



ANNUAL REPORT

FOR THE FINANCIAL YEAR 2017/2018



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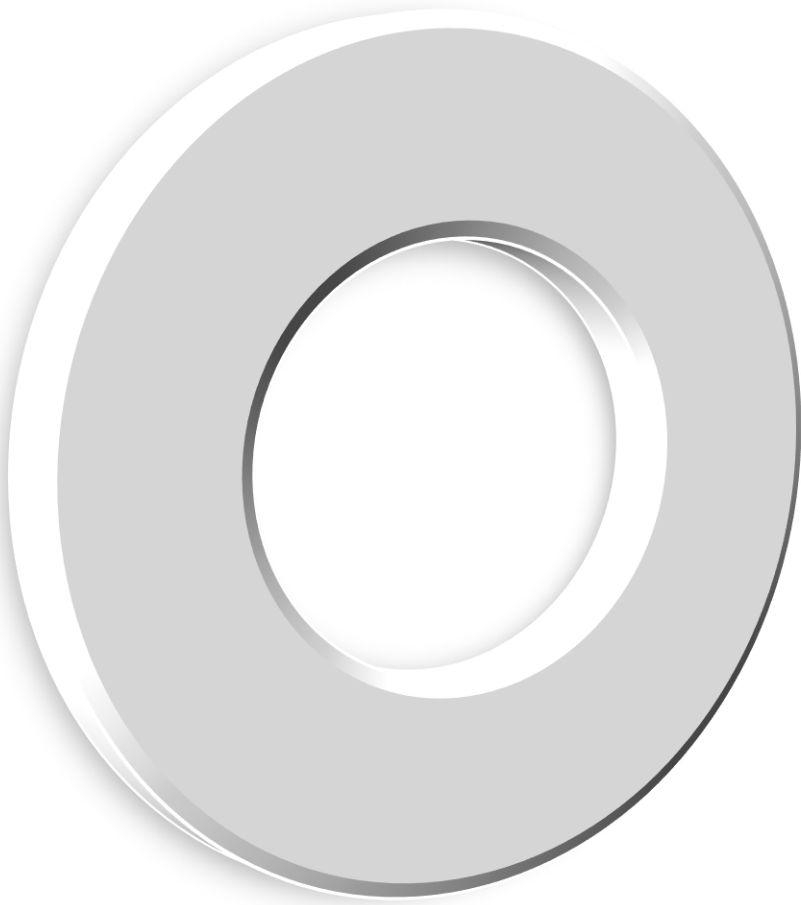
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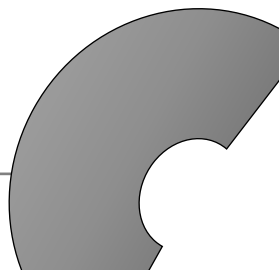
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CHAPTER 1

MAYORS FORWARD AND EXECUTIVE SUMMERY



COMPONENT A: MAYOR'S FOREWORD

It is indeed an honor and a privilege to serve the community of Tokologo Local Municipality. In the process of serving you we from time to time have to provide you with a progress report about the status of the municipality. The presentation of this Annual performance report marks a milestone of achievement in that we come a long way in unifying the inherited administration of three towns that had different systems and approach towards service delivery. The Tokologo Local Municipality you see today is a product of hard work and sacrifices by all.

The mandate from the people clearly dictates that we continue to democratize our society, deradicalize the economy and foster the participation of the previously marginalized people in order to better their lives. In the pursuit of a better life for all the people's constitution has outlined the following objectives for the municipality:

To provide a democratic and accountable government to the local communities

To ensure the provision of services to the communities is sustainable

To promote social and economic development

To promote a safe and a healthy environment

To encourage the involvement of communities in the affairs of local government

It further states that a municipality must strive to serve its community within its financial and administrative capacity to achieve these objectives.

An Integrated Development Plan (IDP) for 2015/2016 was reviewed and adopted by Council. Certain priorities were identified by the public during public and stakeholder meetings. Hereunder is the list of all identified projects by the community, as well as those that the municipality has prioritized:

(i) The alignment of services to IDP indicators and Council priorities

The following priorities were identified as key priorities during the public and stakeholders consultation processes:

1. Electrification (housing connections) in Smanga Park and Dikgalaope
2. Paving of roads in Smanga Park, Dikgalaope, Tshwaraganang and Dealesville
3. Provision of 950 RDP houses
4. Allocation of 2000 sites for housing
5. Provision and maintenance of sports facilities
6. Allocation of high mast lights in Tshwaranang and Dikgalaope
7. Fix existing Community Hall
8. Provision of refuse bins for Tshwaranang and Dikgalaope
9. Provision of public refuse bins for all areas
10. Speed bumps
11. Provision of public toilets in Dealesville
12. Fencing of graveyards and numbering of plots
13. Supply of chemicals to community for VIP'S
14. Installation of street names in all the three areas
15. Agriculture Accommodation in the building at Tshwaraganang Hall.
16. Rethuseng ECD: Electricity
17. Lukhanyo ECD: Site

However, not all of the identified projects could be implemented during the year under review, and Council then prioritized the following for the financial year under review:

1. **Roads and storm water** – the municipality has been maintaining roads through patching of potholes in the three towns, including storm water maintenance.
2. **Upgrading of Stadiums** – The upgrading of the Boshof/Seretse stadium phase 1 was completed, however Hertzogville / Malebogo is on design and tender process stage.
3. **Provision of Adequate Clean Water** - Tokologo Local Municipality is still experiencing serious challenges of providing clean water to the community. *E-coli* traces are still found in the water especially in Boshof and Dealesville where the source is underground water. The municipality has increased its water compliances through blue drop score from 24% in 2014 to 52% in 2015 which proves that the municipality is taking care of its water resources. Traces of E-coli are reported to the community with notices of “boil alert”.
4. **Installation of High mast lights** – Installations of 15 high mast lights in various towns of Boshof, Dealesville and dikgalaope was completed and the community lightening has improved.
5. **Electricity** – The 60 new connections and 13 in-fills in Dikgalaope are complete and 88 new connections and 87 in-fills in Seretse were also completed

ii) **Service delivery performance**

Provision of Water

Though there is still a challenge of water scarcity in the area due to drought that is being experienced nationwide, phase 2 of Bulk Water Supply was in the design and tender process.

Borehole water supply assessments were conducted during the financial year to ensure that the municipality is up to date with ground water levels. Water meters were installed for purposes of

billing and water management. It deems to be mentioned that Hertzogville water supply has improved significantly due to the completion of phase 1 bulk water supply project.

Electricity

15 High mass lights were installed at various towns of Boshof, Hertzogville and Dealesville during 2014/2015 financial year. During the year under review, a total of 243 households were electrified at both Dikgalaope and Seretse so meaning all 2014/2015 projects are complete.

Sanitation

Boshof/Seretse Installation of sanitation for 691 households was completed during the 2016/2017 financial year.

Refuse Removal

The municipality does provide refuse removal services and the acquisition of new yellow fleet has improved the service tremendously. It must however be noted that the municipality has not yet meet the National Standards in terms of refuse removal.

(iii) ***the efforts the municipality is making to conserve power and water in its offices***

The municipality ensures that at the end of business day, all lights and electrical appliances not in use are switched off. We also encourage officials to switch off their office lights when they leave from offices for longer during working hours. We ensure that all water leakages are addressed without delay, and officials are encouraged not to boil more than the required amounts of water when drinking tea, coffee or any other hot beverages.

(iv) ***Administrative policies made during the year reflecting the pressures from world recession***

During the year under review a number of administrative policies were formulated to strengthen the functions of the institution.

The municipality does have shared service arrangements like disaster management, fire services.

In the 2017/2018 financial year, the following areas will receive priority:

- a) Acceleration of the roll out of basic services to the communities of Tokologo
- b) Prioritization of the Expanded Public Works Programme to ensure job creation and poverty eradication
- c) Working quicker and smarter and enhancing performance
- d) Transforming the Municipality into a customer friendly and service orientated institution
- e) Improving Labour relations and staff morale
- f) Improving internal communication with staff; and
- g) Ensuring that accountability is exercised

Finally, the 2017/17 Annual Report presented here by Tokologo Local Municipality, seeks to meet the legal requirements as set out by various legislation such as Section 46 of the Municipality Systems Act No: 32 of 2000 and Section 121 and 127 (2) of the Municipal Financial Management Act No: 56 of 2003

To the community of Tokologo, this report should be used as a tool to measure the consolidation and deepening of our democracy, by ensuring that all those mandated to deliver on the mandate given by communities, are held accountable at all times.

I thank you

Cllr. B.E. Seakge

Mayor/Speaker

COMPONENT B: EXECUTIVE SUMMARY**1.1 MUNICIPAL MANAGER'S OVERVIEW****MUNICIPAL MANAGER'S OVERVIEW**

As the Accounting Officer of Tokologo Local Municipality, I hereby confirm that the 2016/2017 Annual Report has been compiled in accordance with Section 46 of the Municipal Systems Act No: 32 of 2000 (as amended), Section 127 (2) of the MFMA No: 56 of 2003 as well as relevant circulars and guidelines issued by Treasury and GOCTA. The report present the performance and progress made by Tokologo Local Municipality in fulfilling its strategic objectives, as outlined in the Integrated Development Plan (IDP) and the Service Delivery Budget Implementation Plan (SDBIP) as approved by the Council in the year under review.

During the year under review, the municipality has continued to invest in its human capital through training and development. The training workshops included both officials and councilors. A sizeable number of youth in Tokologo Local Municipality previously included in our various learnership and internship programs were absorbed permanently to the organizational structure.

In the financial year under review, the municipality received a disclaimer of opinion, as was the case with the previous year, 2016-17. The municipality is working tirelessly in trying to ensure successful resolution of matters causing the disclaimer.

2016/2017 was not without any challenges, more so that it was characterized by some degree of economic recession, which continues to be global challenge. As a result, unemployment continues to rise and subsequently indigent. However, the municipality is doing everything in its power to ensure that service deliveries as well as the lives of our communities are uplifted.

I would also like to extend a special word of thanks to the team that compiled this Report. Your dedication towards making a positive input to the improvement of the municipality is really appreciated.

Ha re sebetsa mmoho re fihlela tse kgolo!

K.J. MOTLHALE

Municipal Manager

REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE OF TOKOLOGO LOCAL MUNICIPALITY FOR THE YEAR 2016/2017

1. BACKGROUND

The Audit and Performance Committee Report that it has complied with its responsibilities arising from Section 166 of the Municipality Finance Management Act and Treasury Regulations 27.1.8 and 27.1.10. The audit committee consists of non-executive members including the chairperson and it has also adopted formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged its responsibilities as contained therein.

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

2. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consisted of Four (4) members and was scheduled to meet, at least, four (4) times per annum in terms of its approved terms of reference. The Audit Committee members are listed below. During the year for which this report refers, four (4) meetings were held and attendance of members is indicated hereunder:

Member	Number of meetings held	Number of meetings attended
Mr. V. Vapi (Chairperson)	4	4
Ms V Sikaundi	4	4
Mrs P.B.Mosomane	4	4
Mr W Tau	4	0

Number of meetings held per quarter

Quarter	Date
1 st	28 August 2017
2 nd	05 October 2017 ,30 November 2017
3 rd	
4 th	23 April 2017

3. PARTICIPATION OF MEMBERS IN THE MEETING

All members participated equally during the audit committee meetings. The Committee as a whole performed the role of an advisor to the Accounting Officer, management and Council in 2017/18 financial year. It carefully reviewed the information presented to it by Internal Audit and obtained clarification where needed. Throughout the year, members raised relevant questions, evaluated the responses provided by management and follow ups on unclear matters were made. The members acted independently and were proactive in advising the Accounting Officer on issues that require further management attention.

Openness and transparency was encouraged at all times so that the members can assist where necessary. Practical, suitable proposals and recommendations were made to both management and Council. Over and above, all the members conducted the committee responsibilities in the context of the strategic objective of the municipality and overall corporate governance of the Council.

4. COMMENTS OF THE AUDIT COMMITTEE ON THE MATTERS LISTED IN SECTION 166(2) (A) OF THE MFMA

4.1 EFFECTIVE OF FINANCIAL CONTROLS

Based on the reports presented to the Committee by the Internal Audit Unit, the Committee noted that progress was being made to improve the internal financial controls of the Municipality however there seems to be difficulties in terms of a full implementation of the recommendations made by the Internal Audit Unit.

The committee noted from the review of the 2016/17 Annual Financial Statements in a meeting held on the 28th August 2017 that the municipality has implemented financial controls however there were items that required correction and improvement. The main problem experienced is lack of proper record keeping in ensuring that information produced by those financial controls is kept safe and this is further manifested by the 'disclaimer of audit opinion' by the Auditor – general during the 2017-18 financial statements.

4.2 INTERNAL AUDIT EFFECTIVENESS

The provision of services by the Audit Committee to the municipality is guided by the terms of reference which were approved in a meeting held on the 28th June 2017. There were no changes effected in the audit committee charter but was tabled and adopted by the committee because it is recommended practice that the terms of reference be reviewed on an annual basis to ensure alignment to the latest legislative and best practice pronouncements .

The committee also approved internal audit strategic documents in a meeting that was held on the 27th June 2017. The following documents were approved by the Audit committee

- Internal Audit Charter 2017/18
- Risk Based Internal Audit Plan 2017/18
- Internal Audit Methodology 2017/18
- Quality Assurance and Improvement Program 2017/18

In an attempt to comply with IPPF Standard 1300 – Quality Assurance and Improvement Program and Provincial Treasury Evaluation Reports, the internal audit designed and submitted to the audit committee the TLM Quality Assurance and Improvement Program during the 2016/17 financial year. The Quality Assurance and Improvement Program was approved by the Audit Committee in a meeting held on the 21st September 2017.

The internal audit unit has a responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of the Tokologo Local Municipality’s operations. The head of

Internal audit is responsible for reporting the findings of the internal audit work against the agreed internal audit plan to the committee on a regular basis.

The Committee is satisfied that Internal Audit Unit has operated effectively during the 2017/18 financial year. An evaluation of the Internal Audit Unit was conducted by the Audit Committee management. The results of our evaluation together with the Provincial Treasury evaluations results and reliance of the work of internal audit by the Audit General confirmed that the municipality has a functional Internal Audit Unit, however there are still areas of improvements that the Internal Audit Unit must focus on in the upcoming financial year.

4.3 GOVERNANCE

All significant structures and processes that provide strategic direction are in place and functioning as intended. The structures referred to include the Council, the Audit Committee, and senior management, staff and the Internal Audit and Risk Management Unit. The Municipality also as an Oversight Committee and this will go a long way in ensuring adequate oversight and accountability within the Municipality.

4.4 RISK MANAGEMENT

Progress on Risk Management implementation within the municipality is evident with improvements registered during the 2017/18 financial year. The committee is therefore, still fully functional and excels in execution of its duties.

The committee is satisfied with the progress achieved regarding implementation of Risk Management within the municipality. The committee would like to highlight the following improvements achieved during the 2017/18 financial year;

- The Quarterly Risk Management Reports were submitted to the Audit Committee
- The Risk Management Committee chairperson was appointed on the 1st September 2015
- The Committee has been existent since its establishment in 2016/17.
- The Municipality established the Risk Management Committee during the 2016/17 financial year

The following are the municipal top strategic risks identified during the financial year:

NO	DEPARTMENT	DESCRIPTION	RATING
1	FINANCE	Outstanding debtors not collected	HIGH
2	FINANCE	Inconsistencies between the cash book balance and the balance as per the bank statements	HIGH
3	FINANCE	Increase in irregular, fruitless and wasteful expenditure	HIGH
4	CORPORATE	No inspection report for municipal vehicle	HIGH

5	CORPORATE	No maintenance plan for municipal vehicle	HIGH
6	CORPORATE	No roadworthiness certificates	HIGH
7	TECHNICAL	No distribution losses	HIGH
8	TECHNICAL	No physical controls in place over biological assets	HIGH
9	MM	Senior managers performance reviews not conducted bi-annually	HIGH

The Committee would like to add that the Accounting Officer assisted by the Risk Management Committee should ensure that through risk management process a risk appetite is set as outlined in the approved Risk management Policy in order to ensure that treatment of risks is benchmarked against the risk appetite to ensure effective management of risks within the municipality.

4.5 EFFECTIVENESS OF INTERNAL CONTROLS SYSTEMS

Based on the reports presented, the Audit Committee has noted that the municipality has established control activities that help ensure management directives are carried out, however, the committee would like to highlight that, there was a number of internal control deficiencies identified by the internal Audit Unit during their audits that's were of concern to the audit committee. These deficiencies depicted weak internal controls systems within the municipality and it is of utmost important that management introduce processes and procedures to ensure that risks arising from these control deficiencies are mitigated.

4.6 ACCOUNTING POLICIES

During its meeting held on the 28th August 2017, the Audit Committee reviewed the accounting policies followed by the Municipality in preparing the Annual Financial Statements for 2016/17 and did not identify any material differences.

4.7 ADEQUACY, ACCURACY AND RELIABILITY OF FINANCIAL REPORTING

The committee reviewed on a quarterly basis the Finance department Quarterly Report - Sec 52(d) and the Report on implementation of Supply Chain Management. Based on the information presented to the Committee throughout the year, the Committee is of the view that there is still room for improvement in ensuring that the financial reporting of the Municipality is reliable and accurate.

4.8 COMPLIANCE WITH RELEVANT ACTS AND LEGISLATION

The Internal Audit Unit reviews compliance with the Municipal Finance Management Act 56 of 2003 on a monthly basis. During the analysis of the compliance reports presented during the year, the committee noted a significant progress in compliance with laws and regulations within the Municipality and this improvement indicates institutional awareness to issues of compliance by the workforce of the municipality.

4.9 EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has reviewed and discussed the Annual Financial Statements that were prepared by the Municipality in the meeting held on the 28th August 2017 prior to the submission to the Auditor General.

4.10 AUDITOR –GENERAL, SOUTH AFRICA(AGSA)

During the financial year, the Audit Committee met with the Auditor-General South Africa on the 05 October 2017 to discuss the Audit Strategy and also to have a formal meeting with the Office of the Auditor General.

The Committee convened a special audit committee meeting on the 29th November 2017 on which the Draft AG Management Report and the Audit Report was discussed. The Committee concurred with the Auditor-General's conclusions on the said Annual Financial Statements. This meeting was also to ensure that there are no unresolved issues between management and AGSA.

The Committee also prepared a report in terms of Section 166 (2) (c) of the Municipal Finance Management Act 56 of 2003. The report still has to be presented in the next Council in a meeting.

4.11 PERFORMANCE MANAGEMENT & EVALUATIONS

The Committee is concerned about the status of implementation of performance management within the Municipality. The concern is further fueled by the Disclaimer of Audit Opinion received by the Municipality on matters of predetermined Objectives in the 2015/16 financial year statutory audit.

The Committee is satisfied that the Internal Audit Unit has performed Audit of Performance measurements on a quarterly basis as required by Municipal Systems Act 32 of 2000 and Municipal Planning and Performance Regulations of 2001.

The Committee reviewed the report submitted by Internal Audit Unit on Performance Management and would like to express its concern that the Performance Management System of the Municipality did not comply with all legislative requirements as per Chapter 6 of the Municipal Systems Act 32 of 200.

5. CONCLUSION

The committee is grateful for the co-operation and support rendered by the Municipal Manager, Mr. K.J Motlhale and his team throughout the reporting period.

Mr. V. Vapi

CHAIRPERSON OF THE AUDIT COMMITTEE

Date: 15 July 2017

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Tokologo is a Setswana word meaning “freedom”, it emanates from the relentless struggle of the oppressed people culminating in their freedom on 27 April 1994. Tokologo is located within Lejweleputswa District Municipality. The area covers 9 326 square kilometres and consists of three former Transitional Local Councils namely Boshof, Dealesville and Hertzogville, as well as a portion of a former Transitional Rural Council (Moddervaal), which consists of approximately 1 480 farms. Tokologo Local Municipality is in the western Free State. Boshof (the capital town) is situated in the centre; Dealesville is further east, and Hertzogville is situated in the north of the municipal area.

WARD	NAME OF LOCATION
1	Dealesville
2	Boshof
3	Hertzogville/ Malebogo
4	Malebogo

MAP OF TOKOLOGO LOCAL MUNICIPALITY



Tokologo Local Municipality render the following basic services; Water, Sanitation, Electricity, Waste provision of landfill sites and Refuse removal services. Since the last census release of the 2011 statistics, there have been changes in population growth. The household’s statistics as per census 2011 was at 8698 is believed to have increased due to informal settlements that the municipality has noted since 2011 to date.

The following have identified as major environmental challenges:

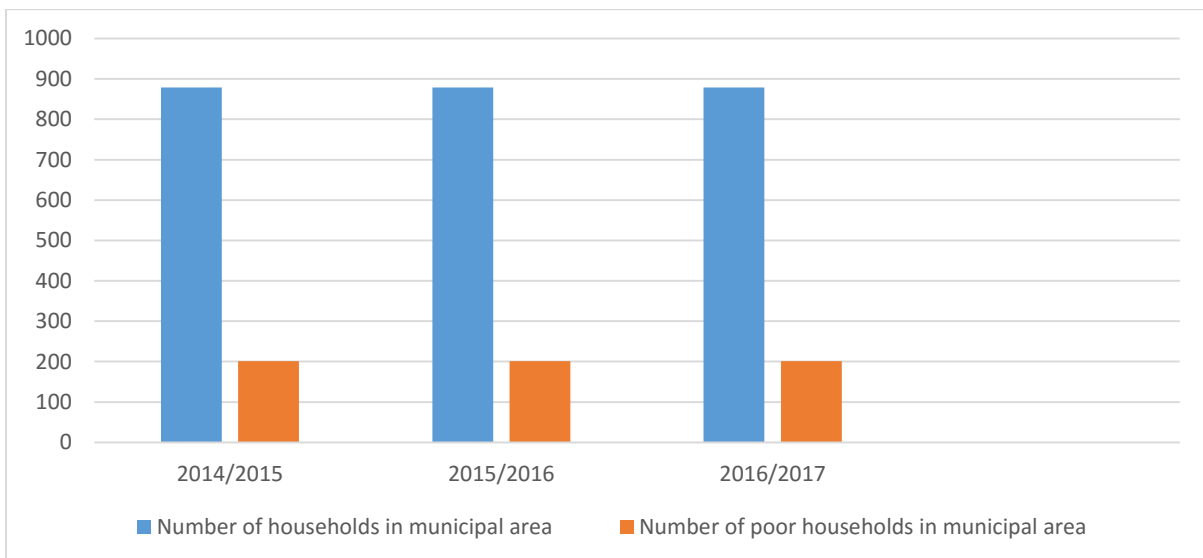
- Collapsing VIPs and poor maintained landfill sites
- Geohydrological issues: No perennial rivers cross the municipality.

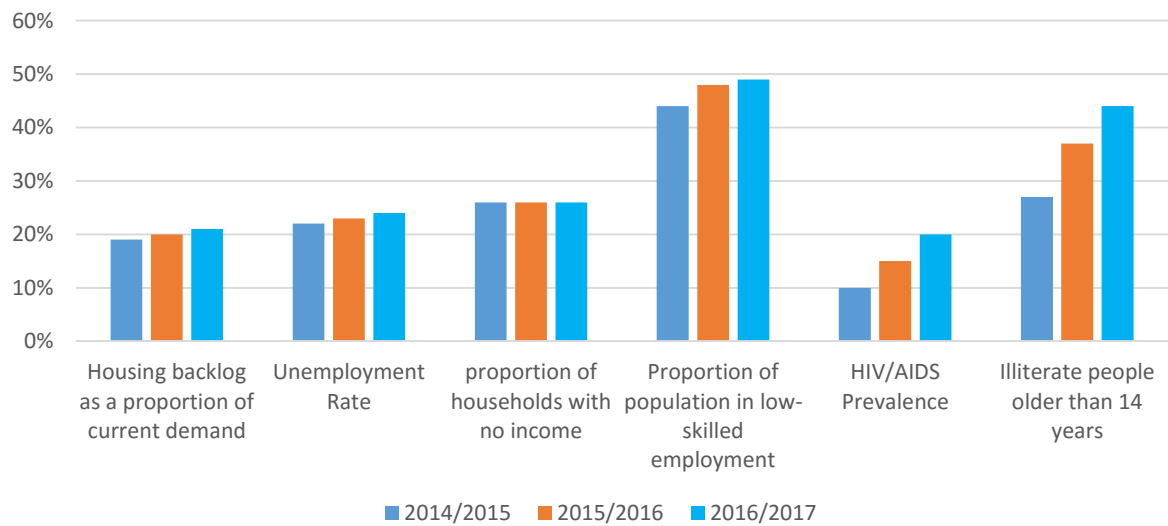
The Vaal River forms a section of the north-western boundary and the Modder River forms the southern boundary of the municipality. The Leeu River, a non-perennial river rising near Boshof, connects to the Vaal River east of the municipality. A number of non-perennial pans and wetlands are found throughout the municipal area, especially around Dealesville. In terms of the SANBI: National Freshwater Ecosystem Priority Areas (2007) the Vaal River is Largely Modified, the Modder River is seriously or Critically Modified and the Leeu River is Largely Natural with only a few modifications. The classifications of the Vaal and Modder Rivers indicate that these rivers have been greatly impacted on by human processes. Interventions to improve the condition of these rivers should thus be a priority.

- Uncontrolled development done without proper land use management-the municipality to form the Municipal Planning Tribunal (MPT) via Spatial Land Use Management

Population Details									
Population '000									
Age	2015			2016			2017		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	1652	1565	3217	1652	1565	3217	1652	1565	3217
Age: 5 - 9	1652	1420	3072	1652	1420	3072	1652	1420	3072
Age: 10 - 19	2724	2898	5622	2724	2898	5622	2724	2898	5622
Age: 20 - 29	2550	2376	4926	2550	2376	4926	2550	2376	4926
Age: 30 - 39	1999	2166	4165	1999	2166	4165	1999	2166	4165
Age: 40 - 49	1564	1535	3099	1564	1535	3099	1564	1535	3099
Age: 50 - 59	1158	1274	2432	1158	1274	2432	1158	1274	2432
Age: 60 - 69	665	781	1446	665	781	1446	665	781	1446
Age: 70+	344	663	1007	344	663	1007	344	663	1007

Source: Statistics SA 2011
T 1.2.2





Township	Households	Population
Seretse	3 049	4 651
Tshwaraganag	1 750	3 270
Malebogo	4 567	8 445
Sub-Total	9 366	16 366
Rural Settlements	0	0
Sub-Total	0	0
Informal Settlements		
Boshof	0	0
Dealesville	285	753
Hertzogville	298	787
Sub-Total	583	1 540
Total	10 979	28 986

	RELEVANCE TO COMMUNITY
Underground Water	Provision of clean drinking water
Grazing Land	Stock farming, plant production and employment opportunities
Salt Pans	Job creation and economic development opportunities
Small Scale Diamond Mining	Job creation and economic development opportunities
Major Natural Resource	Relevance to Community
T 1.2.6	
1.2.7 Natural Resources	

The biggest challenge the municipality is facing is informal settlements

MAJOR NATURAL RESOURCE

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
2014	19%	22%	26%	44%	10%	27%
2015	20%	23%	26%	48%	15%	37%
2016	21%	24%	26%	52%	20%	44%
<i>T 1.2.4</i>						

1.3 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

Water:

Phase 2 of bulk water supply has commenced for the supply of portable water to Boshof and Dealesville. All households will be provided with water meters for the effective management and control of water. The municipality will also look into installing zonal water meters with the effort to develop a compliant inventory costing model. The municipality will continue using boreholes for the provision of water, as a temporary measure until the bulk water supply projects have been completed.

Sanitation:

Provision for sanitation for 691 sites was completed in Boshof Seretse and the outstanding backlog for sanitation is 450 buckets. Dealesville and Hertzogville was a sanitation backlog of 1290 and 2200 respectively and it stays as a point of concern to the municipality. Technical reports are compiled to source funds for the sanitation backlog.

Electrification of 2014/15 projects Dikgalaope Section in Dealesville and Seretse in Boshof are complete and Electrification of 2011/12 project of 16 housing units in Boshof/Seretse new extension has been completed early 2012.

These are geared to alleviate the plight felt by indigents and the greater community. Registered indigents were provided with free basic electricity, water and sanitation and refuse removal.



COMMENT ON ACCESS TO BASIC SERVICES:

There has been a significant increase in all the basic services, which implies that service delivery levels have improved. This is in line with Tokologo Municipality IDP strategies for the year under review, as well as objectives set out in Municipal Turnaround Strategy. The set objectives have tremendous increase in the revenue base of the municipality.

1.4 FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

From the information below it would appear as though the municipality is in a negative state of financial affairs, but 4th quarter operating expenditure includes non-cash items for debt impairment and depreciation. However the municipality managed to have a surplus although Municipality is reliant on grant income and was facing challenges of debt collection.

Whilst finance charges and impairment are around 27%

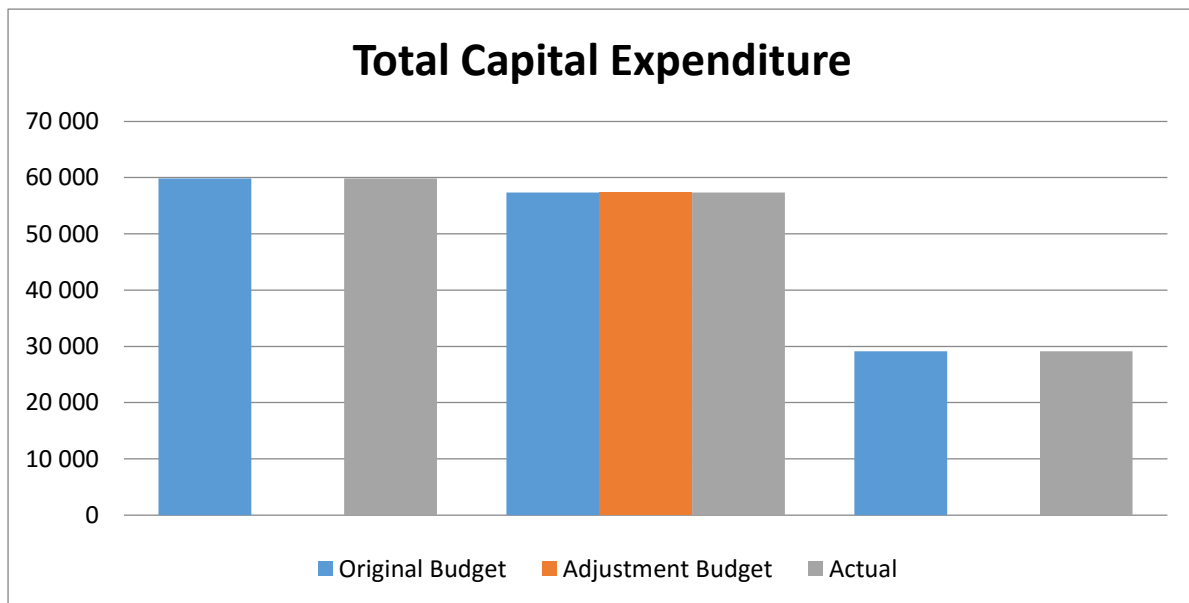
COMMENT ON OPERATING RATIOS:

The ratio's above are within the expected norms;
 Employees Costs is normally 24% of the total operating costs

Operating Ratios	
Detail	%
Employee Cost	46%
Repairs & Maintenance	0.34%
Finance Charges & Depreciation	11%
	T1.4.3

Repairs and Maintenance is usually 0.34%

Total Capital expenditure			
Detail	R'000		
	2015	2016	2017
Original Budget	57352	76 898	75 608
Adjustment Budget	0	0	0
Actual	57352	76 898	75 608
			T1.4.4



COMMENT ON CAPITAL EXPENDITURE:

There were variation between the budget and the actual expenditure in the year under review. These are reflected in the statement of budgets and Actuals on the financial statements

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

The municipality continued to invest in its human capital and has been providing training through the approved accredited institutions of learning. Minimum skills competency requirements have improved among the work force.

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT 2017/2018 (CURRENT YEAR)

For the year under review the municipality had a disclaimer of audit opinion by the Auditor General.

The following are some of the issues noted by the audit process:

- The municipality did not have adequate systems of internal control for the recording of all transactions and to support tariffs used to bill some of its consumers
- Sufficient appropriate audit evidence that other receivables included in consumer receivables from exchange transactions had been properly accounted for, due to lack of supporting documentation for suspense accounts that were not cleared as at year-end. I was unable to confirm consumer receivables from exchange transactions by alternative means
- The municipality did not have adequate systems in place to ensure that payables from exchange transactions have been correctly accounted for in terms of SA Standards of GRAP 104, *Financial Instruments*.
- 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 relating to the prior year figures were misstated as the impact of restatements made to the statement of financial position were not correctly included in the cash flow calculations, resulting in the corresponding figures of the cash flow statement being misstated
- The entity did not disclose the statement of changes in net assets in accordance with SA Standards of GRAP, GRAP 1, *Preparation of Financial Statements*. The municipality did not reconcile the prior year closing accumulated surplus to the current year opening balance after adjusting for prior period errors
- Total expenditure was materially misstated due to the cumulative effect of individually immaterial uncorrected misstatements
- Contracted Services stated was overstated.

The municipality has managed to be up to date with information processing for the 2017/18 financial year.

Submission of reports has significantly improved.

1.7. STATUTORY ANNUAL REPORT PROCESS

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.	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize 4th quarter Report for previous financial year	
4	Submit draft 17/18 Annual Report to Internal Audit and Auditor General.	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
7	Mayor tables the unaudited Annual Report	
8	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General.	
9	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase.	September - October
10	Auditor General assesses draft Annual Report including consolidated Annual Financial Statements and Performance data	
11	Municipalities receive and start to address the Auditor General's comments	November
12	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
13	Audited Annual Report is made public and representation is invited	
14	Oversight Committee assesses Annual Report	
15	Council adopts Oversight report	December
16	Oversight report is made public	
17	Oversight report is submitted to relevant provincial councils	
18	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.	January

An Annual Report requires a large volume of data from various sources so an early start and adherence to the timelines is imperative. This will ensure that we can submit a credible and detailed Annual Report timeously. This will also ensure that the municipality does not use the services of consultants, and thus save costs. This will ensure that the legislative requirements and compliance are adhered to. An early start also ensures that the budgeting process can start in earnest. It is important to submit the draft for audit purposes during August.

There is alignment between the IDP, Budget and Performance Management System. This allows for better monitoring and reporting to different stakeholders.

CHAPTER 2 GOVERNANCE



INTRODUCTION TO GOVERNANCE

Municipalities in South Africa are governed by Municipal Councils. Tokologo Council is therefore the governing body of Tokologo Local Municipality and the custodian of its powers, duties and functions, both legislative and administrative. The Council performs legislative and executive role. The Constitution of the Republic of South Africa, 1996, Chapter 7, Section 160 (1) defines the role of the Council as being:

- (making) decisions concerning the exercise of all the powers and the performance of all the functions of the municipality;
- (electing) its chairperson;
- (electing) an executive committee and other committees, subject to national legislation;
- (Employing) personnel that are necessary for the effective performance of its functions.

In terms of Section 151 (3) of the Constitution of the Republic of South Africa states that the Council of a municipality has the right to govern on its own initiative, the local government affairs of the local community, subject to national and provincial legislation. Tokologo Local Municipality is a collective plenary municipality, which implies that the composition of the council is less than 10 members, Council make decisions as a collective and the wards of the municipality are also less than 10.

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

In terms of Section 151 (3) of the Constitution of the Republic of South Africa states that the Council of a municipality has the right to govern on its own initiative, the local government affairs of the local community, subject to national and provincial legislation. Tokologo Local Municipality is a collective plenary municipality, which implies that the composition of the council is less than 10 members, Council make decisions as a collective and the wards of the municipality are also less than 10

2.1 POLITICAL GOVERNANCE

In terms of MFMA S52 (a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality. Tokologo Local Municipality does not possess executive powers, and its Council duties are conducted in a plenary collective component.

Tokologo Local Municipality is a plenary municipality and therefore does not have a Deputy Mayor, Council Chief Whip, and no mayoral and /or executive committees. Councilors are assigned portfolios. The Council consists of eight Councilors made up of four proportional representatives and four ward councilors

For the year under review, the Municipality had a functional audit committee as well as the oversight committee. Tokologo Local Municipality has no executive powers nor executive committee, and the Council collectively resolved to assign portfolios to Councilors in order to fast-track service delivery and unlock challenges which are regarded as impediments in discharging its responsibilities. The Mayor/Speaker has been tasked to lead finance and IDP portfolio and other councilors have been allocated different portfolio to discharge their responsibilities.

COUNCIL RESOLUTIONS

Council resolutions are taken through discussion in council sittings. Council resolutions implementation is monitored through updating and maintaining of the council resolution register. Corporate services department is the custodian of the process.

2.2 ADMINISTRATIVE GOVERNANCE

Section 56 Managers			
Portfolios Core	Core Functions	Managers	Gender
Municipal Manager	IDP, Internal Audit, Performance Management LED & Town Plannin	Municipal Manager Mr Kelehile Motlhale	Male
Chief Financial Officer	Finance, Supply Chain Management	Acting CFO: Mr.Thabo Matile	Male
Technical Services	Planning, Infrastructure Development, Water, Electricity, Sanitation,	Acting Director: Mr. Mpho Sehloho	Male
Corporate Services	Legal, HRM & IT	Acting Director: Mr.Letletse Tlhokwe	Male

In terms of the MFMA 60(b): The Municipal Manager of a municipality is the Accounting Officer of the municipality, for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

The Accounting Officer should ensure that the strategic document of the municipality, which is its Integrated Development Plan (IDP) as well as the Service Delivery and Budget Implementation Plan (SDBIP) are developed and adopted by Council as envisaged by the MFMA. The SDBIP seeks to ensure effective monitoring of the execution of the budget, the performance management and achievement of service delivery objectives set by Council.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Section 3 of the Municipal Systems Act requires that municipalities exercise their executive and legislative authority within the Constitutional system of co-operative governance as envisaged in Section 41 of the Constitution of the Republic of South Africa.

Tokologo Local Municipality acknowledges the level of partnerships by government sector departments in accelerating implementation of capital projects. The collective partnership has assisted the municipality to re-engineer its efforts to speed up and improve the process of service delivery to communities of Tokologo Local Municipality. The sector departments that partnered with the municipality are Water Affairs, Corporative Governance, Department of Treasury, Department of Environmental and Traditional Affairs as well as Human Settlement.

2.3 INTERGOVERNMENTAL RELATIONS

INTERGOVERNMENTAL STRUCTURES

Tokoloko Local Municipality participates in a number of structures aimed at enhancing Intergovernmental relations as prescribed by Chapter 3 of the Constitution and Section 3 of the System Act. These include outreach programs of National Ministers; Provincial Cabinet Lekgotla; SALGA; National and Provincial Treasuries; District Municipality's Intergovernmental Relations Meetings and mainly through interaction when compiling the IDP through a structure called IDP Forums and IDP Steering Committees

NATIONAL INTERGOVERNMENTAL STRUCTURES

The municipality participates in forums that are provincially based and not at national level.

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

Tokoloko Local Municipality is partaking in provincial structures that are directly contributing to service delivery. The municipality only participates in forums at provincial levels with sector departments like the Premier's Office, Corporative Governance and Traditional Affairs, Human Settlement and Public Works, just to mention a few of them.

RELATIONSHIPS WITH MUNICIPAL ENTITIES

The municipality does not have any municipal entities.

DISTRICT INTERGOVERNMENTAL STRUCTURES

Tokoloko Local Municipality participates in regular district forums wherein ideas are shared and challenges identified, and a common ground is reached in addressing matters of mutual interest. From time to time financial assistance is sourced from the district municipality

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

In terms of MSA S15 (b): a municipality is required to establish and organize its administration to facilitate a culture of accountability amongst its staff. S16 (i): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance.

S18 (i) (d): requires a municipality to supply its community with information concerning municipal governance, management and development. The IDP public participation and consultation as well as ward committee's function ability add value to public accountability and participation

During the year under review a different approach was used to consult with, educators; nurses; people with disabilities and famers to get a clear understanding what they are expecting from the municipality and also the need to meet their obligations.

2.4 PUBLIC MEETING

Public Meetings							
Nature and purpose of meeting		Number of Participating Municipal Councilors	Number of Participating Municipal Administrators	Number of Community members attending	Issues raised by community	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Mass Meeting (Ward 1)		2	6	167	- unemployment - allocation of residential sites	- No	During ward committee & mass meetings
Mass Meeting (Ward 1)		2	12	109	- Request for disability toilets - Residential site	Yes	During ward committee & mass meetings
Mass Meeting (Ward 2)		2	4	79	- Unemployment - Residential site - Opening soccer stadium	No	During ward committee & mass meetings(in different sections)
Mass Meeting (Ward 2)		2	5	65	- Speed humps - Recruitment on the learnerships learners	Yes	During ward committee & mass meetings(In different sections)
Mass Meeting (Ward 3)		2	3	108	- Recruitment of learnership learners - Residential sites	Yes	During ward committee & mass meetings
Mass Meeting (Ward 3)		2	2	89	- Unemployment - Refuse removal - Sites for churches	No Yes No	During ward committee & mass meetings
Mass Meeting (Ward 4)		2	5	102	- Unemployment - Refuse removal	No Yes No	During ward committee & mass meetings

					- Sites for churches		
Ward Committee Meeting (Ward 4)		2	5	91	- Recruitment of learnership learners Residential sites	Yes Yes	During ward committee & mass meetings
IDP Review consultation							During meeting the

Complain management system, this is done through complains and suggestion register placed in all municipal offices.

WARD COMMITTEES

Ward Committee helps with organizing consultation, spreading information and encouraging participation from residents in the ward. During the year under review, ward committees were active and a couple of meetings were convened. They have no legal powers to make decisions, but are there to advise the councilors and help them to better represent the people in their respective wards. There were also public meetings that were conducted during IDP public participation meetings and also during drafting of budget in which the various wards were used as area of focus. During the year under review, the record keeping of public meetings has improved, more especially with the IDP public meetings. As for the minutes of Ward Committee meetings, minutes are kept by Ward Committee secretaries and we have been struggling to get copies thereof. Therefore, the information we have might not be sufficient for the purpose of populating the table below, in that we are not in the position to can tell exactly what were the issues raised and if they were addressed or not.

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

The public meetings (ward committee & IDP public meetings) have improved under the current year under review. However, the municipality still needs to engage in community satisfaction surveys so as to ensure that all community issues are addressed.

2.5 IDP & BUDGET PUBLIC CONSULTATIONS

During the planning period under review, the Mayor of Tokologo Local Municipality supported by all councilors and municipal administration facilitated a series of community and stakeholder engagements to solicit their inputs on the draft Integrated Development Plan and corresponding MTREF for financial year 2017/18 after adoption by Council. Consultations took place in all towns within Tokologo.

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	T2.5.1

COMPONENT D: CORPORATE GOVERNANCE

Corporate Governance is a system that encompasses a set of rules, processes and laws. The municipality therefore views corporate governance as an effective system by which our municipality gets value for money through diligence and honesty. The component of corporate governance relates to intergovernmental relations at both district and provincial government in relation to good governance as well as sustainability of municipal financial viability.

2.6 RISK MANAGEMENT

Section 62(i) (c) of the MFMA requires a municipality to have and maintain an effective, efficient and transparent system of risk management. There was an acting risk management officer during the financial year. This step was a boost for the municipality, as a risks it faces could be identified and managed effectively. The municipality has adopted the following: Risk Management Strategy, Risk Management Plan, as well as the Risk Register. The Risk Management Policy is condoned by the risk management committee. During the year under review the strategic and operational risk assessment was performed for all areas within the municipality, risk identification processes were carried out through interviews, discussions and completion of risk register.

The following were the municipal key focus areas and strategic risks for the period under review

TableKey focus areas and strategic risks

	Key Focus Area	Top Risks	Response measure
1			<i>Current controls:</i> <i>Actions to improve:</i>
2			
3			

2.7 ANTI-CORRUPTION AND FRAUD

The municipality has Fraud Prevention Plan that outlines the municipality’s approach to curtailing the likelihood of fraud occurring, its prevention as well as early detection thereof. The fraud policy is condoned by the risk management committee and awaiting the approval by the council. The anti – fraud and corruption hotline is fully functional for anonymous phone calls in an effort to combat fraud and corruption within the municipality.

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

In terms of the Section 110-119 of the Supply Chain Management Regulations 2005; and relevant MFMA circulars sets out the required processes and guidance manuals to help ensure that Supply Chain Management arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

For the year under review, internal controls have been improved to ensure that the municipality complies with its Supply Chain Management Policy and Regulations.

CHRISTEL TO PROVIDE INFO – 28 11 2018

2.9 BY-LAWS

Assistance with the drafting of By-Laws is obtained from the provincial department for local government

No By-laws were introduced during the year.

COMMENT ON BY-LAWS:

The municipality has only 1(one) by-law, to wit the Property Rates By-law, adopted in 2009. The ten (10) identified standard by-laws from the list of standard by-laws provided by the Provincial COGTA, were presented and noted by Council for public comments. Since the last financial year the meetings for public comments have not been successful in terms of the turnout. The municipality will ensure that the process is completed during the new financial year.

2.10 WEBSITES

Municipal Website : Content and Currency of Material	
Documents published on the Municipality's Website	<Yes / No>
Current annual and adjustments budgets and all budget-related documents	No
All current budget-related policies	No
The previous annual report (2015/16)	No
The annual report (2016/17) published/to be published	No
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2012/13) and resulting scorecards	No
All long-term borrowing contracts (2012/13)	N/A
All supply chain management contracts above a prescribed value (give value) for 2016/17	No
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 2016/17	No
Contracts agreed in 2016/17 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No
Public-private partnership agreements referred to in section 120 made in 2016/17	N/A

COMMENT ON MUNICIPAL CONTENT AND ACCESS

The website is fully functional although most of the documents required by legislation were NOT published.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

The municipality has taken a survey over the public satisfaction with municipality service delivery. The survey was done through the register kept at all the municipality offices.

Complaint Structures	Progress
Manual / Operating Procedure	The municipality is currently using the complaints Box and one on one contact telephonic.
Satisfaction Survey	There are plans in process to assist the ward committees and respective ward councilors to conduct surveys and the surveys are also done with a register kept at all the municipalities offices

CHAPTER 3

SERVICE DELIVERY



Service Delivery Performance Report Part I

INTRODUCTION

For the year under review the Municipality continues to make significant strides in extending access to water and sanitation services, facilitated access to housing, implemented a number of projects to support Small Medium and Micro Enterprises (SMME) and rural development, ensured that indigent households had access to Free Basic Water, Electricity, Sanitation and Refuse removal services and promoted development through prompt processing of development applications.

Provide efficient environmental health and emergency services and rehabilitated social amenities. Effective maintenance of assets was carried out that included resurfacing roads, rehabilitation of roads, storm-water canals, catch pits and electricity service infrastructure (network and streetlights)

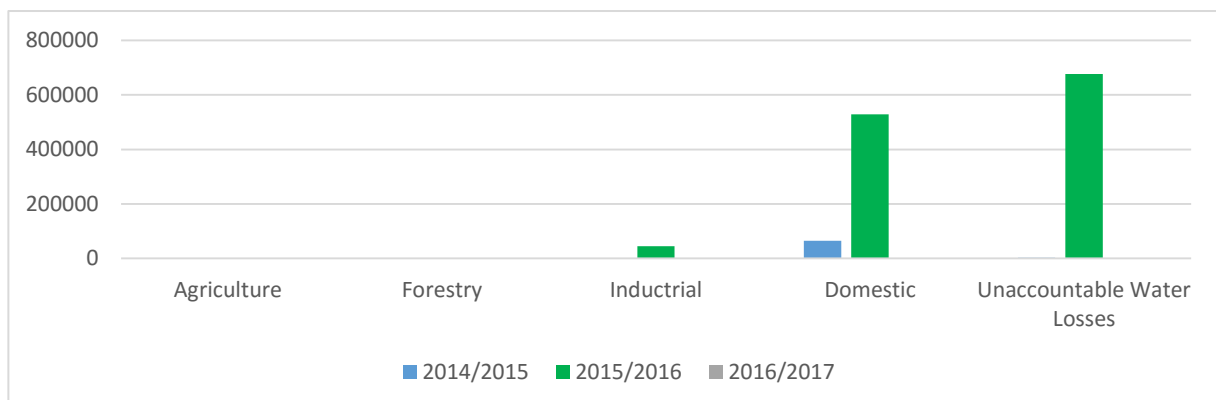
COMPONENT A: BASIC SERVICES

3.1. WATER PROVISION

There is still a challenge of water scarcity due to the drought not only experienced within the municipality but throughout the Country as whole. Phase-II of bulk water supply has started and like Phase-I as part of service delivery the community of Boshof and Dealesville will enjoy clean drinking water once completed. Maintenance of existing boreholes and drilling of new boreholes is still in the process to alleviate the problem.

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2015/16	0	0	204	64788	2700
2016/17	0	0	449972	528228	676167

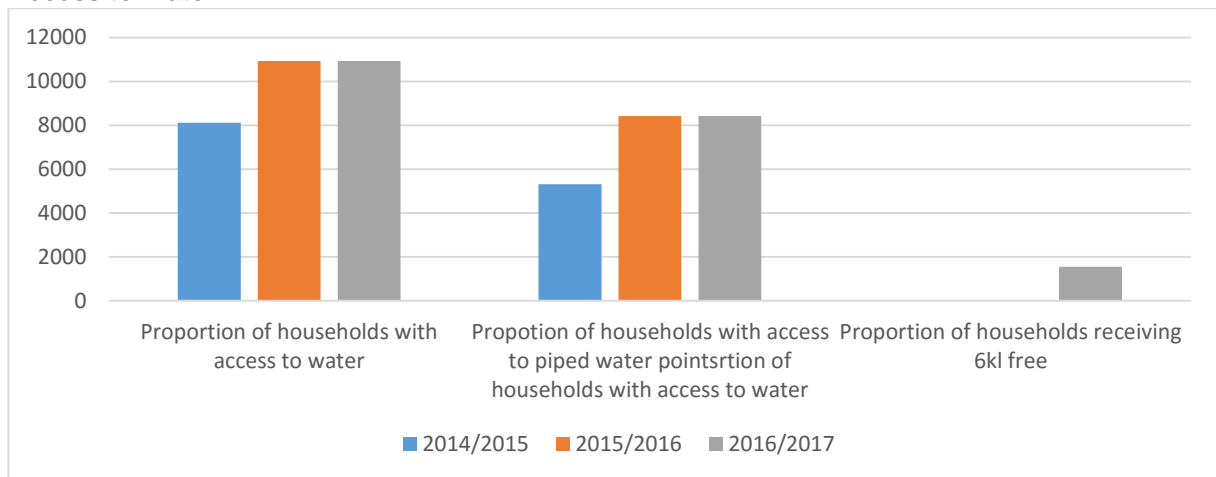
Total Use of Water by Sector



Water Service Delivery Levels				
Description	Households			
	2015	2016	2017	2018
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Water: (above min level)</u>				
Piped water inside dwelling	1974	1974	1974	1974
Piped water inside yard (but not in dwelling)	5315	5315	8 422	8 422
Using public tap (stand pipes)				
Other water supply (within 200m)	826	826	535	535
<i>Minimum Service Level and Above sub-total</i>	8115	8115	10931	101931
<i>Minimum Service Level and Above Percentage</i>	93%	93	95%	95%
<u>Water: (below min level)</u>				
Using public tap (more than 200m from dwelling)				
Other water supply (more than 200m from dwelling)	583	583	535	585
No water supply				
<i>Below Minimum Service Level sub-total</i>	583	583	535	535
<i>Below Minimum Service Level Percentage</i>	7%	7&	5%	5%
Total number of households*	9	9	11	12
* - To include informal settlements				

Description	Households					
	2014/2015	2015/2016	2016/2017	2017/2018		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlement						
Total households	8 115	8 115	10 981	0	0	10 981
Households below minimum service level	583	583	535	0	0	535
Proportion of households below minimum service level	7%	7%	5%	0%	0%	5%
Informal Settlements						
Total households	8 115	8 115	10 981	0	0	10 981
Households below minimum service level	583	583	535	0	0	535
Proportion of households below minimum service level	7%	7%	5%	0	0	5%

Access to Water



* Means access to 25 liters of potable water per day supplied within 200m of a household and with a minimum flow of 10 liters per minute

6,000 liters of potable water supplied per formal connection per month

Plan Water Service Policy Objective taken from Integrated Development Plan

Service Objectives	Outline Service Targets	2015/2016		2016/2017			2017/2018	2018/2019	
		Target	Actual	Target		Actual	Target	Current Year	Following Year
Service Indicators		*Previous Year		*Previous Year	Current Year	Current Year	Current Year	Current Year	Following Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)			
Service Objective xxx									
Households without minimum water supply	Additional Households provided with minimum water supply during the year (Number of households (HHs) without supply at year end) 548 HHs informal settlement receive water through communal stand pipe	additional HHs (HHs outstanding) 548 HHs	additional HHs (HHs outstanding) 548HHs	Additional HHs (HHs outstanding)548 HHs		additional HHs (HHs outstanding)548HHs			
Improve reliability of water supply	Reduce the number of interruptions (Ints) in supply of one hour or more compared to the baseline of Year -1 (interruptions of one hour or more during the yr)	T100% (x Ints)	A100% (x Ints)	T100% (x Ints)		T100% (x Ints)			

Improve water conservation	Reduce unaccountable water levels compared to the baseline of Year -1 (x kilolitres (KLs) unaccounted for during the yr)	T0%(x KLs)	A0% (x KLs)	T1% (x KLs)		T1% (KLs)			
	The municipality has performed well in term of blue drops								

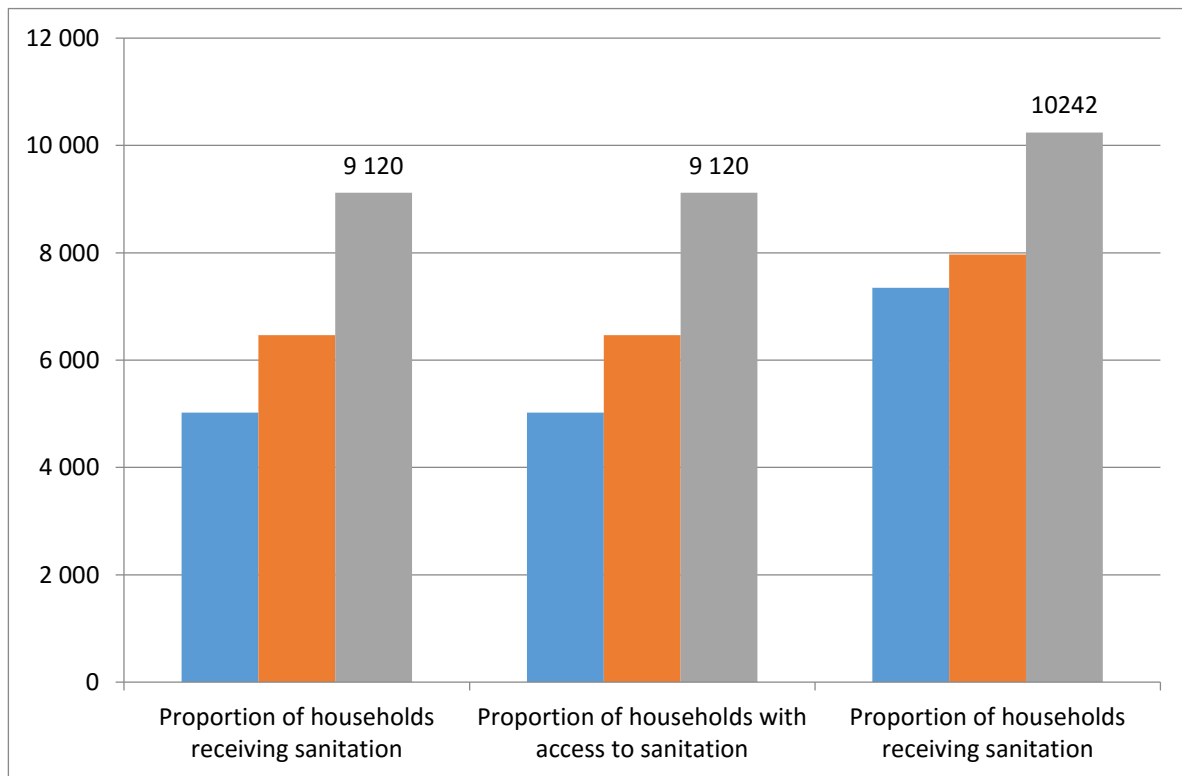
3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

Sanitation Service Delivery Levels				
*Households				
Description	2012/13	2013/14	2014/15	2016/17
	Outcome No.	Outcome No.	Outcome No.	Actual No.
<u>Sanitation/sewerage: (above minimum level)</u>				
Flush toilet (connected to sewerage)	3885	1 609	1 609	2300
Flush toilet (with septic tank)	287	661	661	1170
Chemical toilet				
Pit toilet (ventilated)	4 824	3 253	6 826	6 826
Other toilet provisions (above min.service level)	0	0	0	0
<i>Minimum Service Level and Above sub-total</i>	9 120	5 906	5 906	10 296
<i>Minimum Service Level and Above Percentage</i>	85.0%	67.9%	67.9%	95.4%
<u>Sanitation/sewerage: (below minimum level)</u>				
Bucket toilet	988	1 644	1 644	685
Other toilet provisions (below min.service level)	0	0	0	0
No toilet provisions	0	0	0	0
<i>Below Minimum Service Level sub-total</i>	1 609	2 792	2 792	685
<i>Below Minimum Service Level Percentage</i>	15.0%	32.1%	32.1%	4.6%
Total households	10 729	8 698	8 698	10 981

Households - Sanitation Service Delivery Levels below the minimum						
Description	2012/13	2013/14	2014/15	2016/17		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	5 906	5 906	10 981	0	0	7 292
Households below minimum service level	0	0	0	0	0	5 371
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	2 792	2 792	535	0	0	535
Households below minimum service level	2 792	2 792	535	0	0	535
Proportion of households below minimum service level	100%	100%	100%	0%	0%	0%

ACCESS TO SANITATION



Waste Water (Sanitation) Service Policy Objectives Taken From IDP							
Service Objectives	Outline Service Targets	2013/14		2014/15	2016/17		
		Target		Actual	Target		
Service Indicators (i)	(ii)	*Previous Year	*Current Year		*Current Year	*Following Year	
		Service Objective :Bucket eradication					
Eradication of bucket system in all wards	installation of sewer network and treatment plant in all wards.	THERE WAS NO IMPLEMENTATION PLAN FOR WASTE WATER IN THE IDP	THERE WAS NO IMPLEMENTATION PLAN FOR WASTE WATER IN THE IDP	N/A	Boshof/Seret se:provision of sanitation for 691 sites	Boshof/Serets e: bucket eradication for 300 sites Hertzogville/Malebogo: Bucket eradication for 1020 sites Dealesville/Tshwaraganang: bucket eradication for 1029 sites	

3.3 ELECTRICITY

Electricity Service Delivery Levels				
Description	2012/13	2013/14	2014/15	Households 2016/17
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Energy: (above minimum level)</u>				
Electricity (at least min.service level)	655	547	565	1 200
Electricity - prepaid (min.service level)	565	587	846	8 910
<i>Minimum Service Level and Above sub-total</i>	1 220	1 134	1 411	10 110
<i>Minimum Service Level and Above Percentage</i>	52.8%	52.8%	66.3%	92.1%
<u>Energy: (below minimum level)</u>				
Electricity (< min.service level)	112	123	124	
Electricity - prepaid (< min.service level)	955	865	565	
Other energy sources	24	26	28	871
<i>Below Minimum Service Level sub-total</i>	1 091	1 014	717	871
<i>Below Minimum Service Level Percentage</i>	47.2%	47.2%	33.7%	7.9%
Total number of households	2 310	2 147	2 127	10 981

Households - Electricity Service Delivery Levels below the minimum						
Description	2012/13	2013/14	2014/15	2016/17	Households	
	Actual	Actual	Actual	Original Bud	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	2 310	2 147	2 127	10 981	10 981	10 981
Households below minimum level	1 091	1 014	717	871	871	871
Proportion of households below minimum service level	47%	47%	34%	8%	8%	8%
Informal Settlements						
Total households	1 091	1 014	717	717	717	717
Households ts below minimum level	1 091	1 014	717	717	717	717
Proportion of households ts b minimum service level	100%	100%	100%	100%	100%	100%

Electricity Service Policy Objectives Taken From IDP							
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2015/16		2016/17	2017/18		
		Target		Actual	Target		
		*Previous Year	*Current Year		*Current Year	*Following Year	
Service Objective xxx							
To improve access to energy and sanitation	No of household connected with electricity					88 new connection and a new network	88 new connection and a new network

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 -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Integrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.

Employees: Electricity Services					
Job Level	2015/16	2017/18			
	Employee s	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					0%
4 - 6					0%
7 - 9	6	12	6	6	50%
10 - 12					0%
13 - 15					0%
16 - 18					0%
19 - 20					0%
Total	6	12	6	0	50%

*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.*

Capital Expenditure 2017/18: Electricity Services					
					R' 000
Capital Projects	2017/2018				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
The were no Electricity Service Projects for the year 2017/18 Financial Year	0	0	0	0	

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.)

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

The municipality provides the cleaning of streets and collection of refuse once a week per household and the community is aware of the collection schedule. The cleaning of street is done in collaboration with CWP. The landfill sites are still in the process of registration and the process is led by the Department of Environmental Affairs.

Waste Management Service Policy Objectives Taken From IDP							
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2015/16		2016/17	2017/18		
		Target		Actual	Target		
		*Previous Year	*Current Year		*Current Year	*Following Year	
Service Objective xxx							
Ensure proper maintenance of waste management and removal	Notices of waste removal schedule	100% households provided with refuse removal services at least twice a week	100% households provided with refuse removal services at least twice a week	100% households provided with refuse removal services at least twice a week	100% households provided with refuse removal services at least twice a week	100% households provided with refuse removal services at least twice a week	100% households provided with refuse removal services at least twice a week
Ensure proper maintenance of waste management and removal	Status of landfill sites	100% landfill sites in Boshof, Hertzogville and Dealesville maintained	100% landfill sites in Boshof, Hertzogville and Dealesville maintained	100% landfill sites in Boshof, Hertzogville and Dealesville maintained	100% landfill sites in Boshof, Hertzogville and Dealesville maintained	100% landfill sites in Boshof, Hertzogville and Dealesville maintained	100% landfill sites in Boshof, Hertzogville and Dealesville maintained

*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 -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets in the IDP must be fundable within approved budget provision. MSA 2000 chapter 5 sets out the purpose and character of Intergrated Development Plans (IDPs) and chapter 6 sets out the requirements for the reduction of performance management arrangement by municipalities in which IDPs play a key role.*

Employees: Waste Management and Other Services(Refuse)					
Job Level	2016/17		2017/18		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	26	31	26	5	16%
4 - 6	11			0	0%
7 - 9					0%
10 - 12					0%
13 - 15					0%
16 - 18					0%
19 - 20					0%
Total	37	31	26	5	16%

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:
100% households provided with refuse removal services and 100% of landfill sites maintained

3.5 HOUSING

INTRODUCTION TO HOUSING

Housing service is currently the prerogative of the Provincial Government under the Department of Human Settlement. The municipality receives an allocation for low cost housing subsidies from the Provincial Department for qualifying beneficiaries

Employees: Housing Services					
Job Level	2016/17		2017/12		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0
4 – 6	0	0	0	0	0
7 – 9	2	2	2	0	0
10 – 12	0	0	0	0	0
13 – 15	0	0	0	0	0
16 – 18	0	0	0	0	0
19 – 20	0	0	0	0	0
Total	2	2	2	0	0

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality provides free basic service for qualifying registered candidates. The municipality maintains an indigent register for members of the community who have qualified. In the current financial year, the number of indigents per the register was at 1540

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

The municipality's main aim is to ensure the physical, environmental, social and economic integration and sustainability of the municipal development, in order to overcome the inequality that currently characterises the different residential areas.

T 3.10

3.10 PLANNING

INTRODUCTION TO PLANNING

Delete Directive note once comment is completed - Set out in brief the main elements of your planning strategies (and make particular reference to achievements and challenges in year 0); Town Planning; and building regulation and enforcement). Set out your top 3 service delivery priorities and the impact you have had on them during the year. Set out measures taken to improve performance and the major efficiencies achieved by your service during the year. Refer to support given to those communities that are living in poverty.

T 3.10.1

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

Delete Directive note once comment is completed - Set out in brief the main elements of your planning strategies (and make particular reference to achievements and challenges in year 0); Town Planning; and building regulation and enforcement). Set out your top 3 service delivery priorities and the impact you have had on them during the year. Set out measures taken to improve performance and the major efficiencies achieved by your service during the year. Refer to support given to those communities that are living in poverty.

COMMENT ON LOCAL JOB OPPORTUNITIES:

The municipality due to the area is the biggest employer. The municipality created job opportunities through implementation of infrastructure projects and the EPWP.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.13 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

The municipality does provide the maintenance and cemeteries however crematorium is not provided.

SERVICE STATISTICS FOR CEMETORIES & CREMATORIUMS

Employees: Cemeteries and Crematoriums

Job Level	2016/17	2017/18			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	0	0	0	0	0
7 - 9	0	0	0	0	0
10 - 12	1	1	1	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	1	1	1	0	0

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

The service is fully provided by the department of police roads and transport. The municipality provides traffic control services as well as disaster management services.

COMPONENT H: SPORT AND RECREATION

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

INTRODUCTION TO SPORT AND RECREATION

The municipality does maintain and service the above mentioned public facilities

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.14 COUNCIL

This component includes Council and management (mayor/speaker; councillors; and municipal manager).

INTRODUCTION TO COUNCIL

The municipality is classified as plenary municipality therefore does not have an Executive Major.

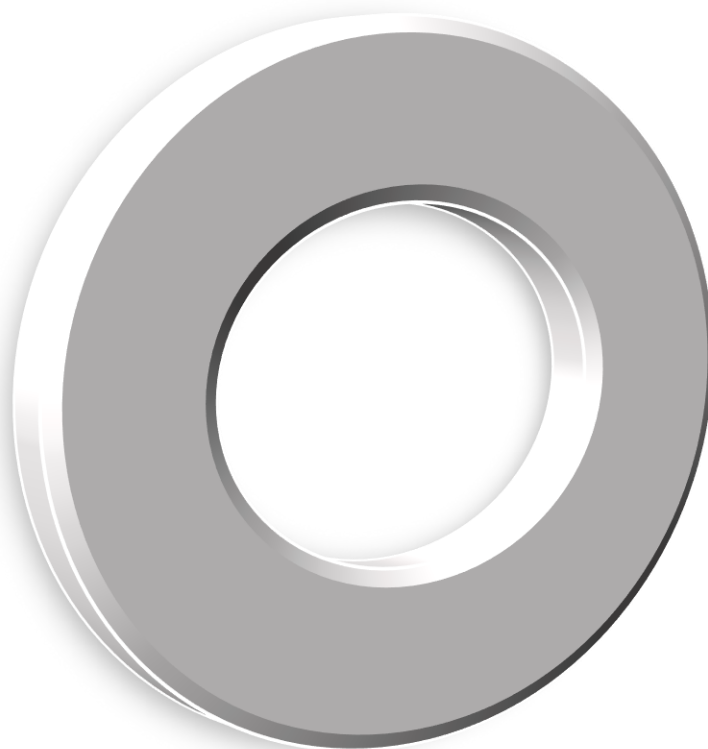
3.15 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Effective and efficient HR management services to all directorates within Tokologo Local Municipality

- Render labour relations support and programmes for employees and management of the municipality
- Support the workforce through the rendering of efficient occupational health and employee wellness
- Safety and loss control management
- Manage TLM facilities
- Provide ICT service to TLM
- Provide an integrated Human Capital Development service to TLM

CHAPTER 4 ORGANISATIONAL DEVELOPMENT



CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2015/2016		2016/2017		
	Employees	Approved Posts	Employees	Variance	Variance
	No.	No.	No.	No.	%
Water	14	17	14	3	18%
Waste Water (Sanitation)	33	38	33	5	13%
Electricity	6	12	6	6	50%
Waste Management	45	45	45	0	0%
Housing	1	1	1	0	0%
Waste Water (Storm water Drainage)	26	31	26	5	16%
Roads(public works)	9	9	9	0	0%
Local Economic Development	3	3	3	0	0%
Planning (Strategic & Regulatory)	2	2	2	0	0%
Community & Social Services(cemetries)	1	1	1	0	0%
Environmental Protection(Disaster)	1	1	1	0	0%
Trafic	4	4	4	0	0%
Sport and Recreation(parks facilities)	8	10	8	2	20%
Corporate Policy Offices and Other	55	62	55	7	11%
Totals	208	236	208	28	12%

COMMENT ON VACANCIES AND TURNOVER:

There are very few vacancies in the current financial year and its mostly unskilled labour. The municipality did not experience any labour turnover this year.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

Note: MSA 2000 S67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective; and transparent personnel administration in accordance with the Employment Equity Act 1998.

Work force Management within TLM is compliant with all legislative requirements governing the workplace together with collective agreements concluded by the parties at the SALGBC. There is an extensive consultation process with organized labour on issues of mutual interest at the Local Labour Forum.

This is done through Management of the recruitment process, selection and placement of staff; so that the best suited candidates are employed in alignment with the objective set out in the Employment Equity Strategy. Employee benefits including sick leave are administered in terms of applicable labour legislation, Conditions of Service,

Table 4.4: HR POLICIES AND PLANS

HR Policies and Plans

4.2 POLICIES				
HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	90%		
2	Attraction and Retention	90%		
3	Code of Conduct for employees	100%		
4	Delegations, Authorisation & Responsibility	100%	0%	
5	Disciplinary Code and Procedures	100%		
6	Essential Services	90%		
7	Employee Assistance / Wellness	90%		
8	Employment Equity	90%		
9	Exit Management	90%		
10	Grievance Procedures	90%		
11	HIV/Aids	90%		
12	Human Resource and Development	90%		
13	Information Technology	90%		
14	Job Evaluation	90%		
15	Leave	90%		
16	Occupational Health and Safety	90%		
17	Official Housing	90%		
18	Official Journeys	100%		
19	Official transport to attend Funerals	0%		
20	Official Working Hours and Overtime	90%		

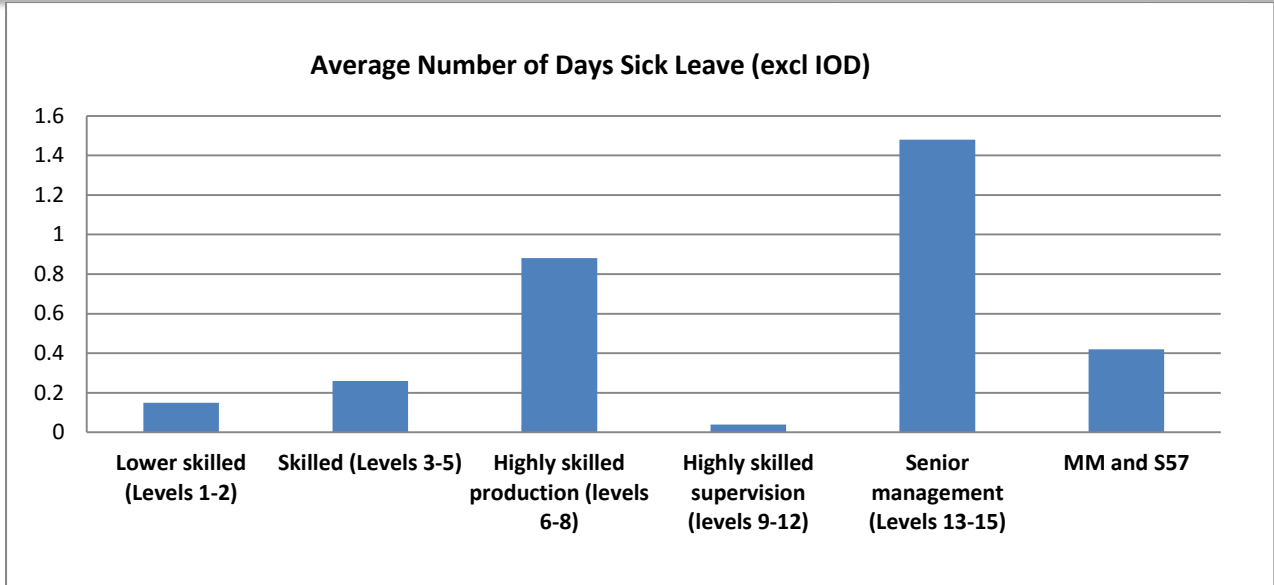
21	Organisational Rights	90%		
22	Payroll Deductions	90%		
23	Performance Management Framework	100%		
24	Recruitment, Selection and Appointments	90%		
25	Remuneration Scales and Allowances	90%		
26	Resettlement	90%		
27	Sexual Harassment	90%		
28	Skills Development	90%		
29	Smoking	0%		
30	Special Skills	0%		
31	Work Organisation	90%		
32	Uniforms and Protective Clothing	90%		
33	Other:			

COMMENT ON WORKFORCE POLICY DEVELOPMENT:
 OAll the policies will be tabled before Council for approval

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Average injury leave taken per employee	Average Injury Leave per employee	Total Estimated Cost
	Days	No.	%	Days	R'000
Required basic medical attention only	0	0	0%	0	0
Temporary total disablement	0	0	0%	0	0
Permanent disablement	0	0	0%	0	0
Fatal	0	0	0%	0	0
Total	0	0	0%	0	0

* - Number of employees in post at the beginning of the year
 *Average is calculated by taking sick leave in column 2 divided by total employees in column 5



COMMENT ON PERFORMANCE REWARDS:

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

One of the key challenges around an integrated process of skills development within the municipality has been a lack of comprehensive, holistic and integrated framework for human capital development that will guide and integrate key process such as training need analysis, career pathing and planning, succession planning, management and leadership development, knowledge exchange and innovation. To this end a draft succession planning policy a not been developed which will consolidate all the key mandatory processes for effective human capital development.

During the year under review the municipality also complied with the Skills Development Act requirement to submit Local Government SETA (LGSETA) the Workplace Skills Plan (WSP) on 30 April 2015, as per legislative requirement

4.5 SKILLS DEVELOPMENT AND TRAINING

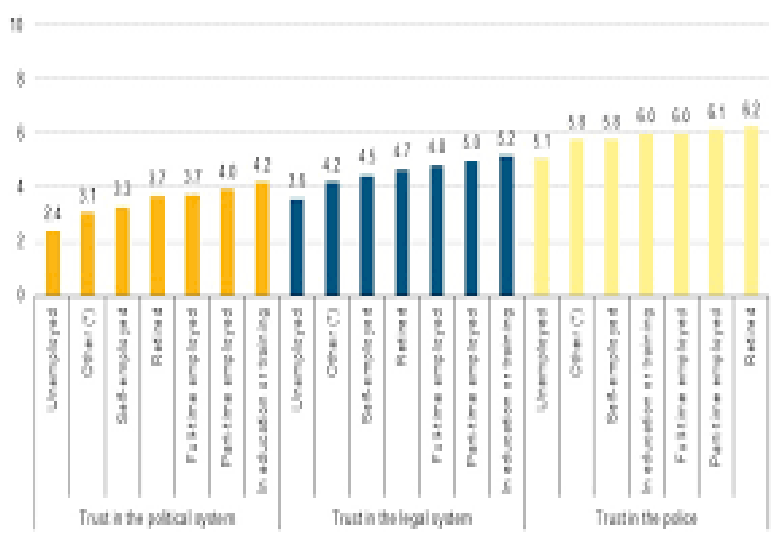
Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2017	Number of skilled employees required and actual as at 30 June 2017											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual 30 June 2017	Actual 30 June 2018	Target	Actual 30 June 2017	Actual 30 June 2018	Target	Actual 30 June 2017	Actual 30 June 2018	Target	Actual 30 June 2017	Actual 30 June 2018
MM and S56	Female	1	0			1	1	1	0	0	1	1	1	1
	Male	3	0				3	3	3	0		3	3	3
Councillors, senior officials and managers	Female	4	0							0				0
	Male	7	0							0				0
Technicians and associate professionals	Female		0							0				0
	Male	3	0							0				0
Professionals	Female		0							0				0
	Male		0							0				0
Sub total	Female	5	0							0				0
	Male	13	0							0				0
Total		18	0	0	0	4	8	8	0	0		4	4	4
														T4.5.1

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))
Financial Officials						
<i>Accounting officer</i>	0	0	0	0	0	0
<i>Chief financial officer</i>	1	0	1	0	0	0
<i>Senior managers</i>		0	17	0	0	0
<i>Any other financial officials</i>	17	0	13	5	0	5
Supply Chain Management Officials		0				
<i>Heads of supply chain management units</i>	2	0	2	0	0	0
<i>Supply chain management senior managers</i>	0	0	0	0	0	0
TOTAL	20	0	20	1	1	1

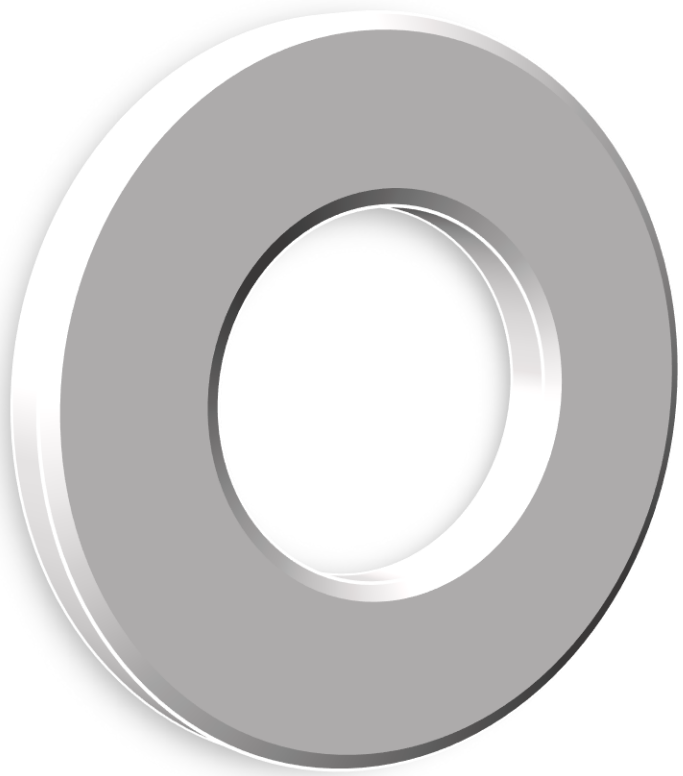
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

CHAPTER 5

FINANCE



(C) Other includes people permanently disabled due to work, failing domestic tasks, in compulsory military community or a union.



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

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.

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

FS182 Tokologo - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	3,889	3,475	4,538	4,904	4,904	4,904	4,904	4,903	5,209	5,521
Service charges	19,940	20,268	38,338	25,446	25,446	25,446	25,446	33,088	34,119	36,166
Investment revenue	535	728	683	560	560	560	560	739	779	822
Transfers recognised – operational	46,910	48,575	45,304	48,013	48,013	48,013	48,013	53,175	57,224	61,707
Other own revenue	6,705	9,211	12,106	11,059	11,059	11,059	11,059	14,262	15,049	15,879
	77,979	82,257	100,969	89,982	89,982	89,982	89,982	106,167	112,379	120,095
Total Revenue (excluding capital transfers and contributions)										
Employee costs	30,253	35,795	36,907	38,381	38,381	38,381	38,381	41,097	43,974	47,052
Remuneration of councillors	2,407	2,439	2,577	2,662	2,662	2,662	2,662	2,944	3,106	3,277
Depreciation & asset impairment	32,316	37,781	37,797	1,239	1,239	1,239	1,239	2,239	2,362	2,492
Finance charges	1,326	2,108	3,430	400	400	400	400	420	443	467
Materials and bulk purchases	20,778	24,216	22,277	32,151	32,151	32,151	32,151	38,301	40,407	42,629
Transfers and grants	1,937	–	–	–	–	–	–	–	–	–
Other expenditure	37,129	30,711	54,636	15,147	15,147	15,147	15,147	20,661	18,749	19,780
Total Expenditure	126,145	133,049	157,623	89,979	89,979	89,979	89,979	105,661	109,041	115,698
Surplus/(Deficit)	(48,166)	(50,792)	(56,654)	3	3	3	3	506	3,339	4,397

Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	30,001	54,356	132,800	71,933	71,933	71,933	71,933	125,086	92,485	103,584
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(18,165)	3,564	76,146	71,935	71,935	71,935	71,935	125,592	95,824	107,981
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(18,165)	3,564	76,146	71,935	71,935	71,935	71,935	125,592	95,824	107,981
<u>Capital expenditure & funds sources</u>										
Capital expenditure	24,887	31,654	153,104	72,432	72,432	72,432	72,432	125,586	92,485	103,584
Transfers recognised – capital	23,909	30,829	153,104	71,932	71,932	71,932	71,932	125,086	92,485	103,584
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	978	825	-	500	500	500	500	500	-	-
Total sources of capital funds	24,887	31,654	153,104	72,432	72,432	72,432	72,432	125,586	92,485	103,584
<u>Financial position</u>										
Total current assets	8,542	22,231	29,646	26,611	26,611	26,611	26,611	50,077	52,832	55,569
Total non current assets	580,252	585,166	662,568	575,010	575,010	575,010	575,010	709,781	748,819	786,432
Total current liabilities	27,899	52,187	98,818	21,304	21,304	21,304	21,304	57,024	60,160	63,174
Total non current liabilities	18,077	11,841	11,580	20,570	20,570	20,570	20,570	9,215	9,722	10,208
Community wealth/Equity	542,817	543,370	581,815	559,746	559,746	559,746	559,746	693,620	731,769	768,619
<u>Cash flows</u>										
Net cash from (used) operating	24,512	35,592	141,157	55,222	55,222	55,222	55,222	112,751	80,712	91,784
Net cash from (used) investing	(24,441)	(31,488)	(153,139)	(72,932)	(72,932)	(72,932)	(72,932)	(125,586)	(93,313)	(104,447)
Net cash from (used) financing	(1,723)	(2,182)	(363)	-	-	-	-	-	-	-

Cash/cash equivalents at the year end	2,593	4,484	(7,861)	(17,227)	(17,227)	(17,227)	(17,227)	(8,069)	(20,670)	(33,333)
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	2,708	4,620	(7,730)	810	810	810	810	896	946	995
Application of cash and investments	24,190	47,079	83,075	1,444	1,444	1,444	753	37,833	39,649	41,685
Balance - surplus (shortfall)	(21,482)	(42,458)	(90,805)	(634)	(634)	(634)	56	(36,936)	(38,703)	(40,689)
<u>Asset management</u>										
Asset register summary (WDV)	580,105	585,030	662,436	644,472	644,472	644,472		709,650	748,681	786,286
Depreciation	32,316	37,781	37,797	1,239	1,239	1,239		2,239	2,362	2,492
Renewal of Existing Assets	–	–	–	14,059	14,059	14,059		13,757	8,620	16,388
Repairs and Maintenance	1,193	1,122	3,356	3,701	3,701	3,701		3,701	3,904	4,119
<u>Free services</u>										
Cost of Free Basic Services provided	–	–	–	15,134	15,134	15,134	10,760	10,760	11,406	12,090
Revenue cost of free services provided	6,873	–	–	603	603	603	614	614	651	690
<u>Households below minimum service level</u>										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	3	3	3	3	3	3	3	3	3	3
Energy:	1	1	1	1	1	1	1	1	1	1
Refuse:	5	5	5	5	5	5	6	6	6	6

COMMENT ON FINANCIAL PERFORMANCE:

T5.1.3

5.2 GRANTS

FS182 Tokologo - Supporting Table SA18 Transfers and grant receipts

Description	R ef	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:	1, 2									
– Operating Transfers and Grants										
National Government:		47,471	48,273	46,539	48,013	48,013	48,013	53,175	57,224	61,707
Local Government Equitable Share		43,895	44,637	43,424	44,274	44,274	44,274	49,390	53,961	57,977
Finance Management		1,800	1,800	1,825	1,900	1,900	1,900	1,970	2,435	2,867
EPWP Incentive		930	930		1,000	1,000	1,000	1,000		
5% Transfer from MIG		846	907	1,290	839	839	839	815	828	863
Provincial Government:		-	-	-	-	-	-	-	-	-
5% Transfer from MIG										
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										

Other grant providers:		285	1,208	-	-	-	-	-	-	
<i>LG SETA</i>		285	1,208							
Total Operating Transfers and Grants	5	47,756	49,481	46,539	48,013	48,013	48,013	53,175	57,224	61,707
<u>Capital Transfers and Grants</u>										
National Government:		30,001	54,356	134,090	72,771	72,771	72,771	115,901	93,313	104,447
Municipal Infrastructure Grant (MIG)		16,918	18,133	25,798	16,771	16,771	16,771	16,301	16,553	17,251
Regional Bulk Infrastructure		10,000	33,000	107,260	45,000	45,000	45,000	96,500	71,000	80,000
		1,083	1,223	1,032						
Integrated National Energy Grant		2,000	2,000		11,000	11,000	11,000	3,100	5,760	7,196
Provincial Government:		-	-	-	-	178,261	-	-	-	-
Other capital transfers/grants [insert description]						178,261				
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		(846)	(907)	(1,290)	(839)	(839)	(839)	9,185	(828)	(863)
<i>Water Services Infrastructure Grant</i>								10,000	-	-
<i>EPWP</i>									-	-
<i>5% Transfer to Opex</i>		(846)	(907)	(1,290)	(839)	(839)	(839)	(815)	(828)	(863)
Total Capital Transfers and Grants	5	29,155	53,449	132,800	71,932	250,193	71,932	125,086	92,485	103,584
TOTAL RECEIPTS OF TRANSFERS & GRANTS		76,911	102,931	179,339	119,945	298,206	119,945	178,261	149,709	165,291

References

1. Each transfer/grant is listed by name as gazetted together with the name of the transferring department or municipality, donor or other organisation
2. Amounts actually RECEIVED; not revenue recognised (objective is to confirm grants transferred)
3. Replacement of RSC levies
4. Housing subsidies for housing where ownership transferred to organisations or persons outside the control of the municipality
5. Total transfers and grants must reconcile to Budgeted Cash Flows
6. Motor vehicle licensing refunds to be included under 'agency' services (Not Grant Receipts)

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The municipality has a GRAAP compliant Asset Register. An Assets Management policy was developed during the year under review but is still to be sent to council for approval. The Project Management Unit and EMS are responsible for infrastructure assets management, whilst two officers have been delegated for movable and immovable assets.

The two asset officers' key delegations include but not limited to:

- Asset Verification,
- Asset Count and
- Updating the Asset Register.

Key issues under development: To establish fully functional assets management unit and to ensure that the assets register is updated on a monthly basis

T5.3.1

FS182 Tokologo - Supporting Table SA34c Repairs and maintenance expenditure by asset class

R thousand	Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
1											

						Forecas t			
Repairs and maintenance expenditure by Asset Class/Sub-class									
-									
Infrastructure	1,193	1,122	3,356	2,954	2,954	2,954	2,954	3,116	3,287
Roads Infrastructure	-	-	-	713	713	713	713	752	794
<i>Roads</i>				713	713	713	713	752	794
<i>Road Structures</i>									
<i>Road Furniture</i>									
<i>Capital Spares</i>									
Storm water Infrastructure	-	-	-	-	-	-	-	-	-
<i>Drainage Collection</i>									
<i>Storm water Conveyance</i>									
<i>Attenuation</i>									
Electrical Infrastructure	-	-	-	780	780	780	831	876	924
<i>Power Plants</i>									
<i>HV Substations</i>									
<i>HV Switching Station</i>									
<i>HV Transmission Conductors</i>									
<i>MV Substations</i>									
<i>MV Switching Stations</i>									
<i>MV Networks</i>				780	780	780	831	876	924
<i>LV Networks</i>									
<i>Capital Spares</i>									
Water Supply Infrastructure	-	1,122	3,356	831	831	831	780	823	868
<i>Dams and Weirs</i>				831	831	831	780	823	868
<i>Boreholes</i>		1,122	3,356						
<i>Reservoirs</i>									
<i>Pump Stations</i>									
<i>Water Treatment Works</i>									
<i>Bulk Mains</i>									

<i>Distribution</i>									
<i>Distribution Points</i>									
<i>PRV Stations</i>									
<i>Capital Spares</i>									
Sanitation Infrastructure	-	-	-	460	460	460	460	485	512
<i>Pump Station</i>									
<i>Reticulation</i>									
<i>Waste Water Treatment Works</i>				460	460	460	460	485	512
<i>Outfall Sewers</i>									
<i>Toilet Facilities</i>									
<i>Capital Spares</i>									
Solid Waste Infrastructure	1,193	-	-	170	170	170	170	179	189
<i>Landfill Sites</i>	1,193			170	170	170	170	179	189
<i>Waste Transfer Stations</i>									
<i>Waste Processing Facilities</i>									
<i>Waste Drop-off Points</i>									
<i>Waste Separation Facilities</i>									
<i>Electricity Generation Facilities</i>									
<i>Capital Spares</i>									
Rail Infrastructure	-	-	-	-	-	-	-	-	-
<i>Rail Lines</i>									
<i>Rail Structures</i>									
<i>Rail Furniture</i>									
<i>Drainage Collection</i>									
<i>Storm water Conveyance</i>									
<i>Attenuation</i>									
<i>MV Substations</i>									
<i>LV Networks</i>									
<i>Capital Spares</i>									
Coastal Infrastructure	-	-	-	-	-	-	-	-	-
<i>Sand Pumps</i>									

<i>Piers</i>									
<i>Revetments</i>									
<i>Promenades</i>									
<i>Capital Spares</i>									
Information and Communication Infrastructure	-	-	-	-	-	-	-	-	-
<i>Data Centres</i>									
<i>Core Layers</i>									
<i>Distribution Layers</i>									
<i>Capital Spares</i>									
Community Assets	-	-	-	502	502	502	502	530	559
Community Facilities	-	-	-	502	502	502	502	530	559
<i>Halls</i>				502	502	502	502	530	559
<i>Centres</i>									
<i>Crèches</i>									
<i>Clinics/Care Centres</i>									
<i>Fire/Ambulance Stations</i>									
<i>Testing Stations</i>									
<i>Museums</i>									
<i>Galleries</i>									
<i>Theatres</i>									
<i>Libraries</i>									
<i>Cemeteries/Crematoria</i>									
<i>Police</i>									
<i>Parks</i>									
<i>Public Open Space</i>									
<i>Nature Reserves</i>									
<i>Public Ablution Facilities</i>									
<i>Markets</i>									
<i>Stalls</i>									
<i>Abattoirs</i>									
<i>Airports</i>									

<i>Taxi Ranks/Bus Terminals</i>									
<i>Capital Spares</i>									
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
<i>Indoor Facilities</i>									
<i>Outdoor Facilities</i>									
<i>Capital Spares</i>									
	1	1	1	1	1	1	1	1	1
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>									
<i>Unimproved Property</i>									
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<i>Improved Property</i>									
<i>Unimproved Property</i>									
	-	-	-	245	245	245	245	258	273
Operational Buildings	-	-	-	245	245	245	245	258	273
<i>Municipal Offices</i>				245	245	245	245	258	273
<i>Pay/Enquiry Points</i>									
<i>Building Plan Offices</i>									
<i>Workshops</i>									
<i>Yards</i>									
<i>Stores</i>									
<i>Laboratories</i>									

<i>Training Centres</i>									
<i>Manufacturing Plant</i>									
<i>Depots</i>									
<i>Capital Spares</i>									
Housing	-	-	-	-	-	-	-	-	-
<i>Staff Housing</i>									
<i>Social Housing</i>									
<i>Capital Spares</i>									
<u>Biological or Cultivated Assets</u>	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
<u>Intangible Assets</u>	-	-	-	-	-	-	-	-	-
Servitudes									
Licences and Rights	-	-	-	-	-	-	-	-	-
<i>Water Rights</i>									
<i>Effluent Licenses</i>									
<i>Solid Waste Licenses</i>									
<i>Computer Software and Applications</i>									
<i>Load Settlement Software Applications</i>									
<i>Unspecified</i>									
<u>Computer Equipment</u>	-	-	-	-	-	-	-	-	-
Computer Equipment									
<u>Furniture and Office Equipment</u>	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment									
<u>Machinery and Equipment</u>	-	-	-	-	-	-	-	-	-
Machinery and Equipment									
<u>Transport Assets</u>	-	-	-	-	-	-	-	-	-

Transport Assets										
Libraries		-	-	-	-	-	-	-	-	-
Libraries										
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Repairs and Maintenance Expenditure	1	1,193	1,122	3,356	3,701	3,701	3,701	3,701	3,904	4,119
R&M as a % of PPE		0.2%	0.2%	0.5%	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%
R&M as % Operating Expenditure		0.9%	0.8%	2.1%	4.1%	4.1%	4.1%	4.1%	3.7%	3.8%

References

1. Total Repairs and Maintenance Expenditure by Asset Category must reconcile to total repairs and maintenance expenditure on Table SA1

	check balance	(222)	(499)	-	-	-	-	-	-	-
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COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

The repairs and maintenance were never budgeted for scientifically, and allocated arbitrarily thus it is not adequate to cover the required percentage of operational costs. An extensive exercise will be undertaken to budget and have proper records for reporting and control purpose. A repairs and maintenance plan has been developed and will assist the municipality to budget realistically.

T5.3.4.

5.4 FINANCIAL INDICATORS BASED ON KEY PERFORMANCE INDICATORS

FS182 Tokologo - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework
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		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.4%	3.2%	2.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	9.8%	12.7%	6.8%	1.0%	1.0%	1.0%	1.0%	0.8%	0.8%	0.8%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	0.3	0.4	0.3	1.2	1.2	1.2	1.2	0.9	0.9	0.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.3	0.4	0.3	1.2	1.2	1.2	1.2	0.9	0.9	0.9
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		58.6%	33.4%	21.8%	72.7%	72.7%	72.7%	72.7%	73.7%	75.1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		57.9%	33.3%	21.8%	72.7%	72.7%	72.7%	72.7%	73.7%	75.1%	74.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	7.6%	21.5%	24.5%	28.8%	28.8%	28.8%	28.8%	46.3%	46.1%	45.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		1018.8%	1134.4%	-1082.1%	-89.1%	-89.1%	-89.1%	-89.1%	-682.5%	-281.1%	-183.0%

Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	38.8%	43.5%	36.6%	42.7%	42.7%	42.7%	42.7%	38.7%	39.1%	39.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	40.9%	46.5%	38.3%	45.6%	45.6%	45.6%		41.3%	41.4%	41.2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	1.5%	1.4%	3.3%	4.1%	4.1%	4.1%		3.5%	3.5%	3.4%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	43.1%	48.5%	40.8%	1.8%	1.8%	1.8%	1.8%	2.5%	2.5%	2.5%
IDP regulation financial viability indicators	-										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	3.0	3.0	120.6	91.0	91.0	91.0	5.0	6.0	5.9	6.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	24.2%	72.0%	56.7%	83.7%	83.7%	83.7%	83.7%	127.4%	129.8%	128.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.4	0.6	(0.9)	(2.6)	(2.6)	(2.6)	(2.6)	(1.0)	(2.6)	(3.9)

References

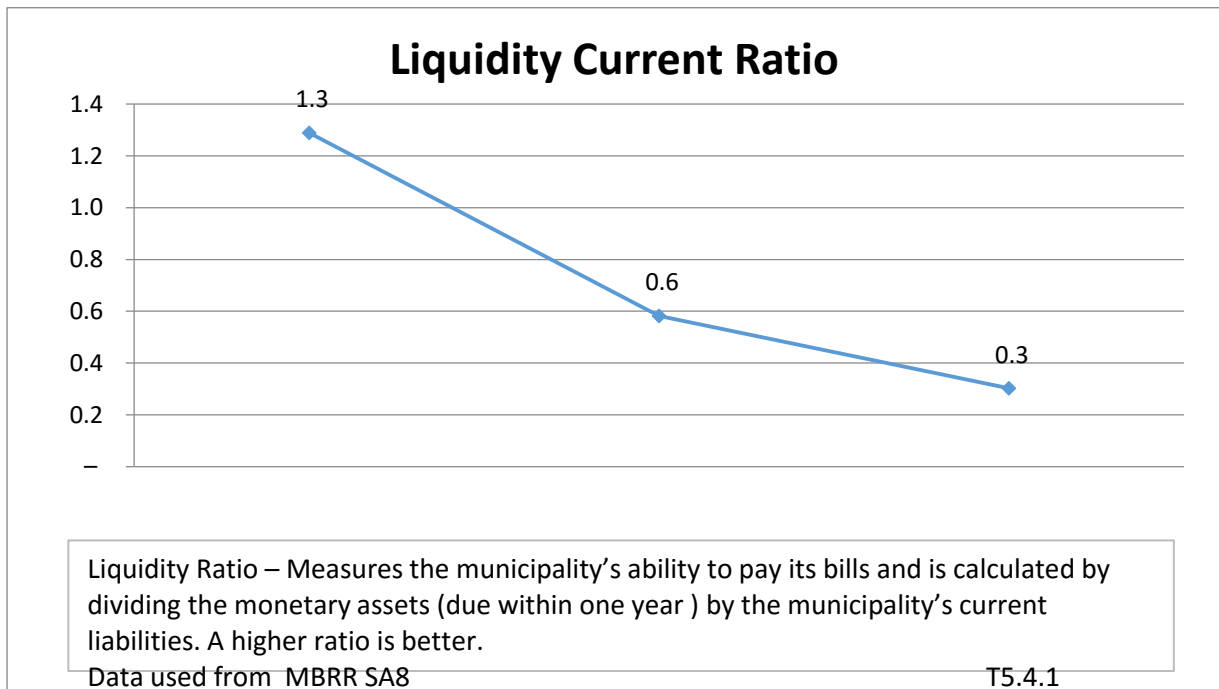
1. Consumer debtors > 12 months old are excluded from current assets

2. Only include if services provided by the municipality

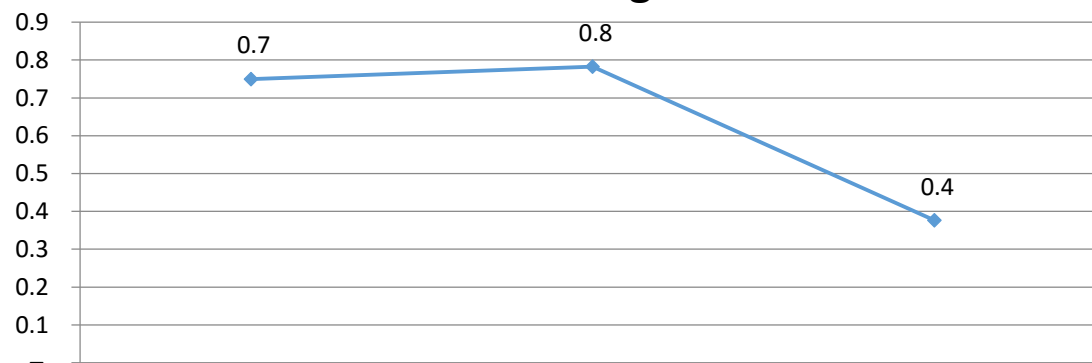
Calculation data

Debtors > 90 days

Monthly fixed operational expenditure	6,722	7,106	9,089	6,646	6,646	6,646	6,646	7,789	8,014	8,510
Fixed operational expenditure % assumption	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Own capex	978	825	-	500	500	500	500	500	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-



Cost Coverage

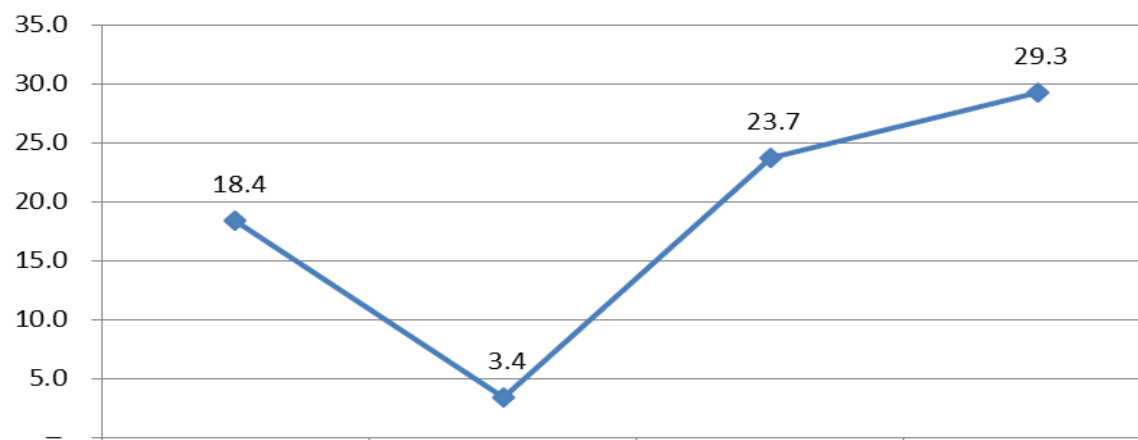


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

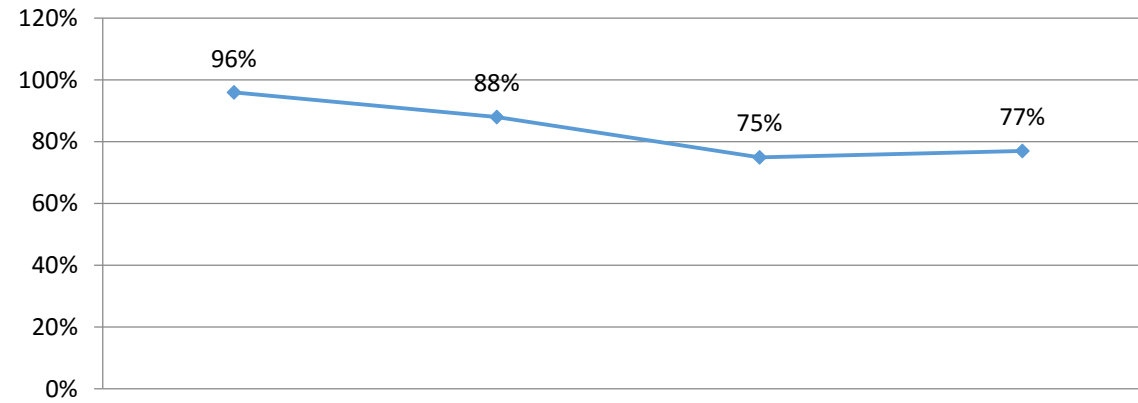
Data used from MBRR SA8

T5.4.2

Debt Coverage



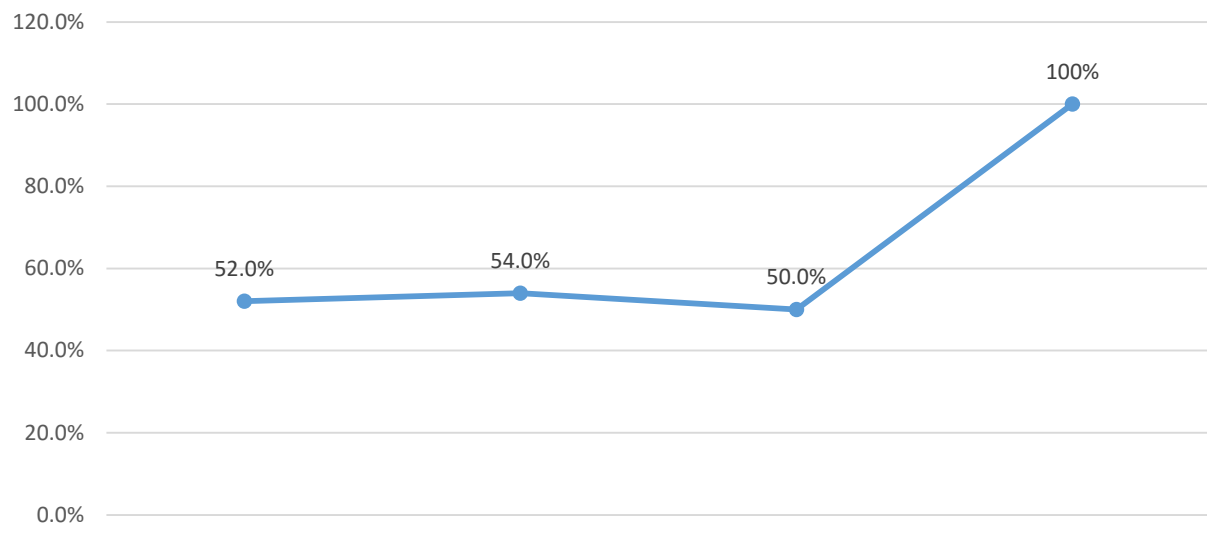
Cost System Efficiency



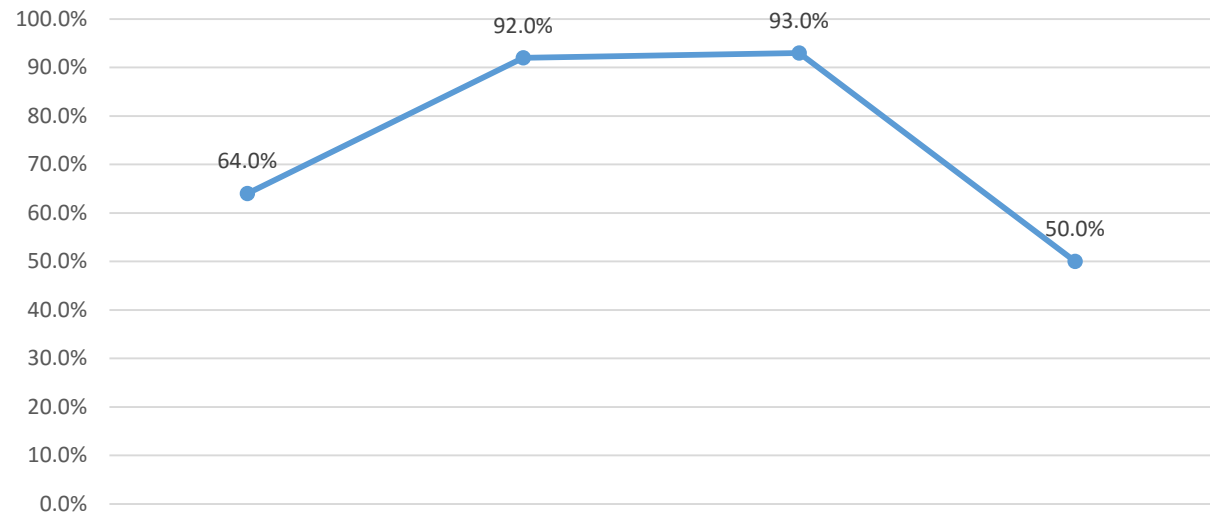
Creditors System Efficiency– The proportion of creditors paid within terms (i.e 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

T5.4.5

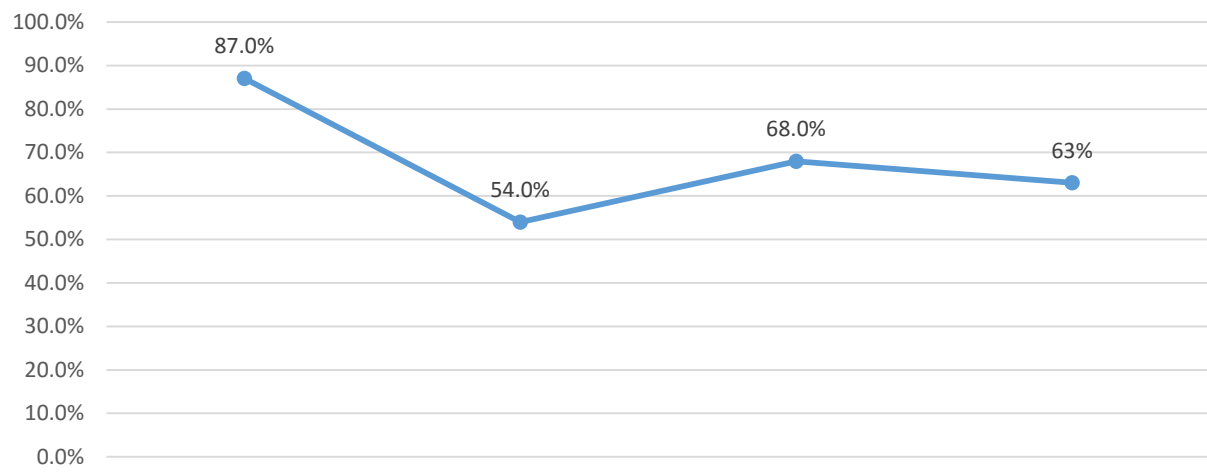
Capital Charges to Operating Expenditure



Employee Costs



Repairs & Maintenance



COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

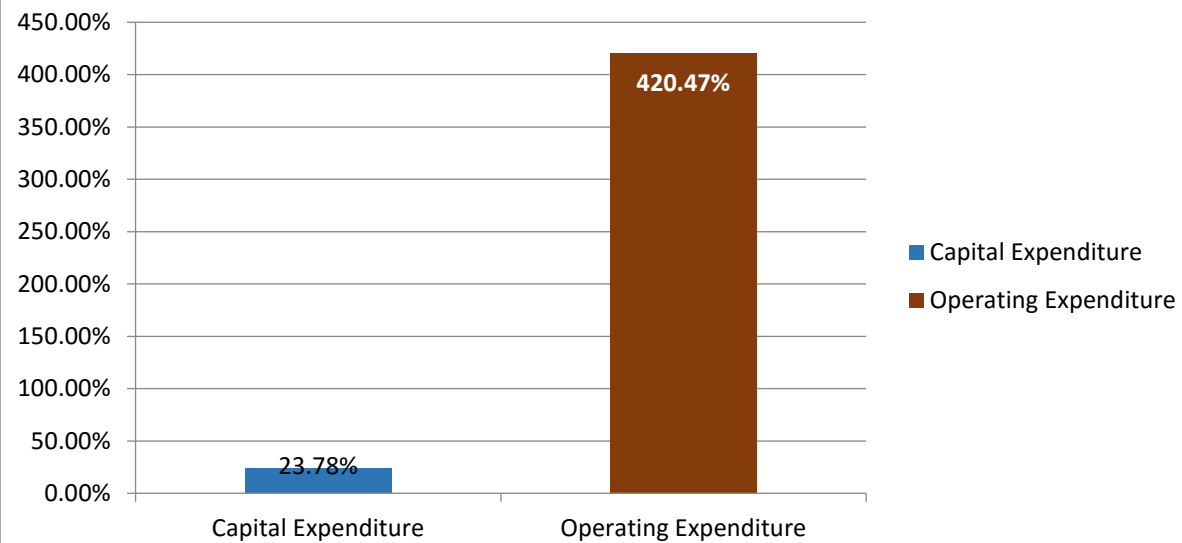
Capital expenditure

Capital Expenditure is funded by Grants received from national (Regional Bulk, MIG and EPWP), the municipality does not have surplus to fund capital projects through own funding. Capital budget has been fully spend for the year under review.

T5.5.0

5.5 CAPITAL EXPENDITURE

Capital Expenditure 2017/2018



5.6 SOURCES OF FINANCE

FS182 Tokologo - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	R e f	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure – Functional	1															
Governance and administration		-	-	-	-	-	-	-	-	-	-	-	500	500	-	-
Executive and council													500	500	-	-
Finance and administration													-	-	-	-
Internal audit													-	-	-	-
Community and public safety		66	66	66	66	66	66	66	66	66	66	66	66	790	177	822
Community and social services													-	-	-	-
Sport and recreation		66	66	66	66	66	66	66	66	66	66	66	66	790	177	822
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
Economic and environmental services		1,081	1,081	1,081	1,081	1,081	1,081	1,081	1,081	1,081	1,081	1,081	1,081	12,966	8,443	15,566
Planning and development													-	-	-	-
Road transport		1,081	1,081	1,081	1,081	1,081	1,081	1,081	1,081	1,081	1,081	1,081	1,081	12,966	8,443	15,566
Environmental protection													-	-	-	-

Trading services		8,527	8,527	8,527	8,527	8,527	8,527	8,527	8,527	8,527	8,527	8,527	17,527	111,329	83,866	87,196
Energy sources		342	342	342	342	342	342	342	342	342	342	342	(658)	3,100	5,760	7,196
Water management		8,186	8,186	8,186	8,186	8,186	8,186	8,186	8,186	8,186	8,186	8,186	18,186	108,229	78,106	80,000
Waste water management													-	-	-	-
Waste management													-	-	-	-
Other													-	-	-	-
Total Capital Expenditure – Functional	2	9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	19,174	125,586	92,485	103,584
Funded by:																
National Government		9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	18,674	125,086	92,485	103,584
Provincial Government													-	-	-	-
District Municipality													-	-	-	-
Other transfers and grants													-	-	-	-
Transfers recognised – capital		9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	18,674	125,086	92,485	103,584
Public contributions & donations													-	-	-	-
Borrowing													-	-	-	-
Internally generated funds		500											-	500	-	-
Total Capital Funding		10,174	9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	18,674	125,586	92,485	103,584

References

1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimates
2. Total Capital Expenditure must reconcile to Budgeted Capital Expenditure

check

COMMENT ON SOURCES OF FUNDING:

No variances from the approved budget that are more than 10%,

T5.6.1.1

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

COMMENT ON CAPITAL PROJECTS:

Delete Directive note once comment is completed - Provide information in the template above on the 5 largest projects, ranked according to their approved budget provision year 0. Comment on the variance between the original and adjustment budgets and on availability of future Budget provision to operate the projects and lessons learnt in the year about capital project implementation on time to budget.

T5.7.1.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS - OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

During the year under review there were no backlogs identified for the year under review

T5.8.1

COMMENT ON BACKLOGS:

The Municipality does not have any Service Backlogs for the year under Review.

T 5.8.4

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

FS182 Tokologo - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		2,206	1,184	1,586	3,610	3,610	3,610	3,610	2,948	3,110	3,282
Service charges		11,581	6,712	7,745	18,462	18,462	18,462	18,462	25,034	26,431	27,905
Other revenue				(46)	1,272	1,272	1,272	1,272	560	591	623
Government - operating	1	44,973	48,575	45,304	48,013	48,013	48,013	48,013	53,175	57,224	61,707
Government - capital	1	30,001	51,765	132,800	71,932	71,932	71,932	71,932	125,086	93,313	104,447
Interest		5,848	8,306	10,822	461	461	461	461	8,375	8,836	9,322
Dividends				9					5	6	6
Payments											
Suppliers and employees		(66,834)	(79,321)	(53,633)	(88,129)	(88,129)	(88,129)	(88,129)	(102,013)	(108,355)	(115,040)
Finance charges		(1,326)	(1,629)	(3,430)	(400)	(400)	(400)	(400)	(420)	(443)	(467)
Transfers and Grants	1	(1,937)		-					-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		24,512	35,592	141,157	55,222	55,222	55,222	55,222	112,751	80,712	91,784
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		22							-	-	-
Decrease (Increase) in non-current debtors			27						-	-	-
Decrease (increase) other non-current receivables		185							-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											

Capital assets		(24,648)	(31,515)	(153,139)	(72,932)	(72,932)	(72,932)	(72,932)	(125,586)	(93,313)	(104,447)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(24,441)	(31,488)	(153,139)	(72,932)	(72,932)	(72,932)	(72,932)	(125,586)	(93,313)	(104,447)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(1,723)	(2,182)	(363)					-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1,723)	(2,182)	(363)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(1,652)	1,923	(12,346)	(17,711)	(17,711)	(17,711)	(17,711)	(12,835)	(12,601)	(12,663)
Cash/cash equivalents at the year begin:	2	4,245	2,562	4,484	484	484	484	484	4,766	(8,069)	(20,670)
Cash/cash equivalents at the year end:	2	2,593	4,484	(7,861)	(17,227)	(17,227)	(17,227)	(17,227)	(8,069)	(20,670)	(33,333)

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities
2. Cash equivalents includes investments with maturities of 3 months or less
3. The MTREF is populated directly from SA30.

Total receipts	94,817	116,569	198,220	143,751	143,751	143,751	143,751	215,184	189,510	207,291
Total payments	(94,746)	(112,465)	(210,202)	(161,461)	(161,461)	(161,461)	(161,461)	(228,019)	(202,111)	(219,954)
Borrowings & investments & c.deposits	71	4,104	(11,982)	(17,711)	(17,711)	(17,711)	(17,711)	(12,835)	(12,601)	(12,663)
Repayment of borrowing	(1,723)	(2,182)	(363)	-	-	-	-	-	-	-
	(1,652)	1,923	(12,346)	(17,711)	(17,711)	(17,711)	(17,711)	(12,835)	(12,601)	(12,663)
	-	-	-	-	-	-	-	-	-	-

5.10 PUBLIC PRIVATE PARTNERSHIP

PUBLIC PRIVATE PARTNERSHIP

There are no public private partnerships entered into by the municipality in the current year

COMPONENT D: OTHER FINANCIAL MATTER

5.11 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

5.12 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.

FS182 Tokologo - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source	-															
Property rates		409	409	409	409	409	409	409	409	409	409	409	399	4,903	5,209	5,521
Service charges - electricity revenue		1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,429	13,854	14,367	15,229
Service charges - water revenue		206	206	206	206	206	206	206	206	206	206	206	206	2,474	2,622	2,780
Service charges - sanitation revenue		803	803	803	803	803	803	803	803	803	803	803	1,203	10,036	10,214	10,826
Service charges - refuse revenue		544	544	544	544	544	544	544	544	544	544	544	744	6,725	6,916	7,331
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		40	40	40	40	40	40	40	40	40	40	40	140	585	618	651
Interest earned - external investments		62	62	62	62	62	62	62	62	62	62	62	62	739	779	822
Interest earned - outstanding debtors		1,102	1,102	1,102	1,102	1,102	1,102	1,102	1,102	1,102	1,102	1,102	1,102	13,220	13,947	14,714
Dividends received		1	1	1	1	1	1	1	1	1	1	1	1	9	9	10
Fines, penalties and forfeits		4	4	4	4	4	4	4	4	4	4	4	4	50	53	56
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		23,529	-	-	-	-	16,299	-	-	12,347	-	-	1,000	53,175	57,224	61,707
Other revenue		33	33	33	33	33	33	33	33	33	33	33	33	398	421	447
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Total Revenue (excluding capital transfers and contributions)		27,862	4,334	4,334	4,334	4,334	20,632	4,334	4,334	16,681	4,334	4,334	6,323	106,167	112,379	120,095
Expenditure By Type	-															
Employee related costs		3,764	3,764	3,764	3,764	3,764	3,764	3,764	3,764	3,764	3,764	3,764	(310)	41,097	43,974	47,052
Remuneration of councillors		245	245	245	245	245	245	245	245	245	245	245	245	2,944	3,106	3,277
Debt impairment		82	82	82	82	82	82	82	82	82	82	82	82	989	1,043	1,101
Depreciation & asset impairment		103	103	103	103	103	103	103	103	103	103	103	1,103	2,239	2,362	2,492
Finance charges		35	35	35	35	35	35	35	35	35	35	35	35	420	443	467
Bulk purchases		2,838	2,838	2,838	2,838	2,838	2,838	2,838	2,838	2,838	2,838	2,838	3,378	34,600	36,503	38,511
Other materials		308	308	308	308	308	308	308	308	308	308	308	308	3,701	3,904	4,119
Contracted services		324	324	324	324	324	324	324	324	324	324	324	3,213	6,775	4,100	4,325
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		980	980	980	980	980	980	980	980	980	980	980	2,115	12,897	13,606	14,354
Loss on disposal of PPE													-	-	-	-
Total Expenditure		8,681	8,681	8,681	8,681	8,681	8,681	8,681	8,681	8,681	8,681	8,681	10,170	105,661	109,041	115,698
Surplus/(Deficit)		19,181	(4,347)	(4,347)	(4,347)	(4,347)	11,951	(4,347)	(4,347)	8,000	(4,347)	(4,347)	(3,847)	506	3,339	4,397
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	18,674	125,086	92,485	103,584
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)													-	-	-	-
Transfers and subsidies - capital (in-kind - all)													-	-	-	-

Surplus/(Deficit) after capital transfers & contributions		28,855	5,326	5,326	5,326	5,326	21,625	5,326	5,326	17,674	5,326	5,326	14,827	125,592	95,824	107,981
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	28,855	5,326	5,326	5,326	5,326	21,625	5,326	5,326	17,674	5,326	5,326	14,827	125,592	95,824	107,981

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

check

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FS182 Tokologo - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	R ef	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote	-															
Vote 1 - [COUNCIL GENERAL]		615	615	615	615	615	615	615	615	615	615	615	615	7,382	7,825	8,294
Vote 2 - [MUNICIPAL MANAGER]		664	664	664	664	664	664	664	664	664	664	664	664	7,965	8,443	8,950
Vote 3 - [FNANCIAL SERVICES]		916	916	916	916	916	916	916	916	916	916	916	916	10,989	11,648	12,347
Vote 4 - [ASSESSMENT RATES]		590	590	590	590	590	590	590	590	590	590	590	590	7,083	7,507	7,958
Vote 5 - [CORPORATE SERVICES]		785	785	785	785	785	785	785	785	785	785	785	785	9,419	9,985	10,584
Vote 6 - [COMMUNITY AND SOCIAL SERVICES]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [TECHNICAL SERVICES]		1,727	1,727	1,727	1,727	1,727	1,727	1,727	1,727	1,727	1,727	1,727	1,727	20,729	21,972	23,291
Vote 8 - [ELECTRICITY]		2,480	2,480	2,480	2,480	2,480	2,480	2,480	2,480	2,480	2,480	2,480	2,480	29,765	31,551	33,444
Vote 9 - [WATER]		8,465	8,465	8,465	8,465	8,465	8,465	8,465	8,465	8,465	8,465	8,465	18,465	111,584	78,015	89,218
Vote 10 - [WASTE WATER MANAGEMENT]		1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	2,252	16,138	17,107	18,133
Vote 11 - [SOLID WASTE MANAGEMENT]		850	850	850	850	850	850	850	850	850	850	850	850	10,200	10,811	11,460
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Total Revenue by Vote		18,355	18,355	18,355	18,355	18,355	18,355	18,355	18,355	18,355	18,355	18,355	29,345	231,253	204,865	223,679

References

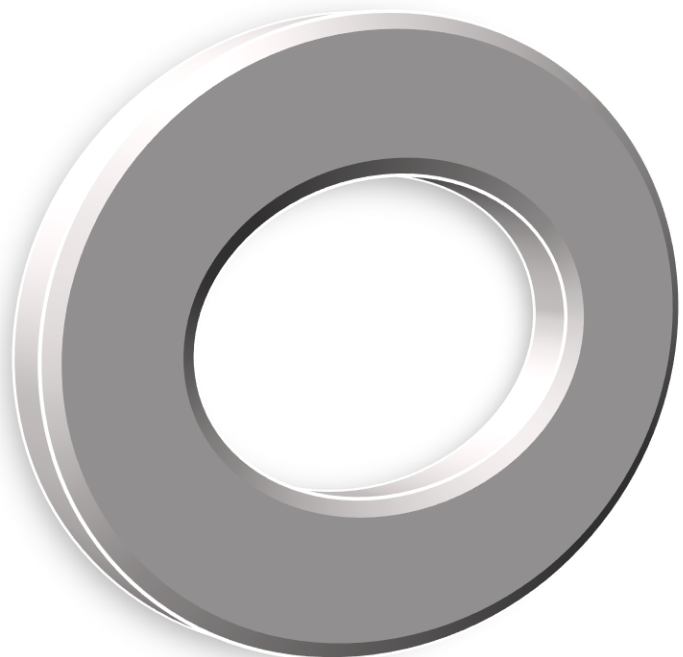
1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

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CHAPTER 6

AUDITOR GENERAL



CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

The Constitution S188 (1) (b) states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 2017/18

6.1 AUDIT GENERAL REPORTS YEAR – 2017/2018

The Municipality received a disclaimer audit opinion for the 2017/18 financial year

Report of the auditor-general to the Free State Legislature and the council on the Tokologo Local Municipality

Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Tokologo Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the 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. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Property, plant and equipment

3. I was unable to obtain sufficient appropriate audit evidence for infrastructure and work-in-progress assets included in property, plant and equipment due to non-submission of payment certificates by the municipality. Furthermore, unexplained differences were identified between payment documentation and recorded project values. I was unable to confirm these assets by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to property, plant and equipment stated at R880 208 385 (2017: R811 145 429) in note 11 to the financial statements. In addition,

the municipality did not recognise all items of property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment*, as completed projects were not capitalised and material duplicate payments were identified. Consequently, property, plant and equipment was understated by R20 343 457 (2017: overstated by R5 514 246). There was also a resultant impact on receivables, government grants and subsidies, the surplus for the period and on the accumulated surplus.

Service charges

- I was unable to obtain sufficient appropriate audit evidence for service charges as the municipality did not have adequate systems in place to account for the billing of service charges in both the current and prior year. I was unable to confirm the service charges by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to service charges stated at R40 113 404 (2017: R38 266 231) in note 21 to the financial statements. In addition, the municipality did not recognise revenue from service charges in accordance with GRAP 9, *Revenue from exchange transactions*. Services were levied at incorrect tariffs resulting in service charges and receivables from exchange transactions being overstated by R1 200 722 (2017: R4 077 382). There was also a resultant impact on the surplus for the period and on the accumulated surplus.

General expenses

- I was unable to obtain sufficient appropriate audit evidence for general expenses due to insufficient record keeping by the municipality. I could not confirm general expenses by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to general expenses stated at R17 450 540 (2017: R13 888 365) in note 35 to the financial statements. In addition, the municipality did not recognise all its general expenses in terms of GRAP 1, *Presentation of financial statements*, as general expenses were not correctly recorded and accounted for in the correct financial year. Consequently, general expenses were overstated by R4 738 705 (2017: understated by R7 928 118). There was also a resultant impact on the surplus for the period, payables, VAT receivable and on the accumulated surplus.

Receivables from exchange transactions

- I was unable to obtain sufficient appropriate audit evidence that all receivables from exchange transactions were accounted for due to insufficient record keeping by the municipality. Furthermore, the municipality could not provide the debt impairment methodology that was used to calculate the allowance for impairment. I was unable to confirm receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to receivables from exchange transactions, stated at R7 410 593 (2017: R4 529 598) in note 4 to the financial statements.

Receivables from non-exchange transactions

- I was unable to obtain sufficient appropriate audit evidence that all receivables from non-exchange transactions were accounted for due to insufficient record keeping by the municipality. Furthermore, the municipality could not provide the debt impairment methodology that was used to calculate the allowance for impairment. I was unable to

confirm receivables from non-exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to receivables from non-exchange transactions, stated at R5 746 774 (2017: R7 918 139) in note 7 to the financial statements.

Payables from exchange transactions

8. I was unable to obtain sufficient appropriate audit evidence for payables from exchange transactions due to the municipality not providing statements from suppliers. I was unable to confirm payables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to payables from exchange transactions stated at R157 266 152 (2017: R85 071 952) in note 16 to the financial statements. In addition, the municipality did not have adequate systems in place to ensure that payables from exchange transactions has been correctly accounted for in terms of GRAP 1, *Presentation of financial statements*. Balances due were duplicated, unrecorded liabilities were identified and the leave and bonus accruals were incorrectly calculated. Consequently, payables from exchange transactions was understated by R10 106 529. There was also a resultant impact on expenditure, employee costs, the surplus for the period and on the accumulated surplus.

Bulk purchases

9. I was unable to obtain sufficient appropriate audit evidence for bulk purchases as the municipality could not provide invoices and statements from suppliers. I could not confirm bulk purchases by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to bulk purchases stated at R69 403 682 (2017: R18 921 177) in note 33 to the financial statements.

Government grants and subsidies

10. I was unable to obtain sufficient appropriate audit evidence for government grants and subsidies as it could not be confirmed if the conditions of the grants were met due to unexplained differences between the capital additions, project registers and the grant register. Furthermore, payment certificates could not be submitted for audit purposes and differences were identified between the disclosed amounts and the amounts allocated per the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora) which could not be supported. This also has an impact on unspent conditional grants and receipts recognised in the statement of financial position. I was unable to confirm government grants and subsidies by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to government grants and subsidies stated at R167 509 610 (2017: R178 103 773) in note 26 to the financial statements and unspent conditional grants and receipts stated at R11 218 545 (2017: R0) in note 18. In addition, the municipality did not account for all government grants received, as required by GRAP 23, *Revenue from non-exchange transactions*. A subsidy received from Free State Provincial Treasury was not recorded and all grant revenue

was not recognised in the statement of financial performance. Consequently, government grants and subsidies was understated and unspent conditional grants and receipts overstated by R4 445 044, respectively. There was also a resultant impact on the surplus for the period and the accumulated surplus.

Irregular expenditure

11. I was unable to obtain sufficient appropriate audit evidence for irregular expenditure as a difference between the disclosed opening balance and the supporting schedules could not be substantiated. I was unable to confirm irregular expenditure by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to irregular expenditure stated at R269 105 272 (2017: R155 546 202) in note 51 to the financial statements.

VAT receivable

12. I was unable to obtain sufficient appropriate audit evidence for journal adjustments that were recorded against the VAT receivable, due to insufficient record keeping and monthly VAT reconciliations not being performed by the municipality. I was unable to confirm these journals by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to VAT receivable stated at R21 612 131 in note 8 to the financial statements. In addition, the municipality did not claim input VAT on all qualifying expenses, did not make adjustments for disallowances per SARS statement of accounts and recorded an incorrect amount for VAT relating to the provision for impairment of receivables. Consequently, VAT receivable was overstated and general expenditure understated by R2 561 526, respectively. There was also a resultant impact on the surplus for the period and on the accumulated surplus.

Employee related costs

13. I was unable to obtain sufficient appropriate audit evidence for employee related costs as there were material unexplained differences between the salary system and the general ledger. I could not confirm employee costs by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to employee related costs stated at R39 012 530 in note 28 to the financial statements. In addition, the municipality did not recognise all its employee costs in terms of GRAP 1, *Presentation of financial statements*. A difference was identified between the general ledger and the financial statements, resulting in employee costs being understated by R2 987 819. There was also a resultant impact on the surplus for the period, payables and on the accumulated surplus.

Commitments

14. I was unable to obtain sufficient appropriate audit evidence for commitments as the municipality could not provide capital project contracts, variation orders and payment documentation. I was unable to confirm commitments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to commitments stated at R249 817 616 in note 41 to the financial statements.

Contracted services

15. I was unable to obtain sufficient appropriate audit evidence for contracted services due to insufficient record keeping by the municipality. I could not confirm contracted services by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to contracted services stated at R14 808 127 in note 34 to the financial statements. In addition, the municipality did not recognise all its contracted service expenses in terms of GRAP 1, *Presentation of financial statements*. Contracted service expenses were incorrectly recorded in the general ledger, resulting in contracted services being understated by R527 397. There was a resultant impact on the surplus for the year, VAT receivable and on the accumulated surplus.

Fruitless and wasteful expenditure

16. I was unable to obtain sufficient appropriate audit evidence for fruitless and wasteful expenditure as a difference between the disclosed opening balance and the supporting schedules could not be substantiated and supporting evidence could not be provided for amounts disclosed. I was unable to confirm fruitless and wasteful expenditure by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to fruitless and wasteful expenditure stated at R12 462 477 in note 50 to the financial statements.

Provisions – Landfill sites

17. The municipality did not recognise its environmental rehabilitation provision in accordance with GRAP 19, *Provisions, contingent liabilities and contingent assets*. The rehabilitation provision was based on the entire landfill site areas and not only the contaminated areas as at the reporting date. I was unable to determine the full extent of the overstatement of provisions stated at R17 741 660 (2017: R16 130 247) in note 17 to the financial statement as it was impracticable to do so. There was also a resultant impact on the surplus for the period and on the accumulated surplus.

Finance costs

18. I was unable to obtain sufficient appropriate audit evidence for finance costs due to insufficient record keeping by the municipality. I was unable to confirm finance costs by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to finance costs stated at R4 091 783 in note 30 to the financial statements.

Contingent liabilities

19. I was unable to obtain sufficient appropriate audit evidence for contingent liabilities as the municipality could not provide attorney correspondence for amounts disclosed and external confirmation could not be obtained from the attorneys. I was unable to confirm contingent liabilities by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to contingent liabilities stated at R16 438 211 in note 42.2 to the financial statements.

Cash flow statement

20. The municipality did not present the cash flow statement in accordance with GRAP 2, *Cash flow statements*. As the cash flows from operating and financing activities were misstated due to unexplained differences in the cash flow calculations, I was unable to determine the full extent of the misstatement as it was impracticable to do so.

Distribution losses

21. The municipality did not disclose distribution losses as required by section 125(2)(d) of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA). As the municipality did not maintain adequate records of water and electricity usage, I was unable to determine the full extent of the misstatement of distribution losses stated in note 52 to the financial statements, as it was impracticable to do so.

Pension and medical aid deductions

22. I was unable to obtain sufficient appropriate audit evidence for pension and medical aid deductions as a difference between the disclosed amount and the financial records could not be substantiated. I was unable to confirm pension and medical aid deductions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to pension fund and medical aid deductions stated as R5 779 359 in note 52 to the financial statements.

Material uncertainty relating to going concern

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

24. Note 47 to the financial statements indicates that the municipality's current liabilities exceeded its current assets by R130 551 327 (2017: R69 936 545). In addition, the municipality owed Eskom R37 377 226 (2017: R29 223 374) and the Department of Water Affairs R25 368 532 (2017: Unknown) as at 30 June 2018, which has been long overdue. These events or conditions, along with other matters as set forth in note 47, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

Unauthorised expenditure

26. As disclosed in note 49 to the financial statements, the municipality incurred unauthorised expenditure of R169 196 104 (2017: R84 117 137) due to overspending of the approved budget.

Restatement of corresponding figures

27. As disclosed in note 45 to the financial statements, the corresponding figures for 30 June 2017 have been restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2018.

Other matter

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

Unaudited disclosure note

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

Responsibilities of accounting officer for the financial statements

30. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the MFMA and the 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.

31. In preparing the financial statements, the accounting officer is responsible for assessing the Tokologo 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 the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

32. My responsibility is to conduct an audit of the financial statements in accordance with the International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

33. 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 of the financial statements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

Report on the audit of the annual performance report

Introduction and scope

34. 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 (KPA's) presented in the annual performance report. I was engaged to perform procedures to raise findings but not to gather evidence to express assurance.

35. I was engaged to evaluate 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 KPA presented in the annual performance report of the municipality for the year ended 30 June 2018:

KPA	Pages in the annual performance report
KPA 1: Basic municipal service and infrastructure development	x – x

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

KPA 1: Basic municipal service and infrastructure development

Various indicators

37. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of the indicators listed below. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the reported achievements in the annual performance report of the indicators listed below:

Indicator description	Reported achievement
Percentage of households with access to water service within a radius of 200 meters	Achieved
Percentage blue drop status	Not Achieved
Percentage green drop status	Not Achieved
Percentage of households with access to sanitation service within the RDP standards	Achieved
Percentage of capital funding spend	Not Achieved
Percentage of household provided with refuse removal services at least twice a week	Achieved
Percentage of landfill sites maintained to the required standards	Achieved
Kilometres of potholes patched	Not Achieved

All indicators

38. A comparison between the performance of the year under review and previous year was not included in the annual performance report for all indicators relating to the selected KPA.

Various indicators

39. The measures taken to improve performance against targets were not included in the annual performance report for the following indicators:

Indicator description	Reported achievement
Percentage blue drop status	Not Achieved
Percentage green drop status	Not Achieved
Percentage of capital funding spend	Not Achieved
Kilometres of potholes patched	Not Achieved

Other matter

40. I draw attention to the matter below.

Achievement of planned targets

41. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information in paragraph 37 of this report.

Report on the 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 municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

43. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements

44. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer audit opinion.

Strategic planning and performance management

45. The IDP did not reflect the key performance indicators and targets as required by sections 26(i) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) and municipal planning and performance management regulation 2(1)(e).
46. KPIs were not set for each of the development priorities and objectives, as required by section 41(1)(a) of the MSA and municipal planning and performance management regulation 9(1)(a).
47. No KPIs were set in respect of the provision of basic electricity services, as required by section 43(2) of the MSA and municipal planning and performance management regulation 10(a).
48. A mid-year performance assessment was not performed, as required by section 72(1)(a)(ii) of the MFMA.

Expenditure management

49. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
50. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the authorisation of funds, as required by section 65(2)(a) of the MFMA.
51. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred as required by section 65(2)(b) of the MFMA.
52. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was as a result of supply chain management (SCM) processes not followed. Irregular expenditure of R9 738 449 was incurred on the Boshof/ Kimberly: construction of 7km pipeline and construction of 15km pipeline projects.
53. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the fruitless and wasteful expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on the Eskom balance and interest and penalties on SARS balances.
54. Reasonable steps were not taken to prevent unauthorised expenditure of R169 196 104 as disclosed in note 48 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed unauthorised expenditure was caused by overspending of main divisions within the vote as well as the overspending of the capital expenditure budget.

Consequence management

55. Unauthorised 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) of the MFMA.
56. Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
57. 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)(b) of the MFMA.

Procurement and contract management

58. Sufficient appropriate audit evidence could not be obtained that all contracts were awarded in accordance with the legislative requirements as the majority of the bid documents for contracts awarded during the financial year could not be provided for audit purposes.
59. Some of the 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). Similar non-compliance was also reported in the prior year.
60. Sufficient appropriate audit evidence could not be obtained that quotations were accepted from prospective providers who were on the list of accredited prospective providers and met the listing requirements prescribed by the SCM policy, in contravention of SCM regulations 16(b) and 17(b). Similar non-compliance was also reported in the prior year.
61. Quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).
62. Quotations were accepted from bidders whose tax matters had not been declared by SARS to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.
63. Sufficient appropriate audit evidence could not be obtained that invitations for competitive bidding were advertised for a required minimum period of days, as required by SCM regulation 22(1) and 22(2). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the Boshof/ Kimberley: construction of 7km pipeline.
64. The preference point system was not applied for procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000). Similar non-compliance was also reported in the prior year.
65. Bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as

required by the 2017 preferential procurement regulation 8(2). Similar non-compliance was also reported in the prior year.

66. Sufficient appropriate audit evidence could not be obtained that all extensions or modifications to contracts were approved by a properly delegated official, as required by SCM regulation 5. Similar non-compliance was also reported in the prior year.
67. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for Boshof/ Kimberly: construction of 15km pipeline; Boshof/ Dealesville/ Hertzogville: installation of 15 high mast lights; construction of a new 4,5ml/day water treatment works in Boshof - civil works.

Liability management

68. An adequate management, accounting and information system which accounts for liabilities was not in place, as required by section 63(2)(a) of the MFMA.
69. An effective system of internal control for liabilities (including a liability register) was not in place, as required by section 63(2)(c) of the MFMA.

Revenue management

70. An effective system of internal control for both debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.
71. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.

Assets management

72. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.
73. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Human resource management

74. Job descriptions were not established for all posts in which appointments were made, as required by section 66(1)(b) of the MSA.
75. 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

76. I was unable to obtain sufficient appropriate audit evidence that the Municipal Infrastructure Grant was spent for its intended purposes in accordance with the applicable grant framework, as required by section 17(1) of the Dora.

77. I was unable to obtain sufficient appropriate audit evidence that the Regional Bulk Infrastructure Grant was spent for its intended purposes in accordance with the applicable grant framework, as required by section 17(1) of the Dora.
78. Performance in respect of programmes funded by the Regional Bulk Infrastructure Grant was not evaluated, as required by section 12(5) of the Dora.

Internal control deficiencies

79. 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 on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
80. The municipality continued to rely on consultants to resolve the prior year audit findings, however, internal controls within the municipality did not improve as repeat findings were again reported on in the current year. It was evident that there was inadequate transfer of skills as the municipality relied on consultants every year.
81. There was no accountability or oversight by management to ensure that internal controls are improved and that a better audit outcome is achieved.
82. Leadership's lack of accountability for sound financial management, had a negative impact on the municipality's financial sustainability, overspending of the budget and irregular expenditure not being prevented.
83. There was inadequate record keeping at the municipality and basic reconciliations were either not performed or not reviewed by senior officials.
84. There was no consequence management at the municipality and officials were not held accountable for irregular, unauthorized and fruitless and wasteful expenditure which has been incurred in the current and previous financial years.
85. A proper and effective performance management system was not implemented at the municipality to ensure the accurate and complete reporting on targets set in the IDP and SDBIP.
86. The internal audit section did not conduct all of its planned risk-based audits according to the approved plan. Audits of assets, revenue, budget, SCM, contract management, information technology and human resource management were not done. Significant internal control deficiencies were identified on the above components during the external audit performed.

Other reports

87. 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.
88. A letter was sent to the Free State Provincial Treasury and the Free State Department of Co-operative Governance and Traditional Affairs whereby the accounting officer requested that the departments should consider an investigation in terms of section 106 of the MSA for possible maladministration and fraud as a result of alleged theft of certain tender and payment documentation.

Auditor General

Bloemfontein

30 November 2018



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 2017:

The Municipality has developed an Audit Recovery Plan to address prior year auditor General findings. The Plan is followed up and reviewed by the Internal Audit Unit to provide assurance on the resolution of findings. Extended management meetings are held where progress on the resolution of audit findings is discussed and progress achieved on the Audit Recovery Plan is also submitted to the Audit Committee review.

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

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “full and regular” 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.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	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.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	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.
Basic municipal service	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.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services
Financial Statements	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.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	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.
Integrated Development Plan (IDP)	Set out municipal goals and development plans. National Key performance areas <ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	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".
Outputs	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.
Performance Indicator	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)

Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	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.
Performance Targets:	Performance Targets: 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.
Service Delivery Budget Implementation Plan	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.
Vote:	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. Section 1 of the MFMA defines a "vote" as: <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> <i>b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i>

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Note: * Councillors appointed on a proportional basis do not have wards allocated to them

Concerning T A

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

**FS182 Tokologo - Supporting
Table SA25 Budgeted
monthly revenue and
expenditure**

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework			
		Jul y	Au gust	Se pt.	Oc tober	No vember	De cember	Ja nuary	Fe bruary	Ma rc h	Ap ril	Ma y	Ju ne	Bu dget Year 2018/19	Bu dget Year +1 2019/20	Bu dget Year +2 2020/21	
Revenue By Source	-																
Property rates		409	409	409	409	409	409	409	409	409	409	409	399	4,903	5,209	5,521	
Service charges - electricity revenue		1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,429	13,854	14,367	15,229	
Service charges - water revenue		206	206	206	206	206	206	206	206	206	206	206	206	2,474	2,622	2,780	
Service charges - sanitation revenue		803	803	803	803	803	803	803	803	803	803	803	1,203	10,036	10,214	10,826	
Service charges - refuse revenue		544	544	544	544	544	544	544	544	544	544	544	744	6,725	6,916	7,331	
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment		40	40	40	40	40	40	40	40	40	40	40	140	585	618	651	
Interest earned - external investments		62	62	62	62	62	62	62	62	62	62	62	62	739	779	822	
Interest earned - outstanding debtors		1,102	1,102	1,102	1,102	1,102	1,102	1,102	1,102	1,102	1,102	1,102	1,102	13,220	13,947	14,714	
Dividends received		1	1	1	1	1	1	1	1	1	1	1	1	9	9	10	

Fines, penalties and forfeits	4	4	4	4	4	4	4	4	4	4	4	4	50	53	56
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	23,529	-	-	-	-	16,299	-	-	12,347	-	-	1,000	53,175	57,224	61,707
Other revenue	33	33	33	33	33	33	33	33	33	33	33	33	398	421	447
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	27,862	4,334	4,334	4,334	4,334	20,632	4,334	4,334	16,681	4,334	4,334	6,323	106,167	112,379	120,095
Expenditure By Type															
Employee related costs	3,764	3,764	3,764	3,764	3,764	3,764	3,764	3,764	3,764	3,764	3,764	(310)	41,097	43,974	47,052
Remuneration of councillors	245	245	245	245	245	245	245	245	245	245	245	245	2,944	3,106	3,277
Debt impairment	82	82	82	82	82	82	82	82	82	82	82	82	989	1,043	1,101
Depreciation & asset impairment	103	103	103	103	103	103	103	103	103	103	103	1,103	2,239	2,362	2,492
Finance charges	35	35	35	35	35	35	35	35	35	35	35	35	420	443	467
Bulk purchases	2,838	2,838	2,838	2,838	2,838	2,838	2,838	2,838	2,838	2,838	2,838	3,378	34,600	36,503	38,511
Other materials	308	308	308	308	308	308	308	308	308	308	308	308	3,701	3,904	4,119
Contracted services	324	324	324	324	324	324	324	324	324	324	324	3,213	6,775	4,100	4,325
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	980	980	980	980	980	980	980	980	980	980	980	2,115	12,897	13,606	14,354
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure	8,681	8,681	8,681	8,681	8,681	8,681	8,681	8,681	8,681	8,681	8,681	10,170	105,661	109,041	115,698
Surplus/(Deficit)	19,181	(4,347)	(4,347)	(4,347)	(4,347)	11,951	(4,347)	(4,347)	8,000	(4,347)	(4,347)	(3,847)	506	3,339	4,397
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	9,674	18,674	125,086	92,485	103,584
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises,	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Public Corporations, Higher Educational Institutions)																	
Transfers and subsidies - capital (in-kind - all)																	
Surplus/(Deficit) after capital transfers & contributions		28,855	5,326	5,326	5,326	5,326	21,625	5,326	5,326	17,674	5,326	5,326	14,827	125,592	95,824	107,981	
Taxation Attributable to minorities																	
Share of surplus/ (deficit) of associate																	
Surplus/(Deficit)	1	28,855	5,326	5,326	5,326	5,326	21,625	5,326	5,326	17,674	5,326	5,326	14,827	125,592	95,824	107,981	

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

check

FS182 Tokologo - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	R e f	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		Jul y	Aug ust	Sep t.	Oct obe r	Nov em ber	Dec em ber	Jan uar y	Feb ruar y	Mar ch	Apr il	May	Jun e	Bud get Year 2018 /19	Bud get Year +1 2019 /20	Bud get Year +2 2020 /21
Revenue by Vote	-															
Vote 1 - [COUNCIL GENERAL]		615	615	615	615	615	615	615	615	615	615	615	615	7,382	7,825	8,294
Vote 2 - [MUNICIPAL MANAGER]		664	664	664	664	664	664	664	664	664	664	664	664	7,965	8,443	8,950
Vote 3 - [FNANCIAL SERVICES]		916	916	916	916	916	916	916	916	916	916	916	916	10,989	11,648	12,347
Vote 4 - [ASSESSMENT RATES]		590	590	590	590	590	590	590	590	590	590	590	590	7,083	7,507	7,958
Vote 5 - [CORPORATE SERVICES]		785	785	785	785	785	785	785	785	785	785	785	785	9,419	9,985	10,584
Vote 6 - [COMMUNITY AND SOCIAL SERVICES]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [TECHNICAL SERVICES]		1,727	1,727	1,727	1,727	1,727	1,727	1,727	1,727	1,727	1,727	1,727	1,727	20,729	21,972	23,291
Vote 8 - [ELECTRICITY]		2,480	2,480	2,480	2,480	2,480	2,480	2,480	2,480	2,480	2,480	2,480	2,480	29,765	31,551	33,444
Vote 9 - [WATER]		8,465	8,465	8,465	8,465	8,465	8,465	8,465	8,465	8,465	8,465	8,465	8,465	18,465	111,584	78,015
Vote 10 - [WASTE WATER MANAGEMENT]		1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	1,262	2,2538	17,107	18,133

Vote 11 - [SOLID WASTE MANAGEMENT]	850	850	850	850	850	850	850	850	850	850	850	850	850	10,200	10,811	11,460
Vote 12 - [NAME OF VOTE 12]														-	-	-
Vote 13 - [NAME OF VOTE 13]														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
Total Revenue by Vote	18,355	18,355	18,355	18,355	18,355	18,355	18,355	18,355	18,355	18,355	18,355	29,345	231,253	204,865	223,679	

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

FS182 Tokologo - Table B9 Asset Management - 2017-01-11

Description	Ref	Budget Year 2016/17				Budget Year +1 2017/18	Budget Year +2 2018/19
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	F	G	H		
CAPITAL EXPENDITURE							
<u>Total New Assets to be adjusted</u>	1	58,534	1,071	1,071	59,605	44,936	38,735
<i>Infrastructure - Road transport</i>		5,564	2,941	2,941	8,505	14,877	1,735
<i>Infrastructure - Electricity</i>		1,032	-	-	1,032	-	-
<i>Infrastructure - Water</i>		51,938	(1,870)	(1,870)	50,068	30,059	37,000
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-
<i>Infrastructure - Other</i>		-	-	-	-	-	-
Infrastructure		58,534	1,071	1,071	59,605	44,936	38,735
Community		-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-
Investment properties		-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-
Biological assets		-	-	-	-	-	-
Intangibles		-	-	-	-	-	-
<u>Total Renewal of Existing Assets to be adjusted</u>	2	17,075	(92)	(92)	16,983	1,133	8,547
<i>Infrastructure - Road transport</i>	-	-	-	-	-	-	-
<i>Infrastructure - Electricity</i>	-	-	-	-	-	-	-
<i>Infrastructure - Water</i>	-	-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>	-	-	-	-	-	-	-

<i>Infrastructure - Other</i>	-	7,075	(92)	(92)	6,983	315	-
Infrastructure	-	7,075	(92)	(92)	6,983	315	-
Community	-	10,000	-	-	10,000	818	8,547
Heritage assets	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-
Other assets	<u>6</u>	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-
Total Capital Expenditure to be adjusted	4						
<i>Infrastructure - Road transport</i>		5,564	2,941	2,941	8,505	14,877	1,735
<i>Infrastructure - Electricity</i>		1,032	-	-	1,032	-	-
<i>Infrastructure - Water</i>		51,938	(1,870)	(1,870)	50,068	30,059	37,000
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-
<i>Infrastructure - Other</i>		7,075	(92)	(92)	6,983	315	-
Infrastructure		65,608	980	980	66,588	45,251	38,735
Community		10,000	-	-	10,000	818	8,547
Heritage assets		-	-	-	-	-	-
Investment properties		-	-	-	-	-	-
Other assets		-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-
Biological assets		-	-	-	-	-	-
Intangibles		-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE to be adjusted	2	75,608	980	980	76,588	46,069	47,281
ASSET REGISTER SUMMARY - PPE (WDV)	5						
<i>Infrastructure - Road transport</i>		216,353	-	-	216,353	229,551	243,094
<i>Infrastructure - Electricity</i>		23,126	-	-	23,126	24,537	25,984
<i>Infrastructure - Water</i>		210,655	-	-	210,655	223,505	236,692
<i>Infrastructure - Sanitation</i>		26,409	-	-	26,409	28,020	29,674
<i>Infrastructure - Other</i>		150,987	-	-	150,987	160,197	169,649
Infrastructure		627,531	-	-	627,531	665,810	705,093
Community		10,195	-	-	10,195	10,817	11,455
Heritage assets		-	-	-	-	-	-
Investment properties		30,016	-	-	30,016	31,846	33,725
Other assets		-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-
Biological assets		2,112	-	-	2,112	2,241	2,373
Intangibles		-	-	-	-	-	-

TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	669,854	-	-	669,854	710,715	752,647
EXPENDITURE OTHER ITEMS							
Depreciation & asset impairment		926	15,000	15,000	15,926	16,897	17,911
Repairs and Maintenance by asset class	3	3,392	649	649	4,040	4,287	4,539
<i>Infrastructure - Road transport</i>		1,002	(202)	(202)	801	849	899
<i>Infrastructure - Electricity</i>		309	-	-	309	328	347
<i>Infrastructure - Water</i>		948	-	-	948	1,006	1,065
<i>Infrastructure - Sanitation</i>		466	-	-	466	494	523
<i>Infrastructure - Other</i>		178	-	-	178	189	200
Infrastructure		2,903	(202)	(202)	2,702	2,866	3,035
Community		337	-	-	337	357	378
Heritage assets		-	850	850	850	902	955
Investment properties		-	-	-	-	-	-
Other assets	6	152	-	-	152	161	171
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		4,317	15,649	15,649	19,966	21,184	22,451

APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

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APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

VOLUME II: ANNUAL FINANCIAL STATEMENTS