

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

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

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

# **Kopanong Local Municipality**

Annual Financial Statements for the year ended 30 June 2017

## **Accounting Policies**

ments at amortised cost or financial instruments at cost.

# Koponong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

### 1.6 Financial instruments

#### *Initial recognition*

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

The entity recognises financial assets using trade date accounting.

#### *Initial measurement of financial assets and financial liabilities*

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

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

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

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

#### *Subsequent measurement of financial assets and financial liabilities*

- The entity measures all financial assets and financial liabilities after initial recognition using the following categories: Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

#### *Fair value measurement considerations*

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique.

The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

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

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

### 1.6 Financial instruments

#### *Reclassification*

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

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

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

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

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

#### *Gains and losses*

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

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

#### *Impairment and collectability of financial assets*

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

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

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

#### *Financial assets measured at cost:*

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

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

### 1.7 Leases

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

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

#### *Finance leases - lessee*

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

Subsequent to initial recognition, the leased assets are accounted for in accordance with the state accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between finance cost and capital repayment using the effective interest rate method. The accounting policies relating to de-recognition of financial instrument are applied to lease payables. The lease asset is depreciated over the shorter of the assets useful life or the lease term.

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

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

#### *Operating leases - lessor*

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

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.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

#### *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.

### 1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, and then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- Consumption in the production process of goods to be dis-



# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

tributed at no charge or for a nominal charge.

### 1.8 Inventories

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

### 1.9 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

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

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

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

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

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

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

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

### 1.9 Impairment of cash-generating assets

Useful life is either:

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

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

### 1.10 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 cellular telephones) for current employees.

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

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

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

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

#### *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 an entity provides post-employment 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.

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

### 1.10 Employee benefits

#### *Post-employment benefits: Defined contribution plans*

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

When an employee has rendered service to the entity during a reporting period, the entity 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, an 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.

### 1.11 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

*Disclosures are required in respect of unrecognised contractual commitments.*

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity - therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.12 Provisions and contingencies

Provisions are recognised when:

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

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

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

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.

# Kopanong Local Municipality

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## Accounting Policies

### 1.12 Provisions and contingencies

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.

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision. Contingent assets and contingent liabilities are not recognised.

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

Contingent assets and contingent liabilities are not recognised.

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

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

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

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

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

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

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

#### *Decommissioning, restoration and similar liability*

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recog-

# Koponong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

nised immediately in surplus or deficit.

### 1.12 Provisions and contingencies

- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that
- the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.9.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

### 1.13 Revenue from exchange transactions

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

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

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

#### *Measurement*

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

#### *Sale of goods*

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

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

#### *Rendering of services*

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

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

# Kopanong Local Municipality

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## Accounting Policies

### 1.13 Revenue from exchange transactions

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

#### *Interest*

Revenue arising from the use by others of entity assets yielding interest 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.

### 1.14 Revenue from non-exchange transactions

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

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

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

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

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

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

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

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

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

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

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

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## Accounting Policies

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.

### 1.14 Revenue from non-exchange transactions

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

#### *Recognition*

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

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

#### *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.

#### *Fines and Penalties*

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

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

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

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

### 1.15 Investment income

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

### 1.16 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.17 Comparative figures

When the presentation or classification of an item in the annual financial statements are

## **Kopanong Local Municipality**

Annual Financial Statements for the year ended 30 June 2017

### **Accounting Policies**

amended, comparative amounts are reclassified.



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## Accounting Policies

### 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. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements.

The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto

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## Accounting Policies

must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

### 1.21 Use of estimates

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

### 1.22 Investments

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

### 1.23 Conditional grants and receipts

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

### 1.24 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget covers the fiscal period from 1 July 2016 through to 30 June 2017.

The budget for the economic entity includes all the entities approved budgets under its control.

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.

### 1.25 Related parties

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

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

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

# Kopanong Local Municipality

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Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors,

### 1.25 Related parties

Mayor, Committee members, Municipal Manager, directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

### 1.26 Events after reporting date

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

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

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

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

## New standards and interpretations

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

In the current year, the municipality has adopted the standards prescribed by the Accounting Standards Board ([www.asb.co.za](http://www.asb.co.za)) and interpretations that are effective for the current financial year and that are relevant to its operations:

### 2.2 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date:	Expected impact:
GRAP 20: Related parties	Years beginning on or after 1 April 2017	The impact of the amendment is not material.

### GRAP 108: Statutory Receivables

1. The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.
2. It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.
3. The effective date of the standard is not yet set by the Minister of Finance.
4. The municipality has adopted the standard for the first time when the Minister sets the effective date for the standard. The impact of the standard is set out in note Changes in Accounting Policy.

# Koponong Local Municipality

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## Accounting Policies

### GRAP 16 (as amended 2015): Investment Property

1. Based on the feedback received as part of the post-implementation review, the Board agreed to reconsider certain principles in GRAP 16 and GRAP 17. In particular, the Board agreed to:
2. Consider whether an indicator-based assessment of useful lives of assets could be introduced. Clarify the wording related to the use of external valuers.
3. Introduce more specific presentation and disclosure requirements for capital work-in-progress.
4. Review the encouraged disclosures and assess whether any should be made mandatory or deleted.
5. Require separate presentation of expenditure incurred on repairs and maintenance in the financial statements.
6. Various amendments were made to the Standard, affecting Definitions, Identification, Disclosure, Effective date and Transitional provisions.

The effective date of the standard is for years beginning on or after 01 April 2016. The municipality has adopted the standard for the first time in the 2017 annual financial statements. The impact of the standard is set out in note Changes in Accounting Policy.

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

1. Review the principles and explanations related to the distinction between investment property and property, plant and equipment.
2. Consider whether an indicator-based assessment of useful lives of assets could be introduced. Clarify the wording related to the use of external valuers.
3. Introduce more specific presentation and disclosure requirements for capital work-in-progress.
4. Review the encouraged disclosures and assess whether any should be made mandatory or deleted.
5. Require separate presentation of expenditure incurred on repairs and maintenance in the financial statements.
6. Amendments identified as part of the post-implementation review, affected the following areas:
  - Indicator-based assessment of the useful lives of assets
  - Use of external valuers
  - Encouraged disclosures
    - Capital work-in-progress
    - Expenditure incurred on repairs and maintenance

The effective date of the standard is for years beginning on or after 01 April 2016. The municipality has adopted the standard for the first time in the 2017 annual financial statements. The impact of the standard is set out in note Changes in Accounting Policy.

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## Accounting Policies

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

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2017 or later periods:

<b>Standard/ Interpretation:</b>	<b>Effective date:</b>	<b>Expected impact:</b>
GRAP 20: Related parties	Years beginning on or after 1 April 2017	The impact of the amendment is not material.
GRAP 32:Service Concession Arrangements: Grantor	Years beginning on or after 1 April 2015	The impact of the amendment is not material.
GRAP 108:Statutory Receivables	Years beginning on or after 1 April 2015	The impact of the amendment is not material.
IGRAP17:Service Concession Arrangement where a Grantor Control a Significant Residual Interest in an Asset	Years beginning on or after 1 April 2015	The impact of the amendment is not material.

# Koponong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### Note 3 – Property, Plant and Equipment

(Figures in Rand)

PPE Category / Classes of property, plant and equipment	Cost / Valuation at 30 June 2017	Accumulated Depreciation and Impairment for the period ending 30 June 2017	Carrying Amount at 30 June 2017	Cost / Valuation at 30 June 2016	Accumulated Depreciation and Impairment for the period ending 30 June 2016	Carrying Amount at 30 June 2016
Land	67 532 097	-	67 532 097	67 532 097	-	67 532 097
Buildings	325 495 067	-168 009 301	157 485 766	324 597 080	-160 458 014	164 139 066
Infrastructure	1 610 787 207	-912 803 657	697 983 550	1 587 954 615	-882 245 607	705 709 008
Other PPE	18 011 558	-10 991 122	7 020 436	15 420 197	-9 918 044	5 502 153
Intangible Assets	153 831	-126 529	27 302	153 831	-106 426	47 405
	<b>2 021 979 760</b>	<b>-1 091 930 610</b>	<b>930 049 151</b>	<b>1 995 657 820</b>	<b>-1 052 728 090</b>	<b>942 929 729</b>

### Reconciliation of property, plant and equipment: 2017

(Figures in Rand)

PPE Category / Classes of property, plant and equipment	Carrying Amount 30 June 2016	Additions	Work In Progress	Disposals	Depreciation	Impairment	Carrying Amount 30 June 2017
Land	67 532 098.00	-	-	-	-	-	67 532 098.00
Buildings	164 139 074	372 421.00	525 557.00	-	-7 551 287.00	-	157 485 765.00
Infrastructure	705 709 009	10 079 858.00	18 479 070.00	-2 920 279.00	-33 252 247.00	-111 861.00	697 983 550.00
Other PPE	5 502 154.00	3 289 050.00	-	-146 503.00	-1 612 879.00	-11 386.00	7 020 436.00
Intangible Assets	47 405.00	-	-	-	-20 103.00	-	27 302.00
	<b>942 929 740.00</b>	<b>13 741 329.00</b>	<b>19 004 627.00</b>	<b>-3 066 782.00</b>	<b>-42 436 516.00</b>	<b>-123 247.00</b>	<b>930 049 151.00</b>

### Reconciliation of property, plant and equipment: 2016

(Figures in Rand)

Reconciliation for 2016:	Carrying Amount 30 June 2015	Additions	Work In Progress	Disposals	Depreciation	Impairment	Carrying Amount 30 June 2016
Land	67 532 098	-	-	-	-	-	67 532 098
Buildings	158 691 982	5 590 949	7 707 062	-	-7 850 919	-	164 139 074
Infrastructure	685 776 580	32 254 279	33 229 050	-319 147	-45 231 751	-	705 709 011
Other PPE	7 839 204	179 560	-	-774 067	-1 724 050	-18 495	5 502 152
Intangible Assets	59 119	10 993	-	-	-22 707	-	47 405
	<b>919 898 983</b>	<b>38 035 781</b>	<b>40 936 112</b>	<b>-1 093 214</b>	<b>-54 829 427</b>	<b>-18 495</b>	<b>942 929 740</b>

### Pledged as security

None of the property, plant and equipment have been pledged as security

# Koponong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### Reconciliation of the work-in-progress register: 2017

(Figures in Rand)

Particulars	Included with Infrastructure	Included with Buildings	Total
Opening balance	33 229 050	7 707 062	40 936 112
Additions/capital expenditure	28 558 928	897 987	29 456 915
Transferred to completed items	-10 079 858	-372 421	-10 452 279
<b>Total WIP at 30 June 2017</b>	<b>51 708 120</b>	<b>8 232 628</b>	<b>59 940 748</b>

### Reconciliation of the work-in-progress register: 2016

(Figures in Rand)

Particulars	Included with Infrastructure	Included with Buildings	Total
Opening balance	40 631 628	11 068 147	51 699 775
Additions/capital expenditure	24 851 700	2 229 864	27 081 564
Transferred to completed items	-32 254 278	-5 590 949	-37 845 227
<b>Total WIP at 30 June 2016</b>	<b>33 229 050</b>	<b>7 707 062</b>	<b>40 936 112</b>

#### Additional information:

In Reddersburg the municipal building burned down and the municipality submitted a claim from the Insurance. The insurance will re-build the building to its original condition with the estimates of its original cost of R 4 457 447.35. The total costs of repairs and maintenance is still unknown and will be disclosed as soon as the final completion certificate is received from the insurance.

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.

### Note 4 – Employee benefits

Employee benefit obligations Defined benefit plan

The plan is a post-employment medical benefit plan.

The post-employment health care liability is not a funded arrangement, i.e. no separate assets have been set aside to meet this liability.

#### Post-retirement medical aid plan

General description

The municipality offers employees and continuation members the opportunity of belonging to one of several medical aid schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death in service or death in retirement, the surviving dependants may continue membership of the medical scheme.

Post-retirement benefit plan

#### Financial Assumptions

Discount rate	8.25%	8.25%
CPI (consumer price inflation)	6.43%	6.43%
Net effective discount rate	0.76%	0.76%

# Koponong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

Medical Aid Contribution rate 7.43% 7.43%

### Note 4 – Employee benefits

The next salary increase was assumed to take place on 1 January 2018.

#### Demographic Assumptions

Average retirement age 65 65  
Post retirement gratuity plan

The amounts recognised in the statement of financial position are as follows:

Carrying value - Post Medical Aid Benefits

	2017	2016
Present value of the defined benefit obligation-wholly unfunded	-7 055 000	-6 363 000
Present value of the defined benefit obligation-partly or wholly funded	-563 000	-574 000
Fair value of plan assets	-101 000	-53 000
Fair value of reimbursement rights	588 000	-563 000
Actuarial gain	415 000	498 000
Carrying value at 30 June 2017	-6 716 000	-7 055 000

The municipality's accrued unfunded liability at the 30 June 2016 is estimated at R7 055 000. The current liability for the year ending 30 June 2017 is estimated at R6 716 000.

Years of completed years of service	Long service / long leave award (working days)	Long service bonus awards (% of annual salary)	Total long service benefit award (% of annual salary)	Formula used to calculate Total long service benefit award
5	5	2%	4%	(5/250+2%)
10	10	3%	7%	(10/250+3%)
15	15	4%	10%	(15/250+4%)
20	15	5%	11%	(15/250+5%)
25, 30, 35, 40 and 45	15	6%	12	(15/250+6%)

#### Carrying value - Post Medical Aid Benefits

##### Valuation of Assets

As at the valuation date, the long service leave award liability of the Municipality was unfunded, i.e. no dedicated assets have been set aside to meet this liability. We therefore did not value any assets as part of our valuation.

In estimating the liability for long service leave benefits a number of assumptions are required. GRAP 25 places the responsibility on management to set these assumptions, as guided by the principles set out in GRAP 25 and in discussion with the actuary.

The assumptions should be realistic and mutually compatible. The difference between the assumptions drives the valuation and it is very important to monitor how this difference changes from one valuation to the next. The most relevant actuarial assumptions used in this valuation are discussed below.



# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### Note 4 – Employee benefits

Financial Variables - The two most important financial variables used in our valuation are the discount rate and salary inflation. We have assumed the following values for these variables

#### Financial variable

(Figures in Rand)

	2017	2016
Discount Rate	Yield Curve (Difference between nominal and real yield curve] Equal to CPI+1%	Yield Curve (Difference between nominal and real yield curve] Equal to CPI+1%
CPI (Consumer Price Inflation)	Yield Curve Based**	Yield Curve Based**
Normal Salary Increase Rate		
Net Effective Discount Rate		

Normal salary inflation rate: We have derived the underlying future rate of consumer price index (CPI Inflation) from the relationship between the (yield curve based) inflation linked bond rates for each relevant time period. Our assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 01 July 2017 of the 6.79%. As at the time previous year's year rate of 6.79% is still relevant in this year's valuation. The next salary increase was assumed to take place on 1 January 2018.

Discount rate

Discount Rate: GRAP 25 defines the determination of the Discount rate assumption to be used as follows:

The discount rate that reflects the time value of money is best approximated by 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, an 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.

Withdrawal rates from the service

#### Demographic Assumptions

Average retirement age	65
New members joining since previous valuation	13
Employees leaving service since the previous valuation	32
Mortality during employment	SA 85-90

# Koponong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### Note 4 – Employee benefits

The following table sets out the assumed rates of withdrawal from service:

Age band	Withdrawal Rate – Males	Withdrawal Rate - Females
20 – 24	16%	24%
25 – 29	12%	18%
30 – 34	10%	15%
35 – 39	8%	10%
40 – 44	6%	6%
45 – 49	4%	4%
50 – 54	2%	2%
55 – 59	1%	1%
60 +	- %	- %

Demographic assumptions are required to estimate the changing profile of current employees who are eligible for long service leave award benefits.

Pre-retirement Mortality: SA85 90 ultimate table, adjusted for female lives. Withdrawal from Service: If an in-service member leaves, the employer's liability in respect of that member ceases. It is therefore important not to overstate withdrawal rates. A sample of the assumed rates is set out below. Average Retirement Age: The normal retirement age of employees is 65. It has been assumed that in service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

Reconciliation of the present value obligation	Current Valuation Date 30-06-2017	1 Year Following the Valuation Date	2 Years Following the Valuation Date	3 Years Following the Valuation Date
PV of the obligation as at the previous valuation date	R 7 055 000	R 6 716 000	R 6 811 000	R 6 896 000
Current Service Cost	R 101 000	R 47 000	R 52 000	R 57 000
Interest Cost	R 563 000	R 656 000	R 665 000	R 677 000
Benefits Paid *	R -588 000	R -608 000	R -632 000	R -571 000
Actuarial Loss / (Gain)	R -415 000	R 0	R 0	R 0
PV of the obligation as at the current valuation date	<b>R 6 716 000</b>	<b>R 6 811 000</b>	<b>R 6 896 000</b>	<b>R 7 059 000</b>

### Reconciliation of the carrying value - Long Service Bonus

(Figures in Rand)

	2017	2016
	Figures in Rand	Figures in Rand
Present value of the defined benefit obligation-wholly unfunded	-6 871 208	-6 366 000
Current Service Cost (As calculated at 30 June 2017)	-757 304	-815 000
Interest Cost (As calculated at 30 June 2017)	-557 343	-580 000

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

Benefits Paid *	1 155 000	388 000
Actuarial gain	-322 145	501 792
<b>Carrying value at 30 June 2017</b>	<b>-7 353 000</b>	<b>-6 871 208</b>

### Note 4 – Employee benefits

The municipality's accrued unfunded liability at the 30 June 2016 is estimated at R6 8 71 208. The current liability for the year ending 30 June 2017 is estimated at R7 353 000. The current costs in this regard are estimated to be R757 304.

### Note 5 – Inventories

	<b>2017</b>	<b>2016</b>
	Figures in Rand	Figures in Rand
Water	30 404	22 139
Game	8 000	8 000
Stationery	54 848	49 719
<b>Value of inventory at 30 June 2017</b>	<b>93 252</b>	<b>79 858</b>

Water Inventory: The tariff of treated water tariff is R6.80 per KL as approved by Bloemwater (water board) none of the inventory is pledged as security

### Note 6 – Other Receivables from exchange transactions

	<b>2017</b>	<b>2016</b>
	Figures in Rand	Figures in Rand
Trade debtors	0	0
Other Receivables from exchange transactions	4 153 666	1 513 681
Creditors with negative balances	28 898	35 125
Grants on debit	0	2 146 307
<b>Other receivables from exchange transactions</b>	<b>4 182 564</b>	<b>3 695 113</b>

Trade and other receivables pledged as security

None of the debtors have been pledged as security during the current year.

Credit quality of trade and other receivables

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

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

Trade and other receivables past due but not impaired

None of the debtor's amount is past due.

## 7.Receivables from non-exchange transactions

	<b>2017</b>	<b>2016</b>
	Figures in Rand	Figures in Rand
Consumer debtors - Other (Specified)	23 290 659	21 535 889

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

Less: Allowance Impairments

	-20 415 343	-15 207 530
	<u>2 875 316</u>	<u>6 328 359</u>

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### 7. Receivables from non-exchange transactions

Receivables from non-exchange transactions have not been pledged as security

<b>Aging: 30 June 2017</b>	<b>Consumer Debtors</b>	<b>Industrial / Commercial Debtors</b>	<b>Government debtors</b>	<b>Total debtors balance at 30 June 2017</b>
Current debt (0 - 30 days)	1 256 870	1 171 333	290 000	1 256 870
31 - 60 days debt	1 201 578	0	189 000	1 201 570
61 - 90 days debt	1 205 687	0	168 000	1 205 687
91 - 120 days debt	1 199 754	0	242 600	3 625 754
121 - 365 days debt	16 618 556	0	358 240	16 000 770
<b>Gross Debtors at 30 June 2017</b>	<b>21 482 445</b>	<b>1 171 333</b>	<b>1 247 840</b>	<b>23 290 659</b>
Less: Allowances for impairment	-19 447 505	-458 797	0	-20 415 343
<b>Net debtors at 30 June 2017</b>	<b>2 034 940</b>	<b>712 536</b>	<b>1 247 840</b>	<b>2 875 316</b>

<b>Aging: 30 June 2016</b>	<b>Consumer Debtors</b>	<b>Industrial / Commercial Debtors</b>	<b>Government debtors</b>	<b>Total debtors balance at 30 June 2016</b>
<b>Current debt (0 - 30 days)</b>	0	1 057 987	139 000	1 196 987
31 - 60 days debt	0		97 000	97 000
61 - 90 days debt	0	0	97 000	97 000
91 - 120 days debt	8 103 066	0	1 699 000	9 802 066
121 - 365 days debt	6 146 468	0	4 196 368	10 342 836
<b>Gross Debtors at 30 June 2016</b>	<b>14 249 534</b>	<b>1 057 987</b>	<b>6 228 368</b>	<b>21 535 889</b>
Less: Allowances for impairment	-14 158 045	-1 049 485	0	-15 207 530
<b>Net debtors at 30 June 2016</b>	<b>91 489</b>	<b>8 502</b>	<b>6 228 368</b>	<b>6 328 359</b>

### Reconciliation of the allowance for impaired debtors' accounts

	<b>2017</b>	<b>2016</b>
	Figures in Rand	Figures in Rand
Balance at beginning of the year	15 207 530	6 328 359
Contributions to allowance	5 208 000	-21 535 889
Debt impairment written off against allowance	-	-
	20 415 530	-15 207 530

### Receivables from non-exchange transactions

Credit quality of receivables from non-exchange transactions

The credit quality of other 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:

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

None of the financial assets that are fully performing have been renegotiated in the last year. It is council's policy to raise interest charges on accounts past 30 days from the payment date and such charges are raised at 2% above the prime lending rate as published by the South African Reserve Bank from time to time

### 7. Receivables from non-exchange transactions

#### Receivables from non-exchange transactions debtors impaired

As of 30 June 2017, Receivables from non-exchange transactions debtors of R23 290 659 (2016: R 21 535 889) were impaired and provided for the amount of the provision was R 20 415 530 as of 30 June 2017 (2016: R 15 207 530).

	2017	2016
<b>8. VAT receivable</b>		
VAT	2 464 852	2 655 129

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

Not all VAT returns were submitted by the due date.

The municipality accounts for VAT on the payment basis.

### 9. Receivables from exchange transactions

Gross balances		
Electricity	6 593 559	3 463 323
Water	78 223 896	72 074 364
Sewerage	44 863 070	34 976 711
Refuse	32 386 631	25 151 234
Housing Rental	4 035 357	3 728 391
Sundry Debtors	1 856 400	1 677 008
	<b>167 958 913</b>	<b>141 071 031</b>
Less: Allowance for impairment		
Water	-66 731 582	-62 341 356
Sewerage	-40 584 857	-34 393 432
Refuse	-29 311 705	-24 765 559
Housing rental	-3 821 541	-3 007 409
Sundry Debtors	-1 277 164	-304 753
	<b>-141 726 849</b>	<b>-124 812 509</b>
Net balance		
Electricity	6 593 559	3 463 323
Water	11 492 314	9 733 008
Refuse	3 074 926	385 675
Housing rental	218 267	720 982
Sewerage	4 278 213	583 279
Sundry Debtors	579 236	1 372 255
	<b>26 236 515</b>	<b>16 258 522</b>

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### 9. Receivables from exchange transactions

Included in above is receivables from exchange transactions

Electricity	-	6 177 281
Water	71 876 712	64 249 447
Sewerage	44 476 774	34 976 711
Refuse	31 979 572	25 151 234
Sundry debtors	1 644 942	1 738 418
Housing rental	4 035 357	3 728 391
	<b>154 013 357</b>	<b>136 021 482</b>
Net balance	154 013 357	136 021 482

#### Electricity

31 - 60 days	1 676 413	1 651 480
61 - 90 days	701 924	530 650
91 - 120 days	227 493	650 781
121 - 365 days	3 987 729	630 412
	6 593 559	3 463 323

#### Water

Current (0 -30 days)	2 904 703	3 452 106
31 - 60 days	2 046 515	2 533 375
61 - 90 days	1 758 933	2 426 076
91 - 120 days	2 098 746	2 362 751
121 - 365 days	69 414 999	61 300 056
Less: Provisions for Impairments	-66 731 582	-62 341 356
	11 492 314	9 733 008

#### Sewerage

Current (0 -30 days)	1 396 708	1 377 957
31 - 60 days	1 252 590	981 720
61 - 90 days	1 187 125	950 436
91 - 120 days	1 179 576	919 824
121 - 365 days	39 847 071	30 746 774
Less: Provision for impairment	-40 584 857	-34 393 432
	4 278 213	583 279

#### Refuse

Current (0 -30 days)	1 011 302	901 031
31 - 60 days	906 829	709 414
61 - 90 days	859 717	687 097
91 - 120 days	852 148	666 733
121 - 365 days	28 756 635	22 186 959
Less: Provision for impairment	-29 311 705	-24 765 559
	3 074 926	385 675

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

	2017	2016
<b>9. Receivables from exchange transactions</b>		
Current (0 -30 days)	54 778	48 572
31 - 60 days	43 597	41 411
61 - 90 days	40 753	38 818
91 - 120 days	41 018	39 088
121 - 365 days	3 859 661	3 560 502
Less: Provision for impairment	-3 821 540	-3 007 409
	218 267	720 982
Sundry debtors included with trade receivable from exchange trans- actions		
Current	-	2 769
31 - 60 days	9 607	2 865
61 - 90 days	9 607	2 983
91 - 120 days	9 607	2 956
121 - 365 days	1 827 579	1 665 435
Less: Allowance for Impairments	-1 277 164	-304 753
	579 236	1 372 255
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	6 346 485	4 879 295
31 - 60 days	4 901 657	4 558 493
61 - 90 days	4 441 831	4 421 851
91 - 120 days	4 745 254	4 188 165
121 - 365 days	147 474 138	120 012 193
	<b>167 909 365</b>	<b>138 059 997</b>
Less: Allowance for Impairment	-140 867 850	-124 752 639
	27 041 515	13 307 358
Industrial/ commercial		
Current (0 -30 days)	257 436	115 909
31 - 60 days	122 813	100 366
61 - 90 days	112 610	98 729
91 - 120 days	201 699	94 664
121 - 365 days	2 840 563	2 299 670
	<b>3 535 121</b>	<b>2 709 338</b>
National and provincial government		
Current (0 -30 days)	13 085	9 141
31 - 60 days	11 278	9 367
61 - 90 days	11 288	9 579
91 - 120 days	11 492	9 737



## Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

### Notes to the financial statements

121 - 365 days	483 008	359 693
	<b>530 151</b>	<b>397 517</b>

Total

**2017**

**2016**

#### 9. Receivables from exchange transactions

Current (0 -30 days)	6 603 921	5 004 345
31 - 60 days	5 037 549	4 668 226
61 - 90 days	4 565 729	4 431 430
91 - 120 days	150 797 709	4 292 566
121 - 365 days	904 457	122 671 556

**167 909 365**      **141 068 123**

Less: Allowance for impairment	-141 672 850	-64 678 036
	26 236 515	76 390 087

Less: Allowance for impairment

31 - 60 days	-66 731 582	-62 341 356
61 - 90 days	-40 584 857	-34 393 433
91 - 120 days	-29 311 705	-24 765 558
121 - 365 days	-3 871 541	-3 007 409
> 365 days	-1 227 163	-304 753
	<b>-141 726 848</b>	<b>-124 812 509</b>

Reconciliation of allowance for impairment

Balance at beginning of the year	-124 812 509	-72 547 027
Contributions to allowance	-42 478 833	-66 994 043
Debt impairment written off against allowance	25 564 493	14 728 561
	<b>-141 726 849</b>	<b>-124 812 509</b>

Consumer debtors pledged as security

Receivables from exchange transactions have not been pledged as security.

Credit quality of consumer debtors

The credit quality of consumer debtors 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:

None of the financial assets that are fully performing have been renegotiated in the last year. It is council's policy to raise interest charges on accounts past 30 days from the payment date and such charges are raised at 2% above the prime lending rate as published by the South African Reserve Bank from time to time

#### Consumer debtors impaired

As of 30 June 2017, consumer debtors of R 167 474 138 (2016: R 138 059 997) were impaired and provided for the amount of the provision was R 140 867 850 as of 30 June 2017 (2016: R 124 752 639).

# Koponong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

<b>10. Cash and cash equivalents</b>	<b>2017</b>	<b>2016</b>
<b>Cash and cash equivalents consist of:</b>		
Cash on hand	20 000	30 304
Bank balances	1 104 941	369 137
Short-term deposits	937 163	513 126
	<b>2 062 104</b>	<b>912 567</b>

### Short term deposits

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Account number / description	Bank statement balances			Cash book balances		
	30-Jun-17	30-Jun-16	30-Jun-15	30-Jun-17	30-Jun-16	30-Jun-15
FNB Business cheque account	936 972	83 756	100 780	893 682	62 974	85 828
Standard bank Business Cheque account 04 191 730 8	98 936	60 779	15 944	98 936	60 779	15 944
ABSA BUSINESS Cheque account 246 014 2140	10 035	10 130	11 746	10 035	10 130	11 746
Post Bank Current Account 88133677	102 288	235 254	157 326	102 288	235 254	157 326
Total	1 148 231	389 919	285 796	1 104 941	369 137	270 844

The municipality did not have an overdraft facility at 30 June 2017

### 11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Municipal Infrastructure grant	578 435	1 060 978
DWA National Transfers programme	3 492 847	3 492 847
Water operating Grant-DWA	13 108 185	1 309 384
	<b>17 179 467</b>	<b>5 863 209</b>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

## Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

### Notes to the financial statements

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. See note 21 for reconciliation of grants from National/Provincial Government.

#### 11. Unspent conditional grants and receipts

These amounts are deposited in call accounts for future use. The amounts will be recognised as revenue when the conditions have been met.

#### 12. Long-term liabilities

	2017	2016
Long term liabilities		
Mangaung 3	62 130	69 896
Road and public area lighting projects		
Mangaung 4	1	1
Replacement of domestic/commercial meters		
Mangaung 5	88 203	132 891
Upgrading low voltage network		
Mangaung 6	107 127	122 431
Kopanong ext. upgrade and improvement of low voltage network		
Mangaung 7	126 702	144 803
Kopanong electrification		
Mangaung 8	249 730	261 364
Kopanong High mast lighting		
Mangaung 9	168 114	192 130
Kopanong high mast lights		
Mangaung 12	467 352	525 771
Improvement of low voltage network		
	<b>1 269 359</b>	<b>1 449 287</b>
<b>Total other financial liabilities</b>	1 269 359	1 449 287
<b>Non-current liabilities</b>		
At amortised cost	1 089 431	1 269 359
<b>Current liabilities</b>		
At amortised cost	179 928	179 928

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### Note 13 – Provisions

#### *Reconciliation of provisions - 2017*

Particulars	Opening Balance	Interest	Change in discount factor	Closing balance
Rehabilitation of landfills sites	9 157 540	330 266	Nil	9 487 806

#### *Reconciliation of provisions - 2016*

Particulars	Opening Balance	Interest	Change in discount factor	Closing balance
Rehabilitation of landfills sites	8 328 821	828 719	0	9 157 540

#### *Landfill site disclosure*

##### **Jagersfontein**

The landfill sites of Jagersfontein are not licensed. The record of decision was not approved due to high water ground table. The municipality is busy with identifying the alternative site and to change the current landfill sites to a transfer station that does not need to be licensed

##### **Fauresmith**

The landfill sites of Fauresmith are not licensed. The municipality is busy constructing a new transfer station which does not require licensing. Once the project is completed the old site will be closed and rehabilitated.

##### **Edenburg**

The landfill sites of Edenburg are not licensed. The transfer station is completed and currently completing the landfill site in Reddersburg where the waste will be transferred

The rates used for calculation of landfill site for provision is 10.26%. All landfill sites has a remaining useful life of 22 years

#### **Environmental rehabilitation provision**

The rehabilitation requirement as per the minimum Requirement for waste disposal by landfill (DWAF, 1998) creates an obligation for the municipality for future expenditure which is provided for.

The provision was determined by an independent expert for the rehabilitation cost in 2016 and then approximated the expected future cash flows using reasonable estimation techniques. The discount rate for the entire all the landfill sites is based on a CPA rate that matures as close as possible to the future date of the rehabilitation, the rate is 9.95% for the circumstances.

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

	2017	2016
<b>14. Payables from exchange transactions</b>		
Trade payables	209 582 147	158 326 227
Payments received in advance	10 573 658	9 568 937
Unallocated Deposits	3 008 101	401 136
Accrued leave pay	6 784 322	7 342 402
Accrued bonus	2 385 345	2 175 789
Deposits received	14 665	14 665
Salaries payables	59 130 474	36 176 724
Grants Spent DAW	-	2 146 326
	<b>291 442 675</b>	<b>227 856 805</b>
<b>15. Consumer deposits</b>		
Water and electricity	4 008 370	3 102 602
<b>16. Revenue</b>		
Sale of goods	374 024	669 882
Service charges	103 510 038	108 396 630
Rental of facilities and equipment	364 459	968 848
Fees earned	3 966	3 785
Rental income	805 413	136 704
Sundry income	1 391 432	722 148
Interest received - investment	12 990 602	9 636 481
Property rates	16 134 160	13 952 421
Government grants & subsidies	103 907 380	115 329 459
Fines, Penalties and Forfeits	34 048	124 534
	<b>239 515 522</b>	<b>249 940 892</b>
<b>The amount included in revenue arising from ex- changes of goods or services are as follows:</b>		
Sale of goods	374 024	669 882
Service charges	103 510 038	108 396 630
Rental of facilities and equipment	364 459	968 848
Fees earned	3 966	3 785
Rental income	805 413	136 704
Sundry Income	1 391 432	722 148
Interest received – investment	12 990 602	9 636 481
	<b>119 439 934</b>	<b>120 534 478</b>

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### 16. Revenue (continued)

**22017**

**22016**

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

#### Taxation revenue

Property rates	16 134 160	13 952 421
Transfer revenue		
Government grants & subsidies	103 907 380	115 329 459
Fines, Penalties and Forfeits	34 048	124 534
	<b>120 075 588</b>	<b>129 406 414</b>

### 17. Service charges

Sale of electricity	58 977 652	54 678 682
Sale of water	23 292 670	34 480 345
Sewerage and sanitation charges	12 286 690	11 206 791
Refuse removal	8 953 026	8 030 812
	<b>103 510 038</b>	<b>108 396 630</b>

### 18. Other revenue

Fees earned	3 966	3 785
Rental income - third party	805 413	136 704
Sundry Income	1 391 432	722 148
	<b>2 200 811</b>	<b>862 637</b>

### 19. Investment revenue

Interest revenue		
Bank	1 041 039	730 346
Interest received – other	11 949 563	8 906 135
	<b>12 990 602</b>	<b>9 636 481</b>
	12 990 602	9 636 481

### 20. Property rates

#### Rates received

Residential	13 462 471	11 905 001
Commercial	3 639 832	2 839 560
State	14 521 901	13 627 252
Small holdings and farms	9 866 202	9 090 012
Less: Income forgone	-25 356 246	-23 509 404
	<b>16 134 160</b>	<b>13 952 421</b>

The following information relates to the different categories:

#### Business/Commercial

Tariff for 2017 are R0.01464 00 (2016 R0.01331)

#### Residential

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

Tariffs for 2017 are R0.01464 00 (2016 R0.01331).

### Agricultural - Normal

Tariff for 2017 are R0.0214 (2016 R0.00194).

### 20. Property rates

	2017	2016
	R	R
<b>State - Owned (Government Agriculture</b>		
Tariff for 2017 are R0.00194 (2016 R0.00214)		
<b>Indigents</b>		
Tariff for 2017 are R0.00 (2016 R0.00)		
Valuations		
Church	48 074 000	48 074 000
Commercial	202 432 750	202 432 750
Empty site, no tariff and municipal property	317 002 529	317 002 529
Hospital	6 800 000	6 800 000
Residential	822 484 570	822 484 570
School	87 709 000	87 709 000
Small holdings and farms	18 563 296 270	18 563 296 270
Government	189 051 100	189 051 100
Less: Income forgone	-6 307 420	-6 307 420
	<b>20 230 542 799</b>	<b>20 230 542 799</b>

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The valuation was extended for one year.

	22017	22016
	RR	RR

### 21. Government grants and subsidies

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Operating grants		
Equitable share	68 363 000	78 370 000
Capital grants		
Government grant	35 544 380	36 959 459
	68 363 000	78 370 000
	35 544 380	36 959 459
	<b>103 907 380</b>	<b>115 329 459</b>

#### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. The following Rollover over amount not approved were offset against equitable share:

The total amount of R2 287 000 of unspent which is made up of (MIG R148 978, MWIG R1

# **Kopanong Local Municipality**

Annual Financial Statements for the year ended 30 June 2017

## **Notes to the financial statements**

309 384.48, INEP R828 637.52)



# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### 21. Government grants and subsidies

	2017 Figures in Rand	2016 Figures in Rand
<b>Municipal Infrastructure grant</b>		
Balance unspent at beginning of year	1 060 978	1 763 071
Current-year receipts	19 977 000	21 054 093
Conditions met - transferred to revenue	-20 310 565	-21 756 186
Roll Over not approved	-148 978	-
	<b>578 435</b>	<b>1 060 978</b>

Conditions still to be met - remain liabilities (see note 11).

In terms of the Constitution, this grant is used to provide specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

#### Municipal systems Improvement

Balance unspent at beginning of year	-	57 255
Current-year receipts	-	930 000
Conditions met - transferred to revenue	-	-987 255
	-	-

To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act, the Municipal Property Rates Act and related legislation

#### DWA National Transfers programme

	2017 Figures in Rand	2016 Figures in Rand
Balance unspent at beginning of year	3 492 847	3 492 847
Conditions still to be met - remain liabilities (see note 11).		

#### Expanded Public Works programme

Current-year receipts	1 155 000	1 363 000
Conditions met - transferred to revenue	-1 155 000	-1 363 000
	-	-

The EPWP is a nationwide programme covering all spheres of government and state-owned enterprises. The Programme provides an important avenue for labour absorption and income transfers to poor households in the short to medium-term. It is also a deliberate attempt by the public sector bodies to use expenditure on goods and services to create work opportunities for the unemployed. Provide explanations of conditions still to be met and other relevant information.

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### 21. Government grants and subsidies

2017  
Figures in Rand

2016  
Figures in Rand

#### Municipal Infrastructure grant

Current-year receipts	2 346 070	5 960 752
Conditions met - transferred to revenue	-2 346 070	-5 960 752
-	-	-

To develop new, refurbish, upgrade and replace ageing infrastructure that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality; to develop new, refurbish, upgrade and replace ageing waste water infrastructure of regional significance; to pilot regional Water Conservation and Water Demand Management projects or facilitate and contribute to the implementation of local Water Conservation and Water Demand Management contribute to the implementation of local Water Conservation and Water Demand Management projects that will directly impact on bulk infrastructure requirements.

#### Department of COGTA (In Kind)

Current-year receipts	-	3 000 000
Conditions met - transferred to revenue	-	-3 000 000
-	-	-

#### Water operating grant

Balance unspent at beginning of year	1 309 384	1 309 384
Roll over not approved.	-1 309 384	-
-	-	<b>1 309 384</b>

#### Integrated Electrification Programme

Current-year receipts	5 000 000	1 600 000
Conditions met - transferred to revenue	-5 000 000	-1 600 000
-	-	-

To implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure.

#### Financial management grant

Conditions met - transferred to revenue	1 625 000	1 600 000
Other	-1 625 000	-1 600 000
-	-	-

In terms of the constitution, this grant is used to assist and support the implementation of the financial management reforms attendance at accredited training sessions and capacity building programmes on financial management.

#### SETA Educational Grant

Current-year receipts	-	156 877
Conditions met - transferred to revenue	-	-156 877
-	-	-

#### Provincial DME (Centlec Grant expenditure)

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

Current-year receipts	-	1 294 737
Conditions met - transferred to revenue	-	-1 294 737

### 21. Government grants and subsidies

#### Municipal Infrastructure grant

	2017 Figures in Rand	2016 Figures in Rand
Current-year receipts	20 562 000	-
Conditions met - transferred to revenue	-7 453 815	-
	<b>13 108 185</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 11).

To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities; provide interim, intermediate water and sanitation services that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes and on-site solutions; to support drought relief projects in affected municipalities.

#### Integrated National Electrification programme (INEP)

Balance unspent at beginning of year	828 637	-
Roll over not approved.	-828 637	-
Conditions met - transferred to revenue	-	-
	-	-

### 22. Employee related costs

	2017 Figures in Rand	2016 Figures in Rand
Basic	68 576 146	63 489 291
Bonus	5 959 651	5 414 230
UIF	432 652	401 424
SDL	865 860	807 848
Overtime payments	2 039 440	1 699 584
Car allowance	4 350 365	4 707 621
Housing benefits and allowances	212 346	210 767
Holiday Bonus	209 556	10 716
Industrial Council Contributions	78 811	39 904
Medical Aid Contributions	6 099 981	6 297 516
Pension Fund Contributions	11 666 036	11 564 048
Cellphone Allowance	1 058 798	596 507
Other Allowance	1 431 333	1 478 503
	<b>102 980 975</b>	<b>96 717 959</b>
<b>Remuneration of Municipal Manager</b>		
Annual Remuneration Car Allowance	861 125	748 941
Bonuses	180 000	62 412
Contributions to UIF, Medical and Pension Funds Annual Leave	71 375	-

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

Other	226 211	180 000
	-	36 464
	-	204 566
	<b>1 338 711</b>	<b>1 232 383</b>
<b>Remuneration of Chief Finance Officer</b>		
Annual Remuneration Car Allowance	561 276	625 668
Bonuses and Leave	88 200	52 139
Contributions to UIF, Medical and Pension Funds	313 681	29 627
Other	124 530	96 000
Other	-	21 600
	-	176 293
	<b>1 087 687</b>	<b>1 001 327</b>
<b>Remuneration of Head of Technical Services</b>		
Annual Remuneration Car Allowance	715 998	629 260
Bonuses	120 000	55 536
Contributions to UIF, Medical and Pension Funds	59 408	28 488
Other	150 017	120 000
	-	132 631
	<b>1 045 423</b>	<b>965 915</b>

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

	2017	2016
	R	R
<b>22. Employee related costs (continued)</b>		
<b>Remuneration of Head of Corporate services</b>		
Annual Remuneration	755 090	666 437
Car Allowance	72 000	55 536
Bonuses	62 506	28 488
Contributions to UIF, Medical and Pension Funds	157 651	72 000
Other	-	140 357
	<b>1 047 247</b>	<b>962 818</b>
<b>Remuneration of Head of Community services</b>		
Annual Remuneration	579 019	543 377
Car Allowance	176 000	45 281
Performance Bonuses	134 230	28 488
Contributions to UIF, Medical and Pension Funds	157 002	180 000
Other	-	12 000
Other	-	153 673
	<b>1 046 251</b>	<b>962 819</b>

	2017	2016
	R	R
<b>23. Remuneration of councillors</b>		
Mayor	736 940	609 090
Speaker	631 377	475 484
Chief Whip	253 038	280 331
Councillors	3 108 565	2 489 634
	<b>4 729 920</b>	<b>3 854 539</b>

Mayor and Speaker are full time members. They are provided with an office, administrative and secretarial support at the cost of the council.

Chief Whip and councillors are part-time members. They are not provided with an office. They are however allowed to utilise the satellite offices (units) for administrative duties related to their duties.

### The following is the particulars of the remuneration to members of council

#### Mayor XT Matwa

Annual Remuneration	447 864	431 361
Travel, Cell phone, Over-sight Allowance	200 241	93 971
Contributions to UIF, Medical and Pension Funds	88 835	83 758
	<b>736 940</b>	<b>609 090</b>

#### Speaker KE Dlomo

Annual Remuneration	497 428	344 450
Travel, Cell phone, Over-sight Allowances	40 891	131 033

# Koponong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

Contributions to UIF, Medical and Pension Funds	93 058	0
	<b>631 377</b>	<b>475 483</b>

### 23. Remuneration of councillors

Annual Remuneration	158 109	232 753
Travel, Cell phone, Over-sight Allowances	77 650	20 868
Contributions to UIF, Medical and Pension Funds	17 280	26 709
	<b>253 039</b>	<b>280 330</b>

### Councillors

Annual Remuneration	2 517 277	1 954 719
Travel, Cell phone, Over-sight Allowances	483 402	340 407
Contributions to UIF, Medical and Pension Funds	107 887	194 503
	<b>3 108 566</b>	<b>2 489 629</b>

Total remuneration to Koponong Councillors in 2016/17 = R4 729 924 (2016: R3 854 448)

	Annual Remuneration	Travel, cellular telephone, Over-sight Allowances	Contributions to UIF, Medical and Pension Funds	Total
Phafudi T.A	145 106	78 098	21 766	244 970
Basholo P.D	234 828	20 868	34 881	290 577
Jan N.M	199 653	20 448	-	220 101
Makoa L	199 653	20 448	-	220 101
Moeketsi M.J	182 662	20 448	11 813	214 923
May L.M	199 653	20 448	-	220 101
Mjika M.E	199 653	20 448	-	220 101
Moitse M.J	199 653	20 448	-	220 101
Phoba M	199 653	20 448	-	220 101
Rasoeu L.G	199 653	20 448	-	220 101
Shebe H	220 103	95 038	-	315 141
Smit B	158 109	77 650	17 280	253 039
Sola S.A	199 441	80 963	27 544	307 948
Matwa T.X	447 864	200 241	88 835	736 940
Dlomo K.E	456 380	22 800	85 737	564 917
Hagemaan	16 120	8 261	1 744	26 125
Matseo	16 120	8 261	1 744	26 125
Rigala	24 771	2 533	-	27 304
Kobe/Spocghter	16 765	8 714	1 744	27 223
Koyana	23 819	2 319	-	26 138
Phepeng	18 479	5 652	1 999	26 130
Masana Speaker	41 047	18 091	7 321	66 459
Stuurman	21 493	9 114	4 651	35 258
	<b>3 620 678</b>	<b>802 187</b>	<b>307 059</b>	<b>4 729 924</b>

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### 24. Administrative expenditure

Administration and management fees - third party	2 200 654	2 122 552
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### 25. Depreciation and amortisation

Property, plant and equipment	42 559 762	54 847 872
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### 26. Finance costs

Non-current borrowings	324 857	162 922
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### 27. Debt impairment

Contributions to debt impairment provision	42 478 833	61 581 833
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The recoverable amount of the asset was assessed at the end of the financial year and it was found to be less than the carrying amount of the asset and an impairment loss was raised.

### 28. Bulk purchases

Electricity	46 682 663	46 385 805
Water	39 670 086	32 126 851
	<b>86 352 749</b>	<b>78 512 656</b>

### 29. Contracted services

Other Contractors	-	648 566
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### 30. General expenses

Accounting fees	106 400	224 123
Advertising	125 447	102 551
Auditors remuneration	3 178 877	3 274 382
Bank charges	340 802	338 966
Cleaning	37 295	28 322
Commission paid	90 306	-88 782
Consulting and professional fees	1 648 829	510 567
Entertainment	77 442	42 335
Insurance	429 410	500 044
Community development and training	5 300	18 667
Conferences and seminars	336 421	366 119

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

Medical expenses	-		5 725
Fuel and oil		1 332 741	1 618 084
Postage and stamps		2547	3757



# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### 30. General expenses

	2017 Figures in Rand	2016 Figures in Rand
Printing and stationery	771 101	494 490
Protective clothing	52 154	98 210
Royalties and license fees	142 962	107 089
Software expenses	986 500	677 622
Subscriptions and membership fees	515 274	574 778
Telephone and fax	977 309	1 226 683
Training	126 307	806 090
Subsistence and Travelling	1 320 023	1 654 240
Departmental Electricity	4 916 164	5 132 143
Valuation cost and unbundling of assets	319 280	923 537
Farming Land	-	49
Performance Management System	3 346	38 240
Ward Committees	225 200	298 200
Other expenses	255 666	385 372
	<b>18 323 103</b>	<b>19 361 603</b>

### 31. Auditors' remuneration

Audit Fees	3 178 877	3 274 382
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### 32. Net cash flow from operating activities

Deficit	-88 171 816	-83 839 942
Adjustments for:		
Depreciation and amortisation	42 559 762	54 948 338
Debt impairment	42 478 833	61 581 833
Movements in retirement benefit assets and liabilities	142 797	1 663 204
Movements in provisions	330 266	362 719
Changes in working capital:		
Inventories	-13 394	96 391
Other Receivables from exchange transactions	-487 451	-2 580 856
Consumer debtors	-52 456 826	-66 087 876
Other receivables from non-exchange transactions	3 453 043	-4 562 350
Payables from exchange transactions	78 913 880	65 732 652
VAT	-6 099 357	-5 879 108
Unspent conditional grants and receipts	11 316 258	-759 348
Consumer deposits	905 768	38 201
	<b>32 871 763</b>	<b>20 713 858</b>

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### 34. Contingencies

#### 34.1 Landfill sites

- The municipality makes use of unregistered landfill sites, which could incur potential fines and penalties, the value and likelihood cannot be estimated reliably
- The municipality managed three landfill site without the required licenses in contravention of the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008). In terms of section 68(1) of the National Environmental Management: Waste Act, 2008 a fine of R10 million or imprisonment for a period not exceeding 10 years for any person convicted of the offence could be imposed.
- Furthermore, the municipality may be subject to legal action by other institutions or members of the public since unauthorised landfill sites are operated that could have an environmental, health or safety risk to the community. There is currently no possibility of reimbursement.

#### 34.2 Litigations

Samwu National Provident Fund	50 000	1 400 000
Jorian Construction	120 000	-
Aurecon SA	320 000	-
TS Construction	60 000	1 000 000
N. Haya	-	60 000
TS Mantshiyane	120 000	120 000
MY.Makhaba vs Lebo Moletsane KLM	68 400	68 400
HC Mothupi and SAMWU HC Mothupi	67 000	67 000
SALA Pension Fund	40 000	-
Nkelina Projects	580 000	-
	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
Mosebi Jack Ramohamane	80 000	-
Reid and others	100 000	100 000
	<b>1 605 400</b>	<b>2 815 400</b>

#### Litigations - Descriptions of cases

- TS Mantshiyane - This is an appeal by the Municipality claiming that the extra 2 years in his employment contract be declared invalid.
- Samwu National Provident Fund - Still awaiting whether the matter was settled
- Jorian Construction - Jorian Construction brought an application to compel the municipality to provide reasons for awarding the tender to the successful bidder of the other ventures of a joint venture.
- TS Construction - TS Construction issued summons against the municipality for services rendered & Municipality for services rendered.
- Sala pension fund - Sala pension fund claim against the municipality to recover arrear pension contribution. Mosebi Jack Ramohamane - Civil action against the municipality.

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### 34. Contingencies

#### Litigations - Descriptions of cases

- Nkelina Projects CC - Civil action against the municipality claiming for services rendered.
- Reind and other - Litigation is in the process against the municipality relating to a dispute and attribution with former employees who alleges that the municipality unlawfully dismissed. The municipality's lawyers and management consider the likelihood of the action against the municipality being successful as unlikely. However, it cannot be determined at this time when the disputes will be resolved or exactly how much the claims and damages the municipality will require to make as it is not practical to do so. There is currently no possibility of reimbursement.

### 33. Commitments

#### Authorised capital expenditure

##### Already contracted for but not provided for

• Property, plant and equipment	39 234 240	20 485 753
• other financial assets	1 707 079	3 927 779
	40 941 319	24 413 532

##### Total capital commitments

Already contracted for but not provided for	40 941 319	24 413 532
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This committed expenditure relating to property will be financed by Conditional grants and other financial assets will be financed by available bank facilities

The commitment above are as the registered contract amount. Some are VAT- inclusive and other are VAT- exclusive depending on the specific appointed service provider's VAT matters.

### 33. Commitments

#### Operating leases - as lessee (expense)

Kopanong Local Municipality entered into a lease contract with Xhariep District Municipality for rental of office building.

Operating lease agreement is for a period of 3 years. Rent payment on Straight lines basis. Rent escalates by 15% per year, operating lease ends 31 July 2016. There is no renewable option on the lease nor buying option.

<b>PMU Building</b>	<b>Total</b>
- within one year	8 800

## Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

### Notes to the financial statements

Operating lease agreement is for a period of 3year. Rent payment on Straight Line basis. Rent escalates by 10% per year, operating lease period ends 31 August 2017. There is no renewable option on the lease nor buying option.

#### Operating leases - Printers

##### Minimum lease payments due

- within one year	256 834	342 445
- in second to fifth year inclusive	-	256 834
	<b>256 834</b>	<b>599 279</b>

Kopanong Local Municipality entered into a lease agreement with Alenti 220 (Pty) for rental of printers. Operating lease Agreement is for a period of 2 years. Rent payment on Straight Line basis. Rent escalates by 15% per year, operating lease period ends 30 March 2018. There is no renewable option on the lease nor buying option.

### 35. Related parties

#### Relationships

Accounting Officer

Refer to accounting officer's report note

Close family member of key management Members of key management

Name

No related party transactions were incurred during the year under review.

Refer to note on employee cost

#### Municipal service and property rates

No special tariff dispensation exist for councillors or officials who are required to pay for services in on the same terms and condition available for all other consumers

#### Related Party Finance

Effectively from the 1 July 2004, Loans and financial assistance by the municipality to councillors and officials are not permitted

# Koponong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### 36. Change in estimate

The following errors occurred in relation to prior financial year which necessitated correction in the current financial year. The errors were corrected retrospectively in terms of GRAP 3: Accounting policies in accounting Estimates and Errors.

#### Property, plant and equipment

During the financial year a review was done on the Remaining Useful lives of components compared to its remaining service Potential. We found that there were a lot of assets that have depreciated passed its remaining service potential, and that these assets' remaining useful life should be adjusted. This resulted in a change in accounting estimate for components listed in Infrastructure, Buildings and Other PPE.

The changes resulted in the decrease in Depreciation from 2016 to 2017 as seen below.

	2016	2017
Infrastructure	R 45 231 751	R 33 252 247
Buildings	R 7 850 918	R 7 551 287
Other PPE	R 1 724 050	R 1 612 879

#### Prior Period Error: Correction of 2015/16 property, plant and equipment Opening Balances

During the review of the Fixed Asset Register and all of its components, the following errors were found and the corrections amounted to the changes shown in the calculations below.

Buildings: New components were identified not previously captured on the FAR. These assets were brought on to the register which resulted in an increase in the Buildings' opening balances of Cost decreased by R6,6 million and Accumulated Depreciation increase by R495 000 and the carrying value of Buildings at 30 June 2016 was restated from R163 573 704 to R 156 432 004.00

Infrastructure: New evidence were found for the componentization of the Fauresmith Bulk Water project, resulting in previously deemed cost assets being corrected to actual cost in the current year. The change from Deemed Cost (Valuation) to actual cost resulted in the change of the opening balances of Infrastructure Cost by R289 987 and Accumulated Depreciation decrease by R4 672 232.

Other PPE: New found assets and a reversal of disposals in 2016 resulted in an increase in the Other PPE Cost by R1 092 275 and Accumulated Depreciation decrease by R292 049. An amount of R 774 066 was corrected due to incorrectly written off assets that should have not been written off.

### 37. Prior period errors

The following errors occurred in relation to prior financial year which necessitated correction in the current financial year. The errors were corrected retrospectively in terms of GRAP 3: Accounting policies in accounting Estimates and Errors.

#### 37.1 Irregular Expenditure

The prior year figure was restated by the inclusion of the unspent conditional grant of R5 863 209 that was not supported by appropriate cash or cash equivalents at year end

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Statement of Changes in Net Assets for the year ending 30 June 2017

### 37. Prior period errors (continued)

#### 37.2 Prior Period Error: Correction of 2015/16 property, plant and equipment Opening Balances

During the review of the Fixed Asset Register and all of its components, the following errors were found and the corrections amounted to the changes shown in the calculations below.

**Buildings:** New components were identified not previously captured on the FAR. These assets were brought on to the register which resulted in an increase in the Buildings' opening balances of Cost decreased by R6,6 million and Accumulated Depreciation increase by R495 000 and the carrying value of Buildings at 30 June 2016 was restated from R163 573 704 to R156 432 004.

**Infrastructure:** New evidence were found for the componentization of the Fauresmith Bulk Water project, resulting in previously deemed cost assets being corrected to actual cost in the current year. The change from Deemed Cost (Valuation) to actual cost resulted in the change of the opening balances of Infrastructure Cost by R289 987 and Accumulated Depreciation decrease by R4 672 232.

**Other PPE:** New found assets and a reversal of disposals in 2016 resulted in an increase in the Other PPE Cost by R1 092 275 and Accumulated Depreciation decrease by R292 049.

The impact on these reviews and discoveries on the prior year financial statements are as follows:

Reconciliation between 2015/2016 and 2016/17 AFS	Cost 30 June 2016 as opening balance as opening balance	Cost 30 June 2016 Final Audited AFS	Restated Difference between 2015/16 Final Audit Current Year audit and Current Year Opening balances	Accumulated Depreciation and Impairment at 30 June 2016 in 2016/17 as opening balance	Accumulated Depreciation and Impairment at 30 June 2016 in Final Audited AFS	Restated Difference between 2015/16 Final Audit Current Year audit and Current Year Opening balances	Carrying Value 30 June 2016 AFS in 2016/17 as opening balance	Carrying Value 30 June 2016 Final Audited	Restated Difference between 2015/16 Final Audit Current Year audit and Current Year Opening balances
	R	R	R	R	R	R	R	R	R
Land	67 532 098	67 532 098	-	-	-	-	67 532 098	67 532 098	-
Buildings	316 890 018	323 536 698	-6 646 680	160 458 014	159 962 994	-495 020	156 432 004	163 573 704	-7 141 700
Infrastructure	1 595 661 018	1 595 951 664	-290 646	882 245 607	886 917 839	4 672 232	713 416 070	709 033 825	4 382 245
Other PPE	15 574 027	14 481 752	1 092 275	10 024 469	9 732 420	-292 049	5 549 558	4 749 332	800 226
Intangible Assets	-	-	-	-	-	-	-	-	-

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

Reconciliation between 2015/2016 and 2016/17 AFS	Cost 30 June 2016 as opening balance as opening balance	Cost 30 June 2016 Final Audited AFS	Restated Difference between 2015/16 Final Audit Current Year audit and Current Year Opening balances	Accumulated Depreciation and Impairment at 30 June 2016 in 2016/17 as opening balance	Accumulated Depreciation and Impairment at 30 June 2016 in Final Audited AFS	Restated Difference between 2015/16 Final Audit Current Year audit and Current Year Opening balances	Carrying Value 30 June 2016 AFS in 2016/17 as opening balance	Carrying Value 30 June 2016 Final Audited	Restated Difference between 2015/16 Final Audit Current Year audit and Current Year Opening balances
	R	R	R	R	R	R	R	R	R
Totals	1 995 657 161	2 001 502 212	-5 845 051	1 052 728 090	1 056 613 253	3 885 163	942 929 730	944 888 959	-1 959 229

Figures in Rand

Statement of financial position	R'
Property Plant and Equipment	-1 959 230
Increase in Net Assets	-1 959 230
Other Payables	-903 051
Increase in Net Liabilities	-903 051
Statement of financial performance	
Depreciation current year - Decrease	100 466
Loss on Disposal of assets - Decrease	406 476
Increase in Profit and Loss	506 941
Increase in Accumulated Surplus closing balance 2016	-2 355 339

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### 37. Prior period errors (continued)

#### Prior Period Error: Correction of 2015/16 property, plant and equipment Opening Balances

PPE 2016 Reconciliation (Restated)	PPE values at Cost Opening balance at 1 July 2015	Accumulated Depreciation Opening balance at 1 July 2015	Carrying Value at 1 July 2015	Additions	Disposals	Transfers	Depreciation	Depreciation of disposal	Carrying Value at 30 June 2017
Buildings	310 444 158	-152 158 927	158 285 231	5 590 949	-	0	-7 804 068	-	156 071 112
Land	67 532 098	Nil	67 532 098	-	-	-	-	831 217	68 363 315
Infrastructure	1 550 391 882	-842 565 855	707 825 945	24 154 121	-1 278 796	-	-45 183 201	3 022 934	688 114 000
Other PPE	18 222 558	-10 709 669	7 512 890	179 560	-4 075 045	-	-1 938 412	-	6 609 003
Capital Work in Progress	33 752 605	Nil	33 752 605	26 178 513	Nil	29 745 070	-	-	89 676 188
Intangible Assets	142 838	-83 718	59 199	10 993	-	-	-22 707	-	47 485
Totals	1 980 486 139	-1 005 518 169	974 967 968	56 114 136	-5 353 841	-29 745 070	-54 948 388	3 854 151	944 035 166



# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### 37.2 Sundry Income

Revenue from exchange transaction	
Decrease in Accumulated surplus	-2 655 129
Increase in VAT	2 655 129

Reclassification of sundry income from revenue from exchange to VAT

### 37.3 VAT

Decrease in payables	-11 454 485
Increase in VAT	2 655 129
VAT Incorrectly classified as sundry income	

### 37.4 Acturial gain

Decrease in revenue from exchange	-8 201 717
Decrease in acturial gain	8 201 717
Reclassification of acturial gain from revenue from exchange to disclose as a separate line item after total expenditure	

### 37.5 Decrease in General Expenses

Assets write off	-645 635
Assets write off	645 635
Disclose the assets write-off as a separate line item	
Reclassification of asset write off from general expenses disclose as a separate line item after total expenditure	

### 37.6 Employee benefit obligation

Increase Long service bonus	6 365 995
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# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

increase Short term portion	505 208
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### 37.7 Provisions Current liabilities

Decrease short term portion	-505 208
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Non-current liabilities

Decrease long service bonus	-6 359 995
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Long service bonus from provisions to Employee benefits obligation	
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# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### 38. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### Liquidity risk

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

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

<b>Payables from exchange transactions</b>	<b>At 30 June 2017</b>	<b>At 30 June 2016</b>
Less than one year	221 590 361	180 681 911
Between one and two years	Nil	Nil

# **Kopanong Local Municipality**

Annual Financial Statements for the year ended 30 June 2017

## **Notes to the financial statements**

### **Credit risk**

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an on-going basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### 38. Risk management

Financial instrument	2017 R	2016 R
Receivables from exchange transactions	27 041 515	16 258 522
Cash and cash equivalent	2 062 104	912 567
Other receivables from exchange transactions	4 182 564	3 695 113
Long term liabilities	179 928	179 928
Receivables from non-exchange transactions	2 875 316	6 382 359

#### Market risk

#### Interest rate risk

The municipality's interest rate risk arises from consumer debtors. Consumer debtors are levied at variable rates expose the municipality to cash flow interest rate risk. The interest rate is linked to the prime interest rate and the risk is not considered to be material at this stage. Long term borrowings were done at a fixed rate and interest rate risk will not impact the financial position of the municipality.

#### Price risk

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

### 39. Going concern

We draw attention to the fact that at 30 June 2017, the municipality indicates that the municipality incurred a deficit of R88 078 691 (2016 R 83 839 942) and that the municipality's current liabilities exceeded its current assets.

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.

## **Kopanong Local Municipality**

Annual Financial Statements for the year ended 30 June 2017

### **Notes to the financial statements**

The ability of the municipality to continue as a going concern is dependent on a number of factors. The Municipality owes salaries payables amounting to R 59 130 474 (2016: R36 176 724).

The Municipality is still negotiating with the suppliers in terms of the outstanding payments by arranging payments terms and dates. Strict measures have been put in place to implement credit control policy to the people who can afford to pay the Municipality. These people are visited after hours and make payments arrangements.

A list for people who are working for Government Institutions was compiled and submitted to the Provincial Treasury to assist locate where they are working and these officials were visited and payments arrangements were made with them.

A water management system has been implemented to correct inaccurate water readings and has led to the billing to increase as compared to the previous financial years where not all water meters were not read. Technical department has developed business plans for Five (5) Towns and submitted them to COGTA to provide the financial assistance through the Municipal Infrastructure Grant to address the high percentage of water losses to reduce the high water account from Bloemwater and also for the effective implementation of Credit Control Policy to cut water for the people who are not paying their accounts.

#### **39. Going concern**

Water restriction programme has been implemented to reduce the high volume of usage and water loss. Bloemwater has also been engaged not to fill up the reservoir to the brim avoid water overflows but to refill the Reservoirs up to at least 80% to reduce water accounts. Water awareness campaigns will also be made to all Kopanong towns. Flat water rate charge of 10 kl per month has been implemented to areas where there are no water meters or broken water meters.

In addition, a flat water rate charge of R 50,00 for the people who are not using the Municipal water will be implemented as the report has been tabled to Council for approval. A lists for all Towns of people who are not paying accounts were prepared and will be submitted to Centlec to deduct 50% from every electricity purchases to address the arrear debts or cut electricity to enforce people to come and pay or make payments arrangements for their accounts. Workshops have been conducted to all the towns for consumers to come and register as Indigents for those that who are

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

not working or receive little income.

Reports will be also be prepared to monitor and follow up on all payments arrangements made and not honoured to cut electricity to enforce payment.

### 40. Events after the reporting date

At the time of reporting management was not aware of subsequent events.

### 41. Unauthorised expenditure

	<b>2017</b>	<b>2016</b>
Opening Balance	337 856 369	242 303 370
Current Year	67 387 246	95 552 999
	<b>405 243 615</b>	<b>337 856 369</b>
Incidents of unauthorised expenditure		<b>Current Year</b>
Employee related services		3 251 375
Impairment		27 351 982
Interest paid on overdue accounts		22 827 103
Other Expenditure		48 162 721
Bulk Purchases		-13 956 786
		<b>67 387 246</b>

### Disciplinary Steps / Criminal proceedings

- No criminal or disciplinary steps were taken in relation to the above expenditure. Liabilities have not yet been determined.
- Council Committee (section 32) is in place to investigate and report back to council before the amount can be recovered or condoned.

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### 42. Fruitless and wasteful expenditure\*

	<b>2017</b>	<b>2016</b>
Opening Balance	70 863 115	51 707 993
Add: Current Year	24 185 847	19 155 122
	<b>95 048 962</b>	<b>70 863 115</b>

### Incidents of fruitless & Wasteful expenditure

	<b>Current Year</b>
Fines and penalties	50 500
Interest on late accounts	23 535 348
Legal cost	600 000
	<b>24 135 348</b>

### Disciplinary Steps / Criminal proceedings

No criminal or disciplinary steps were taken in relation to the above expenditure. Liabilities have not yet been determined. Council Committee (section 32) is in place to investigate and report back to council before the amount can be recovered or condoned. This expenditure is mainly interest charges due to late payment of the suppliers.

### 43. Irregular expenditure\*

	<b>2017</b>	<b>2016</b>
Opening balance	239 036 609	213 962 479
Add: Irregular Expenditure - current yea	30 557 049	25 074 130
Closing total at 30 June 2017	<b>269 593 658</b>	<b>239 036 609</b>

<b>Particulars of irregular expenditure - current year</b>	<b>Disciplinary steps taken/criminal</b>	<b>Current Year</b>
Money appropriated in terms of DORA that remained unspent at year for which cash or cash equivalent exist at year end	Will be referred to the council's section 32 committee	R 15 117 363
Evaluation functionality criteria differ from bid specifications	Will be referred to the council's section 32 committee	R 11 443 715



# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

Bid adjudication committee was not composed of a minimum of 4 directors in accordance to SCM Regulation 29.

Will be referred to the council's section 32 committee

R 866 897

Supply Chain processes were not followed in full

Will be referred to the council's section 32 committee

R 3 129 074

**Total for current year**

**R 30 557 049**

### Prior Year

#### Particulars of irregular expenditure - current year

#### Disciplinary steps taken/criminal

#### prior year

Money appropriated in terms of DORA that remained unspent at year for which cash or cash equivalent exist at year end

Section 32 investigations not yet completed

5 863 209

Evaluation functionality criteria differ from bid specifications

Section 32 investigations not yet completed

10 787 186

Bid adjudication committee was not composed of a minimum of 4 directors in accordance to SCM Regulation 29

Section 32 investigations not yet completed

3 739 088

Supply Chain processes were not followed in full

Section 32 investigations not yet completed

4 383 794

Award was made to bidder who did not score the highest Points

Section 32 investigations not yet completed

43 860

No original tax clearance certificate

Section 32 investigations not yet completed

256 993

**Total for current year**

**R 25 074 130**

\*A register with more particulars is available at our registered offices

## 44. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance

1 420 642

55 660

Current year subscription / fee

972 484

1 364 982

Amount paid - current year

-1 420 642

-

**972 484**

**1 420 642**

**2017  
R**

**2016  
R**

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### Audit fees

Opening balance	3 282 373	2 371 017
Current year subscription / fee	3 178 877	3 895 951
Amount paid - current year	(2 846 784)	-2 984 595
	<b>6 461 250</b>	<b>3 282 373</b>

### PAYE and UIF (continued)

Opening balance	5 232 537	7 404 653
Current year subscription / fee	14 652 657	11 205 646
Amount paid - current year	-173 524	552 117
Amount paid - previous years	-5 232 537	-13 929 879
	<b>14 479 133</b>	<b>5 232 537</b>

## 44. Additional disclosure in terms of Municipal Finance Management Act

### Pension and Medical Aid Deductions

Opening balance	29 657 332	17 669 758
Current year subscription / fee	31 522 475	27 632 645
Amount paid - current year	-	-4 830 806
Amount paid - previous years	-20 881 834	-10 814 265
	<b>40 297 973</b>	<b>29 657 332</b>

### VAT

VAT receivable	2464853	11 545 485
	<b>2 464 853</b>	<b>11 545 485</b>

The municipality accounts for VAT on the payment basis. VAT output payables and VAT input receivables are shown in note. Most of the VAT returns have been submitted by the due date throughout the year.

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### 44. Additional disclosure in terms of Municipal Finance Management Act

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2017: The accounting officer Certifies that the salaries, allowances and benefits of councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 43 of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, (Act of 20 of 1998) and the Minister of Provincial and local Government's determination in accordance with this Act.

	30-Jun-17 less than 90 days	Outstanding more than 90 Days	Outstanding	Total R
	R	R		
Councillor PD Basholo		365	-	365
Councillor SA Sola		1 674	7 205	8 879
Councillor TX Matwa		1 553	26 837	28 390
Councillor KE Dlomo		504	6 903	7 407
Councillor H Shebe		432	-	432
Councillor B Smit	-	-	-	-
Councillor TA Phafudi		268	2 887	3 155
Councillor MJ Mjika		984	10 231	11 215
Councillor MJ Moitse		2 380	83 389	85 769
Councillor MJ Moeketsi		9 955	88 296	98 251
Councillor MJ Phoba		832	25 910	26 742
Councillor LM May		512	-	512
Councillor NM Jan		1 612	67 965	69 577
Councillor LG Rasoeu	-	-	-	-

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

Councillor L Makoa	338	-	338
	<b>21 409</b>	<b>319 623</b>	<b>341 032</b>

### 45. 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.

Incidents	Total
Sole supplier	365 727
Impractical or impossible	608 674
	<b>974 401</b>

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

### 46. Distribution losses

Distribution losses	Distribution losses	Total
<b>48.1 Distribution losses (Water)</b>	-	-
Number of users	13 386	13 386
Units bought	4 354 269	4 354 269
Units sold	2 203 546	2 203 546
Free basic service (Only Indigents)	163 524	163 524
Units lost on distribution	1 987 199	1 987 199
Units lost in distribution as percentage	46	46
Amount distribution losses R 6.80	13 512 953	13 512 953
The water distribution losses were calculated on the cost price of R	-	-
<b>48.2 Distribution losses (Electricity)</b>	-	-
Purchased Units	44 611 499	44 611 499
Prepaid Sale	21 504 459	21 504 459
Venus Sales	15 570 632	15 570 632
kWh Losses	7 536 408	7 536 408
Distribution losses R	8 278 827	8 278 827
Avg C/kWh	17	17
	-	-

### 47. Budget differences

#### Material differences between budget and actual amounts

- The excess of actual expenditure over the final budget is material. Employee Cost

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

- The overspending on employee related cost is due to settlement of court new appointments and social contributions. Debt Impairment
- The payment rate is low due to the high unemployment rate currently we have an unemployment rate of 60% in the Xhariep District. The collection is very low hence the provision over the 90 days.
- Interest paid
- Due to the low payment rate of consumers the Municipality is not able to pay all of its creditors and the interest is increasing monthly. Main contributor is the Bloemwater interest.
- Bulk Purchases: Kopanong went over to prepared system with Bloemwater but still the account is growing monthly. Bloemwater reduced supply of water due to non-payment of account by municipality
- Interest Paid Bloemwater and salary Creditors are the main reason Grant & Subsidy Paid: Operations: Free basic to indigents

# Kopanong Local Municipality

Annual Financial Statements for the year ended 30 June 2017

## Notes to the financial statements

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### 47. Budget differences

- Employee Cost: Some of the major overspending on employee related cost is due to overtime, acting allowance, leave pay-outs, long service bonus and standby allowances, also the ongoing court cases.
- Operating lease - The increase was due to rental of the Cubans which was not budget form and also Xhariep district which was higher than the norm. (Under negotiations)
- Sale of Goods The two contributors that resulted in the sale of goods revenue to drop by R 300 000 is sale of soil and gravel and connection fees.
- In the case of sale of gravel and soil the drop of R 200 000 is due to the fact that in 2015/16 the contractors that rebuild the N1 at Tromps burg was still busy with the ground works of the new N1 and bought a large number of gravel. In 2016/17 it was only the normal small loads sold to the community.

### Changes from the approved budget to the adjustment final budget

- The changes between the approved and final adjustment budget are a consequence of reallocations within the approved budget parameters.