



2016-2017

“NW393”

**DRAFT
ANNUAL
REPORT**

Volume I

Contents

CONTENTS

CONTENTS.....	2
REVISED ANNUAL REPORT TEMPLATE	7
CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY	8
COMPONENT A: MAYOR’S FOREWORD	8
COMPONENT B: EXECUTIVE SUMMARY	11
1.1. MUNICIPAL MANAGER’S OVERVIEW	11
1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW	12
1.3. SERVICE DELIVERY OVERVIEW	17
1.4. FINANCIAL HEALTH OVERVIEW	20
1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW	22
1.6. AUDITOR GENERAL REPORT	22
1.7. STATUTORY ANNUAL REPORT PROCESS	23
CHAPTER 2 – GOVERNANCE	26
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE	27
2.1 POLITICAL GOVERNANCE	27
2.2 ADMINISTRATIVE GOVERNANCE	31
COMPONENT B: INTERGOVERNMENTAL RELATIONS	33
2.3 INTERGOVERNMENTAL RELATIONS	34
COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION	36
2.4 PUBLIC MEETINGS.....	37
2.5 IDP PARTICIPATION AND ALIGNMENT	42
COMPONENT D: CORPORATE GOVERNANCE	43
2.6 RISK MANAGEMENT	43
2.7 ANTI-CORRUPTION AND FRAUD.....	44
2.8 SUPPLY CHAIN MANAGEMENT	44
2.9 BY-LAWS.....	45
2.10 WEBSITES	46
2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES.....	47

Contents

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I).....	50
COMPONENT A: BASIC SERVICES	51
3.1. WATER PROVISION	52
3.2 WASTE WATER (SANITATION) PROVISION.....	58
3.3 ELECTRICITY	64
3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)	71
3.5 HOUSING	77
3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT	81
COMPONENT B: ROAD TRANSPORT	85
3.7 ROADS.....	85
3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)	90
3.9 WASTE WATER (STORMWATER DRAINAGE)	94
COMPONENT C: PLANNING AND DEVELOPMENT	99
3.10 PLANNING.....	99
3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES) 104	
COMPONENT D: COMMUNITY & SOCIAL SERVICES.....	109
3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)	110
3.13 CEMETORIES AND CREMATORIIUMS	113
3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES	117
COMPONENT E: ENVIRONMENTAL PROTECTION.....	120
3.15 POLLUTION CONTROL.....	120
3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)	123
COMPONENT F: HEALTH.....	126
3.17 CLINICS	126
3.18 AMBULANCE SERVICES	129
3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC	132
COMPONENT G: SECURITY AND SAFETY.....	135

Contents

3.20 POLICE	135
3.21 FIRE.....	140
3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER).....	143
COMPONENT H: SPORT AND RECREATION.....	146
3.23 SPORT AND RECREATION.....	146
COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES.....	149
3.24 EXECUTIVE AND COUNCIL.....	150
3.25 FINANCIAL SERVICES.....	154
3.26 HUMAN RESOURCE SERVICES.....	159
3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES.....	164
3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES.....	169
COMPONENT J: MISCELLANEOUS.....	172
COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD.....	172
CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE.....	174
(PERFORMANCE REPORT PART II).....	174
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL.....	175
4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES.....	175
COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE.....	178
4.2 POLICIES.....	179
4.3 INJURIES, SICKNESS AND SUSPENSIONS.....	180
4.4 PERFORMANCE REWARDS.....	184
COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE.....	185
4.5 SKILLS DEVELOPMENT AND TRAINING.....	186
COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE.....	188
4.6 EMPLOYEE EXPENDITURE.....	188
CHAPTER 5 – FINANCIAL PERFORMANCE.....	191
COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE.....	191
5.1 STATEMENTS OF FINANCIAL PERFORMANCE.....	192

Contents

5.2 GRANTS	197
5.3 ASSET MANAGEMENT	198
5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS	200
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET	205
5.5 CAPITAL EXPENDITURE	206
5.6 SOURCES OF FINANCE	207
5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS	209
5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW	210
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS	212
5.9 CASH FLOW	213
5.10 BORROWING AND INVESTMENTS	214
5.11 PUBLIC PRIVATE PARTNERSHIPS	218
COMPONENT D: OTHER FINANCIAL MATTERS	218
5.12 SUPPLY CHAIN MANAGEMENT	218
5.13 GRAP COMPLIANCE	219
CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS	220
COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS Year -1	220
6.1 AUDITOR GENERAL REPORTS Year -1 (Previous year)	221
COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)	222
6.2 AUDITOR GENERAL REPORT YEAR 0	222
GLOSSARY	224
APPENDICES	227
APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE ..	227
APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES	228
APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE	229
APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY	230
APPENDIX E – WARD REPORTING	232
APPENDIX F – WARD INFORMATION	234
APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0	235

Contents

APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS	236
APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE	237
APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS	238
APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE	239
APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE	239
APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE	240
APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG	241
APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES	242
APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME.....	242
APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME	244
APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0	246
APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0	247
APPENDIX P – SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS.....	248
APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION	249
APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY	250
APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT	251
VOLUME II: ANNUAL FINANCIAL STATEMENTS	252

Contents

REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non-financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including: anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

MFMA Implementation Unit, National Treasury

Chapter 1

CHAPTER 1 – MAYOR’S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR’S FOREWORD

MAYOR’S FOREWORD

a. Vision:

The Mamusa Local Municipality together with the community strive to create a balanced integrated and sustainable environment through socio-economic upliftment, the promotion of opportunities, growth and job creation and the improvement of access to affordable infrastructure and social services to be shared by all in a healthy and safe environment.

In its vision, Mamusa seeks to establish a municipality that is prosperous and built on the combined key elements of mining with beneficiation, maize production and food processing. A town that works with its resources in a sustainable way and attracts visitors who are interested in the natural environment while exploiting its strength geographically as a hub for agriculture.

The strategic objectives that will assist us to realise our vision are;

1. Building better communities
2. Enhance financial sustainability
3. Accelerate an inclusive environment
4. Plan for the future
5. Establish effective and efficient services
6. Enhanced, effective, accountable and clean institutional management and corporate governance
7. Develop a learning organisation

In these objectives, we are hoping to achieve these strategic outcomes: shared values; financial liquidity; good credit rating; employment and growth in the GDP; investment; liveable; integrated communities; pay services; good governance and human capital.

Mamusa Local Municipality seeks to align itself with the National Development Plan 2030; Provincial Employment Growth and Development Plan in terms of planning, development and management of provincial infrastructure.

b. Key Policy Developments:

The municipality have compiled and implemented the valuation roll, identified and corrected under-valued-properties.

It is our legal obligation as Council to ensure firmer and prudent financial management practices that are in line with National Treasury Regulations, and also to comply with all the provisions of the Municipal Finance Management Act (MFMA), Act 56 of 2003. We therefore approved financial management policies that enabled us to be cautious about the kind of financial decisions we make and their implications. Our indigent Policy, for example, allows us to provide the required services to deserving consumers within the prescripts of the law.

Chapter 1

Local Economic Development in Mamusa is largely driven through a Local Economic Development Strategy (LEDS). The strategy's economic development thrusts centers around: attracting new investment in Mamusa, diversification of the economy into a balanced assortment of economic sectors, tourism development as a means of growing the local economy and creating jobs, and rural development.

c. Key Service Delivery Improvements:

In Mamusa, we continue to strive for service delivery excellence as encapsulated in our strategic objectives. Over the last five years, we have managed to provide highest levels of access to basic services such as sanitation, water and electricity. The municipality is currently the Water Services Provider and the Dr. R.S. Mompati District Municipality is the Water Services Authority.

Our water, electricity and sanitation provision is at near 85%, except the informal settlements which needs to be formalise. In addressing the informal settlements, the municipality has managed to complete Extension 8 township establishment and Extension 9.

Infrastructure development continues to receive exceptional attention. We are mindful of the fact that good infrastructure is the basis for economic growth. Special attention is paid to our roads and storm water infrastructure. In the past financial year we have paved or gravelled roads and furthermore, we are currently paving roads in the proper Ipelegeng. It is important to note that the municipality is facing a big challenge in replacing old Asbestos pipelines in Ipelegeng which requires a huge budget.

We are also doing reasonably well in the area of growing the economy and thus creating job opportunities. We are particularly focusing on SMME development and preferential procurement. We are aware that SMMEs are central to growing the economy and boosting the campaign around job creation. We have facilitated the establishment of cooperatives and SMME's in the last year.

However it is also worthy to note some critical challenges which needs our immediate intervention. We observed limitations in the areas of credit control (slow revenue collection); financial constraints; loss of electricity through illegal connections and water losses; non-compliance with legislation and policies; under expenditure; maintenance issues and unemployment.

A report from the Auditor-General highlights emphasis in the areas of asset management; plants and equipment; compliance with GRAP amongst others and as a result of those challenges, the municipality obtained a disclaimer.

d. Public Participation:

Public participation is an institutionalized function in our municipality. Our communities have learned to appreciate the elaborative process which ensures that all interested residents are afforded ample opportunity to make meaningful contributions to policy development and planning for developments in the municipal jurisdiction. The development of ward-based planning and related establishment of ward committee system have elevated community participation to higher level in terms in terms of legal provision and institutionalization of the process. Mamusa Local Municipality, through the office of the Mayor, liaise continuously with communities through ward committee members and other stakeholder

Chapter 1

forums.

In order to facilitate maximum participation by ward committee members, the municipality is providing stipends or sitting allowance for each member. Ward committees are functioning pretty well in all 8 wards.

Reports are received monthly and follow-ups made where necessary. Stakeholder forums with business community have also been established. Inputs are regularly solicited from these constituencies on a constant basis. Meetings are held as the needs dictates. Otherwise, maximum participation takes place during annual IDP reviews and the tabling of annual budget.

e. Future Actions:

Establish Mamusa Compliance Committee to ensure compliance to the MFMA and the other related legislations.

f. Agreements / Partnerships: Announcements on special partnerships initiated.

In addressing some of the service delivery constraints and challenges, the municipality have partnered with the Dr. R.S. Mompati District Municipality in terms of water and sanitation provision. Other provincial departments have signed Memorandum of Understanding with the municipality.

g. Conclusion:

I would like to commend all of us for striving beyond the challenge-maintaining a heightened sense of community and respect for civility and open dialogue in the beginning of this term.

We do not always agree. We are here to resolve differences and make the best decisions on behalf of all our communities. Our diversity reflects that of our town. Our diversity is our strength.

(Signed by :) _____

Mayor

T 1.0.1

Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

This report is compiled and tabled in terms of Section 127(2) of the Municipal Finance Management Act (MFMA), Act 56 of 2003, which requires that the performance report of the municipality and of any municipal entity under the municipality's sole or shared control be tabled at the Municipal Council by the Mayor, after which the Municipal Manager must make the report public and invite the local community to submit representations in respect of issues raised in the report. Section 121(2) of the Municipal Finance Management Act, Act 56 of 2003, read with circular 11 and circular 63, both of MFMA, gives the purpose of the Annual Report as follows;

- ✓ To provide a report on performance against the budget of the municipality or the municipal entity for that financial year;
- ✓ To provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates; and
- ✓ To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

It is for that reason that this report will endeavour to cover the broad view of the Mamusa Municipal Area with information such as the socio-economic profile of the area and the achievements gained in delivering services to the community, as well as developmental and institutional aspects, including financial performance. The report also covers governance and public participation undertaken by the municipality to ensure involvement of the communities of the Mamusa local Municipality in planning as well as in the delivery of services that meet their needs in the period under review.

The purpose of the report is to reflect on the work carried out in the 2016 to 2017 period and to provide feedback on performance against targets to various stakeholders including the community, government departments and other interested parties. The report also ensures that accountability is upheld, and the clients of the municipality are informed of the decisions that were taken in this period. We hereby present an account of our work over this period as directed by these various stakeholders through the Integrated Development Plan (IDPs).

In the period under review, the Mamusa Local Municipality ensured alignment and contribution to the National, Provincial and Local Government Key Priority Areas in all its service delivery programmes.

Financial Position

The collection rate of Mamusa Local Municipality has improved from 62% in 2015/16 to 82% in 2016/17 financial year, this is attributed to among others:

Chapter 1

- Updated Valuation Roll
- “Operation Duela” for better services initiative

However the municipality still experience challenges of non-payment for services by communities particularly in Ipelegeng which impacts negatively on service delivery.

The Eskom account also remains a challenge to the municipal financial stability.

The aging infrastructure also poses a challenge among others and more efforts and immediate initiatives are needed for the improvement of such.

T 1.1.1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

The Mamusa Local Municipality is committed to its constitutional mandate to provide basic services to the community and to improve access to municipal services where needs have been identified by the communities. The Municipal basic services include the following; Water; Sanitation, Electricity; Refuse removal; Local Economic Development; Roads and Storm Water drainage.

WATER.

With the population of 60 355 and 15 223 households, the municipality provides 97% of its households with access to basic water and 13 750 households or 92% with access to free basic water.

ELECTRICITY

75% of households are provided with access to basic electricity and 76.46% of households are provided with access to free basic electricity.

SANITATION

69.46% of households are provided with access to basic sanitation and 69% is provided with access to free basic sanitation.

RUFUSE REMOVAL

77% of households are provided with access to basic refuse removal and 8319 households are provided with access to free basic refuse removal.

LOCAL ECONOMIC DEVELOPMENT

Chapter 1

The LEDT Manager and the LED unit is in the process of being fully staffed.

ROADS AND STORM WATER DRAINAGE

- Construction of Routes in Ipelegeng

These projects are paved of roads.

POPULATION

According to STATS. SA CENSUS 2011 report, Mamusa has a population of 60 355 and Sex Ratio consist of 29 941 males and 30 414 females. The population has 55 195 of Black Africans. The Mamusa Local Municipality has seen the least growth rate of all study areas with 2.2%.

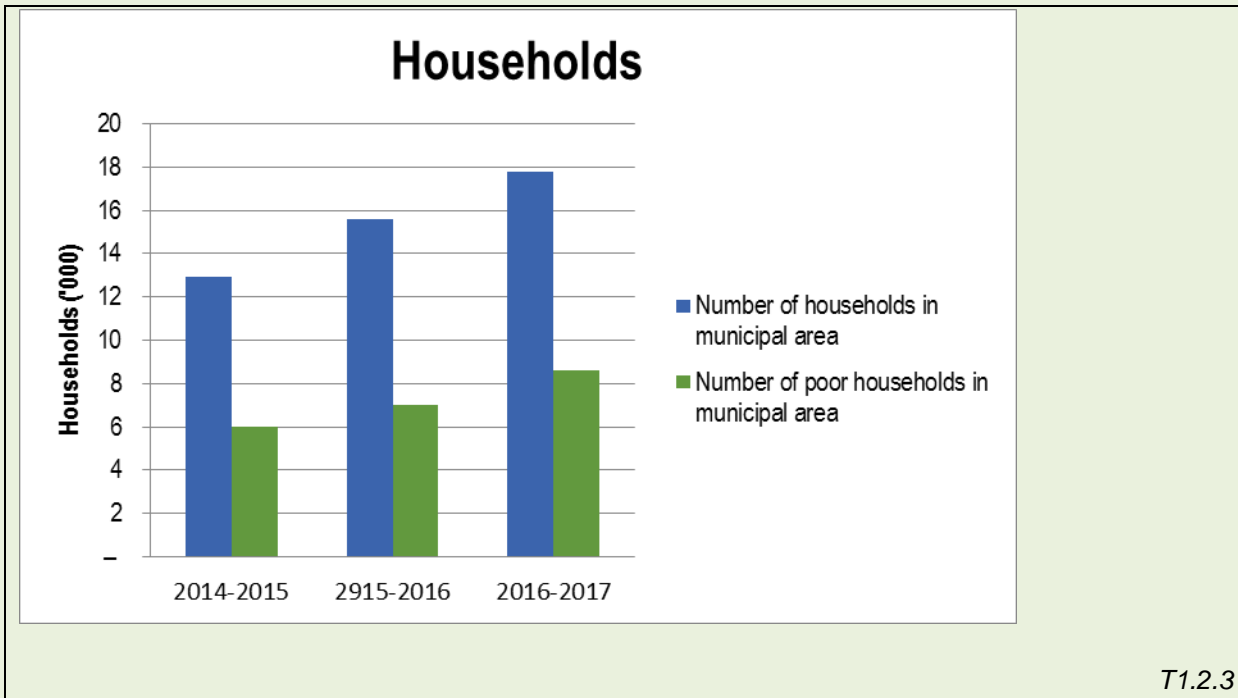
17918 of the Population aged 5-24 years are attending school and only 6759 are not attending. The total number of employed population aged between 15 and 64 years is 10739 and unemployed population is 5835. The unemployment rate of Mamusa Local Municipality as per Census 2011 stands at 35, 2%.

T 1.2.1

Population Details									
Age	2013/14			2014/15			2015/16		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	2348	2370	4718	2723	2806	5529	4132	3927	8059
Age: 5 - 9	2775	2775	5550	2825	2719	5544	3847	3755	7602
Age: 10 - 19	5528	5719	11247	5908	6334	12242	6355	5820	12175
Age: 20 - 29	3307	3661	6968	4116	4360	8476	5103	5479	10582
Age: 30 - 39	2453	2537	4990	2821	3073	5894	3605	3734	7339
Age: 40 - 49	1823	1811	3634	2223	2297	4520	2676	2884	5560
Age: 50 - 59	1167	1236	2403	1408	1417	2825	2198	2327	4525
Age: 60 - 69	812	926	1738	813	1050	1863	1255	1296	2551
Age: 70+	531	666	1197	587	886	1473	770	1192	1962
			42445			48366			60355

Source: Statistics SA

Chapter 1

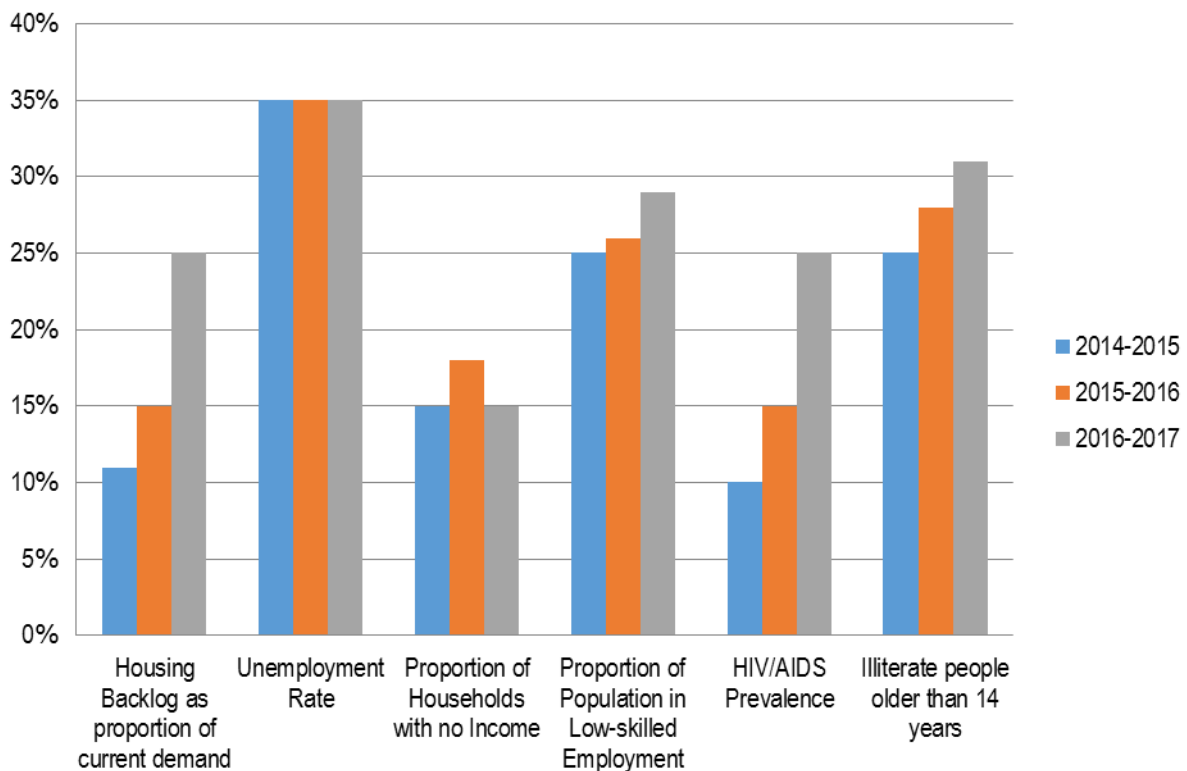


Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
2014-2015	11%	35%	15%	25%	10%	25%
2015-2016	15%	35%	18%	26%	15%	28%
2016-2017	25%	35%	15%	29%	25%	31%

T 1.2.4

Chapter 1

Socio Economic Status



T 1.2.5

Overview of Neighborhoods within 'Mamusa Local Municipality'		
Settlement Type	Households	Population
Towns		
Ward 7		8363
Sub-Total	0	8363
Townships		
Ward 2		4862
Ward 4		6371
Ward 5		9763
Ward 8		6510
Ward 1		8328

Chapter 1

Ward 6		7990
Ward 3		8167
Sub-Total	0	51991
Rural settlements		
Sub-Total	0	0
Informal settlements		
Sub-Total	0	0
Total	0	60354
		T 1.2.6

Natural Resources	
Major Natural Resource	Relevance to Community
Alluvial Diamonds	Job creation, mineral beneficiation
Land	Housing ,Agriculture, grazing
Labour force	That could become involved in construction, retail trade, Small, Medium, Micro enterprises
Wentzel Dam	Source of household water supply to the community
	T 1.2.7

COMMENT ON BACKGROUND DATA:

Mamusa Local Municipality has conducted its own SWOT analysis which are as follows;

1. Economic Diversification in the municipality

- Tourism opportunities
- Small mining related Opportunities
- Job Creation Opportunities

Chapter 1

- Agricultural Development Opportunities
- 2. Strategic Private Partnership (Small mining, Business)
- 3. Availability of Land for development through partnerships with land owners

Challenges / threats;

1. Poverty / unemployment impacting negatively on available resources
2. Inadequate resources to deal with increasing demands (Financial constraints, unfunded mandates, insufficient tax base)
3. Non-payment culture for municipal services in communities
4. Vandalism of infrastructure
5. Infrastructure backlogs including ageing infrastructure
6. Electricity tariff escalation
7. Low level of literacy
8. Land of available land for developments
9. Inability to attract investors
10. Urban migration
11. Drought / Water Crisis

T 1.2.8

1.3. SERVICE DELIVERY OVERVIEW

Chapter 1

SERVICE DELIVERY INTRODUCTION

ACHIEVEMENTS

- Number of billed households in the municipality
- Number of registered indigent Households
- Number of indigent households with access to Free Basic water
- Number of indigent households with access to Free Basic Sanitation
- Number of indigent households with access to Free Basic refuse Removal
- Number of indigent households with access to Free Basic Electricity
- 100% usage of Conditional Grants

Water is provided to informal settlements in the form of communal Jojo tanks which is filled up on a weekly basis. In other arrears communal standpipes are provided. In a response to the drought experienced by the municipality we are also providing water in the Ipelegeng also in the form of communal Jojo tanks which is filled up on daily basis.

CHALLENGES

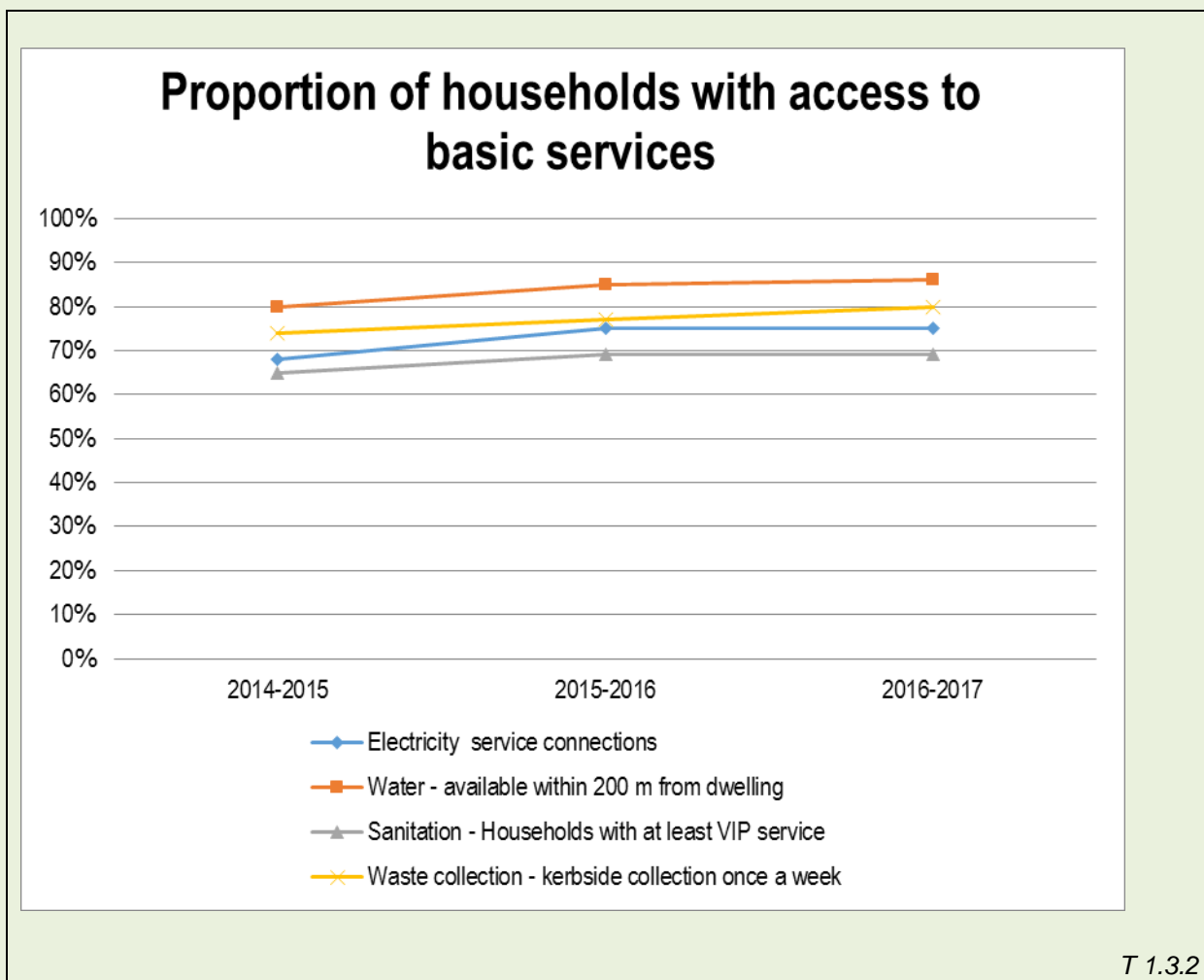
- The provision of free basic electricity in Ipelegeng where ESKOM is the supplier
- Fraudulent consumers claiming indigent status
- Consumers who are possibly indigent and not coming forward to disclose their status
- Inadequate knowledge about municipal governance by some members of the public
- Inability by some members of the public to utilize IDP/Budget consultations to influence development agenda in their respective Wards.

The main challenge is the drought experienced in Mamusa resulting in affecting our cash flow and collection rate.

T 1.3.1

Chapter 1

Proportion of Households with minimum level of Basic services			
	2014-2015	2015-2016	2016-2017
Electricity service connections	68%	75%	75%
Water - available within 200 m from dwelling	80%	85%	86%
Sanitation - Households with at least VIP service	65%	69%	69%
Waste collection - kerbside collection once a week	74%	77%	80%



Chapter 1

COMMENT ON ACCESS TO BASIC SERVICES:

As compared to the previous year 2015/2016 there is an increase in the number of households provided with basic services. However the percentage growth of households with the different basic services doesn't vary much from one year to another as can be deduced from the graphs. This is due to the fact that the growth in the number of formal households is proportional to the growth in the population of informal households, and as fraction of the total population does not differ significantly from year to year.

- Some consumers are possibly indigent but are not coming forward to disclose their status

T 1.3.3

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

The financial year under review was a difficult period for the municipality in that the recovery of debtors deteriorated a bit and the cash flow throughout the period was under pressure. Although the municipality has arrear creditors, the municipality was still able to cover its short term commitments, except that of the bulk supplier of electricity. This is evident from the liquidity ratios included in Chapter 5.

The challenges with regards to the recovery of debtors necessitated that the municipality put in place a strategy to address the deterioration of debtors. This was done in terms of a Revenue Enhancement Strategy and "Operation Duela" campaign. One of the pillars of the Strategy amongst others, is the improvement of Credit Control.

Although the municipality could not maintain the healthy cash flow situation, management is certain that the municipality would still be able to operate into the foreseeable future and as a result the going concern assumption would not be affected.

T 1.4.1

Financial Overview: Year 0			
	R' 000		
Details	Original budget	Adjustment Budget	Actual
Income:	R18 562 051, 47	R18 562 051, 47	R12 097 352,00
Grants	R48 284 000,00R12	R48 284 000,00	R65 050 749,00
Taxes, Levies and tariffs	R70 173 000,00	R70 173 000,00	R64 751 667,00
Other	R1 400 500,77	R1 400 500,77	R9 944 473,00
Sub Total	R138 419 552, 23	R138 419 552, 23	R151 844 241,00
Less: Expenditure			
Net Total*			

Chapter 1

* Note: surplus/(defecit)

T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	35%
Repairs & Maintenance	3%
Finance Charges & Impairment	5%
T 1.4.3	

COMMENT ON OPERATING RATIOS:

Employee costs represent ___ of total expenditure. The percentage went down during the adjustment budget and it was _____. Repairs and maintenance is ___% of the council budget according to cash-flow at hand. The repairs and maintenance is still below the norm of _____% as per circular 71 of the MFMA.

T 1.4.3

Total Capital Expenditure: Year -2 to Year 0			
			R'000
Detail	Year -2	Year -1	Year 0
Original Budget			R19 979
Adjustment Budget			0
Actual			R8 785
T 1.4.4			

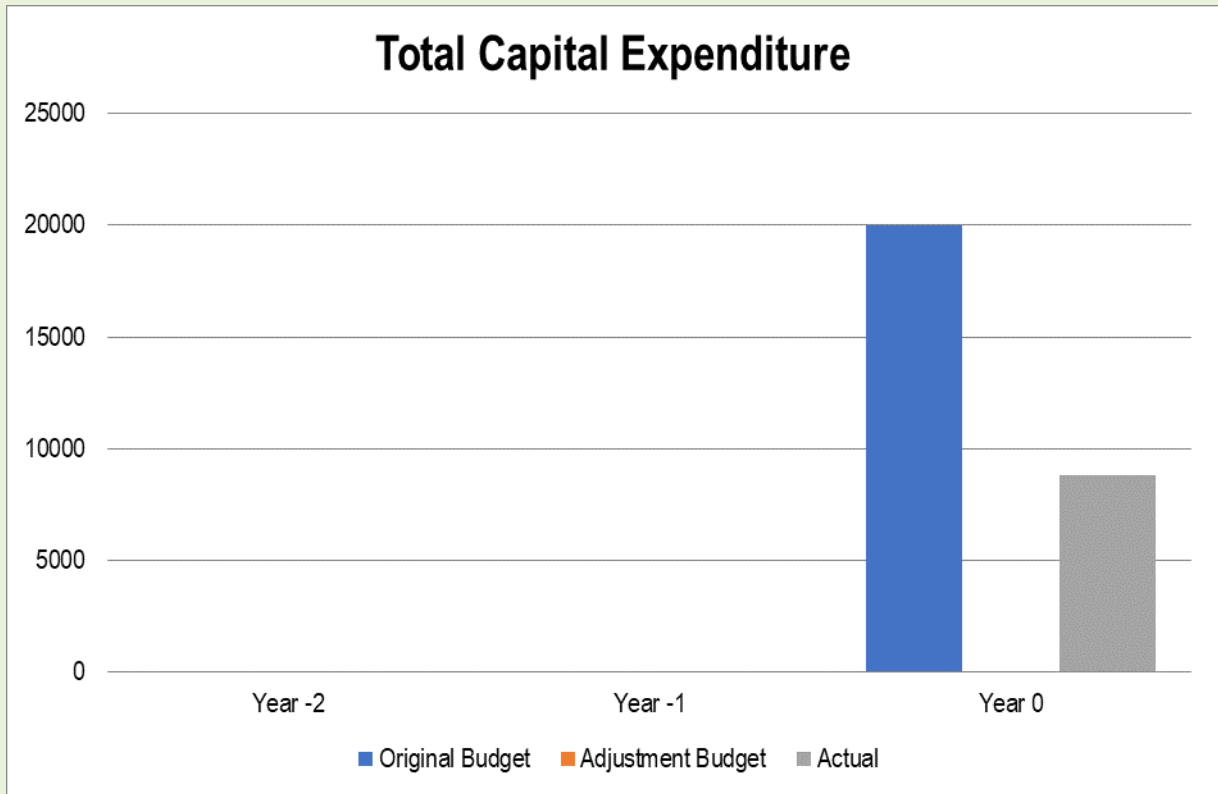
T 1.4.5

COMMENT ON CAPITAL EXPENDITURE:

Delete Directive note once comment is completed – Explain variations between Actual and the Original and Adjustment Budgets.

T 1.4.5.1

Chapter 1



1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

T 1.5.1

1.6. AUDITOR GENERAL REPORT

AUDITOR GENERAL REPORT: 2015-2016 (CURRENT YEAR)

Chapter 1

As required by section 188 of the Constitution of the Republic of South Africa, (Act No. 108 of 1996) and section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), the responsibility of the Auditor General is to express an opinion on the municipality's financial statements based on conducting an audit in accordance with International Standards on Auditing.

For the previous financial year (2014/2015) the Mamusa Local Municipality received a disclaimer. The basis for this opinion is that the accounts of this municipality were too deficient in essential detail for the Auditor General to form an opinion on the financial viability or rectitude of this municipality.

A report from the Auditor General for the financial year under review is contained in chapter 6 of this report.

T 1.6.1

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	Finalise the 4th quarter Report for previous financial year	
4	Submit draft 2015-2016 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
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	December
16	Council adopts Oversight report	
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	

Chapter 1

19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January
		<i>T 1.7.1</i>

COMMENT ON THE ANNUAL REPORT PROCESS:

The effectiveness, efficiency and economic financial management of the municipality can help change municipal areas to be the choice place for residence and work. This is the vision that is strived for by our political leadership.

The communities must be involved as much as possible in the spending priorities for the areas they live in. It is important for the councillors and ward committees to report to ward meetings about the budget plans and consult the communities on programmes and projects that are going to affect them.

IMPORTANCE OF MEETING ANNUAL REPORT DEADLINES

The importance of achieving annual report deadlines will enable the municipality to provide:

- Records or evidence of municipal activities during the year under review.
- Report on municipal performance against the budget for the year under review.
- And to account to the local communities for the decisions made by the municipality during the year under review.

ALIGNMENT OF IDP/BUDGET / PERFORMANCE MANAGEMENT

IDP forms the basis on which the annual budget is based and it must be compatible with the national and provincial government development plans. Processes for IDP, Budget and performance management must be flawlessly assimilated. The IDP fulfils the planning stage and Performance Management fulfils the management of implementation, monitoring and evaluation of the IDP.

Municipal performance is inherently interrelated to that of the employees. If the employees do not perform, the municipality will not achieve its purpose.

T 1.7.1.1

Chapter 1

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

To govern is to exercise political, economic and administrative authority to manage the nation's affairs. Governance is the complex mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights and obligations, and mediate their differences.

Mamusa Local Municipality was established in terms of Section 12 Notice of the Municipal Structures Act of 1998. In terms of Section 12 Notice the Municipality is the Category C Municipality which operates within the Plenary System combined with the Participatory Ward System, and Mamusa Local Municipality had 08 Wards. Governance at Mamusa Local Municipality is composed of both the Political and Administrative Governance. In addition to this there is Intergovernmental Relations; Public Participation and Accountability.

The Political wing of the Municipality exercise their executive and legislative powers and functions to govern the affairs of the Municipality. The Administration wing is responsible for Corporate Governance and Administration of the affairs of the Municipality as prescribed by various legislative frameworks and as contained in the IDP. Cooperative Government and Inter-governmental Relations pertains to the interaction, support by various Sector Department and State Institutions. Public participation is realized through engaging communities in the affairs of the Municipality (road shows, public meetings etc.).

The political and administrative components of Council maintain a sound working relationship by ensuring respect for procedures and protocols. The Municipal Council as a legal entity relates to the other spheres of government and organized local government bodies through the Intergovernmental Policy Framework. Communities as an interest group in municipal affairs participates through public participation mechanisms and processes in the decision making systems of Council.

This includes interaction with stakeholders in shaping the performance of the municipality so as to enhance a healthy relationship and minimize conflict.

T 2.0.1

Chapter 2

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Political Leadership of the Municipality comprises of elected Councillors through both the Ward System and Proportional Representation, and led by the Mayor. On the other side the Administration of the Municipality is composed of Executive Management appointed in terms of Section 56 of the Municipal Systems Act as amended.

The Municipal Manager is the head of Administration. In order to realize the Constitutional mandate of the Municipality these two components, including the Community have to work together.

Note: The Constitution section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

T 2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

Mamusa Local Municipality is a category C and a plenary type system of municipality. The Mayor, who is also a Speaker of Council, is supported by 6 Section 79 committees' chairpersons who are responsible for heading their respective portfolio committees. The Municipality had 9 Ward Councillors and 9 Proportional Representative Councillors.

The Mayor is the Political head of the municipality and the Municipal Manager as the head of Administration reports to the Mayor. The Administration comprises of four Departments headed by Directors appointed in terms of Section 56 of the Municipal Systems Act.

Political governance ensures regular communication with the community at large by means of IDP and Budget consultation meetings. This ensures that the community participates in identifying needs and in making inputs on the performance of the Municipality.


Administrative governance ensures transparent administration, regular feedback to the community and compliance with the rules, processes and laws by which Council operates and regulated and controlled.

Note: MFMA section 52 (a): The Mayor must provide general political guidance over the fiscal and financial affairs of the municipality

T 2.1.1

Chapter 2

POLITICAL STRUCTURE

	<p>MAYOR / SPEAKER</p> <p>Cllr. K.A. Motswana</p>	<p>Introduction</p> <p>The mayor is elected by Council to coordinate the work of Council. He is the political head of Council. The Mayor performs functions and duties as set out in the legal framework for municipalities. He also performs duties as delegated to him by Council.</p> <p>Functions</p> <p>The duties of the mayor amongst other are as follows;</p> <ol style="list-style-type: none"> 1. Reviews the performance of the municipality in order to improve; <ol style="list-style-type: none"> i. The economy, efficiency and effectiveness of the municipality ii. The efficiency of credit control and revenue and debt collection services iii. The implementation of the municipality's bylaws iv. monitors the management of the municipality's administration in accordance with the policy directions of the municipal council (output monitoring)
	<p>SECTION 79 COMMITTEE</p> <p>FINANCE AND CORPORATE SERVICES</p> <p>Cllr L.R. Silane</p>	<p>Introduction</p> <p>Elected by council</p> <p>Functions</p> <p>To support decision making in council, conducts an advisory and support role towards the municipal council and a mandatory role is to the Finance Department</p>
	<p>SECTION 79 COMMITTEE</p> <p>COMMUNITY SERVICES, PLANNING AND LED</p> <p>Cllr. K.S. SEDITI</p>	<p>Introduction</p> <p>Elected by council</p> <p>Functions</p> <p>To support decision making in council, conducts an advisory and support role towards the municipal council and a mandatory role is to Technical Services Department</p>

Chapter 2

	<p>SECTION 79 COMMITTEE</p> <p>TECHNICAL SERVICES AND INFRASTRUCTURE</p> <p>Cllr. K. MAINE</p>	<p>Introduction</p> <p>Elected by council</p> <p>Functions</p> <p>To support decision making in council, conducts an advisory and support role towards the municipal council and a mandatory role is to Community Services department</p>
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COUNCILLORS

The Council comprised of (9) Nine Ward Councillors and (9) Proportional Representative (PR) Councillors, who were allocated different responsibilities within the overall functions of Mamusa Local Municipality.

The political parties are represented as follows:

- 11 African National Congress (ANC)
- 1 Democratic Alliance (DA)
- 1 Freedom Front Plus (FFP)
- 2 Economic Freedom Fighters (EFF)
- 3 Forum for Service Delivery

The following Councillors are the Mamusa Local Municipality's representatives to the Dr. Ruth Segomotsi Mompoti District Municipality.

- Cllr. V.L. Molefe (ANC)
- Cllr. C.P. Herbst (DA)

Ward Councillors have to balance the expectations of their respective Wards and their political parties. The Ward Councillor is the Chairperson of the relevant ward committee and is responsible for convening the constituency meeting to elect ward committee members, calling ward committee meetings, ensuring that a schedule of meetings is prepared, handling queries and complaints in the ward, resolving disputes and making referrals of unresolved disputes to the municipality, and for ensuring the ward committee does what the municipality expects in regard to reporting procedures. The Ward Councillors should be fully involved in all community activities in which the ward committee is engaged and communicate the activities and meeting schedules to the PR Councillors.

Proportional Representation means, where voters vote for a political party and not an individual candidate within a party. The Ballot Paper just shows the political parties. The party gets the same

Chapter 2

share of the number of councillors as the share of total PR votes it received. The party decides which members are to fill those councillors' positions. A PR Councillor is allocated to a ward and provides support to the Ward Councillor in things that relate to the ward or the ward committee. A PR councillor handles queries and complaints in consultation with the Ward Councillor, assists in the resolving of disputes and in making referrals, helps with implementation of projects, support the Ward Councillor without replacing the Ward Councillor, and attends ward committee meetings, constituency meetings and special meetings.

Councillors provide a vital link between communities they serve and the municipality. They are responsible for representing the needs and interests of the people they represent, regardless of whether they voted for them. Although councillors are not usually full-time professionals, they are bound by code of conduct. The Councillors serve for five years.

Appendix A contains a full list of Councillors (including committee allocations and attendance of council meetings).

Appendix B sets out committees and committees' terms of reference.

T 2.1.2

POLITICAL DECISION-TAKING

As Plenary type municipality, all matters for consideration by Council must be considered by the Portfolio Committees for recommendation to Council.

Matters serving before council can vary from compliance related matters to issues to be added to the Integrated Development Plan (IDP) or reports from committees assisting Council in the execution of its task e.g. Audit Committee and the Municipal Public Accounts Committee (MPAC).

The Standing Rules and Orders of council and various pieces of legislation including the Constitution of the Republic of South Africa provides for the processes of decision making by council.

All issues pertaining to the matters listed below are dealt with by Council and the resolution passed through the supporting vote of the majority of members of Council;

- Approval of Budget
- The imposition of rates and taxes, levies and duties
- The passing of By-Laws
- The raising of loans

Other matters are delegated to the mayor in terms of Section 59 of the Municipal Systems Act. The Mayor must report to Council on the execution of duties delegated to him. All other matters before Council are decided by the majority of votes cast in a particular meeting.

If on any matter there is an equality on votes cast, the mayor who is also the speaker exercise a casting vote in addition to that of him being a Councillor.

Chapter 2

Before a Council passes a resolution on any of the following it shall first require the Mayor to play his and submit a report and recommendation to the full sitting of Council.

- The passing of By-Laws
- The approval of budgets
- The imposition of rates
- The raising of loans
- The approval of the IDP and any amendments or reviews of this plan
- The appointment and conditions of service of the Municipal Manager and Managers directly accountable to the Municipal Manager.

Council resolutions implemented against the number of decisions taken is 50%.

T 2.1.3

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

In terms of part 7 section 82 of the Municipal Structures Act 117 of 1998 as amended the Municipality must appoint the Municipal Manager, who is the head of administration and therefore the Accounting Officer. In terms of section 55 of the Local Government: Municipal Systems Act 32 of 2000, as amended, the Municipal Manager as head of administration is subject to policy directives of the Municipal Council responsible for the formation and development of an efficient, economical, effective and accountable administration and must manage the municipality in accordance with legislation and policies pertaining to Local Government.

In terms of section 56 of the Local Government: Municipal Systems Act 32 of 2000, as amended, the Council in consultation with the Municipal Manager must appoint managers who are directly responsible to the Municipal Manager and who must have the relevant and requisite skills and expertise and competencies to perform the duties associated with the posts they each occupy.

The Municipal Manager is also accountable for all the income and expenditure and all assets, as well as the discharge of liabilities of the municipality, including proper and diligent compliance with the Municipal Finance Management Act, 56 of 2003. Senior managers or Directors who report directly to the Municipal Manager are delegated such functions as the Municipal Manager may delegate to them and are responsible for all those matters delegated to them, including financial management as well as discipline and capacitating of officials within their areas of responsibility, together with compliance with all legislation governing Local Government, its policies and by-laws.

The Municipal Manager and Directors form the Senior Management core and all directors are accountable to the Municipal Manager for the strategic management and oversight of their departments. All budget expenditure in each directorate is managed by the relevant director in order to ensure that service delivery matters are handled speedily.

Chapter 2

The Municipality has established a process or mechanism to regularly evaluate the staff establishment and if necessary review the staff establishment, in line with organizational objectives and development priorities. This mechanism provides for the review of the organizational structure at the beginning of the financial year, which entails revisiting each Department and Units to ensure that they respond to the priorities contained in the Integrated Development Plan (IDP). The organizational design and the structure of the Municipality are such that it seeks to respond to both National and Local Government priorities of:

- Municipal Institutional Development and Transformation
- Basic Service Delivery
- Local Economic Development
- Municipal Financial Viability
- Public Participation
- Good Governance

As head of the administration, the Municipal Manager is responsible for the formation and development of an economical, effective, efficient and accountable administration, which is equipped to implement the IDP, operates within the municipality's Performance Management System, and is responsive to the needs of the local community to participate in the municipality. The Municipal Manager manages commination between the political structures and office-bearers and the administration.

In order to be able to give fruition to the requirement to run an efficient, economical and accountable administration, the operations of the municipality are divided into four directorates;

- Finance
- Corporate Services
- Community Services
- Technical Services

2.2.1

TOP ADMINISTRATIVE STRUCTURE	FUNCTIONS
<p>ACTING MUNICIPAL MANAGER MR. M.J RATLHOGO</p>	<p>As head of administration and Accounting Officer of the municipality the Municipal Manager is subject to the policy directions of the municipal Council and is responsible and accountable for duties and responsibilities outlined under Section 55 of the Local Government: Municipal Systems Act 32 of 2000, as amended and any other relevant duties as may be delegated from time to time to the Municipal Manager by the Mayor and Council. The Municipal Manager is also responsible for duties outlined under sections 60 to 75 of the Municipal Finance Management Act.</p>

Chapter 2

CHIEF FINANCIAL OFFICER MR I LEKAWA	The Chief Financial Officer is responsible for ensuring effective and efficient strategic management of the finance portfolio, which includes budgetary management, financial accounting management, supply chain management, credit control management, investment and banking, treasury management and risk management.
ACTING DIRECTOR:CORPORATE SERVICES MR K.I MAKAOA	This Director is responsible for establishing and maintaining structures, within the parameters of legality and good governance that will provide administration that is appropriately relevant, timeous and effective for the execution of tasks and that will be transparent as well as provide an environment that is conducive to stimulating public participation within co-operative governance.
ACTING DIRECTOR:TECHNICAL SERVICES MISS R ITUMELENG	This Director is responsible for providing water, roads, storm-water drainage, sanitation and electricity through well-established and well-maintained infrastructure that will stimulate growth, resulting in a broader income base, and that will encourage taxpayers to sustain payments.
DIRECTOR:COMMUNITY SERVICES MRS D.E MOKOMA	This Director is responsible for providing refuse removal, law enforcement (Traffic), library services, parks, cemeteries and recreational facilities.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Promoting intergovernmental relations (IGR) helps to make everyone aware that there is one seamless government working together to serve the people. It builds teamwork within the various spheres of government and between government and its agencies as well as other partners in development.

The IGR activities include:

- Planning and Budgeting
- Consultations and meetings as well as information sharing sessions
- Dispute resolutions
- Reporting
- Monitoring

Chapter 2

Service Delivery is the core function of the municipality. Cooperative governance is but on the arrangement entered into by spheres of government to fast track service delivery within the Constitutional mandate thereof:

- Mayor's Forum
- Municipal Manager's Forum
- Chief Financial Officer's Forum

The above is established to share best practices among others and to ensure compliance. These forums focus mainly on issues of progressive governance and unblocking bottleneck within certain spheres. Such forums must be attended to check and report on service delivery. Once these forums are successful, service delivery will be achieved and we will have communities that are happy.

Inter-governmental Relations framework Act, (Act No 13 of 2005), requires all spheres of government to coordinate, communicate, align and integrate service delivery effectively, to ensure access to services. In this regard the municipality complies with the provisions of the Act.

T 2.3.0

2.2 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

National Treasury: Provides support for the preparation of annual financial statements, annual reports, SDBIP

Department of Water and Sanitation: Provide support for water services development plan

COGTA: Providing continuous support in IDP training, LGTAS, development of National Key Performance indicators for local government

Department of Environmental Affairs: Provides support for all environmental issues and tourism

Department of Minerals and Energy: Providing support on broad based socio-economic empowerment charter for South African Mining (Social Labour Plans).

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

Mamusa Local Municipality participates in the following Provincial intergovernmental Structures;

- Premier's Coordinating Council
- PMS Forum
- HR Practitioners' Forum
- SALGA Working Groups
- IDP Forums
- Records Management Forum

T 2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

Chapter 2

Currently Council does not make use of any service provider(s) that render(s) a municipal service on behalf of Council and therefore no performance can be reported.

T 2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

The Mamusa Local Municipality participate in the following District intergovernmental Structures:

- District PMS Forum
- District IDP Forum
- District CFO Forum
- District Municipal Managers Forum
- District Mayors Forum

T 2.3.4

Chapter 2

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Public participation is an institutionalised function in our municipality. Our communities have learned to appreciate the elaborative process which ensures that all interested residents are afforded ample opportunity to make meaningful contributions to policy development and planning for developments in the municipal jurisdiction.

The evolution of ward based planning and the related establishments of ward committee system have elevated community participation to higher level in terms of legal provision and institutionalisation of the process. Mamusa local Municipality, through the office of the Mayor, liaise continuously with communities through ward committee members and other stakeholder forums.

In order to facilitate maximum participation by ward committee members, the municipality is providing stipends for each member. Ward committees are functioning pretty well in all 08 wards. Reports are received monthly and follow-ups made where necessary. Stakeholder forums with business community have also been established.

Inputs are regularly solicited these constituencies on a constant basis. Meetings are held as the need dictates. Otherwise, maximum participation takes place during annual IDP reviews and the tabling of annual budget.

MPAC is established in terms of section 79 of the Municipal Structures Act and performs an oversight function on behalf of Council and is not a duplication of other committees of Council, such as the Finance Committee or that of the Audit Committee.

MPAC will undertake and manage similar functions and responsibilities for municipalities, as undertaken by the Standing Committee on Public Accounts in the National and Provincial legislatures, except for certain powers regarding subpoena of individuals. In the case of any irregular expenditure or any fruitless and wasteful expenditure incurred by the municipalities or municipal entities, the MPAC will have the right to call upon the accounting officer of the municipality or the chairperson of the municipal entity's board of directors to appear before it to provide information or clarity.

The MPAC may engage directly with the public and consider public comments when received and will be entitled to request for documents or evidence from the Accounting officer of a municipality or municipal entity.

Section 129(4) of the MFMA further provides for the issuance of guidance on the manner in which municipal councils should consider annual reports and conduct public hearings, and the functioning and composition of any public accounts or oversight committees established by the council to assist it to consider an annual report.

T 2.4.0

Chapter 2

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

The municipality has good intentions to enhance communication and good practices of community engagements which are employed by the municipality to promote closer interactions with the people. Community engagements and participation is part of a bigger plan of the municipality and there is dedicated staff that is responsible for those community engagements together with councillors to promote participatory democracy and bringing government closer to the people. A brief example of public communication and participatory initiatives employed by our municipality are provided below;

1. Public Communication and Participatory Initiatives

- At the beginning of the financial year the municipality approves the IDP/Budget process plan
- The office of the Mayor embarks on IDP/Budget Public Participation process – focus is on the Community Register of needs and account for the priorities and commitments made in the previous financial year
- The office of the Mayor liaises with other stakeholder formations on the IDP/Budgetary processes – establishment of IDP Forum – Representative Forum etc.

2. Planning for the Public Meetings

- There is designated staff in the office of the Mayor to support and coordinate activities at the Ward level
- All meetings are held after normal working hours and over weekends unless so determined by extraordinary circumstances
- Our Service Delivery Budget Implementation Plan (SDBIP) target is to improve the audience by more than 65%
- Community Structures which often participate in the process are political parties, NGO's, CBO's, government departments, Structures and interest parties
- Efficiency and Effectiveness of the Forums is enhanced through improved coordination, planning, mobilization, support, report and feedback

3. Municipal Website

- The municipality has developed a Website in line with the provisions of Section 75 of the MFMA. All reports' components are complied with.

T 2.4.1

Chapter 2

WARD COMMITTEES

Ward committees are made up members of a particular ward who are chosen by residents of the ward to advise the ward councilor. Their function is to raise issues of concern about the local ward to the ward councilor and to make sure ward residents have a say in decisions, planning and projects that the council or municipality undertakes which have an impact on the ward.

The major issues that the ward committee has dealt with during the year are:

Service delivery related issues such as drain blockages, indigent registration, inputs on IDP process, housing related issues.

T 2.4.2

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Establishment of ward committees (ward 1)	11/10/2016					
First Community meeting (ward 3)	29/09/2016					
Community based planning (ward 1)	10/01/2017,					
Community based planning (ward 3)	11/01/2017					
Community Meeting (First Contact with the Community)	29th September 2016					
Community Based Planning Meeting	11th January 2017					
Ward Committee Establishment Community Meeting						
Community Meeting (First Contact with the Community)	28th September 2016					
Ward Committee Establishment Community Meeting	08th November 2016					
Community Meeting						
Community Based Planning	12th January 2017					

Chapter 2

Community Meeting (First Contact with the Community)	21st December 2016					
Ward Committee Establishment Community Meeting	21th December 2016					
Community Based Planning	12th January 2017					
Community Meeting (First Contact with the Community)	29th October 2016					
Ward Committee Establishment Community Meeting	11th January 2017					
Community Meeting (First Contact with the Community)	29th October 2016					
ISSUES RAISED						
Wards	Issued Raised	Remadial Action				
.1	<ul style="list-style-type: none"> *Intensive Training to be done for Ward Committees *Speedhumps *Crime *Fencing of Graveyard *Sportsground 	All issues related to the Municipality the Ward Councillor to ensure that relevant HOD's attend to them and those that will need and external Government Departments for intervention.				

Chapter 2

.5	<ul style="list-style-type: none"> Issuing out Tittle Deeds to beneficiaries *Formalization of Informal Settlement *Storm Water Control *Water Crisis *Speedhumps *Illegal Dumping Site 	<ul style="list-style-type: none"> * Programme of Action will be developed in consultation with the Mayor/Speaker regarding issuing out of Tittle Deeds Community Services & Technical Services Departments 				
.6	<ul style="list-style-type: none"> *Outstanding RDP's *Water & Sanitation *Crime *Residential Stand *Illegal Dumping Site *Long ques at Community Health Centre *Adherence regarding liquour outlets (Time of Operation) *Initiation School Operation (Compliance) *Speedhumps *Accessibility of street 	<ul style="list-style-type: none"> Data is been developed regarding the outstanding RDP's and to be forwarded to the Department of Human Settlement. All projects that are the prerogative of the District Municipality will be forwarded to them for their intervention Verification of Ext. 9 to be done to assess resident with double stand and the matter to be referred to Council. Matters related to the Municipality and Local Government Departments will be referred to them for 				

Chapter 2

		their intervention				
.7	<p>*Registration of Residential Stand in the System of the Municipality</p> <p>*Water House Connection</p> <p>*Pavements to Ext. 6</p> <p>*Continuous Blading of Street at Ext. 8</p> <p>*Formalization of Informal Settlements</p>	<p>Ward Councillor will check with Community Services Department to ensure that the process is close and submitted to Council The matter will be referred to Local and District Municipality (Technical Services) To be putted in the IDP 2017/2018 Financial Year To be reffered to Technical Services Department Stand to be allocated before the end of May 2017</p>				

Chapter 2

T 2.4.3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

Benefits are: Dissemination of information, community participation in the development of municipal plans, IDP inputs, being aware of the concerns of our residents, providing clarity on issues and accountability of the municipality to its residents; Minimizing voter apathy amongst our residents and Inculcating the concept of responsible residents

T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

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

Chapter 2

* Section 26 Municipal Systems Act 2000

T 2.5.1

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporative governance is a link between all three spheres of government as enshrined in the constitution of the country. Inter-governmental relations are working relations between spheres of government for realization of a service delivery.

In terms of the mandate of each sphere per the constitution, the expectation is that spheres of government compliments each other. This is done for the purpose of best practice and service delivery.

T 2.6.0

2.6 RISK MANAGEMENT

RISK MANAGEMENT

BACKGROUND

The provision of Section 62 (1) (c) (i) of the Municipal Finance Management Act (Act 56 of 2003) stipulates that the Accounting Officer (Municipal Manager) of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all responsible steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control

ROLE OF RISK MANAGEMENT

Risk management forms a critical part of any institution's strategic management. It is the process whereby an institution methodically and intuitively addresses the risks attached to its activities with the goal of achieving sustained benefit within each activity and across the portfolio activities. Risk Management is therefore recognized as an integral part of sound organizational management and is being promoted internationally as good practice to both the public and private sectors.

TOP 5 INHERENT RISKS

Below is an overview of the five most significant risks in terms of inherent risk exposure For detailed risks per goal, reference should be made to the detailed attached risk register.

Area	KPI	Inherent	Status	Residual	Status
Top Ten Institutional Strategic	10	23,03	Maximum	16,03	Maximum
Budget and Treasury Office	23	18,39	High	12,74	Maximum
Technical Services	17	16,71	High	12,63	Maximum

Chapter 2

Corporate Services	19	16,63	High	12,25	Maximum
Community Services	21	13,19	Medium	7,34	Medium
Office of the MM	16	12,5	Medium	7,49	Medium
Local Economic Development	9	12,11	Medium	6,32	Medium

According to the above ratings, risks **1 to 5** are currently not being controlled at an acceptable level. This may mean that controls in place to mitigate the risks are inadequate. Mitigating actions should be implemented timeously.

T 2.6.1

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

In terms of the Municipal Systems Act (MSA) Act 32 of 2000 Section 83 (c), if a municipality decides to provide a municipal service through service delivery agreement with a person referred to in section 80 (1) (b), it must select the service provider through selection processes which minimize the possibility of fraud and corruption.

Mamusa Local Municipality has the following strategies in place to prevent corruption, fraud and theft:

- Fraud Prevention Hotline administered by the Office of the Premier.
- Presidential Hotline on Fraud Prevention and Corruption, and Service delivery matters.
- Risk Management Policy.
- Internal Audit Unit (Shared Service) reviews the effectiveness of the systems of internal control, governance and risk management on a continuous basis.

T 2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

Chapter 2

The Supply Chain Management Unit forms part of the Finance Directorate under the leadership of the Chief Financial Officer. During the adoption of the 2016-17 budget, the Supply Chain Management Policy was adopted, which was formulated in terms of section 111 of the MFMA and the Supply Chain Regulations, 2005.

Supply Chain Management aims to support the strategic decision-making of the municipality, thereby ensuring effective and efficient service delivery to its internal and external clients, and it also aims to ensure that purchasing and procurement of goods and services are done according to prescribed legislation and the Mamusa Local Municipality's Supply Chain Management Policy.

T 2.8.1

2.9 BY-LAWS

By-laws Introduced during Year 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication

**Note: See MSA section 13.* T 2.9.1

COMMENT ON BY-LAWS:

Chapter 2

No public participation was conducted'

Note: MSA 2000 s11 (3) (m) provides municipal councils with the legislative authority to pass and implement by-laws for the betterment of the community within the terms of the legislation.

T 2.9.1.1

2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	NO	
All current budget-related policies	NO	
The previous annual report (Year -1)	YES	
The annual report (Year 0) published/to be published	NO	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	NO	
All service delivery agreements (Year 0)	NO	
All long-term borrowing contracts (Year 0)	NO	
All supply chain management contracts above a prescribed value (give value) for Year 0	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 Year 1	NO	
Contracts agreed in Year 0 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 Year 0	NO	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	NO	
<p><i>Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.</i></p>		

T 2.10.1

Chapter 2

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

We are to ensure that all the MFMA section 75 are met on regular basis. The MFMA calendar will be used as a guide to ensure that all the compliance matters are adhered to. The municipality will establish a Mamusa Compliance Committee to ensure compliance to the MFMA and the other related legislations. Posting of legislative information is a bit sluggish due to the late submission. A compliance committee that has been established will look into those issues. The objective is to effect information sharing and to ensure timely communication to relevant groups or communities.

The responsibilities of the committee constitutes of the following:

Office of the Municipal Manager:

Ensures project management of all the strategic plans, documents and programmes with regards to the municipal website;

Corporate services:

Ensures that all council resolutions are directed to Communications for posting on the website;

Finance Unit:

Ensures MFMA compliance on preparation of reports and directs reports to Communications for posting on the website;

Performance Management Unit:

In collaboration with Office of the MM ensures that other business units direct performance information to Communications for posting on the website;

IDP Unit:

Ensures compliance on the preparation of the IDP and directs the IDP to Communications for posting on the website;

Supply Chain Management:

Ensure that all contracts related to capital projects are directed to Communications for posting on the website

IT:

Assist Communications on issues of documents size, security and non- interruption on the functionality of the municipal website; and

Communications-

Post documents on the website;

Ensures easy navigation and user friendliness of the website;

Ensures that only relevant and up-to-date information is maintained on the website with the assistance of other units;

A number of computers have been installed in libraries for free internet access to communities around Mamusa.

T 2.10.1.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFCATION LEVELS

Chapter 2

The purpose of survey is to inform action. Mamusa Local Municipality acknowledges the fact that, there has not been any research done in the past financial year. The municipality therefore, moves from the premise that survey is very vital to decision making. It is therefore incumbent of municipality to conduct at least one major survey a year. The newly established Communication Unit commits to one major survey a year. Focus areas of survey will be: customer satisfaction, external and internal stakeholders and other related issues. Directorates will be advised to conduct its surveys, supported by Communications Unit.

T 2.11.1

Satisfaction Surveys Undertaken during: 2015-2016 and 2016-2017				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%)*
Overall satisfaction with:	n/a	n/a	0	0
(a) Municipality	n/a	n/a	0	0
(b) Municipal Service Delivery	n/a	n/a	0	0
(c) Mayor	n/a	n/a	0	0
Satisfaction with:	n/a	n/a	0	0
(a) Refuse Collection	n/a	n/a	0	0
(b) Road Maintenance	n/a	n/a	0	0
(c) Electricity Supply	n/a	n/a	0	0
(d) Water Supply	n/a	n/a	0	0
(e) Information supplied by municipality to the public	n/a	n/a	0	0
(f) Opportunities for consultation on municipal affairs	n/a	n/a	0	0
* The percentage indicates the proportion of those surveyed that believed that relevant performance was at least satisfactory				T 2.11.2

There has not been any research done in the past financial year

T 2.11.2.1

COMMENT ON SATISFACTION LEVELS:

There has not been any research done in the past financial year

Chapter 2

T2.11.2.2

Chapter 3

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

INTRODUCTION

Infrastructure Directorate:

In our quest to improve service delivery, economic development and job opportunities for all, Mamusa Local Municipality embarked on the following:

1. Construction of routes in Ipelegeng,
2. Refurbishment of Schweizer Reneke Electricity Network.
3. Construction of Ipelegeng Sports Ground
4. Blading of streets.
5. Replacement of conventional electricity meters with pre-paid meters in the Municipality's area of supply.
6. Patching of potholes with asphalt
7. Regular maintenance of the street and high mast lights

According to Statistics of South Africa, in 2011, 85% of our households had access to water through pipe-water inside the yard and community stands. The District Municipality (WSA) has successfully implemented a project for augmentation of bulk water supply project whose purpose is to observe basic rights of the community, rights to access to clean water, creation of job opportunities and transferring of skills, as well as Upgrading of Sewer Infrastructure in Schweizer Reneke and Ipelegeng.

T 3.0.1

Chapter 3

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

INTRODUCTION TO BASIC SERVICES

Basics services within the local municipality fall under the infrastructure directorate. The basic services provided are Electricity, Water and Sanitation, Roads and Storm water management.

The functions of the electricity department are to implement electrification projects, upgrading of dilapidated electricity infrastructure network, reduction of electricity losses and improve quality of supply. The challenges faced by the electricity section are copper theft, vandalism of the infrastructure, by-passing of meters, insufficient budget and insufficient manpower. Priorities for the electrical section include minimizing electricity losses, as well as reducing copper theft and regular maintenance of the existing infrastructure.

The objective of the Water and Sanitation function are to provide affordable, efficient, effective and on-going water and sanitation services which are sustainable. Priorities for this function include water provision for informal settlement, ensuring that the quality of potable water provided to the Mamusa Local Municipality residents is of an acceptable standard, reduction of water losses, implementation of water conservation and water and sanitation infrastructure. Challenges faced in rendering this services are ageing water and sewer infrastructure, increasing demand for water by rapid development of new settlements, drying of the dam and water levels of boreholes dropping, and insufficient budget for capital projects.

T 3.1.0

Chapter 3

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

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

The constitution of the Republic of South Africa assigns the responsibility of ensuring access to water services to Local Government. Furthermore the Water Services Act entrust the local municipality with provision of affordable, efficient, effective on-going water services which is sustainable.

The Water and Sanitation Department within the Mamusa Local Municipality is tasked and responsible for portable drinking water distribution, wastewater collection and treatment, water quality management, water and sewer infrastructure maintenance and upgrade as well as water conservation and demand management.

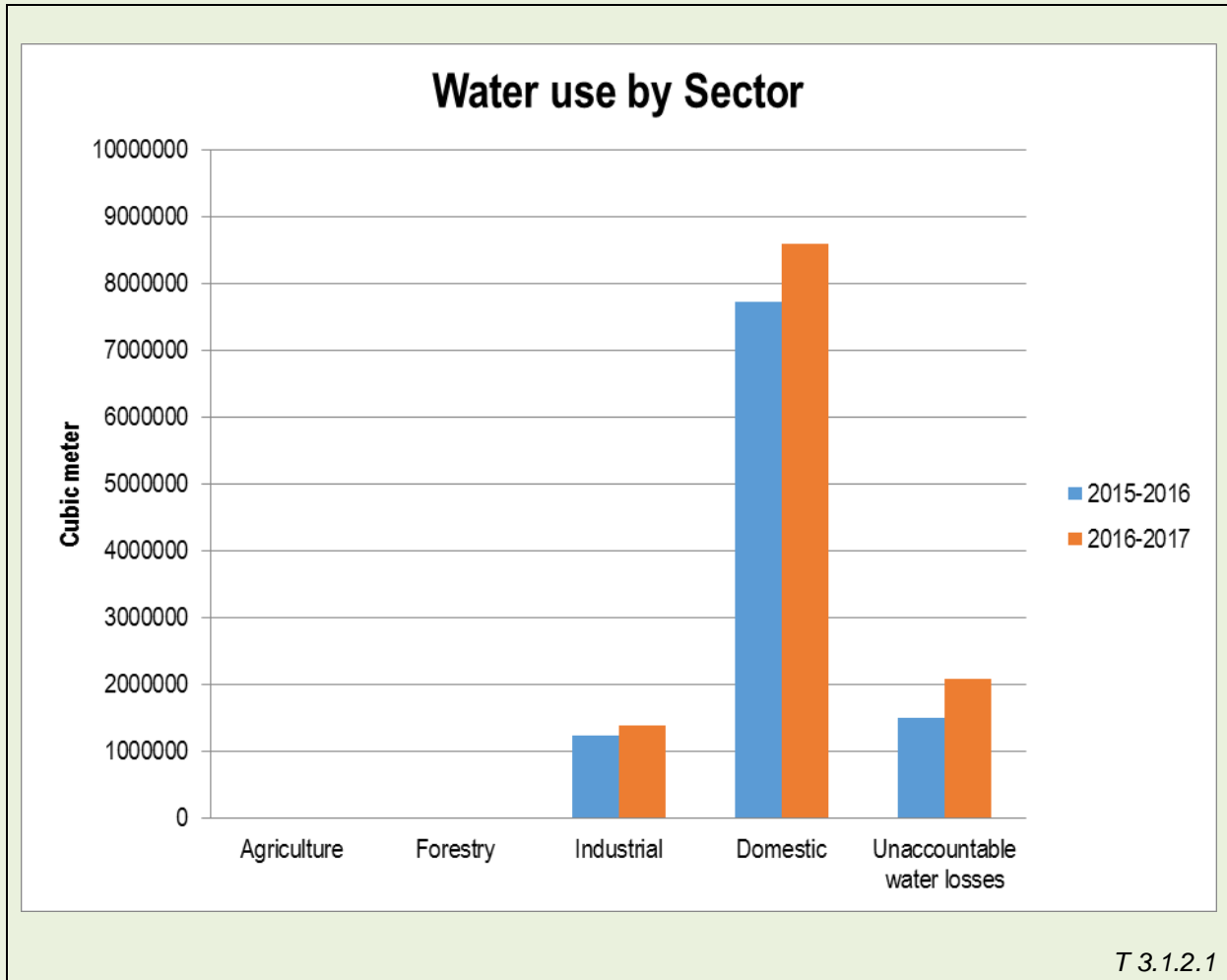
T 3.1.1

Total Use of Water by Sector (cubic meters)

	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2015-2016	0	0	1241859	7729582	1501271
2016-2017	0	0	1379843	8588424	2085761

T 3.1.2

Chapter 3



COMMENT ON WATER USE BY SECTOR:

In the current year the highest volume of water use was by households, followed by water use by industrial users. This trend is not to that of the preceding year as we had water shortage due drying of our dam. Water distribution to the users is: 3, 301, 060kl/d combined yield a years for both purified water and boreholes. The water metered consumption for a year for the Mamusa Local Municipality area is: 1, 799, 789 kl/d

T 3.1.2.2

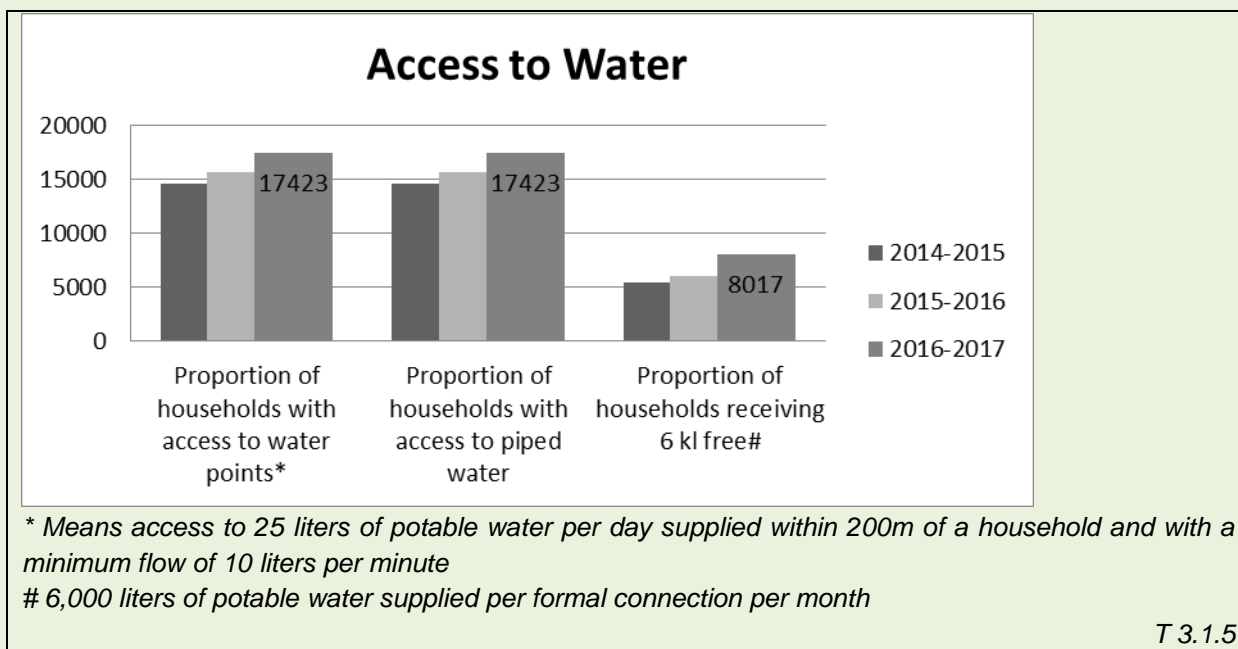
Chapter 3

Water Service Delivery Levels				
Description	2013-2014	2014-2015	2015-2016	Households 2016-2017
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<u>Water: (above min level)</u>				
Piped water inside dwelling	11111	11111	11311	11311
Piped water inside yard (but not in dwelling)	2896	2896	2896	3096
Using public tap (within 200m from dwelling)	1000	800	800	1900
Other water supply (within 200m)				
<i>Minimum Service Level and Above sub-total</i>	15007	14807	15007	16307
<i>Minimum Service Level and Above Percentage</i>	102%	91%	90%	90%
<u>Water: (below min level)</u>				
Using public tap (more than 200m from dwelling)	800	800	1100	1100
Other water supply (more than 200m from dwelling)	0	0	0	0
No water supply	619	619	619	619
<i>Below Minimum Service Level sub-total</i>	1	1	2	2
<i>Below Minimum Service Level Percentage</i>	10%	9%	10%	10%
Total number of households*	14712	16226	16726	18026
* - To include informal settlements				T 3.1.3

Chapter 3

Households - Water Service Delivery Levels below the minimum						Households
Description	2013-2014	2014-2015	2015-2016	2016-2017		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	14902	15092	15662	16774	16774	16774
Households below minimum service level	559	529	439	423	423	423
Proportion of households below minimum service level	4%	4%	3%	3%	3%	3%
Informal Settlements						
Total households	1869	2666	1520	2200	2200	2200
Households ts below minimum service level	559	529	539	423	423	423
Proportion of households ts below minimum service level	30%	20%	35%	19%	19%	19%

T 3.1.4



T 3.1.5

Chapter 3

Employees: Water Services					
Job Level	2015-2016	2016-2017			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	1	100%
4 - 6	4	4	4	0	0%
7 - 9	1	1	1	0	0%
10 - 12	9	9	9	0	0%
13 - 15	11	18	11	7	39%
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	25	33	25	8	24%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.
 *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.
 T3.1.7

Financial Performance 2016-2017: Water Services					
					R'000
Details	2015-2016	2016-2017			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.
 T 3.1.8

Chapter 3

Capital Expenditure 2016/17: Water Services					
R' 000					
Capital Projects	2016/17				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A					
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					

T 3.1.9

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

During the 2016/17 financial year the department managed to provide water services above minimum service level of 90% of households and sanitation above minimum service level of 69, 46% of the total households. The department has also increased access to basic water services to informal settlements within the jurisdiction of the municipality.

BLUE DROP CERTIFICATION

During the 2016/17 financial year, blue drop assessment cycle was conducted and the municipality is awaiting the results.

T 3.1.10

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

The Mamusa Local Municipality policies provide for waterborne (full) sanitation services to all formal settlements. However the policies are not explicit on the level of sanitation service to be provided in informal settlements.

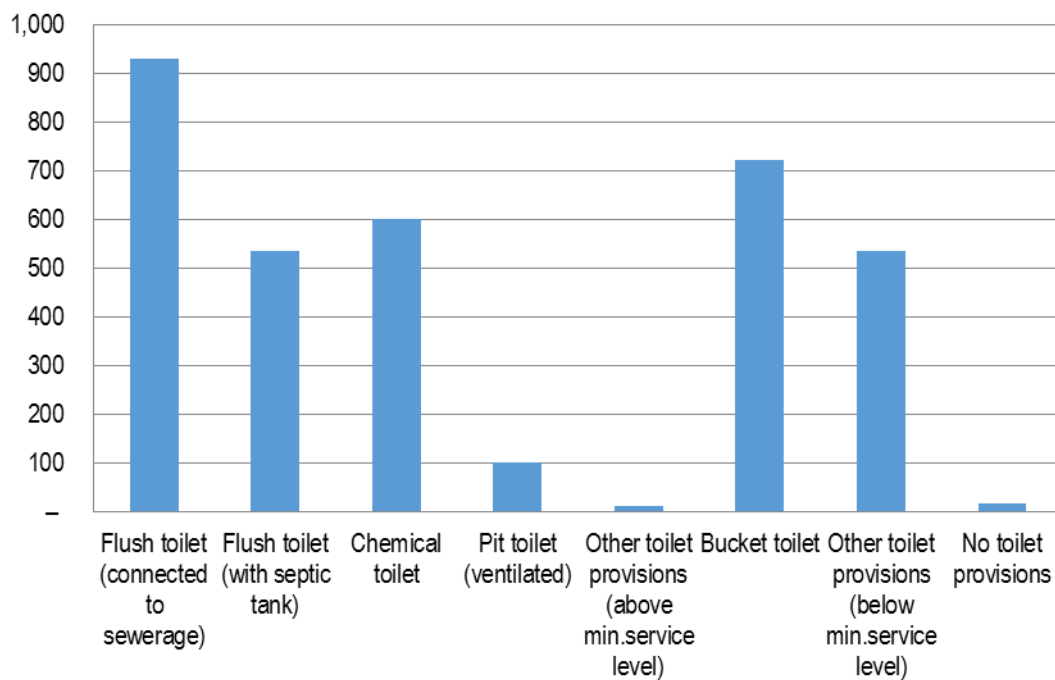
The municipality is currently providing sanitation services (VIP toilets) in Amalia/Molatswaneng; Gaudina; Migdol and Nooitgedacht. Farmers/Agricultural Holdings are responsible for providing their own sanitation services. This is due to the fact that the Municipality's bulk infrastructure does not reach the above mentioned areas.

Chapter 3

In the 2012/13 financial year the municipality achieved 44% in terms of Green drop certification. The next assessments will be done in the 2017/18 Financial Year

T 3.2.1

Sanitation/Sewerage (above minimum level): 2016-2017



T 3.2.2

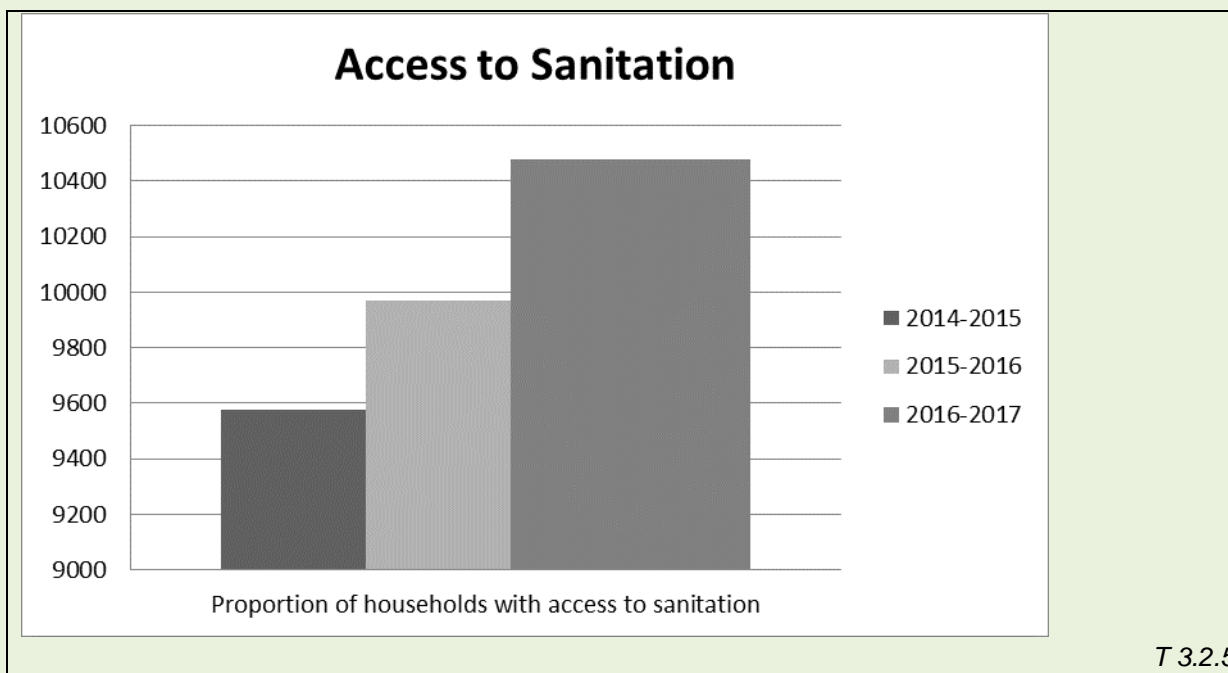
Chapter 3

Sanitation Service Delivery Levels				
Description	2013/14	2014/15	2015/16	*Households 2016/17
	Outcome No.	Outcome No.	Outcome No.	Actual No.
<u>Sanitation/sewerage: (above minimum level)</u>				
Flush toilet (connected to sewerage)	9	600	720	930
Flush toilet (with septic tank)	0	0	0	0
Chemical toilet	–	–	–	–
Pit toilet (ventilated)	3	3	3	3
Other toilet provisions (above min.service level)	–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	12	603	723	933
<i>Minimum Service Level and Above</i>				
<i>Percentage</i>	86.6%	99.7%	99.7%	99.7%
<u>Sanitation/sewerage: (below minimum level)</u>				
Bucket toilet	0	0	0	0
Other toilet provisions (below min.service level)	–	–	–	–
No toilet provisions	2	2	2	3
<i>Below Minimum Service Level sub-total</i>	2	2	2	3
<i>Below Minimum Service Level Percentage</i>	13.4%	0.3%	0.3%	0.3%
Total households	14	605	725	936
*Total number of households including informal settlements				T 3.2.3

Chapter 3

Households - Sanitation Service Delivery Levels below the minimum						
Description	Households					
	2013/14	2014/15	2015/16	2016/17		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households	9	9	10	-	-	-
Households below minimum service level	8	8	9	-	-	-
Proportion of households below minimum service level	85%	89%	89%	0%	0%	0%
Informal Settlements						
Total households	2	2	3	-	-	-
Households ts below minimum service level	2	1	1	-	-	-
Proportion of households ts below minimum service level	87%	79%	49%	0%	0%	0%

T 3.2.4



T 3.2.5

Chapter 3

Waste Water (Sanitation) Service Policy Objectives Taken From IDP									
Service Objectives	Outline Service Targets	2012/13		2013/14		2014/15	2015/16		
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Indicators (i)	(ii)								
Service Objective xxx									
Provision of VIP toilets									
<p><i>Note: This statement should include no more than the top four priority service objectives, including milestones that relate to the green drop status as set out by the Water Affairs department. 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.</i></p>									

T 3.2.6

Chapter 3

Employees: Sanitation Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	1	1	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	24	40	24	16	40%

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

T 3.2.7

Financial Performance Year 2016/17: Sanitation Services					
					R'000
Details	2015/16	2016/17			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.2.8

Chapter 3

Capital Expenditure 2016/17: Sanitation Services					
R' 000					
Capital Projects	2016/17				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	#DIV/0!	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.2.9

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The priority projects the municipality identified for implementation by the WSA during 2016/17 financial year were:

Augmentation of bulk water supply for Ipelegeng Ext. 4 & 5
 Upgrading of Sewer Infrastructure in Schweizer Reneke & Ipelegeng

T 3.2.10

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

Note: Recent legislation includes the Electricity Amendment Acts 1989; 1994; 1995; and the Electricity Regulation Act 2006.

MAIN OBJECTIVE: The Electricity Section within directive infrastructure is responsible for the provision of quality and sustainable electrical services to all customers within the Mamusa Local Municipality electrical distribution area. Mamusa Local Municipality is supplied with electricity by Eskom via 1 main substation on the 11Kv networks.

FORMAL HOUSES: Mamusa Local Municipality supplies electricity to approximately 1,500 domestic consumers in the Schweizer Reneke town; neighbouring farms; SABC tower; industrials and Charon. All formal houses are connected to grid. The only backlog within the Mamusa Local Municipality electrical distribution is to do lot of refurbishment on our aged network.

Chapter 3

THE ELECTRICAL DEPARTMENT OF MAMUSA LOCAL MUNICIPALITY IS GUIDED BY THE FOLLOWING ACT/STANDARD.

Electrical Regulation Act. 4 of 2006.
Eskom Standards.
National Energy Regulator Regulations.
Electrical By-Laws.
Municipal Finance Act.
Occupational Health and Safety Act. (Act. 85 of 1993)

The Electrical Section is sub-divided into the following functional sub-units namely: Planning Office; Operational Services test department and metering section.

CHALLENGES 2016/17

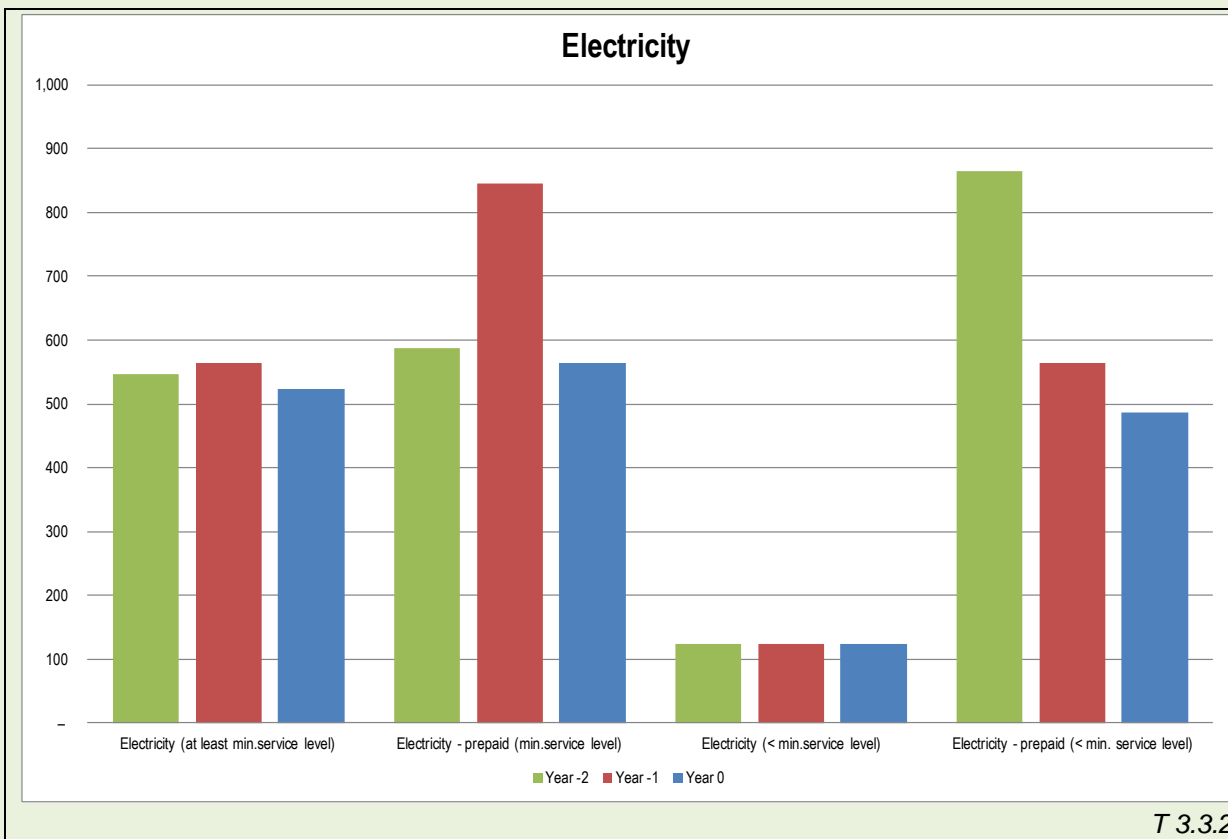
Aged infrastructure;
Non-compliance of NERSA requirements in terms of license agreement;
High electrical losses;
Abnormal loads – damaging poles;
Vandalism of electrical assets and networks;
Weather (severe winds and lightning) – Damaging poles;
Theft of copper and transformers.

MAJOR ACHIEVEMENTS 2015/16

Successful implementation of preventative maintenance programs;
Successful implementation of pre-paid meter installations;
Successful installation of 6 high mast lights in Ipelegeng;
Reducing backlogs on street and high mast lights complaints; and
Successful completion of Refurbishment of the Schweizer Reneke Electricity network

T 3.3.1

Chapter 3



Electricity Service Delivery Levels				
Description	Households			
	2013/14 Actual No.	2014/15 Actual No.	2015/16 Actual No.	2016/17 Actual No.
Energy: (above minimum level)				
Electricity (at least min.service level)	2	2	2	2
Electricity - prepaid (min.service level)	–	1	1	1
<i>Minimum Service Level and Above sub-total</i>	2	3	3	3
<i>Minimum Service Level and Above Percentage</i>	99.7%	96.1%	96.1%	96.1%
Energy: (below minimum level)				
Electricity (< min.service level)	0	0	0	0
Electricity - prepaid (< min. service level)	–	0	0	0
Other energy sources	–	–	–	–
<i>Below Minimum Service Level sub-total</i>				

Chapter 3

	0	0	0	0
<i>Below Minimum Service Level Percentage</i>	0.3%	3.9%	3.9%	3.9%
Total number of households	2	3	3	3
	T 3.3.3			

Households - Electricity Service Delivery Levels below the minimum						
Description	2013/14	2014/15	2015/16	2016/17		
	Actual	Actual	Actual	Original	Adjusted	Actual
	No.	No.	No.	Budget	Budget	No.
Households						
Formal Settlements						
Total households	2	2	2	-	-	-
Households below minimum service level	-	-	-	-	-	-
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
Informal Settlements						
Total households	-	-	-	-	-	-
Households ts below minimum service level	-	-	-	-	-	-
Proportion of households ts below minimum service level	0%	0%	0%	0%	0%	0%
	T 3.3.4					

Chapter 3

Electricity Service Policy Objectives Taken From IDP									
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2012/13		2013/14			2014/15	2015/16	
		Target	Actual	Target		Actual	Target		
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
Service Objective xxx									
<i>Provision of minimum supply of electricity</i>	Refurbishment of Schweizer Reneke Electricity Network							Refurbishment of Schweizer Reneke	
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -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.</i></p>									T 3.3.5

Chapter 3

Employees: Electricity Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	1	1	1	0	0%
7 - 9	0	4	0	4	100%
10 - 12	4	4	4	0	0%
13 - 15	0	3	0	0	0%
16 - 18	0	0	0	0	#DIV/0!
19 - 20	0	0	0	0	#DIV/0!
Total	6	13	6	4	31%

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

T 3.3.6

Financial Performance Year 2016/17: Electricity Services					
					R'000
Details	2015/16	2016/17			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.3.7

Chapter 3

Capital Expenditure Year 2016/17: Electricity Services					
					R' 000
Capital Projects	2016/17				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	#DIV/0!	
				#DIV/0!	1604231
				#DIV/0!	1985933
				#DIV/0!	980045
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.3.8

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

Only one project was funded and completed in the 2016/17 financial year. The only variance is on the implementation of pre-paid meters installation project..

Project 1: Community Lighting in Ipelegeng - Project Estimates:

Agreements with Eskom: Yes, to settle the outstanding balance owed to Eskom

T 3.3.9

Chapter 3

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

INTRODUCTION TO WASTE MANAGEMENT

The Municipality as per its mandate in section 152 of the constitution of the Republic of South Africa, 1996 has to provide a safe and healthy environment.

In terms of the powers and functions the solid waste management is the responsibility of the District Municipality. The landfill site falls directly under Dr. Ruth Segomotsi Mompati. It should also be noted that there is no Service Level Agreement for the function despite the continued attempt by the municipality to have one signed. Dr R.S Mompati District Municipality had resolved that the powers and functions be transferred to local Municipalities and the awaiting the MEC approval.

The municipality is consistently providing the refuse removal service to 17962 households in all wards except on the rural areas and farms. The removal of the refuse in business premises is going on unhindered. The municipality is also making sure that the town is cleaned by street sweepers on daily basis. The Draft By-Law on Waste Management is in place and will be taken to Council, public participation and gazetting in the 2015-2016 Financial Year. The Integrated Waste Management has been adopted by Council for all Local Municipalities that fall under Dr.R.S Mompati District Municipality.

One of the municipality's challenge is the condition of the vehicles used to collect refuse. The municipality is still using the old tractors and trailers that are more than 10 years old to collect refuse. These tractors are not meant to collect refuse as they are stopping from house to house damaging their clutch plates more frequently. Dr.R.S. Mompati District Municipality has donated a refuse compactor truck worth R1.5 million to Mamusa Local Municipality in the 2015-2016 Financial year. This has brought a great relief to our municipality.

In the financial year under review and previous years the municipality does have data of waste disposed at the Landfill site and being reported on monthly basis with South African Waste Information Centre and recycling of waste is not being weigh because of Weigh Bridge is not installed at Landfill site.

T 3.4.1

Chapter 3

Solid Waste Service Delivery Levels				
Description	2013/14	2014/15	2015/16	Households 2016/17
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Solid Waste Removal: (Minimum level)</u>				
Removed at least once a week				
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-
<i>Minimum Service Level and Above percentage</i>				
<u>Solid Waste Removal: (Below minimum level)</u>				
Removed less frequently than once a week				
Using communal refuse dump				
Using own refuse dump				
Other rubbish disposal				
No rubbish disposal				
<i>Below Minimum Service Level sub-total</i>	-	-	-	-
<i>Below Minimum Service Level percentage</i>				
Total number of households	-	-	-	-

T 3.4.2

Households - Solid Waste Service Delivery Levels below the minimum						
Description	2013/14	2014/15	2015/16	Households 2016/17		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total households						
Households below minimum service level						
Proportion of households below minimum service level						
Informal Settlements						
Total households						
Households ts below minimum service level						
Proportion of households ts below minimum service level						

T 3.4.3

Chapter 3

Employees: Solid Waste Magement Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	0	0	0	0	0%
19 - 20		0	0	0	0%
Total	26	42	26	16	38%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.
 *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.
 T3.4.5

Employees: Waste Disposal and Other Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	0	0	0	0	0%
7 - 9	6	8	6	2	25%
10 - 12	7	15	7	8	53%
13 - 15	9	15	9	6	40%
16 - 18	0	0	0	0	0%
19 - 20	18	0	0	0	0%
Total	41	39	23	16	41%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.
 *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.
 T3.4.6

Chapter 3

Financial Performance Year 0: Solid Waste Management Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue						
Expenditure:						
Employees						
Repairs and Maintenance						
Other						
Total Operational Expenditure						
Net Operational Expenditure						
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.4.7

Financial Performance Year 0: Waste Disposal and Other Services						R'000
Details	2015/16	2016/17				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue						
Expenditure:						
Employees						
Repairs and Maintenance						
Other						
Total Operational Expenditure						
Net Operational Expenditure						
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>						T 3.4.8

Chapter 3

Capital Expenditure Year 2016/17: Waste Management Services					
R' 000					
Capital Projects	2016/17				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A					
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.4.9

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

The Municipality did not have any Capital Project in Waste Management.

T 3.4.10

Chapter 3

3.5 HOUSING

INTRODUCTION TO HOUSING

DEPARTMENT OF LOCAL GOVERNMENT AND HUMAN SETTLEMENT'S FUNCTION

T 3.5.1

Percentage of households with access to basic housing

Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements

T 3.5.2

Chapter 3

Capital Expenditure Year 0: Housing Services					
					R' 000
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A					
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.5.6

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

NO COMMENT AS IT IS NOT THE MUNICIPALITY'S FUNCTION

T 3.5.7

Chapter 3

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The following basic services are provided by the municipality;

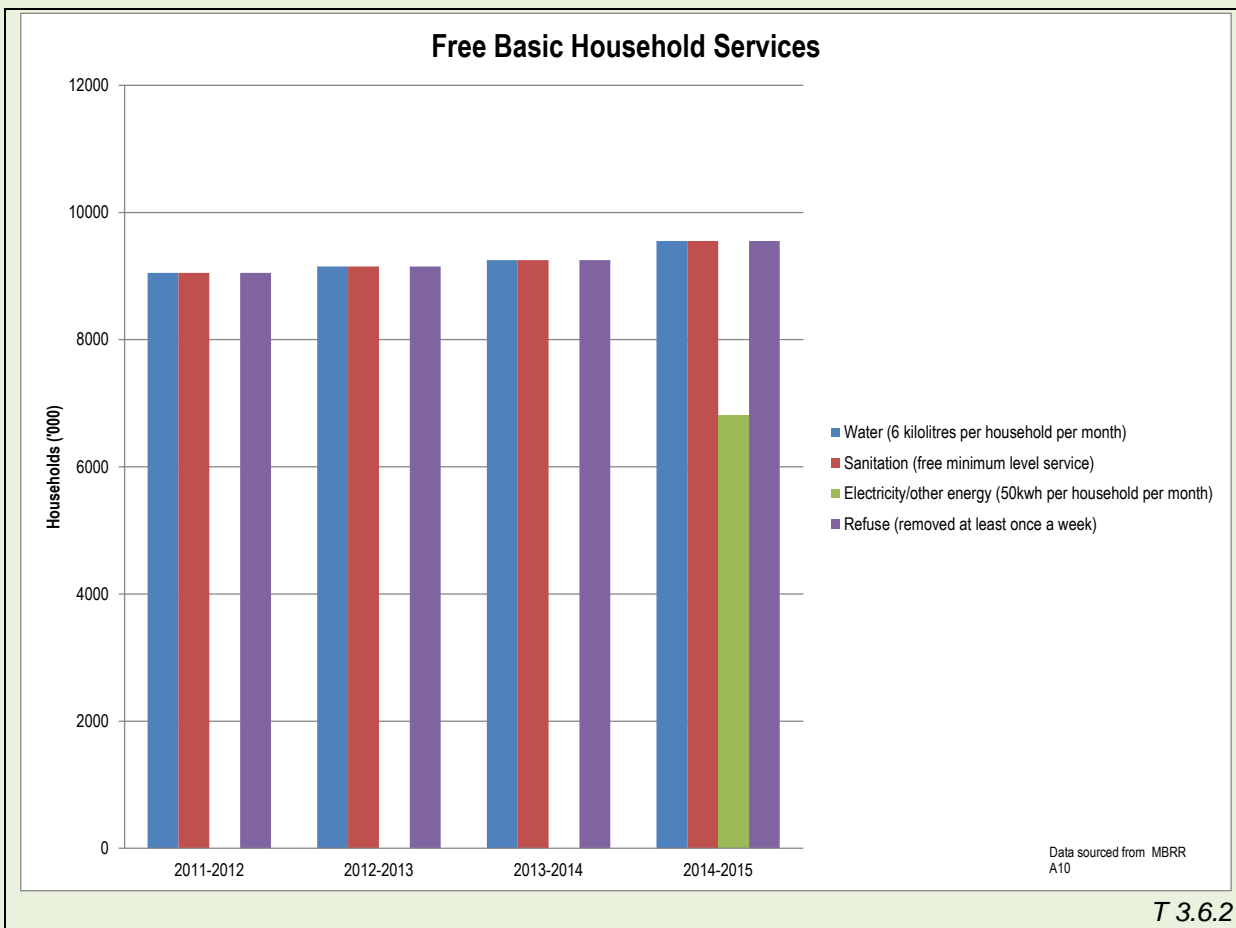
- Electricity
- Solid Waste Removal services
- Sanitation services
- Water provision

In terms of the Indigent Policy approved by Council in 31 May 2017, Mamusa Local Municipality is providing assistance to households with a gross monthly income of less than R2, 700.00 in the form of:

- 100% rebate on property rates;
- 100% rebate on non-metered services, i.e. refuse collection and sewerage;
- 50kWh of electricity
- 6 kilo-litres of water

T 3.6.1

Chapter 3



Free Basic Services To Low Income Households											
	Number of households										
	Total	Households earning less than R1,100 per month									
		Total	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse		
		Access	%	Access	%	Access	%	Access	%		
2014-2015	14,563	9,250	5,900	64%	5,900	64%	5,208	56%	5,780	62%	
2015-2016	15,223	9,550	6,018	63%	6,018	63%	5,762	60%	5,780	61%	
2016-2017	16,252	10,208	9,568	94%	7,388	72%	7,388	72%	7,388	72%	

T 3.6.3

Chapter 3

Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	2015/16	2016/17			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water					
Waste Water (Sanitation)					
Electricity					
Waste Management (Solid Waste)					
Total					

T 3.6

Chapter 3

Free Basic Service Policy Objectives Taken From IDP					
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2014-2015		2015-2016	
		Target	Actual	Target	Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	(vii)
Service Objective xxx					
Provision of alternative support to low income households that do not receive all Free Basic Services	Low income households (LIHs) who do not receive all the free basic services but <u>do</u> receive alternative support (Total number of LIHs not in receipt of free basic services)	xxxx LIHs receiving support (out of xxx LIHs in total)			

*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)*

Chapter 3

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

The municipality has a proper indigent policy in place to address all the service needs of the disadvantaged. The indigent register is updated annually.

T 3.6.6

COMPONENT B: ROAD TRANSPORT

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

INTRODUCTION TO ROAD TRANSPORT

Mamusa Local Municipality covers approximately 948 kilometres of road network, approximately 5km of sidewalk, 101km of kerb which covers the town of Schweizer Reneke; Ipelegeng, Charon, Molatswaneng, Glaudina and Migdol 19km of storm water culverts and channels. Of the total roads only 20% is surfaced while the remaining roads are dirt roads which are below the normal design standards of roads. The rest of the communities are either dependent on gravel road network including local gravel road system. This is because the rest of the Local Municipality is provided with basic level of service of road network system.

The population was estimated to 60, 355 during 2011 Census report. The population growth is 2,2 per annum.

T 3.7

3.7 ROADS

INTRODUCTION TO ROAD

CORE FUNCTION OF THE SECTION

Construction and Rehabilitation of roads;
Road maintenance in general;
Regravelling and blading of the unpaved roads;
Installation and upgrading of storm water;

Challenges faced by the Municipality are the aged infrastructure and inadequate budget for both capital projects and maintenance of the existing infrastructure

Chapter 3

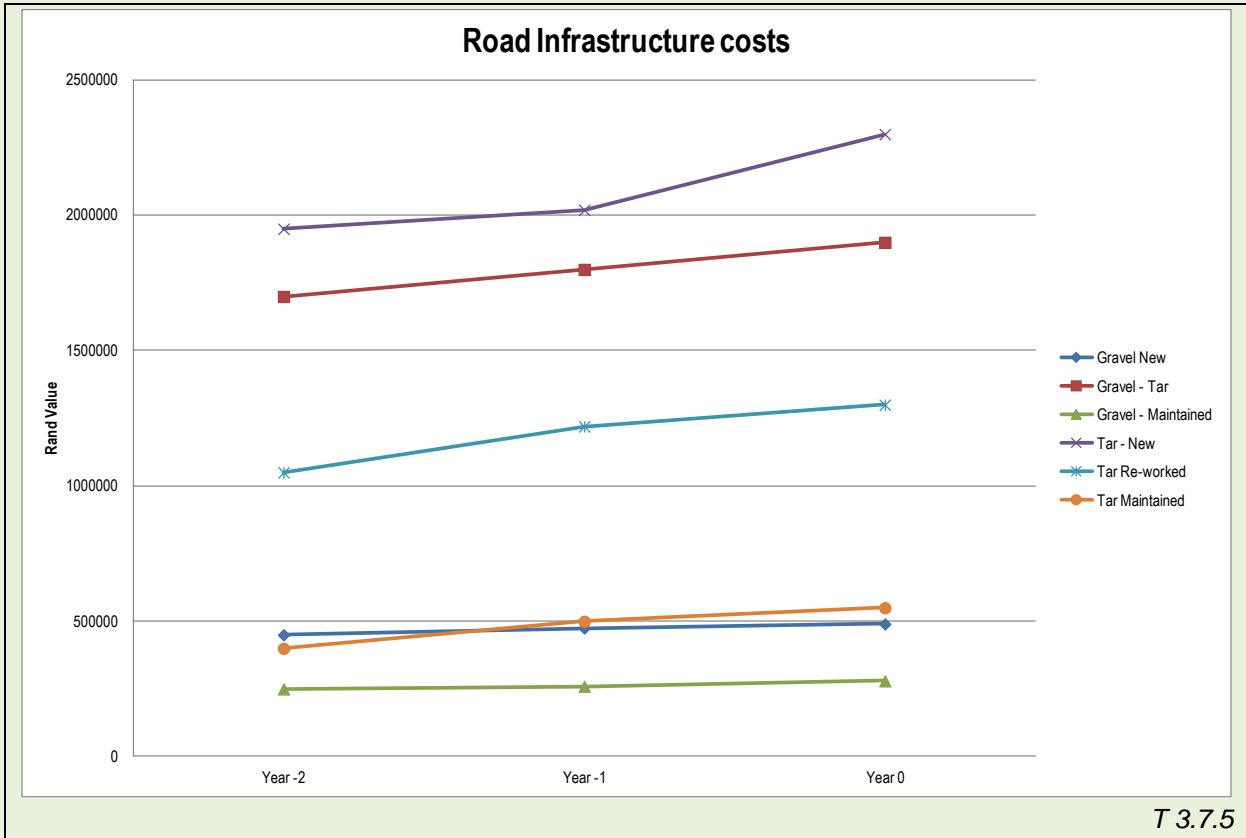
T 3.7.1

Gravel Road Infrastructure				
	Kilometers			
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -2	145	15	10	100
Year -1	160	20	12	120
Year 0	166	25	14	140
				T 3.7.2

Tarred Road Infrastructure					
	Kilometers				
	Total paved roads	New paved roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2012/13	4.5	4.5	0	0	160
2013/14	7	7	0	0	250
2014/15	3	3	0	0	150
					T 3.7.3

Cost of Construction/Maintenance						
	R' 000					
	Gravel			Tar		
	New	Gravel - Paved	Maintained	New	Re-worked	Maintained
2012/13	13800000	13800000	50000	0	0	180000
2013/14	18566421.89	18566421.89	50000	0	0	250000
2014/15	10607978.18	10607978.18	24500	0	0	30000
						T 3.7.4

Chapter 3



Chapter 3

Road Service Policy Objectives Taken From IDP						
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2014-2015		2015-2016		
		Target	Actual	Target		Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)
Service Objective xxx						
Elimination of gravel roads in townships	Kilometers of gravel roads tarred (Kilometers of gravel road remaining)					
Development of municipal roads as required	xxx kms of municipal roads developed					

*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*

Chapter 3

Job Level	Year -1		Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)	
	No.	No.	No.	No.	%	
0 - 3	0	1	0	0	0%	
4 - 6	0	1	0	0	0%	
7 - 9	1	1	1	1	100%	
10 - 12	3	6	3	3	50%	
13 - 15	0	6	0	6	100%	
16 - 18	0	0	0	0	#DIV/0!	
19 - 20	0	0	0	0	#DIV/0!	
Total	4	15	4	10	67%	

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.7.7

Financial Performance Year 0: Road Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	0	0	0	0	0%	
Expenditure:						
Employees	0	0	0	0	0%	
Repairs and Maintenance	0	0	0	0	0%	
Other	0	0	0	0	0%	
Total Operational Expenditure	0	0	0	0	0%	
Net Operational Expenditure	0	0	0	0	0%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.7.8

Capital Expenditure Year 0: Road Services						R' 000
Capital Projects	2016/17					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	22253500	3000000	13243010	-68%		
Construction of Taxi Routes in Ipelegeng	14400000	3000000	9694229	-49%	18000000	
Construction of Taxi Routes in Glaudina	3453500	0	1742965	-98%	2953829	
Construction of Taxi Routes in Migdol	2200000	0	1005757	-119%	1790785	
Construction of Taxi Routes in Amalia	2200000	0	800059	-175%	1608132	

Chapter 3

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

T 3.7.9

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The objective of the Road and storm water function are the construction and rehabilitation of roads, repair of potholes and storm water management. The main challenge faced in the implementation of this function is insufficient budget provision for capital projects. This creates a situation where roads that should be stripped and reconstructed are repaired and rehabilitated whereas

T 3.7.10

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

Both the District municipality and the provincial department of Public Works, Roads and Transport is responsible for the aforesaid power and function. The provincial department has developed a District Transport Strategy which as at now is not implementable owing to lack of funding. The local municipality has so far not received any benefits of the implementation of the strategy from the financial year under review.

T 3.8.1

Municipal Bus Service Data

Details	Year -1	Year 0		Year 1
	Actual No.	Estimate No.	Actual No.	Estimate No.
1 Passenger journeys				
2 Seats available for all journeys				
3 Average Unused Bus Capacity for all journeys	%			
4 Size of bus fleet at year end				
5 Average number of Buses off the road at any one time	%			
6 Proportion of the fleet off road road at any one time	%			
7 No. of Bus journeys scheduled				
8 No. of journeys cancelled				
9 Proportion of journeys cancelled	%			

T 3.8.2

Chapter 3

Concerning T 3.8.2

Not our function

T 3.8.2.1

Chapter 3

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

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.8.4

Financial Performance Year 0: Transport Services						R'000
Details	Year -1	Year 0				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue						
Expenditure:						
Employees						
Repairs and Maintenance						
Other						
Total Operational Expenditure						
Net Operational Expenditure						

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.8.5

Capital Expenditure Year 0: Transport Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All						
Project A						
Project B						
Project C						
Project D						

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.8.6

Chapter 3

COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL:

No comment as it is not our function

No T 3.8.7

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

The main purpose of the stormwater management function in the Mamusa Local Municipality is to mitigate flooding and increase the lifespan of the road infrastructure. The main focus areas are:

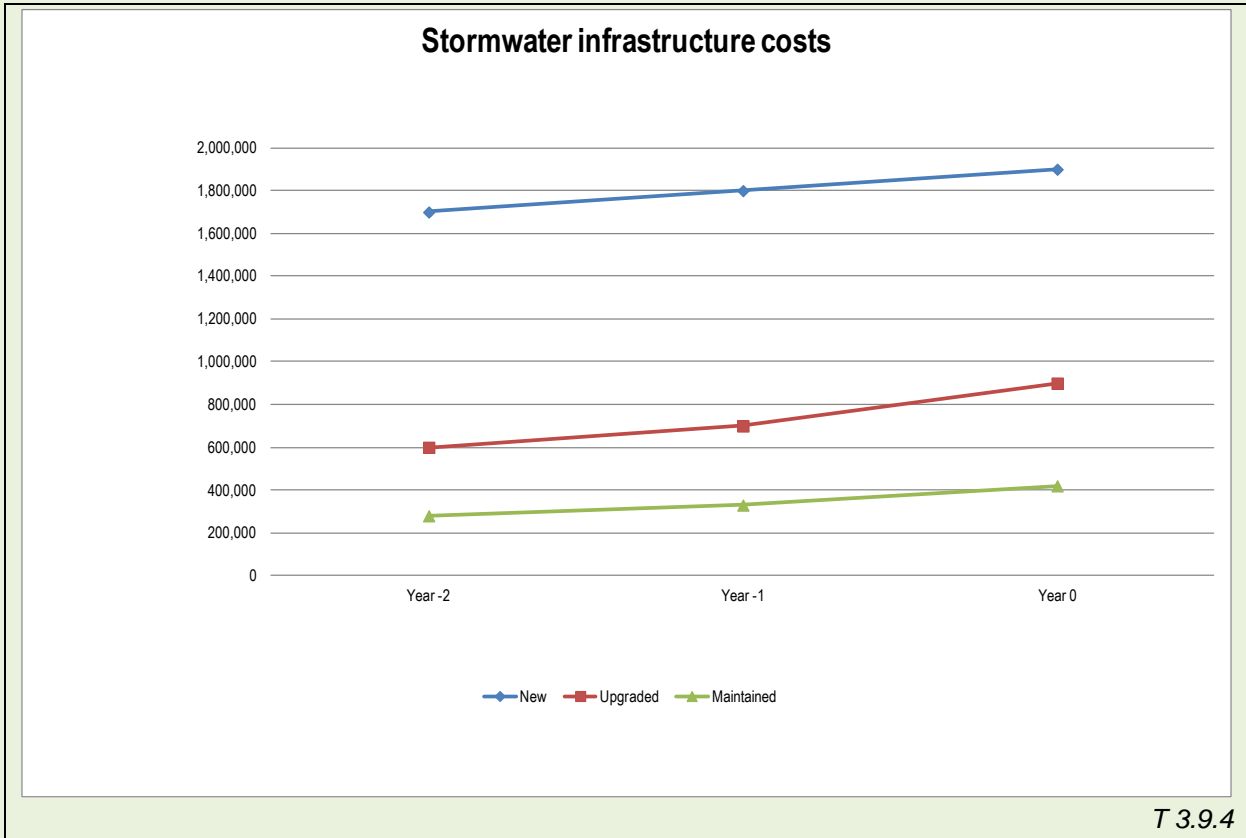
Construction of gabions;
 Replacing broken kerbs inlets and pipes;
 Cleaning of stormwater pipes; and
 Construction of open channels and sub-soil drains as well as installing new stormwater systems.

T 3.9.1

Stormwater Infrastructure					Kilometers
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained	
Year -2	145	15	10	100	
Year -1	160	20	12	120	
Year 0	166	25	14	140	
					T 3.9.2

Cost of Construction/Maintenance				R' 000
	Stormwater Measures			
	New	Upgraded	Maintained	
Year -2	1,700,000	600,000	280,000	
Year -1	1,800,000	700,000	330,000	
Year 0	1,900,000	900,000	420,000	
				T 3.9.3

Chapter 3



Chapter 3

Stormwater Policy Objectives Taken From IDP					
Service Objectives	Outline Service Targets	2014-2015		2015-2016	
		Target	Actual	Target	
Service Indicators		*Previous Year		*Previous Year	*Current Year
(i)	(ii)	(iii)	(iv)	(v)	(vi)
Service Objective xxx					
Development of fully integrated stormwater management systems including wetlands and natural water courses	Phasing in of systems				

*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*

Chapter 3

Employees: Stormwater Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	1	0	0	0%
4 - 6	1	1	0	0	0%
7 - 9	1	1	1	0	0%
10 - 12	3	3	3	0	0%
13 - 15	0	6	0	6	100%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	5	12	4	2	17%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June.
**Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*
 T 3.9.6

Financial Performance Year 0: Stormwater Services					R'000
Details	Year -1	Year 0			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.
 T 3.9.7

Chapter 3

Capital Expenditure Year 0: Stormwater Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.9.8</i>

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Maintenance and capital budget was allocated for the storm water drainage systems in the 2015/16 financial year. Storm water drainage systems were constructed in the following areas to mitigate the flooding and soil erosion which at sometimes block the system:

Modisapodi – Ward 4
 Mophane – Ward 6
 Bojosi – Ward 4
 Lethomo – Ward 4
 Phahlane – Ward 2
 Musapitso – Ward 2
 Matlaopane – Ward 2
 Masilo – Ward 4
 Morebudi – Ward 4

T3.9.9

Chapter 3

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

The municipality does not have a designated Town Planning Section as the functions are partly performed by Community Services, Corporate services and technical services. Challenges for the Town Planning that have a direct or indirect impact in the positive development of Mamusa include inter alia the following:

- ageing electricity infrastructure;
- Vacant land in private ownership
- High unemployment rate;
- No Policies and By-laws;

T 3.10

3.10 PLANNING

INTRODUCTION TO PLANNING

The municipality does not have the Town Planning section however the Community Services Department renders a strategic spatial planning and economic development focusing on the following developmental aspects:

- Spatial Development Framework (SDF) which the municipality has embarked on a process to review the (SDF) approved in 2013 through the compilation of a new (SDF) to guide development in the area of jurisdiction is in process.
- Land Use Scheme is at the stage of being advertised for comments and be table before council for adoption.

T 3.10.1

Chapter 3

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	Year -1	Year 0	Year -1	Year 0	Year -1	Year 0
Planning application received						
Determination made in year of receipt						
Determination made in following year						
Applications withdrawn						
Applications outstanding at year end						
						T 3.10.2

Chapter 3

Planning Policy Objectives Taken From IDP					
Service Objectives	Outline Service Targets	2015-2016		2016-2017	
		Target	Actual	Target	
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)
Service Indicators (i)	(ii)				
Service Objective xxx					
Determine planning application within a reasonable timescale	Approval or rejection of all build environment applications within a x weeks				
	Reduction in planning decisions overturned				

*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.*

Chapter 3

Employees: Planning Services					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total	0	0	0	0	0%

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

T 3.10.4

Financial Performance Year 2016/17: Planning Services					
					R'000
Details	2015/16	2016/17			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.10.5

Chapter 3

Capital Expenditure Year 2016/17: Planning Services					
R' 000					
Capital Projects	2016/17				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A					
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.10.6</i>

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

Long-term Strategic Framework for Growth and Development

The Mamusa Local Municipality must establish a Town Planning section that is fully cognizant of the role it is expected to play in crafting a long-term spatial vision for the municipality. The challenge goes far as determining the vision, to putting in place mechanisms to influence the investment decision made by the municipality, other spheres of government, the private and the business sector, such that the vision is realized.

It further needs the municipality to invest to that established department by availing enough resources so as to attract skilled personnel and build the capacity of the department so as to be innovative and successfully implement its planned and budgeted programmes.

Below is the key performance area that much attention will be directed into in order to create a harmonizing and conducive environment for planning and development within the municipal area of jurisdiction.

SPATIAL DEVELOPMENT FRAMEWORK (SDF)

The existing Municipal Spatial Development Framework was approved in 2013 and there is a need for the Mamusa Local Municipality to review its current SDF in line with the new trend in development and to also align with the vision of the political mandate. In the review process, the SDF will also be aligned with SPLUMA.

T 3.10.7

Chapter 3

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

The municipality had a 5 year LED strategy which expired in the 2015. There were strides to review the strategy whereby the Department of Local government had committed to assist in that regard but unfortunately that did not materialize. The municipality managed to get commitment from Dr Ruth Segomotsi Mompati District municipality to assist in the 2016/17 financial year. The principal aim is to facilitate the coordination and integration of all economic development functions in order to ensure effective and efficient delivery of local economic imperatives of Mamusa Local Municipality. Overall, the soon to be reviewed LED plan seeks to create a platform for all economic development players to participate in the Local Economy and these are the crucial elements considered;

- Knowing Mamusa's Economic function
- Creating a skilled and competent workforce
- Investing in infrastructure for the innovation to attract investment
- Creating a conducive environment for SMME's to flourish
- Marketing the area to external businesses
- Fostering an innovative business climate though simplifying municipal by-laws to encourage the creation of new business

The Mamusa's economy relies to a great extent on the performance of agriculture, small scale mining, retail trade, tourism and agro processing.

The LED department is actively involved in tourism development and marketing through facilitation, capacity building and awareness programmes, service excellence programme. Marketing of the tourist attractions of the local municipality is done on a continuous basis at tourism exhibitions and events.

T 3.11.1

Chapter 3

Economic Activity by Sector				R '000
Sector	Year -2	Year -1	Year 0	
Agric, forestry and fishing				
Mining and quarrying				
Manufacturing				
Wholesale and retail trade				
Finance, property, etc.				
Govt, community and social services				
Infrastructure services				
Total	0	0	0	
				T 3.11.2

Economic Employment by Sector				Jobs
Sector	Year 1 No.	Year -1 No.	Year 0 No.	
Agric, forestry and fishing				
Mining and quarrying				
Manufacturing				
Wholesale and retail trade				
Finance, property, etc.				
Govt, community and social services				
Infrastructure services				
Total				
				T 3.11.3

COMMENT ON LOCAL JOB OPPORTUNITIES:

The sectors that contribute the most to employment are:

- Agriculture
- Small Scale Mining
- Retail trade / Street trading
- Construction

The sectors that contribute least to employment are:

- Manufacturing
- Transport and Communication

Job Creation through EPWP Projects

Through municipal infrastructure projects, the following job opportunities were created using EPWP principles.

Tourism: the transformation process of the tourism product development is increasing, however there is still a need for improvement.

T 3.11.4

Chapter 3

Jobs Created during 2016-2017 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
2014-2015 = 0	0	0	0	LED Reports
2015-2016 = 2	24	0	24	LED Reports
2016-2017 = 5	49	0	49	LED Reports
Mamusa Environmental Solutions (2015-2016)	12	0	12	LED Reports
Rock of ages Women Cooperative(2015-2016)	9	0	9	LED Reports
Glaudina Brick Making	10	0	10	LED Reports
GM Fixing of all Furnishers	5	0	5	LED Reports
Mamusa Mixed Farming(2015-2016)	13	0	13	LED Reports

T 3.11.5

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
2014-2015	11	504
2015-2016	9	209
2016-2017	5	141
* - Extended Public Works Programme		T 3.11.6

Chapter 3

Local Economic Development Policy Objectives Taken From IDP					
Service Objectives	Outline Service Targets	2014-2015		2015-2016	
		Target	Actual	Target	
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)
Service Indicators (i)	(ii)				
Service Objective xxx					
Training of people in essential skills: Shoe and Bag Making	Number of people trained (including retrained upskilled)	0	0	2 trainings	0
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. *'Previous Year' refers to the targets that were set in the Year -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</i></p>					

Chapter 3

Employees: Local Economic Development Services					
Job Level	2015-2016		2016-2017		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	1	100%
4 - 6	0	2	0	2	100%
7 - 9	1	1	1	1	100%
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	4	2	4	100%

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

T 3.11.8

Financial Performance Year 2016/17: Local Economic Development Services					
					R'000
Details	2015/16	2016/17			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.11.9

Chapter 3

Capital Expenditure Year 2016/17: Economic Development Services					
R' 000					
Capital Projects	2016/17				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	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.

T 3.11.10

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

As at the moment the municipality through its LED unit has the following plans in place:
 Application for SEIF for the construction of Taxi Rank and Street trading stalls.
 Recruitment of EPWP participant for the year 2017/18.
 Review of the LED strategy in the 1st quarter of 2017/18.

T 3.11.11

COMPONENT D: COMMUNITY & SOCIAL SERVICES

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

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

Provision of accelerated effective efficient Libraries and Information services, Sports and Recreation facilities and the facilitation of Social Development for the community of Mamusa through building of halls, stadium, and libraries.

The following functions does not apply to the municipality;

- Museums arts and galleries
- crematoria
- child care
- theatres

Chapter 3

T 3.52

3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

INTRODUCTORY COMMENT: LIBRARIES

- To provide accelerated, effective, efficient, quality social development services for the community of Mamusa through sport, recreation, arts and culture and library and information programs
- To ensure the community have access to information as prescribed by the South African Constitution.
- Promote employment equity and skills development, therefore effecting efficiency and effectiveness to clientele
- Position libraries as centers for the dissemination of information and knowledge
- Position libraries as places where people from all backgrounds can find each other (promoting social cohesion)

T3.12.1

SERVICE STATISTICS FOR LIBRARIES

In the year under review the Library Services achieved the following;

- _____ new member
- 15 major Library awareness programmes
-

T 3.12.2

Chapter 3

Employees: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	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	0	0	0	0	0%

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

T 3.12.4

Financial Performance Year 2016/17: Libraries; Archives; Museums; Galleries; Community Facilities; Other					
R'000					
Details	2015/16	2016/17			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.12.5

Chapter 3

Capital Expenditure Year 2015/16: Libraries; Archives; Museums; Galleries; Community Facilities; Other R' 000					
Capital Projects	2016/17				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.12.6

COMMENT ON THE PERFORMANCE OF LIBRARIES

T 3.12.7

3.13 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

The Community Services Department is the custodian for cemeteries management within the municipality. The Municipality facilitate to the public paupers burial services on behalf of the District Municipality and provide cemeteries maintenance. The department manages and maintains twelve municipal owned cemeteries within municipal boundaries. Out of the twelve cemeteries, only four cemeteries are not active and only second burials allowed. Mamusa Local Municipality is currently faced with a challenge of shortage of burial space and the eight active cemeteries are already running out of space for new burials. Two cemeteries in Ipelegeng has been extended and all the processes were followed for legislative requirements.

The department during the years identified important service delivery priority issues and the impact the priorities have had in the community at large. The following are the priorities; to encourage second burials in existing graves (this is an initiative to save land and to increase the life span of existing cemeteries), improved cemeteries maintenance and grass cut which improved security).

The municipality does not own any cremation facility.

Chapter 3

T 3.13.1

SERVICE STATISTICS FOR CEMETORIES

CEMETERY NAME	BURIAL STATISTICS
Setlhare Setelele	_____ New Burials
Cross-Road	_____ New Burials
Charon	_____ New Burials
Schweizer	_____ New Burials
Amalia	_____ New Burials
TOTAL	_____

T 3.13.2

Chapter 3

Cemeteries and Crematoriums Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	2014/15		2015/16		
		Target	Actual	Target		Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)
Service Indicators (i)	(ii)					
Service Objective xxx						

*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*

Chapter 3

Employees: Cemeteries and Crematoriums					
Job Level	2014/15	2015/16			
	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	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	0	0	0	0	0%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.13.4

Financial Performance Year 2015/16: Cemeteries and Crematoriums					
					R'000
Details	2014/15	2015/16			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.13.5

Capital Expenditure Year 201/16: Cemeteries and Crematoriums					
					R' 000
Capital Projects	2015/16				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	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. T 3.13.6

Chapter 3

COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIUMS OVERALL:

Development of a new cemetery – The municipality is faced with a challenge of shortage of cemetery burial land. Service providers for developing Geo-Tech Report were appointed during 2014/2015 fiscal year to investigate and to do a comprehensive feasibility studies to determine a suitable cemetery land. The program is still to continue until the council adopt the report. The extension of the two cemeteries will be able to cater for more burials.

Upgrade of existing cemetery – This program is aimed at upgrading the general landscape of the cemeteries including greening. It is very important to start implementing this project. It was however not budgeted for in the 2016/2017 fiscal year but will remain in the planning document until budget is made available. An amount of R500, 000.00 is requested to start the project. This budget is the same as that of cemetery security.

Improved cemetery security – In order to prevent vandalism and to control access to all cemeteries, this program aims to fence off all cemeteries and to introduce security. It was however not budgeted for in the 2016/2017 fiscal year but will remain in the planning document until budget is made available. An amount of R500, 000.00 for a start is requested.

Since the municipality is not able to meet all departmental financial needs, it was decided that the department should start sourcing funds externally for the achievements of the mentioned priorities.

T 3.13.7

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.14.1

SERVICE STATISTICS FOR CHILD CARE

T 3.14.2

Chapter 3

Employees: Child Care; Aged Care; Social Programmes					
Job Level	2014/15	2015/16			
	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	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	0	0	0	0	0%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.14.4

Financial Performance Year 2015/16: Child Care; Aged Care; Social Programmes					
					R'000
Details	2014/15	2015/16			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.14.5

Capital Expenditure Year 2015/16: Child Care; Aged Care; Social Programmes					
					R' 000
Capital Projects	2015/16				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	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. T 3.14.6

Chapter 3

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

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.14.7

COMPONENT E: ENVIRONMENTAL PROTECTION

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

INTRODUCTION TO ENVIRONMENTAL PROTECTION

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.14

3.15 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.15.1

SERVICE STATISTICS FOR POLLUTION CONTROL

T 3.15.2

Chapter 3

Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2014/15		2015/16		
		Target	Actual	Target		Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)
Service Objective xxx						

*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*

Chapter 3

Employees: Pollution Control					
Job Level	2014/15	2015/16			
	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	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	0	0	0	0	0%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.15.4

Financial Performance Year 2015/16: Pollution Control					
Details	R'000				
	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.15.5

Capital Expenditure Year 2015/16: Pollution Control					
Capital Projects	R' 000				
	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	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.

T 3.15.6

Chapter 3

COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.15.7

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

INTRODUCTION BIO-DIVERSITY AND LANDSCAPE

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.16.1

SERVICE STATISTICS FOR BIO-DIVERSITY AND LANDSCAPE

T 3.16.2

Chapter 3

Employees: Bio-Diversity; Landscape and Other					
Job Level	2014/15	2015/16			
	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	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	0	0	0	0	0%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.16.4

Financial Performance Year 2015/16: Bio-Diversity; Landscape and Other						R'000
Details	Year -12014/15	2015/16				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	0	0	0	0	0%	
Expenditure:						
Employees	0	0	0	0	0%	
Repairs and Maintenance	0	0	0	0	0%	
Other	0	0	0	0	0%	
Total Operational Expenditure	0	0	0	0	0%	
Net Operational Expenditure	0	0	0	0	0%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.16.5

Capital Expenditure Year 2015/16: Bio-Diversity; Landscape and Other						R' 000
Capital Projects	2015/16					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	0%		
Project A	0	0	0	0%	0	
Project B	0	0	0	0%	0	
Project C	0	0	0	0%	0	
Project D	0	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. T 3.16.6

Chapter 3

COMMENT ON THE PERFORMANCE OF BIO-DIVERSITY; LANDSCAPE AND OTHER OVERALL:

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.16.7

COMPONENT F: HEALTH

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

INTRODUCTION TO HEALTH

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.17

3.17 CLINICS

INTRODUCTION TO CLINICS

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.17.1

Service Data for Clinics				
Details	Year -2	Year -1		Year 0
	Actual No.	Estimate No.	Actual No.	Estimate No.
1 Average number of Patient visits on an average day				
2 Total Medical Staff available on an average day				
3 Average Patient waiting time	mins	mins	mins	mins
4 Number of HIV/AIDS tests undertaken in the year				
5 Number of tests in 4 above that proved positive				
6 Number of children that are immunised at under 1 year of age				
7 Child immunisation s above compared with the child population under 1 year of age	%	%	%	%

T 3.17.2

Concerning T 3.17.2

Delete Directive note once table is completed – Average patient waiting time and total medical staff availability on an average day are obtained but sampling staff and patients on different days at different times at regular intervals throughout the day.

T 3.17.2.1

Chapter 3

Clinics Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	Year 0		Year 1		
		Target	Actual	Target		Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)
Service Indicators (i)	(ii)					
Service Objective xxx						

*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.*



Chapter 3

Employees: Clinics					
Job Level	2014/15	2015/16			
	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	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	0	0	0	0	0%

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

T 3.17.4

Financial Performance Year 2015/16: Clinics						R'000
Details	2014/15	2015/16				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	0	0	0	0	0%	
Expenditure:						
Employees	0	0	0	0	0%	
Repairs and Maintenance	0	0	0	0	0%	
Other	0	0	0	0	0%	
Total Operational Expenditure	0	0	0	0	0%	
Net Operational Expenditure	0	0	0	0	0%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.17.5

Capital Expenditure Year 2015/16: Clinics						R' 000
Capital Projects	2015/16					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	0%		
Project A	0	0	0	0%	0	
Project B	0	0	0	0%	0	
Project C	0	0	0	0%	0	
Project D	0	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).

T 3.17.6

Chapter 3

COMMENT ON THE PERFORMANCE OF CLINICS OVERALL:

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.17.7

3.18 AMBULANCE SERVICES

INTRODUCTION TO AMBULANCE SERVICES

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.18.1

Ambulance Service Data					
	Details	Year -2	Year -1		Year 0
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of patients taken to medical facilities during the year				
2	Average time from emergency call to arrival at the patient - in urban areas				
3	Average time from emergency call to arrival at the patient - in rural areas				
4	Average time from emergency call to the transportation of patient to a medical facility - in urban areas				
5	Average time from emergency call to the transportation of patient to a medical facility - in rural areas				
6	No. ambulance				
7	No. paramedics				

T 3.18.2

Concerning T 3.18.2

Delete Directive note once table is completed –Average turnout and turn-round times are determined by logging the times taken from initial call to reaching an emergency incident and from initial call to the incident and then on to the medical facility and analysing the record.

T 3.18.2.1

Chapter 3

Ambulances Policy Objectives Taken From IDP					
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	Year -1		Year 3	
		Target	Actual	Actual	
		*Previous Year (iii)	(iv)	*Current Year (v)	(vi)
Service Objective xxx					
Ambulance turnaround time (Timeout to patients and back to medical facility)					
<p><i>Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. * 'Previous Year' refers to the targets that were set in the Year -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</i></p>					T 3.18.3

Chapter 3

Employees: Ambulances					
Job Level	2014/15	2015/16			
	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	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	0	0	0	0	0%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.18.4

Financial Performance Year 2015/16: Ambulances						R'000
Details	2014/15	2015/16				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	0	0	0	0	0%	
Expenditure:						
Employees	0	0	0	0	0%	
Repairs and Maintenance	0	0	0	0	0%	
Other	0	0	0	0	0%	
Total Operational Expenditure	0	0	0	0	0%	
Net Operational Expenditure	0	0	0	0	0%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.18.5

Capital Expenditure Year 2015/16: Ambulances						R' 000
Capital Projects	2015/16					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	0%		
Project A	0	0	0	0%	0	
Project B	0	0	0	0%	0	
Project C	0	0	0	0%	0	
Project D	0	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. T 3.18.6

Chapter 3

COMMENT ON THE PERFORMANCE OF AMBULANCE SERVICES OVERALL:

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.18.7

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION;
ETC

INTRODUCTION TO HEALTH INSPECTIONS; FOOD AND ABATTOIR LICENCING AND
INSPECTIONS, ETC

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.19.1

SERVICE STATISTICS FOR HEALTH INSPECTION, Etc

T 3.19.2

Chapter 3

Job Level	2014/15		2015/16		
	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	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	0	0	0	0	#DIV/0!

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

T 3.19.4

Financial Performance Year 2015/16: Health Inspection and Etc						R' 000
Details	2014/15	2015/16				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	0	0	0	0	0%	
Expenditure:						
Employees	0	0	0	0	0%	
Repairs and Maintenance	0	0	0	0	0%	
Other	0	0	0	0	0%	
Total Operational Expenditure	0	0	0	0	0%	
Net Operational Expenditure	0	0	0	0	0%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.19.5

Capital Expenditure Year 2015/16: Health Inspection and Etc						R' 000
Capital Projects	2015/16					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	0%		
Project A	0	0	0	0%	0	
Project B	0	0	0	0%	0	
Project C	0	0	0	0%	0	
Project D	0	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).

T 3.19.6

COMMENT ON THE PERFORMANCE OF HEALTH INSPECTIONS, Etc OVERALL:

Chapter 3

NOT THE COMPETENCY OF THE MUNICIPALITY.

T 3.19.7

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

This is not the municipality competency. Our municipality relies on other external stakeholders such as:

- South African Police Services - Public Order Unit;
- South African Police Services – Crime Combating Unit

T 3.20

3.20 POLICE

INTRODUCTION TO TRAFFIC SERVICES

The provision of effective road traffic law enforcement, implementation of municipal by-laws, safeguarding of the municipal assets, motor vehicle registration and licensing and revenue enhancement.

The Department in the financial year under review, has appointed Chief Traffic Officer who has the vast experience in the field to bring about change and make meaningful contribution to the municipality.

The municipality has budgeted for the expansion of both the vehicle testing station and the drivers licence testing centre. The expansion of the VTS and the DLTC will assist in better service delivery and increase in revenue.

T 3.20.1

Chapter 3

Traffic Service Data					
	Details	2014-2015	2015-2016		2016-2017
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Number of road traffic accidents during the year	259	190	240	210
2	Number of by-law infringements attended	839	839	1100	850
3	Number of police officers in the field on an average day	3 x Officers	3 x Officers	3 x Officers	3 x Officers
4	Number of police officers on duty on an average day	6 x Officers	6 x Officers	6 x Officers	6 x Officers
					T 3.20.2

Concerning T 3.20.2

The number of officers available is determined by sampling the number of officers in the field and in offices and stations on the same day, sampling different times of day and different days of the week throughout the year.

T 3.20.2.1

Chapter 3

Traffic Policy Objectives Taken From IDP						
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2014/15		2015/16		
		Target	Actual	Target		Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)
Service Objective xxx						
<i>Reduction in road accidents</i>						

*Note: This statement should include no more than the top four priority service objectives. The indicators and targets specified above (columns (i) and (ii)) must be incorporated in the indicator set for each municipality to which they apply. These are 'universal municipal indicators'. *'Previous Year' refers to the targets that were set in the Year -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*



Chapter 3

Employees: Traffic Officers					
Job Level	2014/15	2015/16			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
0 - 3	2	2	2	0	0%
4 - 6	1	1	1	0	0%
7 - 9	5	5	5	0	0%
10 - 12	0	0	0	0	0%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	9	9	9	0	0%

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

T 3.20.4

Financial Performance Year 2015/16: Traffic Services					
Details	R' 000				
	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Traffic Officers					
Other employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.20.5

Capital Expenditure Year 2015/16: Traffic Officers					
Capital Projects	R' 000				
	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	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).

T 3.20.6

Chapter 3

COMMENT ON THE PERFORMANCE TRAFFIC SERVICES OVERALL:

The Traffic Services did not have any Capital Project for the Financial Year under review. The Capital Project of expanding Vehicle testing station and Driver's License Testing Center will be on 2017-2018 FY.

T 3.20.7

Chapter 3

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

The function of the Dr. Ruth Segomotsi Mompati District Municipality.

T 3.21.1

Metropolitan Fire Service Data					
	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year				
2	Total of other incidents attended in the year				
3	Average turnout time - urban areas				
4	Average turnout time - rural areas				
5	Fire fighters in post at year end				
6	Total fire appliances at year end				
7	Average number of appliance off the road during the year				

T 3.21.2

Concerning T3.21.2

Delete Directive note once table is completed - Average turnout times are determined by logging the times taken to reach an emergency incident from receipt of call and analysing the record. Average Fire appliances off the road. The average number of busses off the road is obtained by sampling the number off the road on different days at different times.

T 3.21.2.1

Chapter 3

Fire Service Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	2014/15		2015/16		
		Target	Actual	Target		Actual
Service Indicators		*Previous Year		*Previous Year	*Current Year	
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
Service Objective xxx						
Turnout time compared to National guidelines						

Note: T+A2:G18his 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

Chapter 3

Employees: Fire Services					
Job Level	2014/15	2015/16			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
Administrators					
Chief Fire Officer & Deputy					
Other Fire Officers					
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	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	0	0	0	0	0%

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

T 3.21.4

Financial Performance Year 2015/16: Fire Services					
Details	R' 000				
	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Fire fighters					
Other employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.21.5

Capital Expenditure Year 2015/16: Fire Services					
Capital Projects	R' 000				
	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	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).

T 3.21.6

Chapter 3

COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

The function of the Dr. Ruth Segomotsi Mompati District Municipality.

T 3.21.7

3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

The function of the Dr. Ruth Segomotsi Mompati District Municipality.

T 3.22.1

SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

T 3.22.2

Chapter 3

Employees: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
Job Level	2014/15	2015/16			
	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	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	0	0	0	0	0%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.22.4

Financial Performance Year 2015/16: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R' 000					
Details	2014/15	2015/16			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.22.5

Capital Expenditure Year 2015/16: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R' 000					
Capital Projects	2015/16				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	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. T 3.22.6

Chapter 3

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL:

The function of the Dr. Ruth Segomotsi Mompati District Municipality.

T 3.22.7

COMPONENT H: SPORT AND RECREATION

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

INTRODUCTION TO SPORT AND RECREATION

The Municipality does not have a designated Sports and Recreation section. These functions are being performed by the Community Services Department which responsible for establishing a positive attitude in the community towards sport and recreation. The department is also responsible for encouraging greater community involvement and interest in sport and recreation.

The three main service delivery priorities are preparation and maintenance of the following:

- Sports Grounds / Fields
- Wentzeldam Resort and Swimming Pool
- Parks

T 3.23

3.23 SPORT AND RECREATION

SERVICE STATISTICS FOR SPORT AND RECREATION

The following sports and recreational facilities are operational;

- Sports fields
- Wentzeldam Resort and Swimming Pool
- Ipelegeng Multi-Purpose Centre is complete and awaits the Provincial department of Sports for official handover.

The Mamusa Sports Council where was established and fully functional to facilitate and coordinate all sporting activities.

T 3.23.1

Chapter 3

Employees: Sport and Recreation					
Job Level	Year -1	Year 0			
	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	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	0	0	0	0	0%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.23.3

Financial Performance Year 2016/17: Sport and Recreation						R'000
Details	2015/16	2016/17				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	0	0	0	0	0%	
Expenditure:						
Employees	0	0	0	0	0%	
Repairs and Maintenance	0	0	0	0	0%	
Other	0	0	0	0	0%	
Total Operational Expenditure	0	0	0	0	0%	
Net Operational Expenditure	0	0	0	0	0%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.23.4

Capital Expenditure Year 2016/17: Sport and Recreation						R' 000
Capital Projects	2015/16					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All				#DIV/0!		
				#DIV/0!		

Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate. T 3.23.5

Chapter 3

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

Through sport and recreation the Social Services strives to build more united non-racial integrated and safer communities.

SERVICE DELIVERY PRIORITY AREAS:

- To support mass participation in sport and recreation throughout the Mamusa Local Municipality.
- To ensure that all community members are able to access and participate in sport and recreation activities
- To direct the development and implementation of sport and recreation projects throughout the community and to form collaborative partnerships with between role players in the sport and recreation sector.

T 3.23.6

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

INTRODUCTION TO CORPORATE POLICY OFFICES

Chapter 7 of the Constitution of the Republic of South Africa states that a municipality comprises councillors, officials and the community. In order for the municipality to govern its affairs correctly it must consult with the community to ensure that needs are correctly determined, explained and included in the IDP for service delivery purposes.

Policies must be put in place which will address the needs of the community in terms of how service delivery matters will be addressed.

In order for the municipality to be able to address service delivery matters, the municipality must within limits approve a budget that will be commensurate with the needs/projects identified for the particular year. This budget must also address staff matters, and this can only be achieved through a costed organogram that must be cost effective but that also provides sufficient management and other positions in order for the municipality to be able to render effective and satisfactory services.

Management must ensure that tools of the trade are made available to staff. This include ICT services and networks, including the necessary licenses.

In order for the municipality to finance service delivery it must ensure that the budgetary expenditure will be redeemed through cash collection that will be generated by payment for services. Payment for services will be covered by payment for rates and taxes and will include proper and sufficient municipal

Chapter 3

service delivery networks such as water pipes and reservoirs as well as sewer and electrical networks, and plant and equipment.

T 3.24

3.24 EXECUTIVE AND COUNCIL

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

INTRODUCTION TO EXECUTIVE AND COUNCIL

In terms of Chapter 7 section 151 (2) of the Constitution of the Republic of South Africa, 101 of 1996, the executive and legislative authority of a municipality is vested in its municipal council.

The Municipal council of Mamusa Local Municipality is established as a plenary municipality which is combined with a ward participatory system in terms of chapter 12 of the Municipal Structure Act, 117 of 1998. Section 152 of the Constitution categorically and clearly spells out the objectives of local government, and the powers and functions of municipalities are determined in section 156 of the Constitution.

Section 152 of the Constitution sets among others the following objectives for local government:

1. To provide democratic and accountable government for local communities
2. To ensure the provision of services to communities in a sustainable manner
3. To promote social and economic development

In order to ensure sustainable service delivery to the community, Council sets the top three service delivery priorities as follows in order to achieve good governance levels:

* **Risk Management** – Council has developed risk management strategy or policy that enables council to conduct a risk assessment, something that has already been done. This exercise also enabled council to develop a plan on internal controls to mitigate and control risk.

* **Internal Audit** – Council is using the Audit Committee which is a shared service of the District Municipality. The Audit Committee sits regularly, assisting in assessing of and reporting on risk management and other matters relating to good governance,

* **Accounting and Auditing** - Council is using the Audit Committee which is a shared service of the District Municipality. The Audit Committee assists in reviewing the annual financial statements and also monitors the effectiveness of the internal controls and risk management.

Delete Directive note once comment is completed – Provide brief introductory comments. Set out your top 3 service delivery priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by your service during the year.

Chapter 3

T 3.24.1

SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL

T 3.69.2

COUNCIL MEETINGS

NORMAL COUNCIL MEETINGS	2015-2016	2016-2017
	2	1

SPECIAL COUNCIL MEETINGS	2015-2016	2016- 2017
	18	9

SECTION 79(MSA) COUNCIL COMMITTEES MEETINGS

NAME OF COMMITTEE	2015-2016	2016-2017
COMMUNITY SERVICES		
CORPORATE SERVICES		
TECHNICAL		
FINANCE		
LED AND PLANNING		
MPAC		

Chapter 3

The Executive and Council Policy Objectives Taken From IDP						
Service Objectives	Outline Service Targets	2014-2015		2015-2016		
		Target	Actual	Target		Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)
Service Indicators (i)	(ii)					
Service Objective xxx						

*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*

Chapter 3

Employees: The Executive and Council					
Job Level	2015/16	2016/17			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3					
4 - 6					
7 - 9					
10 - 12					
13 - 15					
16 - 18					
19 - 20					
Total					

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

T 3.24.4

Financial Performance Year 2016/17: The Executive and Council					
					R'000
Details	2015/16	2016/17			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.24.5

Chapter 3

Capital Expenditure Year 2016/17: The Executive and Council					
R' 000					
Capital Projects	2016/17				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					T 3.24.6

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

Councillors attend to different initiatives as per their programmes or those emanating from both National or Provincial spheres of government. Programmes differ from health, education environment, local economic development etc. through Private Partnerships; a few projects have been established with a view of fighting poverty and bettering the lives of our people.

There were no Capital Projects.

T 3.24.7

3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

The financial health of the municipality deteriorated during the financial year in that the payment levels for services decreased significantly. This impacted especially on the municipality's ability to service payments to the bulk distributor of electricity (ESKOM).

Based on the financial situation where the cash flow was under pressure, a revenue enhancement strategy have been formulated, based on 5 pillars, namely billing processes, credit control, infrastructure assistance, the expansion of the revenue based of the municipality and the reduction of expenditure.

The municipality strives to provide good service to the community. In order to achieve this the community also needs to meet us half way in making sure that they pay for those service at their

Chapter 3

disposal. Fortunately, the municipality has been able to provide those services even under difficult circumstances of insufficient collection.

2016/17 financial year has seen the municipality improve on its revenue collection. This was brought about by the implementation of the internal debt collection. Electricity as the main service revenue generator has also improved. Services like refuse collection are operating at a deficit.

Water collection was also hampered by drought experienced in the year.

T 3.25.1

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	2014/15		2015/16			2016/17	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates							
Electricity - B							
Electricity - C							
Water - B							
Water - C							
Sanitation							
Refuse							
Other							

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

T 3.25.2

Concerning T 3.25.2

Total collections from services reduced from 60% in the 2013/14 financial year to 54% in 2014/15, which negatively affected the municipality's cash flow and ability to service accounts of Eskom in particular.

T 3.25.2.1

Chapter 3

Chapter 3

Employees: Financial Services					
Job Level	2015/16		2016/17		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	3	5	3	2	40%
4 - 6	4	4	4	0	0%
7 - 9	8	11	11	1	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	16	21	19	3	14%

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

T 3.25.4

Financial Performance Year 0: Financial Services						R'000
Details	2015/16	2016/17				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	0	0	0	0	0%	
Expenditure:						
Employees	0	0	0	0	0%	
Repairs and Maintenance	0	0	0	0	0%	
Other	0	0	0	0	0%	
Total Operational Expenditure	0	0	0	0	0%	
Net Operational Expenditure	0	0	0	0	0%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.25.5

Chapter 3

Capital Expenditure Year 2016/17: Financial Services					
R' 000					
Capital Projects	2016/17				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.25.6

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

Although the finance directorate did not spend 100% of the budget in terms of the capital allocation, the aim was to save as much on the budget, due to the dire financial situation.

T 3.25.7

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

The priorities of Human Resource Services are as follows:

- a) To draft a five- year Employment Equity Plan
- b) To appoint service providers to provide training for officials of the municipality, capacitating them as required them as required by the skills Development Act of 1998
- c) Filling of vacant positions.

The municipality has since been able to draft an Employment Equity Plan which has since been adopted by Council.

Various service providers were appointed to conduct training to targeted employees. Some of the critical posts identified filled in the 2014/2015 financial year were filled and those not budgeted for or filled after the reviewed organogram was adopted.

The Council has adopted an employee Assistance Policy and Programme with the intention of addressing the high socio-economic stress in order to deal with wellness of staff. In addition, the

Chapter 3

municipal Council has also adopted the Occupational Health and Safety policy in order to deal prevent injuries on duty by identifying dangerous situations. In order to ensure an effective workforce and sound labour relations, the Local Labour Forum of the municipality is promoting cordial relations by and between the employer and organized labour.

T 3.26.1

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES

Management of Labour Relations: The municipality has made serious strides to ensure that the labour relationship between management and union remain sound. This is witnessed by the lack of strike actions within the municipality. The local Labour Forum was established and had functional engagements with Management.

Promoting the Wellbeing of all Employees: Organization wide Employee Wellness Program was approved by council as a framework to guide wellness activities continuously.

Promoting Safe and Healthy Work Environment: Occupational Health and Safety Risk Assessments were conducted in the current financial year under review where efforts to mitigate on all identified risks are unfolding. All employees performing work of the nature that required safety clothing and equipment were provided annually with requirements of safety. Health and Safety Committee which is inclusive of representatives was established and needs to be revitalized to ensure its effective functionality.

Human Resources Development: A total of 80 staff member attended training in various fields. Six unemployed graduates were afforded work based capacity building through internship program in the Financial Management.

T 3.26.2

Chapter 3

Employees: Human Resource Services					
Job Level	2015/16		2016/17		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	2	2	2	0	0%
7 - 9	2	2	2	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	6	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	5	5	5	6	120%

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

T3.26.4

Financial Performance Year 2016/17: Human Resource Services					
					R'000
Details	2015/16	2016/17			Variance to Budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.26.5

Chapter 3

Capital Expenditure Year 2016/17: Human Resource Services					
R' 000					
Capital Projects	2016/17				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	0	0	0%	0
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).</i>					T 3.26.6

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

The HR performances focused more on the following IDP objectives:

Human Resources Development:

A total of 78 staff member attended training in various fields. Six unemployed graduates were afforded work based capacity building through internship program in MFMA and Financial management.

Promoting Safe and Healthy Work Environment:

Occupational Health and Safety Risk Assessments were conducted where efforts to mitigate on all identified risks are unfolding. All employees performing work of the nature that required safety clothing and equipment were provided annually with requirements of safety. Health and safety committee which is inclusive of representatives was established and need to be revitalized to ensure its effective functionality.

Promoting the Wellbeing of all Employees:

Organization wide Employee Wellness Program was approved by council as a framework to guide wellness activities continuously.

Management of Labour Relations:

The municipality has made serious strides to ensure that the labour relationship between management and union remain sound. This is witnessed by the lack of strike actions with the municipality. The local Labour Forum was established and had functional engagements with management

Chapter 3

T 3.26.7

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Information and Communication Technology Section is part of the Corporate Support Service Department and its focus areas include but not limited to: Network Administration, System Administration, New Technology implementation, ICT Service Continuity and ICT Governance. The Municipality has just established the ICT Unit.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

1. Information Technology Governance:

The issue of governance was flagged as a necessary intervention to regulate and guide the development path of IT in the Municipality. Information Technology Governance is a subset discipline of Corporate Governance focused on information technology (IT) systems and their performance and risk management. The rising interest in IT governance is partly due to compliance initiatives, but more so because of the need for greater accountability for decision-making around the use of IT in the best interest of all stakeholders. IT capability is directly related to the long term consequences of decisions made by top management. Traditionally, executives deferred key IT decisions to the company's IT professionals. This cannot ensure the best interests of all stakeholders unless deliberate action involves all stakeholders. IT governance systematically involves everyone, executive management and staff. It establishes the framework used by the organization to establish transparent accountability of individual decisions, and ensures the traceability of decisions to assigned responsibilities.

2. Information Technology Service Continuity Planning

Continuity management is the process by which plans are put in place and managed to ensure that IT Services can recover and continue should a serious incident occur. It is not just about reactive measures, but also about proactive measures - reducing the risk of a disaster in the first instance.

Continuity management is regarded as the recovery of the IT infrastructure used to deliver IT Services, but many businesses these days practice the much further reaching process of Business Continuity Planning (BCP), to ensure that the whole end-to-end business process can continue should a serious incident occur.

The Mamusa Local Municipality is therefore in the process of practicing the Business Continuity Planning which will involve the following basic steps;

- Prioritising the businesses to be recovered by conducting a Business Impact Analysis (BIA)
- Performing a Risk Assessment (aka Risk Analysis) for each of the IT Services to identify the assets, threats, vulnerabilities and countermeasures for each service.
- Evaluating the options for recovery

Chapter 3

- Producing the Contingency Plan
- Testing, reviewing, and revising the plan on a regular basis

3. Facility and Control Management

We have to comprehensively revamp our facility in line with the best practices and ensure that the control environment has the necessary features that would protect our production environment. Further to the modernization of our server room the following will have to be done:

a) **Environmental Control:** The physical environment of a server room is not rigorously controlled. Air conditioning must be used to control the temperature and humidity in the server room. The temperature range of 16–24 °C and humidity range of 40–55% with a maximum dew point of 15 °C will be implemented as industry standard.

b) **Raised Floors:** for easy access of wires and cables.

c) **Electrical Power:** Backup power should consist of one or more uninterruptible power supplies and or generators. To prevent single points of failure, all elements of the electrical systems, including backup systems, will be typically fully duplicated.

d) **Fire Protection:** Our fire protection system will include passive and active elements, in that there should be smoke detectors installed to provide early warning systems, fire sprinklers to control fire should be developed and the surrounding of the server room should be fitted with fire walls so a fire can be restricted to a portion of the facility for a limited time in the event of the failure of the active fire protection systems.

e) **Physical Security:** Access to the server room will be limited to selected personnel and controlled by the biometric system and also monitored by high definition cameras.

T 3.27.1

SERVICE STATISTICS FOR ICT SERVICES

User Account Creation : 100% Turn around

System Administration : 70% Compliance

Network Administration : 80% Availability

Chapter 3

Program Change Management : 75%

Laptops & Desktops :

Multi Functioning Machines :

T 3.27.2

Chapter 3

ICT Services Policy Objectives Taken From IDP						
Service Objectives <i>Service Indicators</i> (i)	Outline Service Targets (ii)	2014/15		2015/16		
		Target	Actual	Target		Actual
		*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)
Service Objective xxx						

*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*



Chapter 3

Employees: ICT Services					
Job Level	2014/15	2015/16			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	1	1	1	0	0%
4 - 6	3	3	3	0	0%
7 - 9	0	0	0	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	4	4	4	0	0%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.27.4

Financial Performance Year 2015/16: ICT Services						R'000
Details	2014/15	2015/16				
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget	
Total Operational Revenue	0	0	0	0	0%	
Expenditure:						
Employees	0	0	0	0	0%	
Repairs and Maintenance	0	0	0	0	0%	
Other	0	0	0	0	0%	
Total Operational Expenditure	0	0	0	0	0%	
Net Operational Expenditure	0	0	0	0	0%	

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.27.5

Capital Expenditure Year 2015/16 : ICT Services						R' 000
Capital Projects	Year 0					
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value	
Total All	0	0	0	0%		
				0%		
Project A	0	0	0	0%	0	
Project B	0	0	0	0%	0	
Project C	0	0	0	0%	0	
Project D	0	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. T 3.27.6

Chapter 3

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

Server Room Upgrade: Information and Communications Technology operations are a crucial aspect of most organizational operations. One of the main concerns is **business continuity**; companies rely on their information systems to run their operations. If a system becomes unavailable, company operations may be impaired or stopped completely. It is necessary to provide a reliable infrastructure for ICT operations, in order to minimize any chance of disruption. Information security is also a concern, and for this reason a server room has to offer a secure environment which minimizes the chances of a security breach.

A server room must therefore keep high standards for assuring the integrity and functionality of its hosted computer environment. This is accomplished through redundancy of both fiber optic cables and power, which includes emergency backup power generation

Our production environment had to be upgraded to an acceptable operating standard and meet industry's best practices in terms of environmental control.

Print Room: We had to procure the printing room equipment of high standards to assist the relevant line department in its support function.

PCs and Desktops: This is an ongoing process to continually automate our operations. The exercise also included replacement old equipment's.

Upgrade of the MSA: IT performance optimization.

T3.27.7

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

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

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Delete Directive note once comment is completed – Provide brief introductory comments. Set out priorities and the impact you have had on them during the year. Explain the measures taken to improve performance and the major efficiencies achieved by Property, legal, risk management and procurement services during the year.

T3.28.1

SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

T 3.28.2

Chapter 3

Employees: Property; Legal; Risk Management; and Procurement Services					
Job Level	Year -1		Year 0		
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	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	0	0	0	0	0%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.28.4

Financial Performance Year 2016/17: Property; Legal; Risk Management and Procurement Services					
R'000					
Details	2015/16	2016/17			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0%
Expenditure:					
Employees	0	0	0	0	0%
Repairs and Maintenance	0	0	0	0	0%
Other	0	0	0	0	0%
Total Operational Expenditure	0	0	0	0	0%
Net Operational Expenditure	0	0	0	0	0%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual. T 3.28.5

Chapter 3

Capital Expenditure Year 2016/17: Property; Legal; Risk Management and Procurement Services					
R' 000					
Capital Projects	2016/17				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	
Project A	0	0	0	0%	0
Project B	0	0	0	0%	0
Project C	0	0	0	0%	0
Project D	0	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).

T 3.28.6

COMMENT ON THE PERFORMANCE OF PROPERTY SERVICES OVERALL:

Property in the form of Council rental stock is managed under the Revenue section and as such has neither specific budget nor dedicated personnel beside the Revenue section officials. Currently there is no maintenance plan being undertaken.

The municipality is exploring various disposal options as these Houses do not form part of core municipal function.

T 3.28.7

COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises.

INTRODUCTION TO MISCELLANEOUS

The components that are illustrated above are not the competency of the Mamusa Local Municipality.

T 3.29.0

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

This component includes: Annual Performance Scorecard Report for the current year.
The

Chapter 4

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

INTRODUCTION

The purpose of the Municipal Organisational Development Plan is to develop a framework and drive a strategy that will facilitate the optimal provision, organisation and deployment of the Municipality's staff so as to enable the Municipality to achieve its strategic goals and objectives.

This includes the development of institutional and business systems and processes to support the Municipality's development strategies and initiatives. The focus of the plan is to shift the culture and managerial practice through the following four areas:

- To shift the organisation to high performance, based on best practice benchmarking and through the alignment of people strategies to business strategies.
- To guide and drive the process of changing to a high performance organisation through targeted strategic programmes.
- To measure the value gained by revised business systems and processes, investment in employees, the % alignment of people strategies to business strategies and the extent to which the organisation measures up to national best practice benchmarks.
- To identify and prioritise key levers that will have the greatest impact on improved service delivery.

T 4.0.1

Chapter 4

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Description	Employees				
	2015-2016	2016-2017			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	24	33	24	9	%
Corporate Services	34	54	35	19	%
Budget and Treasury	17	32	17	15	%
Waste Water (Sanitation)	21	21	21	0	%
Electricity	7	7	7	0	%
Refuse and Parks	60	60	41	19	%
Roads and Storm water	6	19	6	13	%
Office of the MM	1	8	6	13	%
Planning (IDP and PMS)	2	4	2	6	%
Community Services	7	16	2	2	%
Technical Services	2	5	7	9	%
Local Economic Development	2	3	2	3	%
Traffic	13	32	14	18	
TOTAL	196	294	184	126	%

Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.

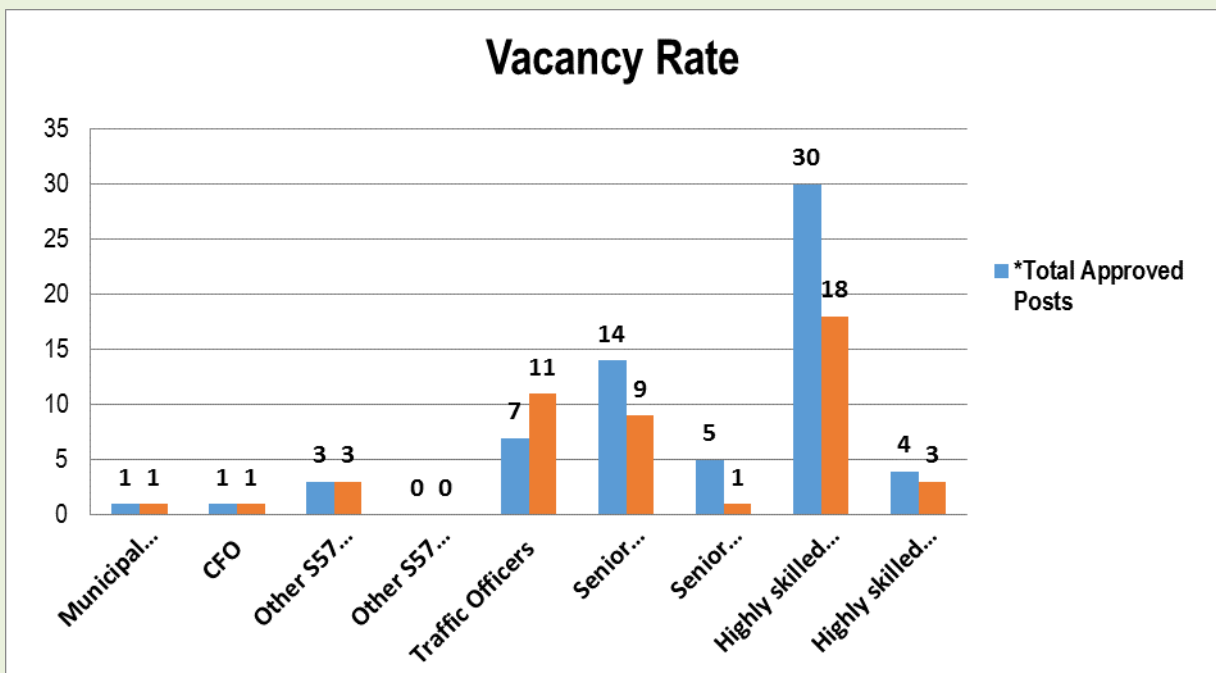
T 4.1.1

Chapter 4

Vacancy Rate: 2016/17			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	1	100.00
CFO	1	1	100.00
Other S57 Managers (excluding Finance Posts)	3	3	100.00
Other S57 Managers (Finance posts)	0	0	0.00
Traffic Officers	7	11	157.14
Senior management: Levels 13-15 (excluding Finance Posts)	14	9	64.29
Senior management: Levels 13-15 (Finance posts)	5	1	20.00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	30	18	60.00
Highly skilled supervision: levels 9-12 (Finance posts)	4	3	75.00
Total	65	47	72.31

Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 4.1.2



Chapter 4

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2014-2015	10	5	50%
2015-2016	7	5	71%
2016-2017			

* Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year

T 4.1.3

COMMENT ON VACANCIES AND TURNOVER:

Mamusa Local Municipality has a huge challenge in retaining qualified staff. This is presumed to be as a result of the labour market in which we operate and most other factor such as the inability of the organization to introduce relevant incentive schemes that will contribute positively to staff retention. Provision for the filling of vacancies is done annually in line with the maximum legislative threshold on employee related costs. The most challenge in filling vacancies relates to financial constraints.

The former Director Community Services was put on suspension by council in September 2013. Subsequent to same, Council appointed the Manager IDP/PMS who left for better career prospects in an acting capacity and council then appointed Manager Community Services. Section 56 (c) indicates that, a person appointed in terms of paragraph (a) (ii) may not be appointed to act for a period that exceeds three months provided that a municipal council may, in special circumstances and on good cause shown, apply in writing to the MEC for Local Government to extend the period of appointment contemplated in paragraph (a) for a further period that does not exceed three months.

The Auditor General (AG) has raised the matter as an exception which then becomes the responsibility to re-look at it and make a determination that seek to observe the provision of Section 56 of the Municipal Systems Amendment Act in part or in whole.

The Council took note of the AG's opinion of a person to act in a vacant position of a Section 56 Manager for a period that exceeds three months and will take a resolution in response to the AG's opinion.

T 4.1.4

Chapter 4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

A set of workplace HR Policies was developed, documented in a handbook and approved by Municipal Council with the aim of ensuring good governance of the workforce. Introduction and implementation of these policies resulted in the Municipality being able to effectively manage labour related matters and providing direction to employees as far as expected behaviour and their conduct at the workplace.

The Municipality is having a dynamic management team which is responsive to the IDP priorities and targets accordingly. The Human Resource Management and development of the municipality is strengthened by continuous one-on-one engagements by the employer and organized labour on issues enhancing sound labour relations and formally through the Local Labour Forum.

Similarly, there are systems and procedures in place that allows for a healthy operational imperatives that promotes good governance and accountability. The employability of legible candidates is done in line with the approved employment equity plan. It is also imperative to mention that it is difficult to attract qualifying candidates from the minority groups. Human Resources policies are developed and fully implemented.

Below is a set of Human Resources policies approved by council for implementation within the Municipality:

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.

T 4.2.0

Chapter 4

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	0%		
2	Attraction and Retention	0%		
3	Code of Conduct for employees	100%		As per MSA
4	Delegations, Authorisation & Responsibility	100%		30-May-14
5	Disciplinary Code and Procedures	100%		1998 as per SALGBC
6	Essential Services	0%		
7	Employee Assistance / Wellness	100%		
8	Employment Equity			
9	Exit Management			
10	Grievance Procedures	100%		Using SALGBC
11	HIV/Aids	100%		16-Aug-07
12	Human Resource and Development	100%		
13	Information Technology Security	100%		1-Sep-14
14	Job Evaluation			
15	Leave	100%		20-May-14
16	Occupational Health and Safety	50%	Draft	
17	Official Housing			
18	Official Journeys			
19	Official transport to attend Funerals			
20	Official Working Hours and Overtime	100%		16-Aug-07
21	Organisational Rights	100%		
22	Payroll Deductions			
23	Performance Management and Development	100%		29-May-15
24	Recruitment, Selection and Appointments	100%		20-Mar-14
25	Remuneration Scales and Allowances			
26	Acting and Acting allowance	100%		20-May-14
27	Sexual Harassment			
28	Skills Development			
29	Smoking	100%		16-Aug-07
30	Records Management	100%		20-Mar-14
31	Subsistence and Travelling	100%		20-Mar-14
32	Uniforms and Protective Clothing	50%	Draft	
33	Expanded Public works Programme (EPWP)	100%		20-Mar-14

Use name of local policies if different from above and at any other HR policies not listed.

T 4.2.1

Chapter 4

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

The Municipality developed HR policies and all mentioned policies were approved by council. This is in an attempt to ensure good governance on all employee related matter. All Senior and middle Management Teams, Supervisors, Union Representatives (SAMWU and IMATU) will be trained on HR policies in order to ensure common understanding on HR matters.

Newly appointed employees are familiarized with the policy manual on their first day of arrival and a policy manual handed to them for perusal on their spare time.

General induction sessions are conducted on quarterly basis to ensure that employees are refreshed on matters of policy, pension funds, medical aids, labour relations, conditions of employment, health and safety, employee wellness programme, etc.).

T 4.2.1.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	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

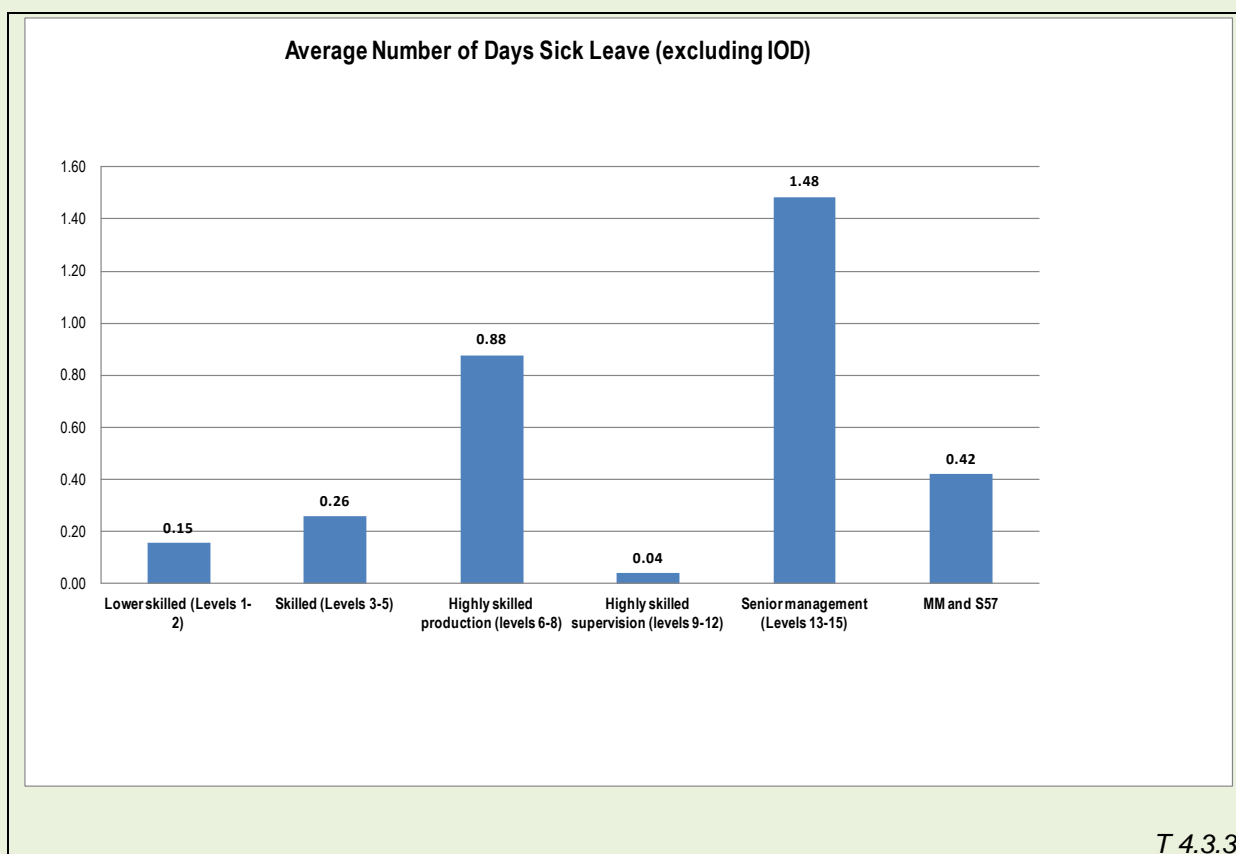
T 4.3.1

Chapter 4

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (Levels 1-2)						
Skilled (Levels 3-5)						
Highly skilled production (levels 6-8)						
Highly skilled supervision (levels 9-12)						
Senior management (Levels 13-15)						
MM and S57						
Total						

* - 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

T 4.3.2



Chapter 4

4.4 PERFORMANCE REWARDS

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	0	0	0	0%
	Male	0	0	0	0%
Skilled (Levels 3-5)	Female	0	0	0	0%
	Male	0	0	0	0%
Highly skilled production (levels 6-8)	Female	0	0	0	0%
	Male	0	0	0	0%
Highly skilled supervision (levels 9-12)	Female	0	0	0	0%
	Male	0	0	0	0%
Senior management (Levels 13-15)	Female	0	0	0	0%
	Male	0	0	0	0%
MM and S57	Female	0	0	0	0%
	Male	0	0	0	0%
Total					
Has the statutory municipal calculator been used as part of the evaluation process ?					Yes/No
<p><i>Note: MSA 2000 S51(d) requires that ... 'performance plans, on which rewards are based should be aligned with the IDP'... (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as illustrated above).</i></p>					T 4.4.1

COMMENT ON PERFORMANCE REWARDS:

No rewards were given to officials for the year under review.

Delete Directive note once comment is completed – Comment as appropriate.

T 4.4.1.1

Chapter 4

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The HRM/D Section which is under the Corporate Support Services Department is responsible for developing the skills and capacity of all employee and councilors within the municipality. The municipality ensures compliance with the Skills Development Act and the Skills Development Levies Act by generating and submitting the Workplace Skills Plan and Annual Training Report.

This compliance validates the fact that the municipality receives its mandatory and discretionary grants that can be claimed back from the LGSETA thereby ensuring that training is sufficiently funded for implementation. The following programs are in place to ensure that staff capacity building remains a reality: Learner-ships, Skills Programs and Short Courses, WSP, Councilor Training, Internal Bursary Scheme.

Note: MSA 2000 S68 (1) requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

T 4.5.0

Chapter 4

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2015	Number of skilled employees required and actual as at 30 June Year 0											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of 2013-2014	Actual: End of 2014-2015	2014-2015 Target	Actual: End of 2013-2014	Actual: End of 2014-2015	2014-2015 Target	Actual: End of 2013-2014	Actual: End of 2014-2015	2014-2015 Target	Actual: End of 2013-2014	Actual: End of 2014-2015
MM and s56	Female	1		1						0	0		1	
	Male	4		3				2		0	0		5	
Councillors, senior officials and managers	Female	5						4		0	0		4	
	Male	38						9		0	0		9	
Technicians and associate professionals*	Female									0	0			
	Male	6								0	0			
Professionals	Female									0	0			
	Male									0	0		0	
Sub total	Female	6								0	0		0	
	Male	48								0	0		0	
Total		108	0	4	0	0	0	15	0	0	0	0	19	

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

T 4.5.1

Chapter 4

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						
Accounting officer	1	0	1	0	0	0
Chief financial officer	1	0	1	0	1	1
Senior managers	11	0	11	0	1	1
Any other financial officials	3	0	3	0	0	0
Supply Chain Management Officials	2		2			
Heads of supply chain management units	1	0	1	0	0	0
Supply chain management senior managers	0	0	0	0	0	0
TOTAL	19	0	19	0	2	2

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

T 4.5.2

Skills Development Expenditure										R'000	
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1								
			Learnerships		Skills programmes & other short courses		Other forms of training		Total		
			No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female							10	20	10	20
	Male							20	25	20	25
Legislators, senior officials and managers	Female										
	Male										
Professionals	Female										
	Male										
Technicians and associate professionals	Female										
	Male										
Clerks	Female										
	Male										
Service and sales workers	Female										
	Male										
Plant and machine operators and assemblers	Female										
	Male										
Elementary occupations	Female										
	Male										
Sub total	Female							10	20	10	20
	Male							20	25	20	25
Total			0	0	0	0	0	30	45	30	45

*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.

T4.5.3

Chapter 4

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

For the financial year 2016-2017 the municipality has necessitated the urgent actions where 14 financial officials and 9 Non-financial officials enrolled with both We-invest and University of Pretoria to ensure that they acquire the required competencies. The officials successfully completed.

All Senior Managers has successfully completed the Municipal Finance Management Programme course with We-Invest.

T 4.5.4

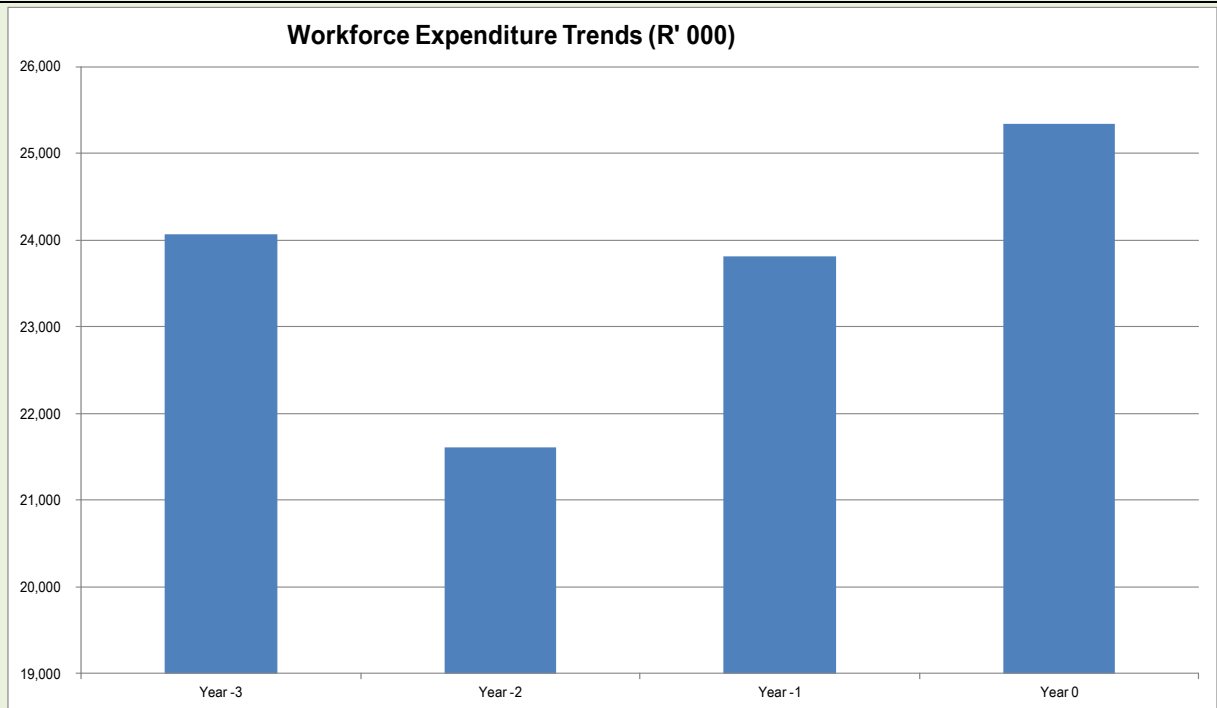
COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

T 4.6.0

4.6 EMPLOYEE EXPENDITURE

Chapter 4



Source: MBRR SA22

T 4.6.1

COMMENT ON WORKFORCE EXPENDITURE:

Delete Directive note once comment is completed – Explain the spending pattern in the context of the actual and two previous years plus the budget year. Refer to implications for workforce ratio in Chapter 5. Comment on factors influencing workforce expenditure during the year.

T 4.6.1.1

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	
	Male	
Skilled (Levels 3-5)	Female	
	Male	
Highly skilled production (Levels 6-8)	Female	
	Male	
Highly skilled supervision (Levels 9-12)	Female	
	Male	
Senior management (Levels 13-16)	Female	
	Male	
MM and S 57	Female	
	Male	
Total		0

Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column (as

T 4.6.2

Chapter 4

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation

T 4.6.3

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist

T 4.6.4

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

Delete Directive note once comment is completed – Comment on T4.6.2 as appropriate and give further explanations as necessary with respect to T4.6.3 and T4.6.4.

T 4.6.5

DISCLOSURES OF FINANCIAL INTERESTS

T 4.6.6

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

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

T 5.1.0

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Financial Summary							R' 000	
Description	Year 2015/16	Current: Year 2016/17			Year 0 Variance			
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget		
Financial Performance								
Property rates	304	387	386	054	-3%	-2,76%		
Service charges	801	456	756	698	2%	5,58%		
Investment revenue	621	4	4	577	100%	99,96%		
Transfers recognised - operational	121	800	800	051	5%	14,22%		
Other own revenue	816	920	370	465	-92%	-31,33%		
	173	149	134	151				
Total Revenue (excluding capital transfers and contributions)	664	566	316	844	2%	11,54%		
Employee costs	331	188	688	550	3%	-2,30%		
Remuneration of councillors	739	119	619	685	23%	0,99%		
Depreciation & asset impairment	916	042	042	334	-16%	-15,89%		
Finance charges	469	821	621	749	91%	58,62%		
Materials and bulk purchases	739	468	123	098	-19%	7,03%		
Transfers and grants	604	262	(0)	566	-132%	100,00%		
Other expenditure	77	56	57	39	-45%	-47,21%		

Chapter 5

	806	800	745	226		
Total Expenditure	199	179	171	159		
	604	700	838	207	-13%	-7,93%
Surplus/(Deficit)	(25)	(30)	(37)	(7)		
	940)	134)	522)	363)	-309%	-409,61%
Transfers recognised - capital	20	19	19	12		
	159	979	979	145	-65%	-64,51%
Contributions recognised - capital & contributed assets				2		
	-	-	-	060	100%	100,00%
Surplus/(Deficit) after capital transfers & contributions	(5)	(10)	(17)	6)		
	781)	155)	543)	841)	248%	356,43%
Share of surplus/ (deficit) of associate					#DIV/0!	#DIV/0!
Surplus/(Deficit) for the year	(5)	(10)	(17)	6)		
	781)	155)	543)	841)	248%	356,43%
					#DIV/0!	#DIV/0!
Capital expenditure & funds sources					#DIV/0!	#DIV/0!
Capital expenditure					#DIV/0!	#DIV/0!
Transfers recognised - capital	-	-	-	-		
	21	20	20	9		
	447	279	279	878	-105%	-105,30%
Public contributions & donations	-	-	-	-	#DIV/0!	#DIV/0!
Borrowing	-	-	-	-	#DIV/0!	#DIV/0!
Internally generated funds	-	-	-	-	#DIV/0!	#DIV/0!
	21	20	20	9		
Total sources of capital funds	447	279	279	878	-105%	-105,30%
Financial position					#DIV/0!	#DIV/0!
Total current assets	124	26	26	119		
	896	746	746	621	78%	77,64%
Total non current assets	395	286	286	387		
	395	504	504	431	26%	26,05%
Total current liabilities	120	71	71	133		
	081	226	226	031	46%	46,46%
Total non current liabilities	21	28	28	6		
	530	738	738	415	-348%	-348,00%
Community wealth/Equity	378	213	213	367		
	680	286	286	607	42%	41,98%
					#DIV/0!	#DIV/0!

Chapter 5

Cash flows					#DIV/0!	#DIV/0!
Net cash from (used) operating	589 36	793 19	305 2	462 12	-59%	81,51%
Net cash from (used) investing	388) (35	279) (20	291) (6	812) (12	-58%	50,90%
Net cash from (used) financing	(465) 1	-	-	(209)	100%	100,00%
Cash/cash equivalents at the year end	119	714	500)	560	-27%	724,47%
					#DIV/0!	#DIV/0!
Cash backing/surplus reconciliation					#DIV/0!	#DIV/0!
Cash and investments available	-	100 60	100 60	-	#VALUE!	#VALUE!
Application of cash and investments	-	912 (60	393 (60	-	#VALUE!	#VALUE!
Balance - surplus (shortfall)	#VALUE!	812)	293)	#VALUE!	#VALUE!	#VALUE!
					#DIV/0!	#DIV/0!
Asset management					#DIV/0!	#DIV/0!
Asset register summary (WDV)	005 369	751 380	751 380	331 359	-6%	-5,96%
Depreciation & asset impairment	916 23	042 27	042 27	334 23	-16%	-15,89%
Renewal of Existing Assets	-	300	300	-	#VALUE!	#VALUE!
Repairs and Maintenance	536 5	007 5	007 5	222 4	-19%	-18,57%
					#DIV/0!	#DIV/0!
Free services					#DIV/0!	#DIV/0!
Cost of Free Basic Services provided	545 7	065 2	065 2	2760565	25%	25,20%
Revenue cost of free services provided	545 7	923 3	923 3	2760565	-42%	-42,11%
Households below minimum service level					#DIV/0!	#DIV/0!
Water:	1 886 218	418	418	690141	100%	99,94%

Chapter 5

Sanitation/sewerage:	1 886 218	791	791	690141	100%	99,89%
Energy:	1 886 218		-	690141	100%	100,00%
Refuse:	1 886 218	091	5	091	5	99%
						99,26%
					#DIV/0!	#DIV/0!
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A1</i>						T 5.1.1

Chapter 5

Financial Performance of Operational Services						
Description	2015-2016	2016-2017			2015-2016	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water						
Waste Water (Sanitation)						
Electricity						
Waste Management						
Housing						
Component A: sub-total						
Waste Water (Stormwater Drainage)						
Roads						
Transport						
Component B: sub-total						
Planning						
Local Economic Development						
Component B: sub-total						
Planning (Strategic & Regulatory)						
Local Economic Development						
Component C: sub-total						
Community & Social Services						
Environmental Protection						
Health						
Security and Safety						
Sport and Recreation						
Corporate Policy Offices and Other						
Component D: sub-total						
Total Expenditure	-	-	-	-	#DIV/0!	#DIV/0!

In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

T 5.1.2

Chapter 5

COMMENT ON FINANCIAL PERFORMANCE:

T5.1.3

5.2 GRANTS

Grant Performance						
						R' 000
Description	2015-2016	Year 2016-2017			2016-2017	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:						
Equitable share						
Municipal Systems Improvement						
Department of Water Affairs						
Levy replacement						
Other transfers/grants [insert description]						
Provincial Government:						
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation						
Other transfers/grants [insert description]						
District Municipality:						
[insert description]						
Other grant providers:						
[insert description]						
Total Operating Transfers and Grants	-	-	-	-		

*Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.
Full list of provincial and national grants available from published gazettes.*

T 5.2.1

COMMENT ON OPERATING TRANSFERS AND GRANTS:

T 5.2.2

Chapter 5

Grants Received From Sources Other Than Division of Revenue Act (DoRA)						
Details of Donor	Actual Grant Year -1	Actual Grant Year 0	Year 0 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Foreign Governments/Development Aid Agencies						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
Private Sector / Organisations						
A - "Project 1"						
A - "Project 2"						
B - "Project 1"						
B - "Project 2"						
<i>Provide a comprehensive response to this schedule</i>						<i>T 5.2.3</i>

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

T 5.2.4

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

The municipality has one staff member assigned with asset management. However, the unit in terms of the organisational structure and the higher demands and standards required, was found to be inadequately staffed. The management of immovable assets are particularly challenging in that it necessitates the expertise of engineering staff with an accounting background, a skill that is scarce. The municipality has to rely on external service providers to update and manage the immovable portion of the assets.

T 5.3.1

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2015/16

Asset 1

Name	Road Construction: MAM2017-007A
Description	Paving of primary roads in ward 2 and 4
Asset Type	Infrastructure assets

Chapter 5

Key Staff Involved	Thapelo Makaota/JBFE			
Staff Responsibilities	Monitoring Work in Progress and Capitalisation			
Asset Value	Year 2013/14	Year 2014/15	Year 2015/16	Year 2016/17
Capital Implications	MIG budget			
Future Purpose of Asset	expand the sewer network to increase capacity			
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 2				
Name	Sports Complex: MAM2017-005A			
Description	Construction of Motoro Sports Ground			
Asset Type	Infrastructure assets			
Key Staff Involved	Thapelo Makaota/JBFE			
Staff Responsibilities	Monitoring Work in Progress and Capitalisation			
Asset Value	Year 2011/12	Year 2012/13	Year 2013/14	Year 2014/15
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
Asset 3				
Name	Electrification: MAM2016-007A			
Description	Refurbishment of Schweizer-Reneke Electricity Network			
Asset Type	Infrastructure assets			
Key Staff Involved	Thapelo Makaota/JBFE			
Staff Responsibilities	Monitoring Work in Progress and Capitalisation			
Asset Value	Year 2011/12	Year 2012/13	Year 2013/14	Year 2014/15
Capital Implications				
Future Purpose of Asset				
Describe Key Issues				
Policies in Place to Manage Asset				
T 5.3.2				

Chapter 5

COMMENT ON ASSET MANAGEMENT:

T 5.3.3

Repair and Maintenance Expenditure: Year 2016/17				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	0	0	0	0%
T 5.3.4				

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

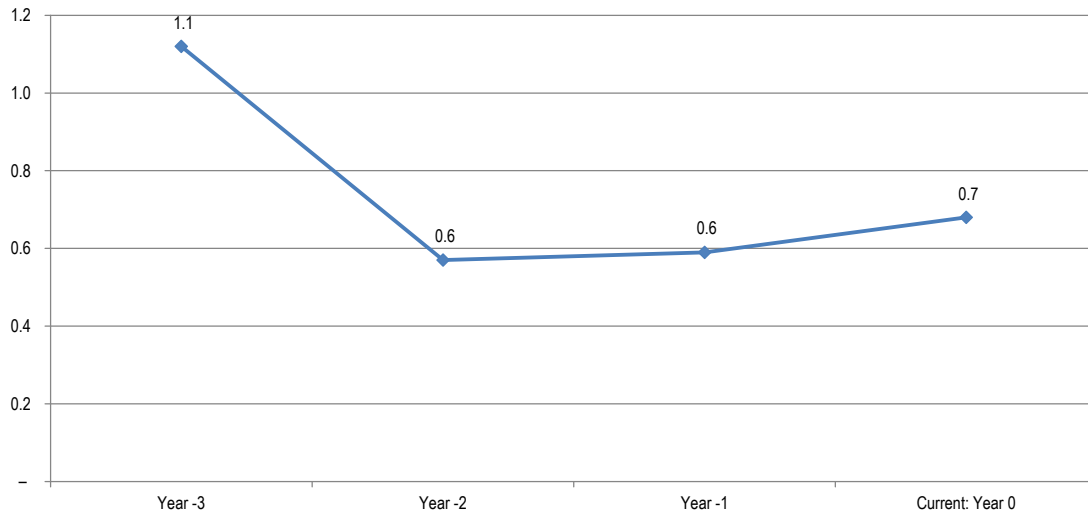
The municipality did not have sufficient resources to carry out repairs and maintenance for all the assets. The water infrastructure is in bad condition which strains the municipality in terms of billing and collection. Most meters are non-functional and need repairs. Some of these projects should be undertaken by the district, however not much is coming from their side.

T 5.3.4.1

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Chapter 5

Liquidity Ratio



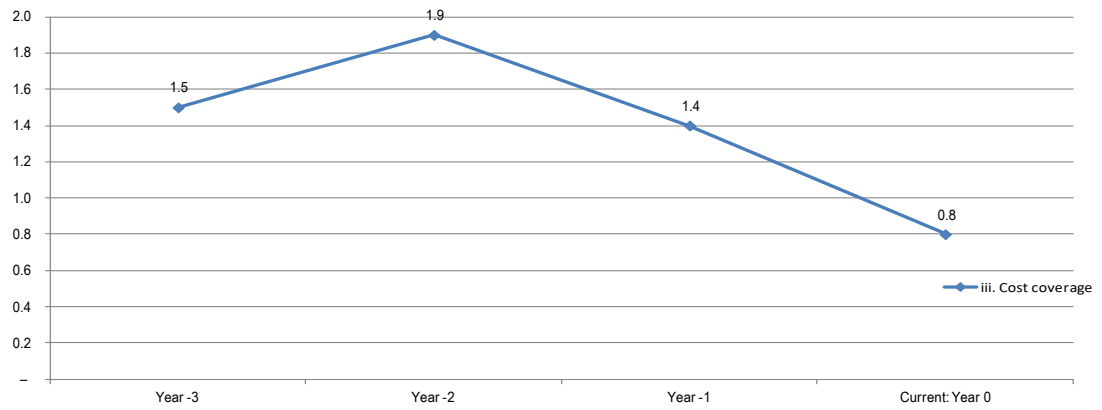
Liquidity Ratio – Measures the municipality's ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities. A higher ratio is better.

Data used from MBRR SA8

T 5.4.1

Chapter 5

Cost Coverage

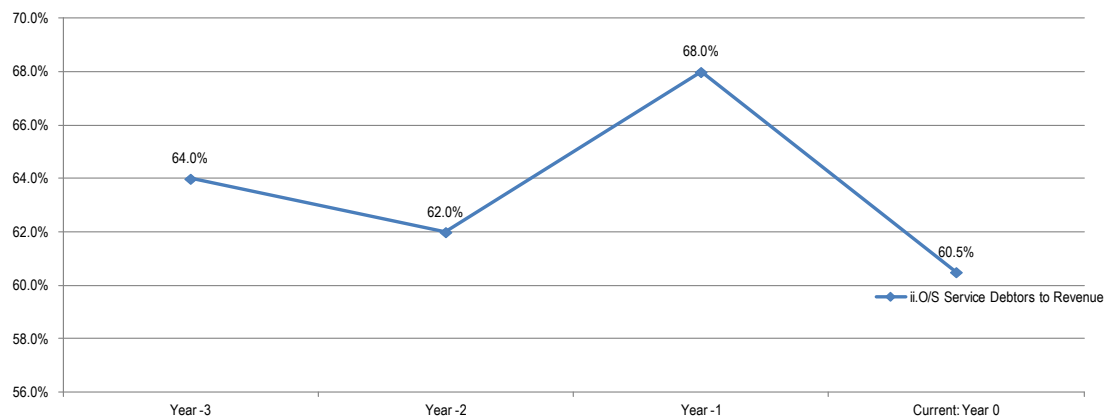


Cost Coverage– It explains how many months expenditure can be covered by the cash and other liquid assets available to the Municipality excluding utilisation of grants and is calculated

Data used from MBRR SA8

T 5.4.2

Total Outstanding Service Debtors



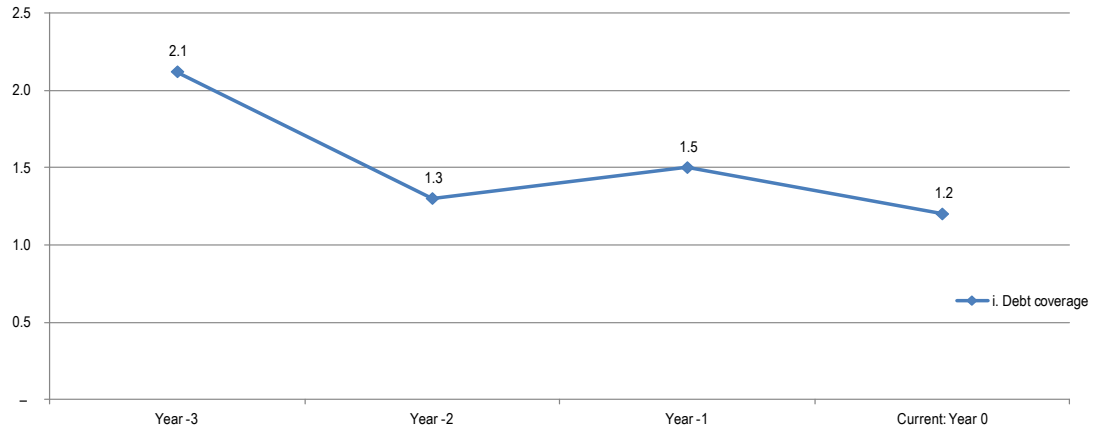
Total Outstanding Service Debtors – Measures how much money is still owed by the community for water, electricity, waste removal and sanitation compared to how much money has been paid for these services. It is calculated by dividing the total outstanding debtors by the total annual revenue. A lower score is better.

Data used from MBRR SA8

T 5.4.3

Chapter 5

Debt Coverage

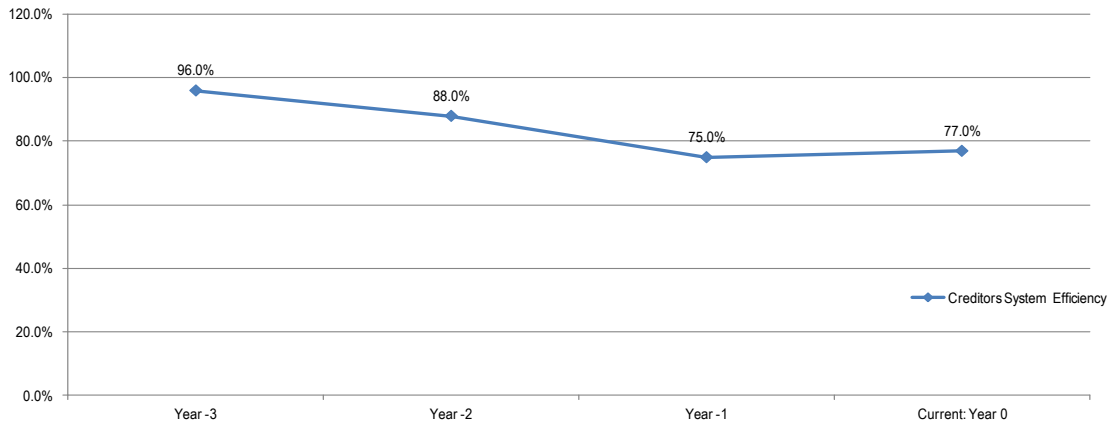


Debt Coverage– The number of times debt payments can be accommodated within Operating revenue (excluding grants) . This in turn represents the ease with which debt payments can be accommodated by the municipality

Data used from MBRR SA8

T 5.4.4

Creditors System Efficiency



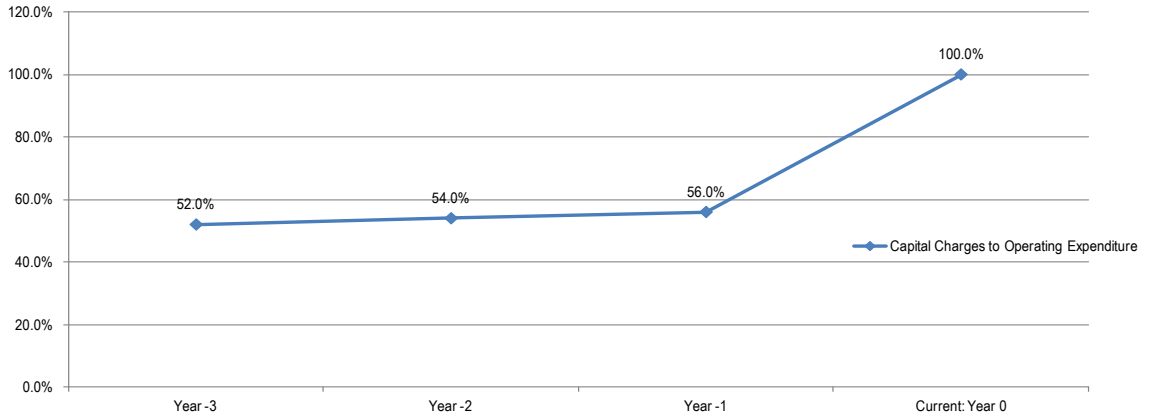
Creditor System Efficiency– The proportion of creditors paid within terms (i.e. 30 days). This ratio is calculated by outstanding trade creditors divided by credit purchases

Data used from MBRR SA8

T 5.4.5

Chapter 5

Capital Charges to Operating Expenditure

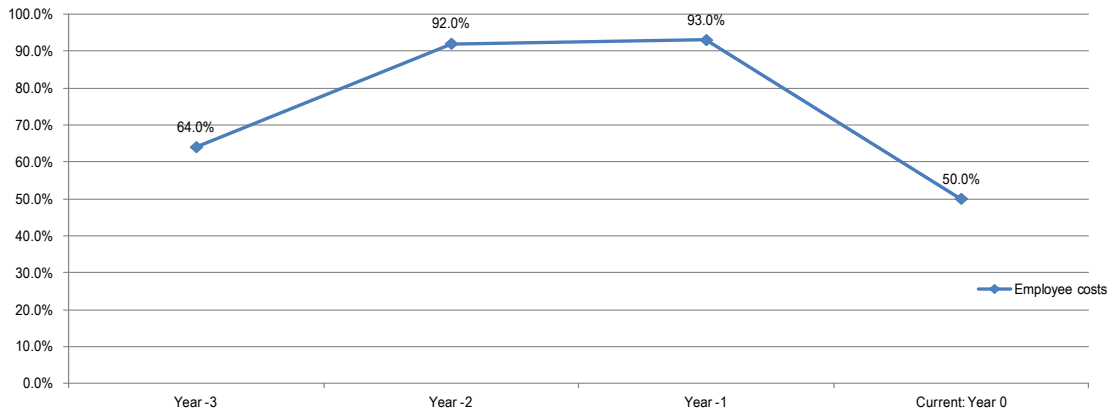


Capital Charges to Operating Expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

Data used from MBRR SA8

T 5.4.6

Employee Costs

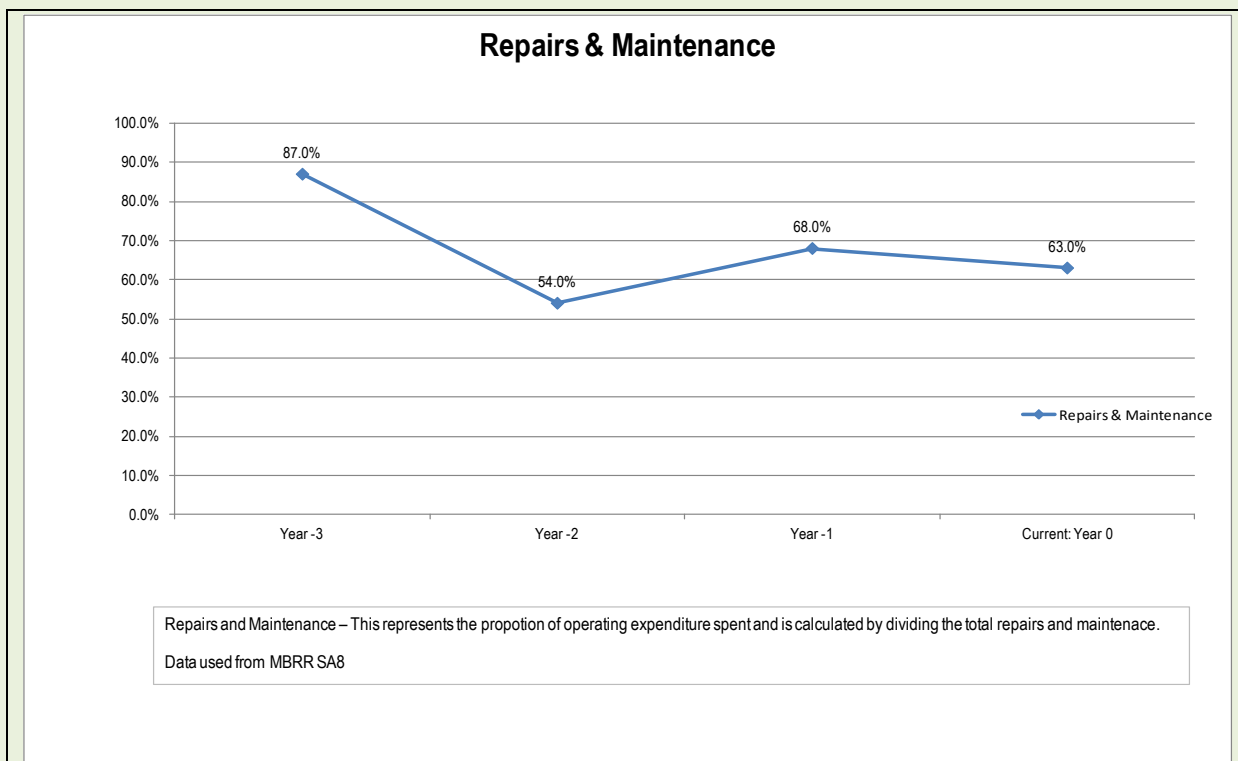


Employee cost— Measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue.

Data used from MBRR SA8

T 5.4.7

Chapter 5



T 5.4.8

COMMENT ON FINANCIAL RATIOS:

T 5.4.9

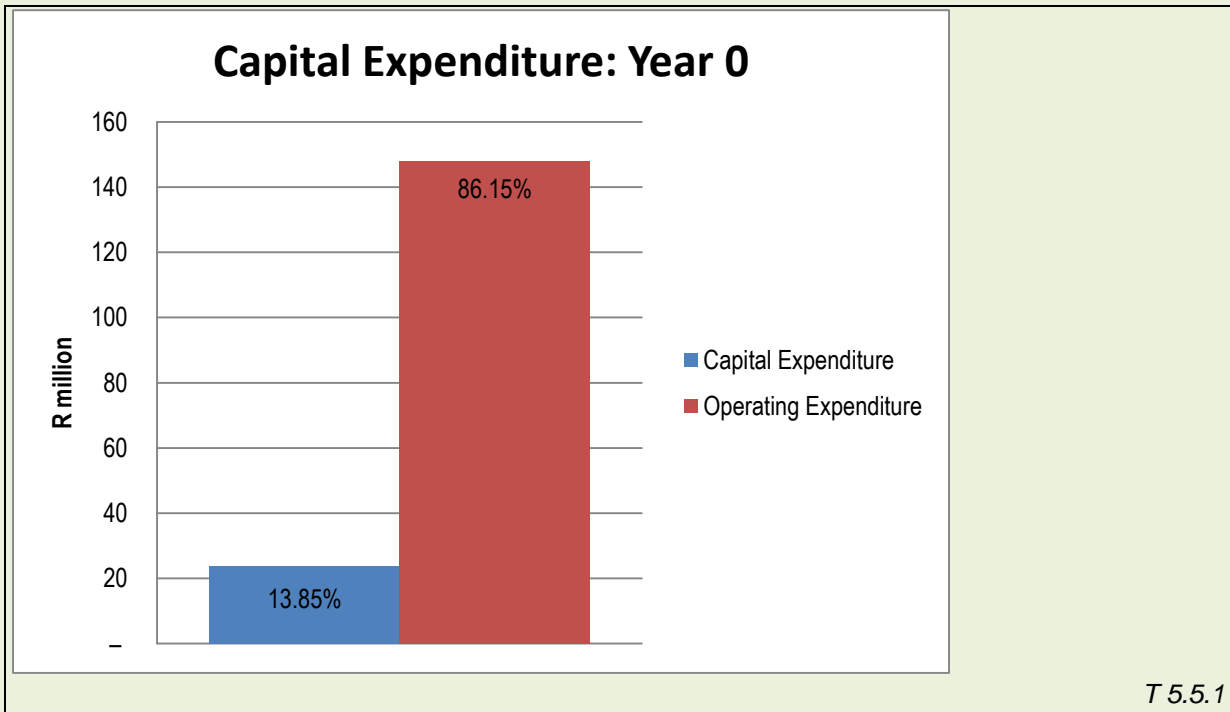
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

T 5.5.0

Chapter 5

5.5 CAPITAL EXPENDITURE



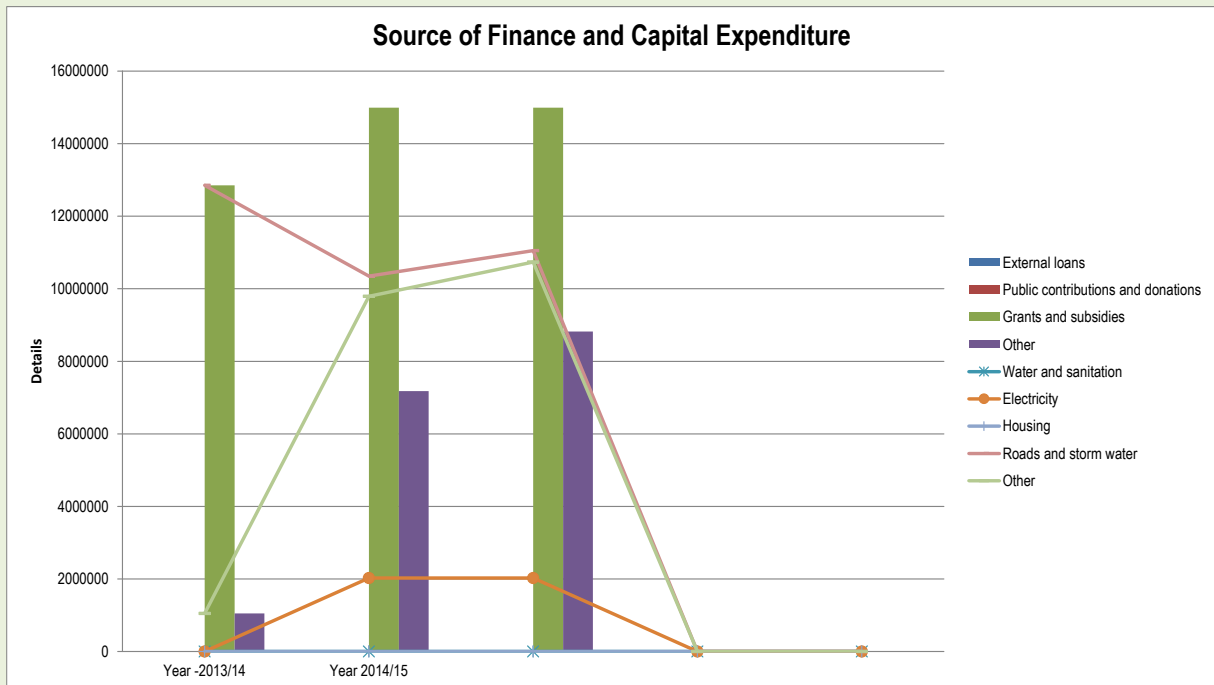
Chapter 5

5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year -1 to Year 0							
R' 000							
Details		Year 2015/16	Year 2016/17				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans	-	-	-	-	#DIV/0!	#DIV/0!
	Public contributions and donations	-	-	-	-	#DIV/0!	#DIV/0!
	Grants and subsidies	728 34	279 20	279 20	637 17	0,00%	-13,03%
	Other	-	-	-	-	#DIV/0!	#DIV/0!
Total		728 34	279 20	279 20	637 17	#DIV/0!	#DIV/0!
<i>Percentage of finance</i>							
	External loans	0,00%	0,00%	0,00%	0,00%	#DIV/0!	#DIV/0!
	Public contributions and donations	0,00%	0,00%	0,00%	0,00%	#DIV/0!	#DIV/0!
	Grants and subsidies	100,00%	100,00%	100,00%	100,00%	#DIV/0!	#DIV/0!
	Other	0,00%	0,00%	0,00%	0,00%	#DIV/0!	#DIV/0!
Capital expenditure							
	Water and sanitation	-	-	-	-	#DIV/0!	#DIV/0!
	Electricity	344 4	-	-	178 1	#DIV/0!	#DIV/0!
	Housing	-	-	-	-	#DIV/0!	#DIV/0!
	Roads and storm water	031 19	979 14	979 14	250 10	0,00%	-31,57%
	Other	353 11	300 5	300 5	208 6	0,00%	17,14%
Total		728 34	279 20	279 20	637 17	#DIV/0!	#DIV/0!
<i>Percentage of expenditure</i>							
	Water and sanitation	0,0%	0,0%	0,0%	0,0%	#DIV/0!	#DIV/0!
	Electricity	12,5%	0,0%	0,0%	6,7%	#DIV/0!	#DIV/0!
	Housing	0,0%	0,0%	0,0%	0,0%	#DIV/0!	#DIV/0!
	Roads and storm water	54,8%	73,9%	73,9%	58,1%	#DIV/0!	#DIV/0!
	Other	32,7%	26,1%	26,1%	35,2%	#DIV/0!	#DIV/0!

Chapter 5

T 5.6.1



COMMENT ON SOURCES OF FUNDING:

T 5.6.1.1

Chapter 5

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
	A - Name of Project	26,000	26,500	25,700	1%
B - Name of Project	19,500	19,750	19,900	-2%	-1%
C - Name of Project	15,700	15,700	15,500	1%	0%
D - Name of Project	12,000	11,800	11,700	3%	2%
E - Name of Project	11,500	11,000	11,250	2%	4%
* Projects with the highest capital expenditure in Year 0					
Name of Project - A					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - B					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - C					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - D					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - E					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
T 5.7.1					

COMMENT ON CAPITAL PROJECTS:

T 5.7.1.1

Chapter 5

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

Delete Directive note once comment is completed – Explain that need and cost of backlogs are the result of migration into an area; migration out of an area; the trend towards disaggregation of families into more than one housing unit; and the cost of renewing and upgrading core infrastructure. Explain how this balance effects net demand in your municipality and how your municipality is responding to the challenges created.

T 5.8.1

Service Backlogs as at 30 June Year 0				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water		%		%
Sanitation		%		%
Electricity		%		%
Waste management		%		%
Housing		%		%

*% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.*

T 5.8.2

Chapter 5

Municipal Infrastructure Grant (MIG)* Expenditure 2015-2016 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport				%	%	
Roads, Pavements & Bridges				%	%	
Storm water				%	%	
Infrastructure - Electricity				%	%	
Generation				%	%	
Transmission & Reticulation				%	%	
Street Lighting				%	%	
Infrastructure - Water				%	%	
Dams & Reservoirs				%	%	
Water purification				%	%	
Reticulation				%	%	
Infrastructure - Sanitation				%	%	
Reticulation				%	%	
Sewerage purification				%	%	
Infrastructure - Other				%	%	
Waste Management				%	%	
Transportation				%	%	
Gas				%	%	
Other Specify:				%	%	
				%	%	
				%	%	
				%	%	
Total				%	%	

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

T 5.8.3

COMMENT ON BACKLOGS:

T 5.8.4

Chapter 5

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Council's cash flow is monitored by finance department on a daily basis. There is also monthly reporting to the mayor in the form of section 71 reports and quarterly reports to council. Due to financial constraints, the available cash of the municipality is actively managed to ensure that the necessary basic service delivery objectives are achieved.

It must be emphasised that cash flow management is crucial to any operation.

T 5.9

Chapter 5

5.9 CASH FLOW

Cash Flow Outcomes				
Description	R'000			
	2015-2016	2016-2017		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other				
Government - operating				
Government - capital				
Interest				
Dividends				
Payments				
Suppliers and employees				
Finance charges				
Transfers and Grants				
NET CASH FROM/(USED) OPERATING ACTIVITIES	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets				
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing				
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	-	-	-	-
Cash/cash equivalents at the year begin:				-

Chapter 5

Cash/cash equivalents at the year end:		-	-	-
Source: MBRR A7				T 5.9.1

COMMENT ON CASH FLOW OUTCOMES:

T 5.9.1.1

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS

T 5.10.1

Chapter 5

Actual Borrowings: Year -2 to Year 0			
	R' 000		
Instrument	Year -2	Year -1	Year 0
Municipality	300	382	355
Long-Term Loans (annuity/reducing balance)	200	250	270
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	500	632	625
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	0	0	0
			T 5.10.2

Chapter 5



T 5.10.3

Chapter 5

Municipal and Entity Investments			
			R' 000
Investment* type	Year -2	Year -1	Year 0
	Actual	Actual	Actual
<u>Municipality</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Municipal Bonds			
Other			
Municipality sub-total	0	0	0
<u>Municipal Entities</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits - Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers Acceptance Certificates			
Negotiable Certificates of Deposit - Banks			
Guaranteed Endowment Policies (sinking)			
Repurchase Agreements - Banks			
Other			
Entities sub-total	0	0	0
Consolidated total:	0	0	0
			T 5.10.4

Chapter 5

COMMENT ON BORROWING AND INVESTMENTS:

T 5.10.5

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

The municipality have not entered into any public private partnership.

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

SUPPLY CHAIN MANAGEMENT

Our policy is in compliance with the Municipal Supply Chain regulation. The unit was recently capacitated with the appointment of Supply Chain Officer. This will to a great extent assist to improve turnaround times and overall SCM unit performance.

T 5.12.1

Chapter 5

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

Mamusa LM has fully implemented the standards of Generally Recognized Accounting Practice and has reported in terms of these accounting standards for the year ended 2016-17.

The on-going compliance with particularly the standard on Property, Plant and Equipment has been a challenge to the municipality. The municipality does not have sufficient staff or the expertise in terms of engineering knowledge to manage the infrastructure asset register and has to rely on external service providers, which is costly. However, progress has been made to address procedural aspects to ensure that the managing of the asset register is not over complicated.

T 5.13.1

Chapter 6

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

In financial year under review, the municipality developed an Audit Action plan to address all the non-compliance issues on financial Performance and Service Delivery Performance raised by the Auditor General.

The financial statements were audited by the Auditor-General in terms of Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA).

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

Chapter 6

6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR)

Auditor-General Report on Financial Performance: Year -1	
Audit Report Status*:	
Non-Compliance Issues	Remedial Action Taken
<i>Note: *The report status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse)</i>	
	T 6.1.1

Auditor-General Report on Service Delivery Performance: Year -1	
Audit Report Status:	
Non-Compliance Issues	Remedial Action Taken
	T 6.1.2

Chapter 6

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

6.2 AUDITOR GENERAL REPORT YEAR 0

Auditor-General Report on Financial Performance Year 0*	
Status of audit report:	
Non-Compliance Issues	Remedial Action Taken
<p>Note:* The report's status is supplied by the Auditor General and ranges from unqualified (at best); to unqualified with other matters specified; qualified; adverse; and disclaimed (at worse). This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Financial Performance Year 0.</p>	
T 6.2.1	

Auditor-General Report on Service Delivery Performance: Year 0*	
Status of audit report**:	
Non-Compliance Issues	Remedial Action Taken
<p>* This table will be completed prior to the publication of the Annual report but following the receipt of the Auditor- General Report on Service Delivery Performance Year 0</p> <p>** Inclusion of "Status" depends on nature of AG's remarks on Performance Data.</p>	
T 6.2.2	

AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 0

Attach report. T 6.2.3

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 0:

Delete Directive note once comment is completed - Provide comments from the Municipal Manager / CFO on the Auditor-General's opinion. Include comments on year 0 if it provides useful context. T 6.2.4

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

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

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

Chapter 6

T 6.2.5

GLOSSARY

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
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 performance indicators	Key After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.

GLOSSARY

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.

GLOSSARY

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:	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <ul style="list-style-type: none"><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>

APPENDICES

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
K.A. Motswana	FT	Budget steering Committee	Ward 1 (ANC)		
M.O. Stephen	PT	Community Services and Land Use	Ward 6 (ANC)		
G.G. Mosebetsi	PT	Technical services	PR (ANC)		
Y. Moyakhe	PT	Corporate Services	Ward 2 (ANC)		
K.K. Mere	PT	MPAC	PR (ANC)		
M.V. Lee	PT		Ward 4 (ANC)		
N. Masilo	PT	Corporate Services	Ward 5 (ANC)		
J. Modisapodi	PT	Technical services	PR (ANC)		
M. Setshameko	PT	Finance and Budget	PR (ANC)		
T. sepat	PT	Finance and Budget	Ward 8 (ANC)		
L. Mollapele	PT	MPAC	PR (ANC)		
P.M. Maine	PT	Corporate Services	Ward 3 (ANC)		
B. Thekiso	PT	MPAC	PR (COPE)		
C. Herbst	PT	Finance and Budget	Ward 7 (DA)		
S. Strydom	PT	MPAC	PR (DA)		
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					T A

Concerning T A

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

T A.1

APPENDICES

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

APPENDICES

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	N/A
Building regulations	Yes	N/A
Child care facilities	No	N/A
Electricity and gas reticulation	Yes	N/A
Firefighting services	No	N/A
Local tourism	Yes	N/A
Municipal airports	No	N/A
Municipal planning	Yes	N/A
Municipal health services	No	N/A
Municipal public transport	No	N/A
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	N/A
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	N/A
Stormwater management systems in built-up areas	Yes	N/A
Trading regulations	Yes	N/A
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	N/A
Beaches and amusement facilities	No	N/A
Billboards and the display of advertisements in public places	Yes	N/A
Cemeteries, funeral parlours and crematoria	Yes	N/A
Cleansing	Yes	N/A
Control of public nuisances	Yes	N/A
Control of undertakings that sell liquor to the public	Yes	N/A
Facilities for the accommodation, care and burial of animals	No	N/A
Fencing and fences	Yes	N/A
Licensing of dogs	Yes	N/A
Licensing and control of undertakings that sell food to the public	Yes	N/A
Local amenities	Yes	N/A
Local sport facilities	Yes	N/A
Markets	No	N/A
Municipal abattoirs	Yes	N/A
Municipal parks and recreation	Yes	N/A
Municipal roads	Yes	N/A
Noise pollution	Yes	N/A
Pounds	Yes	N/A
Public places	Yes	N/A
Refuse removal, refuse dumps and solid waste disposal	Yes	N/A
Street trading	Yes	N/A
Street lighting	Yes	N/A
Traffic and parking	Yes	N/A
* If municipality: indicate (yes or No); * If entity: Provide name of entity		<i>T D</i>

APPENDICES

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor		
Member of MayCo / Exco		
Councillor		
Municipal Manager		
Chief Financial Officer		
Deputy MM and (Executive) Directors		
Other S57 Officials		

* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A

APPENDICES

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
R' 000						
Vote Description	Year -1	Current: Year 0			Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Example 1 - Vote 1						
Example 2 - Vote 2						
Example 3 - Vote 3						
Example 4 - Vote 4						
Example 5 - Vote 5						
Example 6 - Vote 6						
Example 7 - Vote 7						
Example 8 - Vote 8						
Example 9 - Vote 9						
Example 10 - Vote 10						
Example 11 - Vote 11						
Example 12 - Vote 12						
Example 13 - Vote 13						
Example 14 - Vote 14						
Example 15 - Vote 15						
Total Revenue by Vote	-	-	-	-	-	-
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3</i>						T K.1

APPENDICES

APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source							R '000
Description	Year -1	Year 0			Year 0 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget	
Property rates	26,485	23,572	28,075	23,042	-2%	-22%	
Property rates - penalties & collection charges	8,541	8,285	9,054	8,456	2%	-7%	
Service Charges - electricity revenue	12,355	10,254	12,478	13,219	22%	6%	
Service Charges - water revenue	14,232	13,235	13,662	12,097	-9%	-13%	
Service Charges - sanitation revenue	6,542	5,496	5,954	6,346	13%	6%	
Service Charges - refuse revenue	1,865	1,622	1,865	1,510	-7%	-23%	
Service Charges - other	5,643	5,530	5,925	5,304	-4%	-12%	
Rentals of facilities and equipment	5,643	5,530	5,925	5,304	-4%	-12%	
Interest earned - external investments	5,322	4,470	5,747	4,630	3%	-24%	
Interest earned - outstanding debtors	8,455	8,455	8,624	9,554	12%	10%	
Dividends received	1,254	1,003	1,191	1,354	26%	12%	
Fines	2,516	2,063	2,264	2,340	12%	3%	
Licences and permits	6,846	6,230	7,256	6,640	6%	-9%	
Agency services	12,546	10,413	11,793	11,542	10%	-2%	
Transfers recognised - operational	2,355	2,190	2,425	2,402	9%	-1%	
Other revenue	48,542	40,776	48,542	46,115	12%	-5%	
Gains on disposal of PPE	4,565	3,698	4,337	4,291	14%	-1%	
Environmental Protection	5,649	4,971	6,157	4,971	0%	-24%	
Total Revenue (excluding capital transfers and contributions)	179,353	157,791	181,274	169,118	6.70%	-7.19%	
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.</i>							T K.2

APPENDICES

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant						
<i>Other Specify:</i>						
Total						
<i>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</i>						TL

COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

Delete Directive note once comment is completed – Use this box to provide additional information on grant benefits or conditions and reasons for acceptance.

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APPENDICES

APPENDIX M: CAPITAL EXPENDITURE – NEW & UPGRADE/RENEWAL PROGRAMMES

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

Capital Expenditure - New Assets Programme*								R '000
Description	Year -1	Year 0			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
Infrastructure - Total	-	-		-	-	-	-	
Infrastructure: Road transport - Total	-	-		-	-	-	-	
Roads, Pavements & Bridges								
Storm water								
Infrastructure: Electricity - Total	-	-		-	-	-	-	
Generation								
Transmission & Reticulation								
Street Lighting								
Infrastructure: Water - Total	-	-		-	-	-	-	
Dams & Reservoirs								
Water purification								
Reticulation								
Infrastructure: Sanitation - Total	-	-		-	-	-	-	
Reticulation								
Sewerage purification								
Infrastructure: Other - Total	-	-		-	-	-	-	
Waste Management								
Transportation								
Gas								
Other								
Community - Total	-	-		-	-	-	-	
Parks & gardens								
Sportsfields & stadia								
Swimming pools								
Community halls								
Libraries								
Recreational facilities								
Fire, safety & emergency								
Security and policing								
Buses								
Clinics								
Museums & Art Galleries								
Cemeteries								
Social rental housing								
Other								
<i>Table continued next page</i>								

APPENDICES

Table continued from previous page

Capital Expenditure - New Assets Programme*								R '000
Description	Year -1	Year 0			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
Heritage assets - Total	-	-		-	-	-	-	
Buildings								
Other								
Investment properties - Total	-	-		-	-	-	-	
Housing development								
Other								
Other assets	-	-		-	-	-	-	
General vehicles								
Specialised vehicles								
Plant & equipment								
Computers - hardware/equipment								
Furniture and other office equipment								
Abattoirs								
Markets								
Civic Land and Buildings								
Other Buildings								
Other Land								
Surplus Assets - (Investment or Inventory)								
Other								
Agricultural assets	-	-		-	-	-	-	
List sub-class								
Biological assets	-	-		-	-	-	-	
List sub-class								
Intangibles	-	-		-	-	-	-	
Computers - software & programming								
Other (list sub-class)								
Total Capital Expenditure on new assets	-	-		-	-	-	-	
Specialised vehicles	-	-		-	-	-	-	
Refuse								
Fire								
Conservancy								
Ambulances								

* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

T M.1

APPENDICES

APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME

Capital Expenditure - Upgrade/Renewal Programme*								R '000
Description	Year -1	Year 0		Planned Capital expenditure				
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
Infrastructure - Total	-	-		-	-	-	-	
Infrastructure: Road transport -Total	-	-		-	-	-	-	
Roads, Pavements & Bridges								
Storm water								
Infrastructure: Electricity - Total	-	-		-	-	-	-	
Generation								
Transmission & Reticulation								
Street Lighting								
Infrastructure: Water - Total	-	-		-	-	-	-	
Dams & Reservoirs								
Water purification								
Reticulation								
Infrastructure: Sanitation - Total	-	-		-	-	-	-	
Reticulation								
Sewerage purification								
Infrastructure: Other - Total	-	-		-	-	-	-	
Waste Management								
Transportation								
Gas								
Other								
Community	-	-		-	-	-	-	
Parks & gardens								
Sportsfields & stadia								
Swimming pools								
Community halls								
Libraries								
Recreational facilities								
Fire, safety & emergency								
Security and policing								
Buses								
Clinics								
Museums & Art Galleries								
Cemeteries								
Social rental housing								
Other								
Heritage assets	-	-		-	-	-	-	
Buildings								
Other								

Table continued next page

APPENDICES

Table continued from previous page

Capital Expenditure - Upgrade/Renewal Programme*								R '000
Description	Year -1	Year 0			Planned Capital expenditure			
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3	
Capital expenditure by Asset Class								
Investment properties	-	-		-	-	-	-	
Housing development								
Other								
Other assets	-	-		-	-	-	-	
General vehicles								
Specialised vehicles								
Plant & equipment								
Computers - hardware/equipment								
Furniture and other office equipment								
Abattoirs								
Markets								
Civic Land and Buildings								
Other Buildings								
Other Land								
Surplus Assets - (Investment or Inventory)								
Other								
Agricultural assets	-	-		-	-	-	-	
List sub-class								
Biological assets	-	-		-	-	-	-	
List sub-class								
Intangibles	-	-		-	-	-	-	
Computers - software & programming								
Other (list sub-class)								
Total Capital Expenditure on renewal of existing assets	-	-		-	-	-	-	
Specialised vehicles	-	-		-	-	-	-	
Refuse								
Fire								
Conservancy								
Ambulances								

* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)

T M.2

APPENDICES

APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: Year 0					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
R' 000					
Water					
"Project A"	82	85	92	8%	11%
"Project B"	82	85	92	8%	11%
"Project C"	85	90	95	5%	11%
Sanitation/Sewerage					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Electricity					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Housing					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Refuse removal					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Stormwater					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Economic development					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Sports, Arts & Culture					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Environment					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Health					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Safety and Security					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
ICT and Other					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
T N					

APPENDICES

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

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:		
Housing:		
Licencing and Testing Centre:		
Reseviors		
Schools (Primary and High):		
Sports Fields:		
		T Q

APPENDICES

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services		
Output: Implementation of the Community Work Programme		
Output: Deepen democracy through a refined Ward Committee model		
Output: Administrative and financial capability		
<p><i>* Note: Some of the outputs detailed on this table may have been reported elsewhere in the Annual Report. Kindly ensure that this information consistent.</i></p>		

T.S

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

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



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

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

General Information

Nature of business and principal activities

Provision of municipal services to communities within Schweizer - Reneke, Amalia, Glaudinah and surrounding areas.

Mayoral committee

Mayor

A Motswana

Councillors

TM Digopo

CP Herbst

JZ Jengeca

NA Keohitlhetse

DP Khuduga

NM Killian

MV Lee

MJ Lucas

EK Maine

L Moseki

E Chubisi

MY Moyake

PF Mpitsang

MJ Rapudi

KS Sediti

TM Sepato

LR Silane

Grading of local authority

3

Accounting Officer

KI Makaota

Chief Finance Officer (CFO)

KJ Moiloa

Registered office

28 Schweizer Street
Schweizer-Reneke
2780

Postal address

P O Box 05
Schweizer-Reneke
2780

Bankers

First National Bank

Auditors

Auditor General of South Africa

Telephone

053 963 1331

Fax

053 963 2474

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Index

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

Index	Page
Accounting Officer's Responsibilities and Approval	5
Audit Committee Report	6
Report of the Auditor General	7 - 6
Accounting Officer's Report	7
Statement of Financial Position	8
Statement of Financial Performance	9
Statement of Changes in Net Assets	10
Cash Flow Statement	11
Statement of Comparison of Budget and Actual Amounts	12 - 16
Accounting Policies	17 - 30
Notes to the Annual Financial Statements	31 - 59

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The annual financial statements set out on pages 7 to 59, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2017 and were signed on its behalf by:

Accounting Officer

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	2017	2016
Assets			
Current Assets			
Inventories	7	52 932 125	50 781 983
Receivables from exchange transactions	8&11	40 878 661	20 320 455
Receivables from non-exchange transactions	9&11	15 580 788	13 223 636
VAT receivable	10	9 669 051	39 451 418
Cash and cash equivalents	12	560 475	1 118 736
		119 621 100	124 896 228
Non-Current Assets			
Investment property	3	26 537 000	24 270 000
Property, plant and equipment	4	359 665 095	369 702 896
Intangible assets	5	1 229 358	1 422 342
		387 431 453	395 395 238
		387 431 453	395 395 238
		119 621 100	124 896 228
Total Assets		507 052 553	520 291 466
Liabilities			
Current Liabilities			
Finance lease obligation	13	123 112	128 825
Payables from exchange transactions	17	84 231 430	72 935 024
Income received in advance	18	-	869 667
VAT payable	19	9 716 825	22 949 711
Consumer deposits	20	584 333	556 803
Employee benefit obligation	6&15	15 468 001	795 000
Unspent conditional grants and receipts	14	3 325 173	711 303
Provisions	15	4 002 005	5 554 597
Other liability 1	16	15 580 349	15 580 349
		133 031 228	120 081 279
Non-Current Liabilities			
Finance lease obligation	13	5 710	208 506
Operating lease liability		5 265	-
Employee benefit obligation	6&15	1 895 000	16 568 001
Unspent conditional grants and receipts	14	1 438 925	-
Provisions	15	3 069 819	4 753 496
		6 414 719	21 530 003
Non-Current Liabilities		6 414 719	21 530 003
Current Liabilities		133 031 228	120 081 279
Total Liabilities		139 445 947	141 611 282
Assets		507 052 553	520 291 466
Liabilities		(139 445 947)	(141 611 282)
Net Assets		367 606 606	378 680 184
Accumulated surplus		367 606 606	378 680 184

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016
Revenue			
Revenue from exchange transactions			
Service charges	24	52 697 879	53 801 209
Rental of facilities and equipment	37	659 862	208 628
Licences and permits		1 499 490	3 396 384
Other income	27	9 944 473	1 539 311
Interest earned	32	9 577 300	15 621 283
Total revenue from exchange transactions		74 379 004	74 566 815
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	12 053 788	11 304 042
Transfer revenue			
Government grants & subsidies	25	65 050 749	87 121 358
Fines		360 700	672 146
Total revenue from non-exchange transactions		77 465 237	99 097 546
		74 379 004	74 566 815
		77 465 237	99 097 546
Total revenue	22	151 844 241	173 664 361
Expenditure			
Employee related costs	29	(49 549 526)	(52 330 714)
Remuneration of councillors	30	(6 685 198)	(4 739 182)
Depreciation and amortization	34	(20 846 275)	(23 941 533)
Indigent subsidy		(2 487 269)	25 537
Finance costs	35	(8 748 974)	(3 468 680)
Rental equipment		(1 933 685)	(547 791)
Bad debts written off	31	(3 185 027)	(20 264 321)
Indigent subsidy		(2 760 565)	(7 544 872)
Repairs and maintenance		(4 222 422)	(5 535 813)
Bulk purchases	39	(23 875 203)	(25 203 651)
Contracted services	38	(3 165 909)	(2 756 015)
General Expenses	28	(31 747 097)	(53 297 100)
Total expenditure		(159 207 150)	(199 604 135)
		-	-
Total revenue		151 844 241	173 664 361
Total expenditure		(159 207 150)	(199 604 135)
Operating deficit		(7 362 909)	(25 939 774)
Gain on disposal of assets and liabilities		2 059 686	-
Fair value adjustments	33	2 267 000	(1 287 702)
		4 326 686	(1 287 702)
Operating surplus/deficit		4 326 686	(1 287 702)
Deficit before taxation		(3 036 223)	(27 227 476)
Taxation		-	-
Deficit for the year		(3 036 223)	(27 227 476)

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2015	405 907 660	405 907 660
Changes in net assets		
Deficit for the year	(27 227 476)	(27 227 476)
Total changes	(27 227 476)	(27 227 476)
Balance at 01 July 2016	358 932 415	358 932 415
Changes in net assets		
Surplus for the year	(3 036 223)	(3 036 223)
Prior Year adjustment	11 710 414	11 710 414
Total changes	8 674 191	8 674 191
Balance at 30 June 2017	367 606 606	367 606 606
Note(s)		

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Cash Flow Statement

Figures in Rand	Note(s)	2017	2016
Cash flows from operating activities			
Receipts			
Property rates		9 358 377	7 761 441
Services charges		31 396 054	31 396 054
Other receipts		11 822 777	23 891 525
Interest income		9 577 300	848 756
Grants - Operational		56 136 400	54 474 618
Grants - Capital	25	11 541 171	19 736 000
		<u>129 832 079</u>	<u>138 108 394</u>
Payments			
Employee costs		(56 234 725)	(57 069 891)
Suppliers		(52 386 288)	(36 008 404)
Finance costs		(8 748 974)	(3 436 969)
Other cash item		-	(5 004 630)
		<u>(117 369 987)</u>	<u>(101 519 894)</u>
Total receipts		129 832 079	138 108 394
Total payments		(117 369 987)	(101 519 894)
Net cash flows from operating activities	40	12 462 092	36 588 500
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(16 931 177)	(34 728 341)
Proceeds from sale of property, plant and equipment	4	4 119 334	-
Purchase of other intangible assets	5	-	(660 100)
Net cash flows from investing activities		(12 811 843)	(35 388 441)
Cash flows from financing activities			
Finance lease payments		(208 509)	(464 834)
Net increase/(decrease) in cash and cash equivalents		(558 260)	735 225
Cash and cash equivalents at the beginning of the year		1 118 736	383 511
Cash and cash equivalents at the end of the year	12	560 476	1 118 736

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	51 456 000	(1 700 000)	49 756 000	52 697 879	2 941 879	The municipality underbudgeted due to no forecasting the amount of rain increasing in the billing as a result of rain that allowed the municipality to provide, water and sewage services to the residents of Ipelegeng township.
Rental of facilities and equipment	665 977	(300 000)	365 977	659 862	293 885	There overbudgeting of rental equipment and facilities is due to the mangement decision to implement market related rental for municipal houses which was not implemented due to constant change in management.
Licences and permits	2 498 085	(200 000)	2 298 085	1 499 490	(798 595)	The overbudgeting is due to anticipating an increase in the licensing of vehicles.
Other income - (rollup)	4 294 972	(3 050 000)	1 244 972	9 944 473	8 699 501	The variance of 3% is considered reasonable

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Interest received	16 464 494	(4 000 000)	12 464 494	9 577 300	(2 887 194)	The overbudgeting due to the month to month increases in the billing due to the rains allowing additional billing
Total revenue from exchange transactions	75 379 528	(9 250 000)	66 129 528	74 379 004	8 249 476	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	12 386 000	-	12 386 000	12 053 788	(332 212)	The variance of 3% is considered reasonable
Transfer revenue						
Government grants & subsidies	61 800 000	(6 000 000)	55 800 000	65 050 749	9 250 749	The underbudgeting is due to the anticipation of the Municipal Infrastructure Grant being reduced to by R4 million and the grant from the Dr. Ruth Segomotsi Mompoti District Municipality being reduced by R6 million.
Fines	-	-	-	360 700	360 700	
Total revenue from non-exchange transactions	74 186 000	(6 000 000)	68 186 000	77 465 237	9 279 237	
'Total revenue from exchange transactions'	75 379 528	(9 250 000)	66 129 528	74 379 004	8 249 476	
'Total revenue from non-exchange transactions'	74 186 000	(6 000 000)	68 186 000	77 465 237	9 279 237	
Total revenue	149 565 528	(15 250 000)	134 315 528	151 844 241	17 528 713	

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Expenditure						
Personnel	(48 188 000)	(2 500 000)	(50 688 000)	(49 549 526)	1 138 474	The overbudgeting of the employee costs is due to the anticipation of filling the vacant positions as approved in the organisation structure.
Remuneration of councillors	(5 119 126)	(1 500 000)	(6 619 126)	(6 685 198)	(66 072)	The overbudgeting was in anticipation of the councillors total remuneration being increased by the travel ad subsistence as the travel and subsistence was treated as an advance to the salaries of councilors as no support documentation of expenses was provided on return from the authorised trip.
Depreciation and amortisation	(27 042 000)	-	(27 042 000)	(20 846 275)	6 195 725	
Impairment	-	-	-	(2 487 269)	(2 487 269)	

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Finance costs	(820 556)	(2 800 000)	(3 620 556)	(8 748 974)	(5 128 418)	The underbudgeting of finance costs due to a payment agreement entered into with Eskom stating that interest in arrears will foregone on condition that the current account and payment arrangement is adhered to. The arrangement was not adhered to by the municipality and the interest and was restored.s
Debt Impairment	(40 495 616)	-	(40 495 616)	(3 185 027)	37 310 589	
Indigent subsidy	-	-	-	(2 760 565)	(2 760 565)	
Repairs and maintenance	-	-	-	(4 222 422)	(4 222 422)	Old infrastructure being repaired
Bulk purchases	(28 462 000)	4 845 531	(23 616 469)	(23 875 203)	(258 734)	
Contracted services	(8 366 311)	-	(8 366 311)	(3 165 909)	5 200 402	The was over expenditure of the contracted services due the increased security services as a result of continued community services protests. There was also increased spend on the chemicals due to unforeseen rain result in water reticulation to the township being restored.

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
General Expenses	(21 206 548)	9 817 000	(11 389 548)	(31 747 097)	(20 357 549)	General expenses overspending is largely due to replacing items , that were destroyed during the arson incident that took place in June. Adding to that there is an additional inflationary increase in prices for general expenses.
Total expenditure	(179 700 157)	7 862 531	(171 837 626)	(159 207 150)	12 630 476	
	149 565 528	(15 250 000)	134 315 528	151 844 241	17 528 713	
	(179 700 157)	7 862 531	(171 837 626)	(159 207 150)	12 630 476	
Operating deficit	(30 134 629)	(7 387 469)	(37 522 098)	(7 362 909)	30 159 189	
Gain on disposal of assets and liabilities	-	-	-	2 059 686	2 059 686	
Fair value adjustments	-	-	-	2 267 000	2 267 000	
	-	-	-	4 326 686	4 326 686	
	(30 134 629)	(7 387 469)	(37 522 098)	(7 362 909)	30 159 189	
	-	-	-	4 326 686	4 326 686	
Deficit before taxation	(30 134 629)	(7 387 469)	(37 522 098)	(3 036 223)	34 485 875	
Surplus before taxation	(30 134 629)	(7 387 469)	(37 522 098)	(3 036 223)	34 485 875	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(30 134 629)	(7 387 469)	(37 522 098)	(3 036 223)	34 485 875	
Reconciliation						

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1. Presentation of Annual Financial Statements

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables

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

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

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 - Provisions.

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability. The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable. Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Useful lives of property, plant and equipment

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Post retirement benefits

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

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

The cost of post - employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future medical fund contributions increases and mortality rates. Due to the long - term nature of these plans, such estimates are subject to significant uncertainty.

Effective interest rate

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

Allowance for doubtful debts

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

1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.4 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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

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

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.5 Property, plant and equipment (continued)

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for Investment property which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

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

Item	Depreciation method	Average useful life
Buildings	Straight line	5 - 100 years
Plant and equipment	Straight line	5 - 20 years
Infrastructure electricity	Straight line	10 - 50 years
Infrastructure roads	Straight line	5 - 100 years

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

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

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

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

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

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

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

1.6 Site restoration and dismantling cost

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

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.6 Site restoration and dismantling cost (continued)

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.7 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful life
Computer software	3 years
Website	3 years

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.8 Financial instruments

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

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

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

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

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

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

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.10 Inventories (continued)

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

Identification

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

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

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

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Value in use

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

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

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

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

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

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

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

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

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

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

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

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

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

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

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

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

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

1.12 Share capital / contributed capital

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

1.13 Employee benefits

1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.14 Provisions and contingencies (continued)

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

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

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

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

Provisions are not recognised for future operating surplus.

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

A constructive obligation to restructure arises only when an entity:

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

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

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

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

1.15 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.16 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

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

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

Interest

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

1.17 Revenue from non-exchange transactions

1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.19 Comparative figures

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.20 Unauthorised expenditure

Unauthorised expenditure means:

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

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

1.21 Fruitless and wasteful expenditure

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

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

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 Budget information

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The approved budget covers the fiscal period from 01/07/2016 to 30/06/2017.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts. The comparable information includes the following: the approved and final budget amounts, actual amounts and final budget amounts. The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.24 Related parties

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

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

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

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

1.25 Events after reporting date

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

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

1.26 Accumulated surplus

The municipality's surplus or deficit for the year is accounted for in the accumulated surplus reserve in the statement of changes in net assets.

1.27 Value-Added Tax

The municipality applies the payment basis for VAT purpose as per Value-Added Tax Act. Output tax is payable as and when the purchase consideration are received and input will be claimed as and when payment is made.

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand

2017

2016

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods:

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand 2017 2016

3. Investment property

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	26 537 000	-	26 537 000	24 270 000	-	24 270 000

Reconciliation of investment property - 2017

	Opening balance	Fair value adjustments	Total
Investment property	24 270 000	2 267 000	26 537 000

Reconciliation of investment property - 2016

	Opening balance	Fair value adjustments	Total
Investment property	25 557 702	(1 287 702)	24 270 000

4. Property, plant and equipment

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and building	249 331 270	(113 897 745)	135 433 525	240 518 599	(104 582 764)	135 935 835
Other assets	17 768 155	(14 406 803)	3 361 352	16 649 106	(12 831 360)	3 817 746
Infrastructure	382 282 007	(172 482 471)	209 799 536	367 906 149	(162 303 014)	205 603 135
Work in process	11 070 682	-	11 070 682	24 346 180	-	24 346 180
Total	660 452 114	(300 787 019)	359 665 095	649 420 034	(279 717 138)	369 702 896

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Buildings	135 935 835	-	-	8 813 367	-	(6 802 908)	(2 512 769)	135 433 525
Other assets	3 817 746	1 119 050	-	-	-	(1 575 444)	-	3 361 352
Infrastructure	205 603 135	528 717	(2 059 648)	18 002 273	-	(12 274 941)	-	209 799 536
Work in process	24 346 180	15 283 410	-	(26 815 640)	(1 743 268)	-	-	11 070 682
	369 702 896	16 931 177	(2 059 648)	-	(1 743 268)	(20 653 293)	(2 512 769)	359 665 095

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land and building	133 342 758	-	11 515 225	(352 225)	(7 289 802)	(1 280 121)	135 935 835
Other assets	5 265 843	828 729	-	(53 753)	(2 223 073)	-	3 817 746
Infrastructure	201 363 534	848 502	14 024 859	1 905 684	(12 539 444)	-	205 603 135
Work in progress	16 835 154	33 051 110	(25 540 084)	-	-	-	24 346 180
	356 807 289	34 728 341	-	1 499 706	(22 052 319)	(1 280 121)	369 702 896

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

5. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 929 838	(700 480)	1 229 358	1 929 838	(507 496)	1 422 342

Reconciliation of intangible assets - 2017

	Opening balance	Amortisation	Total
Computer software	1 422 342	(192 984)	1 229 358

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand 2017 2016

5. Intangible assets (continued)

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software	919 809	660 100	(157 567)	1 422 342

6. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an infunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2016 by Mr Neil Fourie, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service members (Employees)	-	150
Continuation members (Retirees, widowers and orphans)	-	16
	-	166

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	15 322 000	12 602 000
Benefits paid	-	(501 000)
Net expense recognised in the statement of financial position	-	3 221 000
	15 322 000	15 322 000

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	-	9,83 %
Expected rate of return on assets	-	7,96 %
Expected rate of return on reimbursement rights	-	8,96 %
Actual return on reimbursement rights	-	0,80 %

Retirement Age

Average Retirement Age	63	60
Normal Retirement Age	65	63
	128	123

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
7. Inventories		
Raw materials, components	1 020 358	1 179 233
Unsold property held for resale	49 370 937	49 370 937
Prepaid electricity	2 373 188	64 171
Water	167 642	167 642
	52 932 125	50 781 983
No Inventory was pledged as security for liabilities.		
8. Receivables from exchange transactions		
Sundry debtors	318 545	44 703
Other debtors	22 282	22 697
Salary deduction control	7 424 449	-
Consumer debtors - Electricity	11 249 196	9 785 443
Consumer debtors - Water	25 842 083	25 007 952
Consumer debtors - Sewerage	32 377 581	30 374 715
Consumer debtors - Refuse (Filtered)	24 278 867	21 114 198
Consumer debtors - Debtors interest	69 297 657	61 497 477
Other consumer debtors	16 337 401	15 738 929
Debt impairment	(146 269 400)	(143 265 659)
	40 878 661	20 320 455
Trade and other receivables pledged as security		
No Trade and other receivable were pledged as security by the municipality.		
9. Receivables from non-exchange transactions		
Traffic debtor	209 310	547 569
Property rates	15 371 478	12 676 067
	15 580 788	13 223 636
10. VAT receivable		
VAT	9 669 051	39 451 418
11. Consumer debtors disclosure		
Gross balances		
Consumer debtors - Electricity	11 249 196	9 785 443
Consumer debtors - Water	25 842 083	25 007 952
Consumer debtors - Sewerage	32 377 581	30 374 715
Consumer debtors - Refuse (Filtered)	24 278 867	21 114 198
Consumer debtors - Interest	69 297 657	61 497 477
Consumer debtors - Other	16 337 401	15 738 929
	179 382 785	163 518 714

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
11. Consumer debtors disclosure (continued)		
Less: Allowance for impairment		
Consumer debtors - Electricity	(8 448 663)	(9 068 631)
Consumer debtors - Water	(19 408 592)	(23 176 048)
Consumer debtors - Sewerage	(24 317 051)	(28 149 680)
Consumer debtors - Refuse	(18 234 545)	(19 567 522)
Consumer debtors - Interest	(52 045 724)	(56 992 610)
Consumer debtors - Other	(12 270 139)	(15 348 554)
	(134 724 714)	(152 303 045)
Net balance		
Consumer debtors - Electricity	2 800 533	716 812
Consumer debtors - Water	6 433 491	1 831 904
Consumer debtors - Sewerage	8 060 530	2 225 035
Consumer debtors - Refuse (Filtered)	6 044 322	1 546 676
Consumer debtors - Interest	17 251 933	4 504 867
Consumer debtors - Other	4 067 262	390 375
	44 658 071	11 215 669
Rates		
Current (0 -30 days)	122	571 756
31 - 60 days	593 322	258 334
61 - 90 days	260 796	192 485
91 - 120 days	152 319	151 203
121 - 365 days	14 364 919	11 502 289
	15 371 478	12 676 067
Electricity		
Current (0 -30 days)	427 677	1 725 406
31 - 60 days	2 135 180	831 495
61 - 90 days	823 802	431 745
91 - 120 days	442 311	347 301
121 - 365 days	7 420 226	6 449 496
	11 249 196	9 785 443
Water		
Current (0 -30 days)	727	504 532
31 - 60 days	410 955	454 849
61 - 90 days	489 713	235 257
91 - 120 days	271 965	211 109
121 - 365 days	24 668 723	23 602 205
	25 842 083	25 007 952
Sewerage		
Current (0 -30 days)	1 812	732 785
31 - 60 days	786 567	653 046
61 - 90 days	708 748	308 091
91 - 120 days	659 874	284 467
121 - 365 days	30 220 580	28 396 326
	32 377 581	30 374 715

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
11. Consumer debtors disclosure (continued)		
Refuse		
Current (0 -30 days)	1 201	496 340
31 - 60 days	537 033	450 341
61 - 90 days	488 786	425 671
91 - 120 days	459 327	409 026
121 - 365 days	22 792 520	19 332 820
	24 278 867	21 114 198
Ageing as per class of debtors		
Organs of state		
Current (0 -30 days)	228 517	241 414
31 - 60 days	176 312	282 120
61 - 90 days	25 550	152 099
91 - 120 days	(17 615)	6 456
121 - 365 days	78 490	1 927 024
	491 254	2 609 113
Commercial		
Current (0 -30 days)	483 802	891 241
31 - 60 days	1 219 267	492 328
61 - 90 days	437 339	218 162
91 - 120 days	153 002	128 320
121 - 365 days	4 401 937	3 949 419
	6 695 347	5 679 470
Households		
Current (0 -30 days)	4 111 673	4 404 177
31 - 60 days	4 988 863	3 632 479
61 - 90 days	2 737 101	3 128 659
91 - 120 days	5 222 801	2 998 420
121 - 365 days	162 908 611	147 960 346
	179 969 049	162 124 081
Other consumer debtors		
Current (0 -30 days)	(4 331 619)	417 941
31 - 60 days	(390 686)	(129 835)
61 - 90 days	922 211	(358 183)
91 - 120 days	(2 035 328)	(199 188)
121 - 365 days	13 434 035	6 874 203
	7 598 613	6 604 938
Property rate		
Consumers		
Gross balance	15 371 478	12 676 067
Less: Allowance for impairment	(11 544 686)	(11 747 509)
	3 826 792	928 558
12. Cash and cash equivalents		
Cash and cash equivalents consist of:		

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
12. Cash and cash equivalents (continued)		
Cash on hand	34 274	98
Bank balances	436 557	1 067 394
FNB Investment accounts	89 644	50 494
Cash float	-	750
	560 475	1 118 736

The management of the municipality is of the opinion that the carrying value of Cash and Cash equivalents recorded at amortised costs costs in the Annual Financial Statements approximate their fair values.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
FNB Bank - Demand deposit (Human Settlement) - 62033415771	24 945	8 507	9 173	24 639	8 508	9 173
FNB Bank - Demand deposit (Library) - 62299708506	12 343	21 512	20 000	12 272	21 515	20 003
FNB Bank - Demand deposit (MIG) - 62245772050	11 253	20 476	19 067	11 187	20 476	19 067
FNB Bank - Cheque account - 53630018381	705 839	835 101	230 684	1 969 487	1 067 394	335 250
Total	754 380	885 596	278 924	2 017 585	1 117 893	383 493

13. Finance lease obligation

Minimum lease payments due

- within one year	136 514	225 147
- in second to fifth year inclusive	5 850	132 256
	142 364	357 403
less: future finance charges	(13 538)	(20 073)
Present value of minimum lease payments	128 826	337 330

Present value of minimum lease payments due

- within one year	136 514	208 505
- in second to fifth year inclusive	5 850	128 825
	142 364	337 330
Non-current liabilities	5 710	208 506
Current liabilities	123 112	128 825
	128 822	337 331

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
14. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Municipal Infrastructure grant	2 755 678	-
LG SETA Grant	18 908	-
Library	498 146	590 233
Boineelo	28 897	28 897
FMG unspent	1 438 925	-
National electricity infrastructure grant	9 976	9 976
EPWP	13 568	82 197
Unspent grants 16	-	-
	4 764 098	711 303
Non-current liabilities	1 438 925	-
Current liabilities	3 325 173	711 303
	4 764 098	711 303

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 25 for reconciliation of grants from National/Provincial Government.

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand 2017 2016

15. Provisions

Reconciliation of provisions - 2017

	Opening Balance	Additions	Total
Provision for Landfill site	4 753 496	(1 683 677)	3 069 819
Leave provision	5 325 573	(2 137 168)	3 188 405
Provision for traffic debtor	229 024	584 576	813 600
	10 308 093	(3 236 269)	7 071 824

Reconciliation of provisions - 2016

	Opening Balance	Additions	Total
Provision for landfill site	3 957 986	795 510	4 753 496
Leave provision	5 259 011	66 562	5 325 573
Other provisions	202 970	26 054	229 024
	9 419 967	888 126	10 308 093

Non-current liabilities	3 069 819	4 753 496
Current liabilities	4 002 005	5 554 597
	7 071 824	10 308 093

Long Service Award

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable to employees after 10 years of continuous service, and every 5 years of continuous service from 10 years of service to 45 years of service. The provision is an estimate of the long service based on historical staff turnover. Additional cash/gifts are awarded to employees for levels of past service per the LSA policy.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried at 30 June 2017 by Mr Niel Fourie, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

	2017	2016
Balance at the beginning of the year	-	2 629 000
Service cost	-	289 000
Finance cost	-	249 000
Benefits paid	-	(156 000)
Actuarial gain / (loss)	-	(970 000)
	-	2 041 000

	2017	2016
Non current liability	-	1 895 000
Current liability	-	146 000
	-	2 041 000

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand 2017 2016

16. Other liability

The Department of Human Settlement indicated to the Municipality in 2014 that the Municipality is indebted to the Department the amount of R15 580 349 for a project of 2006 in Mareezing farm.

The Department of Water and Sanitation indicated to that the Municipality is indebted to the Department for the amount of R55 493.70 for water supply services.

The Department of Driving License Card Account indicated that the Municipality is indebted to the Department for the amount of R54 590.68.

17. Payables from exchange transactions

Trade payables	75 234 245	65 665 062
Other payables	35 524	736 079
Community hall deposits	1 122 108	56 076
Accrued bonuses	1 030 083	1 091 199
Salary deduction control	59 675	93 054
Retentions	2 805 177	2 805 177
Accruals	3 944 618	2 488 377
	84 231 430	72 935 024

18. Income received in advance

Erf deposits	-	869 667
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Income received in advance consists of stands deposits for Erfs that have been sold by the municipality

19. VAT payable

Tax refunds payables	9 716 825	22 949 711
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20. Consumer deposits

Electricity	584 333	556 803
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Consumer deposits consists of deposits for new electricity connections.

21. Financial instruments disclosure

Categories of financial instruments

2017

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	40 878 661	40 878 661
Other receivables from non-exchange transactions	-	15 580 788	15 580 788
Cash and cash equivalents	560 475	-	560 475
	560 475	56 459 449	57 019 924

Financial liabilities

	At fair value	At amortised cost	At cost	Total
Other financial liabilities	-	15 580 349	-	15 580 349

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017		2016	
Financial instruments disclosure (continued)				
Trade and other payables from exchange transactions	84 231 431	-	-	84 231 431
Finance lease	128 822	-	-	128 822
Provisions	-	4 002 005	-	4 002 005
Unspent conditional grants	-	-	3 325 173	3 325 173
	84 360 253	19 582 354	3 325 173	107 267 780

2016

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	3 101 453	3 101 453
Other receivables from non-exchange transactions	-	13 223 636	13 223 636
Cash and cash equivalents	1 118 736	-	1 118 736
	1 118 736	16 325 089	17 443 825

Financial liabilities

	At amortised cost	At cost	Total
Trade and other payables from exchange transactions	60 491 381	-	60 491 381
Bank overdraft	-	15 580 349	15 580 349
Finance lease obligation	337 331	-	337 331
Employee benefit obligation	17 363 001	-	17 363 001
	78 191 713	15 580 349	93 772 062

22. Revenue

Service charges	52 697 879	53 801 209
Rental of facilities and equipment	659 862	208 628
Licences and permits	1 499 490	3 396 384
Other income - (rollup)	9 944 473	1 539 311
Interest received - investment	9 577 300	15 621 283
Property rates	12 053 788	11 304 042
Government grants & subsidies	65 050 749	87 121 358
Fines, Penalties and Forfeits	360 700	672 146
	151 844 241	173 664 361

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

Service charges	52 697 879	53 801 209
Rental of facilities and equipment	659 862	208 628
Licences and permits	1 499 490	3 396 384
Other income - (rollup)	9 944 473	1 539 311
Interest received - investment	9 577 300	15 621 283
	74 379 004	74 566 815

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
22. Revenue (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	12 053 788	11 304 042
Transfer revenue		
Government grants & subsidies	65 050 749	87 121 358
Fines, Penalties and Forfeits	360 700	672 146
	77 465 237	99 097 546
23. Property rates		
Rates received		
Agricultural	2 769 977	2 067 040
Business	4 498 860	4 194 281
Government property	1 777 342	1 602 207
Industrial	2 128	1 999
Residential	3 005 481	3 438 515
	12 053 788	11 304 042
Valuations		
24. Service charges		
Sale of electricity	31 614 091	30 057 777
Sale of water	5 814 656	7 599 573
Sewerage and sanitation charges	15 269 132	9 308 577
Refuse removal	-	6 835 282
	52 697 879	53 801 209

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
25. Government grants and subsidies		
Operating grants		
Equitable share	51 070 000	59 070 000
Financial Management Grant	2 010 000	1 875 000
EPWP	1 146 629	1 086 803
Municipal Systems Improvement Grant	-	930 000
LG Seta Grant	409 492	172 618
Library Grant	1 642 087	550 000
Boineelo	(12 953)	47 014
	56 265 255	63 731 435
Capital grants		
Municipal Infrastructure Grant	8 785 494	15 306 091
Intergrated National Electricity Grant	-	1 990 024
Library Grant	-	6 093 808
	8 785 494	23 389 923
	65 050 749	87 121 358
Equitable Share		
This grant is an unconditional grant and it is partially utilised for the provision of indigent support through basic services.		
All registered indigents receive a rebate of 100% on assesment rates and are subsidised for other services. This grant is made up of allocations from National Treasury 2017: R45 070 000; 2016: R43 070 000 and Dr Ruth Segomotsi Mompoti District Municipality 2017: R6 000 000; 2016:R16 000 000 for water and sanitation for indigents.		
Municipal Infrastructure Grant		
Balance unspent at beginning of year	-	3 592 091
Current-year receipts	15 979 000	11 714 000
Conditions met - transferred to revenue	(8 785 494)	(15 306 091)
Withheld by district	(4 437 829)	-
	2 755 677	-
Conditions still to be met - remain liabilities (see note 14)		
This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of poor house holds.		
Boineelo		
Balance unspent at beginning of year	30 554	77 568
Conditions met - transferred to revenue	-	(47 014)
	30 554	30 554
Conditions still to be met - remain liabilities (see note 14).		
Boineelo Grant was received by the municipality to assist in the dailly operations of the NGOs.		
District Municipal Grants		
Conditions still to be met - remain liabilities (see note 14)		
District Municipality Grant was used to renovate Wentzel Dam.		
LG SETA Grant		
Current-year receipts	428 400	172 618
Conditions met - transferred to revenue	(409 492)	(172 618)

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
25. Government grants and subsidies (continued)	18 908	-
Conditions still to be met - remain liabilities (see note 14) This grant is for skills development in the municipal area.		
Library Grant - Capital		
Balance unspent at beginning of year	590 233	3 254 041
Current-year receipts	1 000 000	3 430 000
Conditions met - transferred to revenue	(1 092 087)	(6 093 808)
	498 146	590 233
Conditions still to be met - remain liabilities (see note 14). The grant was received from the Department of Sports, Arts, Culture and Recreation to assist with the building of the library.		
Expanded Public Works Programs		
Balance unspent at beginning of year	82 197	-
Current-year receipts	1 078 000	1 169 000
Conditions met - transferred to revenue	(1 146 629)	(1 086 803)
	13 568	82 197
Conditions still to be met - remain liabilities (see note 14). EPWP is a job creation project in previously disadvantaged areas		
Financial Management Grant		
Current-year receipts	2 010 000	1 875 000
Conditions met - transferred to revenue	(2 010 000)	(1 875 000)
	-	-
Conditions still to be met - remain liabilities (see note 14). The FMG is paid by National Treasury to medium capacity municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (eg salary costs of the Financial Management Interns).		
Municipal Systems Improvement Grant		
Current-year receipts	-	930 000
Conditions met - transferred to revenue	-	(930 000)
	-	-
Conditions still to be met - remain liabilities (see note 14). The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems, paid by National Treasury.		
Library grant - Operational		
Current-year receipts	-	550 000
Conditions met - transferred to revenue	-	(550 000)
	-	-
Conditions still to be met - remain liabilities (see note 14).		

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand 2017 2016

25. Government grants and subsidies (continued)

The grant was received from the Department of Sports, Arts, Culture and Recreation to assist with the daily operations of the library.

Intergrated National Electricity Grant

Balance unspent at beginning of year	9 976	-
Current-year receipts	-	2 000 000
Conditions met - transferred to revenue	-	(1 990 024)
	9 976	9 976

Conditions still to be met - remain liabilities (see note 14).

The grant was received from the Department of Energy for the refurbishments of the aged electricity network for Mamusa local municipality.

26. Other revenue

Other income - (rollup)	9 944 473	1 539 311
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27. Other income

Bid documents	-	143 332
Camping & fishing	5 614	5 869
Cemetery fees	296 958	287 331
Commission auctions	35 127	98 422
Connection fees	103 319	1 855
Electricity fines	-	15 716
Entrance fees	95 125	181 801
Insurance income	523 995	209 052
Plan fees	84 376	27 629
Private works	7 663	42 831
Reconnection fees	85 439	27 709
Sundry income-library	-	5 000
Valuation and clearance certificates	11 831	2 691
Test of meters	-	166
Sundry income	8 695 026	489 907
	9 944 473	1 539 311

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
28. General expenses		
Advertising	178 361	129 213
Accommodation	113 440	38 480
Auditors remuneration	2 335 177	2 621 946
Assets expensed	-	5 593
Bank charges	389 473	347 862
Billing charges	113 332	151 109
Chemicals	1 817 481	2 788 733
Consulting and professional fees	4 908 598	3 340 640
Community development and training	12 950	154 918
Conferences and seminars	330 345	21 500
Consumables	1 575 363	299 893
Donations	30 450	170 923
Electricity	7 398 505	3 390 661
Fuel and oil	1 054 410	1 117 518
Insurance	1 716 698	1 715 576
Magazines, books and periodicals	245 281	253 172
Other expenses	967 101	2 065 636
Provision for bad debts movement	6 522 616	26 843 832
Postage and courier	224 582	557 333
Protective clothing	125 742	284 379
Licenses	178 032	183 001
Refreshments and meals	160 925	165 396
Software expenses	1 587 328	1 409 981
Subscriptions and membership fees	3 825	420 108
Telephone and fax	614 479	828 945
Training	265 961	926 206
Travel - local	649 389	2 263 289
Projects	6 000	91 269
Landfill expense	(1 778 747)	709 988
	31 747 097	53 297 100

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
29. Employee related costs		
Basic	28 157 846	29 130 596
Bonus	2 119 690	2 177 628
Medical aid - company contributions	3 947 579	6 193 988
UIF	323 891	325 767
SDL	415 265	424 781
Leave pay provision charge	496 758	484 246
Other allowances	618 043	1 035 020
Pension fund contribution	3 649 932	4 239 384
Travel, motor car, accommodation, subsistence and other allowances	5 018 682	3 460 724
Overtime payments	2 001 945	3 587 694
Long-service awards	109 735	(474 198)
Acting allowances	1 266 453	337 971
Housing benefits and allowances	922 782	917 433
Telephone allowance	204 647	199 901
Group insurance	278 453	272 624
Bargaining council	17 825	17 155
	49 549 526	52 330 714
Remuneration of the Municipal Manager		
Annual Remuneration	415 645	687 799
Travel Allowance	145 490	187 058
Housing allowance	87 294	78 980
Telephone allowance	8 000	12 000
Contributions to UIF, Medical and Pension Funds	8 183	10 435
	664 612	976 272
Remuneration of Chief Finance Officer		
Annual Remuneration	308 056	593 750
Travel Allowance	102 918	154 377
Housing allowance	60 431	59 913
Telephone allowance	63 000	10 800
Acting allowance	30 781	-
Contributions to UIF, Medical and Pension Funds	15 025	27 734
	580 211	846 574
Remuneration of the Corporate Services Director		
Annual Remuneration	460 081	581 169
Travel Allowance	205 836	154 377
Housing allowance	114 012	55 237
Telephone allowance	10 800	10 800
Contributions to UIF, Medical and Pension Funds	53 061	51 633
	843 790	853 216
Remuneration of the Technical Services Director		
Annual Remuneration	183 661	603 787
Travel Allowance	68 612	154 377
Housing allowance	41 167	65 181
Contributions to UIF, Medical and Pension Funds	4 328	9 964
Telephone allowance	3 780	-
	301 548	833 309

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
29. Employee related costs (continued)		
Acting Community Services Director		
Annual Remuneration	260 590	171 681
Car Allowance	91 260	48 049
Contributions to UIF, Medical and Pension Funds	105 976	56 841
	457 826	276 571
30. Remuneration of councillors		
Mayor's basic salary	440 695	441 021
Mayor's Travel allowance	192 003	177 929
Mayor's Housing allowance	49 600	45 781
Mayor's Telephone allowance	20 868	22 308
Mayor's contribution to UIF, Medical and Pension fund	87 768	101 575
Councillors basic salary	2 455 887	2 053 472
Councillors Travel allowance	422 136	838 046
Councillors Housing allowance	514 579	224 940
Councillors Telephone allowance	326 932	312 312
Contributions to UIF, Medical and Pension fund	582 779	521 798
	5 093 247	4 739 182
31. Debt impairment		
Bad debts written off	3 185 027	20 264 321
32. Interest earned		
Interest revenue		
Bank	86 642	41 433
Interest charged on trade and other receivables	9 490 658	15 579 850
	9 577 300	15 621 283
	-	-
	9 577 300	15 621 283
33. Fair value adjustments		
Landfill site fair value adjustment	2 267 000	(1 287 702)
34. Depreciation and amortisation		
Property, plant and equipment	20 653 291	22 481 824
Intangible assets	192 984	1 459 709
	20 846 275	23 941 533
35. Finance costs		
Trade and other payables	8 653 904	3 351 447
Finance leases	-	31 711
Landfill site provision interest charge	95 070	85 522
	8 748 974	3 468 680

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
36. Auditors' remuneration		
Fees	2 335 177	2 621 946
37. Rental of facilities and equipment		
Premises		
Rental of townhalls	70 922	33 063
Rental of townlands	585 476	154 210
Rental of machinery & equipment	3 464	21 355
	659 862	208 628
38. Contracted services		
Security services	3 165 909	2 756 015
39. Bulk purchases		
Electricity	23 811 186	25 145 237
Water	64 017	58 414
	23 875 203	25 203 651
40. Cash generated from operations		
Deficit	(3 036 223)	(27 227 476)
Adjustments for:		
Depreciation and amortisation	20 846 275	23 941 533
Loss on sale of assets and liabilities	(2 059 686)	-
Fair value adjustments	(2 267 000)	1 287 702
Finance costs - Finance leases	8 735 436	31 711
Impairment loss (reversal)	2 487 269	(25 537)
Bad debts	19 945 485	41 049 215
Movements in operating lease assets and accruals	5 265	-
Movements in retirement benefit assets and liabilities	-	2 132 000
Movements in provisions	(3 236 269)	888 126
Other non-cash items	34 212 602	(5 004 630)
Changes in working capital:		
Inventories	(2 150 142)	(355 438)
Receivables from exchange transactions	(89 230 698)	(16 999 597)
Consumer debtors	(3 185 027)	-
Other receivables from non-exchange transactions	338 259	9 358 013
Payables from exchange transactions	11 296 407	32 408 194
VAT	16 549 481	(18 855 822)
Taxes and transfers payable (non exchange)	(869 667)	195 375
Unspent conditional grants and receipts	4 052 795	(6 220 796)
Consumer deposits	27 530	(14 073)
	12 462 092	36 588 500

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand	2017	2016
41. Commitments		
Authorised capital expenditure		
Approved and contracted for		
• Infrastructure	13 319 357	7 761 870
Total capital commitments		
Already contracted for but not completed	13 319 357	7 761 870
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	208 916	-
- in second to fifth year inclusive	414 774	-
	623 690	-

Operating lease payments represent rentals payable by the municipality for certain of its telephone system. Leases are negotiated for an average term of 5 years and rentals are escalated with 10% yearly. No contingent rent is payable.

42. Contingencies

Contingent Liabilities

There is a litigation between the municipality and R R Gincane (represented by legal wise) where he alleged that he was unfairly dismissed from his position as Municipal Manager, there matter was referred to CCMA and the municipality is awaiting the court date, the estimated cost for the unfair dismissal and legal costs amounts to the value of R200 000 which is made up of 5 months salary and legal costs.

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand				2017	2016
43. Related parties					
Official	Name of spouse/partner or associate	Associate company	Supplier business done with	2017	2016
Coetzee R	S O Maruping	Rona re fithile	Marups Trading Enterprise	1 087 999	3 137 766
Chelechele D T	OP Ramatolo	Relosika Mining Supply and Projects	Uncle paul Distributors	-	24 500
Sepato TM	JK Leroux	supatsela project management	Agang General Dealer	-	5 000
Morolong IK	TG madevu	kemogo Trading Enterprise	Madevu's trading Enterprise	431 979	138 000
Mtshamba SH	H Mokwene	Ipelegeng res Club	Herman Mokwene	-	28 850
Khasu MP	RA Leroux	baruakgomo rhino farm	L Roux Logistics and projects	25 100	14 808
Magan S Sirwe SD	Maine TA	Magan MD	Hansjees Tshwaela Trading and projects	- 293 158	5 000 53 900
Dr Ruth Segomotsi Mompoti District Municipality	N/A		N/A	-	16 000 000
Subtotal	-	-	-	1 838 236	19 407 824
				1 838 236	19 407 824

Management is regarded as a related party and comprises of Councillors. The Mayor, Mayoral committee members, Municipal manager and directors. Refer to note 30, 29, and the General information page. Refer to note 43 for councillors arrears accounts

Transactions with Councillors and Directors	Opening balance	Billing	Payments received	Outstanding balance
Chubisi E	324	1 391	(2 350)	(635)
Digopo TM	7 721	1 987	(3 445)	6 263
Herbst CP	1 796	22 613	(22 243)	2 166
Keohitlhetse NA	18 331	3 694	(3 600)	18 425
Khuduga DP	468	1 138	(1 607)	(1)
Killian NM	2 155	13 034	(13 440)	1 749
Lee MV	2 619	3 294	(5 617)	296
Lucas MJ	11 775	3 390	(5 373)	9 792
Maine EK	220	2 321	(2 562)	(21)
Moseki L	-	1 088	(1 276)	(188)
Motswana A	(7)	1 110	(1 107)	(4)
Moyake MY	11 160	4 034	(1 395)	13 799
Mpitsang PF	78 681	8 201	(6 356)	80 526
Rapudi MJ	67 072	7 026	(5 347)	68 751
Sediti KS	-	2 541	(2 603)	(62)
Sepato TM	44	2 300	(2 417)	(73)
Silane LR	(2)	2 044	(1 892)	150
Molefe VL	6 361	2 882	(4 443)	4 800
	208 718	84 088	(87 073)	205 733

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand

44. Prior period errors

The following prior period error corrections were done for the 2015/16 financial year:

Para 44

Subject to paragraph .45, an entity shall correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by:

- (a) Restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

Disclosure of prior period errors

Para 51

In applying paragraph 44, an entity shall disclose the following:

- (a) the nature of the prior period error;
- (b) for each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected;
- (c) the amount of the correction at the beginning of the earliest prior period presented; and
- (d) if retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.

Financial statements of subsequent periods need not repeat these disclosures.

For each and every correction. I suggest you use the example below. Para 44

Subject to paragraph .45, an entity shall correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by:

- (a) Restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

Disclosure of prior period errors

Para 51

In applying paragraph 44, an entity shall disclose the following:

- (a) the nature of the prior period error;
- (b) for each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected;
- (c) the amount of the correction at the beginning of the earliest prior period presented; and
- (d) if retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.

The correction of the error(s) results in adjustments as follows:

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand

44. Prior period errors (continued)

Statement of Financial Performance

	As previously reported in 2016	Amount of correction	Restated 2016
The time value of money was not taken into consideration when calculating the provision for bad debts in the 2015/2016 financial year, therefore the provision was overstated by R20 784 893.97. The following adjustment were passed in the current year.	-	-	-
Decrease in Provision for doubtful debts	(164 050 553)	20 784 894	(143 265 659)
Increase in accumulated Surplus	(358 932 415)	(20 784 894)	(379 717 309)
The salary deduction control account (accounts receivable from exchange transactions) was written off in the 2016/2017 year as there was no supporting evidence for this amounts.	-	-	-
Decrease in accumulated surplus	(379 717 309)	2 458 072	(377 259 237)
Salary deduction control account	2 458 072	(2 458 072)	-
The opening accumulated depreciation on the other assets was understated by R 492 779.58 in the prior year	-	-	-
Decrease in accumulated surplus	(377 259 237)	492 780	(376 766 457)
Increase in accumulated depreciation	(12 338 580)	(492 780)	(12 831 360)
Accumulated amortisation on the intangible assets - computer software was overstated in the prior financial periods by R1 236.52	-	-	-
Decrease in accumulated amortisation	(503 978)	3 517	(500 461)
Increase in accumulated surplus	(376 766 457)	(3 517)	(376 769 974)
The debt impairment was understated in the prior year by R9 235 815.50.	-	-	-
Accumulated surplus	(376 769 974)	9 235 816	(367 534 158)
Increase in Provision for doubtful debts	(164 050 553)	(9 235 816)	(173 286 369)
The LG - SETA grant was incorrectly classified as revenue instead of a liability in the prior financial periods	-	-	-
Accumulated surplus	(367 534 158)	446 257	(367 087 901)
LG - SETA grant	-	(446 257)	(446 257)
Decrease in accumulated surplus	(367 087 901)	4 864 849	(362 223 052)
Increase in accumulated depreciation	(161 439 602)	(2 805 201)	(164 244 803)
Decrease in Property plant and equipment	365 143 913	(2 059 648)	363 084 265
Recording of assets there were not recognised in the prior period	-	-	-
Increase in Infrastructure Assets	363 084 265	3 232 374	366 316 639
Increase in accumulated surplus	(362 223 052)	(2 084 201)	(364 307 253)
Increase in accumulated depreciation	(164 244 803)	(1 146 172)	(165 390 975)
Property rates that were estimated in the prior period were not reversed in the new period	-	-	-
Decrease in accumulated surplus	(364 307 253)	556 155	(363 751 098)
Decrease in property rates	-	(822 810)	(822 810)
Increase in income received in advance	-	266 655	266 655
	-	-	-
	(3 266 539 575)	2 001	(3 266 537 574)

45. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand

45. Risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

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

46. Unauthorised expenditure

Unauthorised expenditure - Opening balance	82 241 376	80 670 079
Current year	-	1 571 297
Closing balance - awaiting condonement	82 241 376	82 241 376

This is due to actual expenditure exceeding the approved budget and this is to be presented to the council in the 2016/17 financial year.

47. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure - opening balance	8 008 553	4 657 106
Prior year adjustment 2014/15	152 434	-
Prior year adjustment 2015/16	916 729	-
Current year	7 318 419	3 351 447
Closing balance - awaiting condonement	16 396 135	8 008 553

These are Penalties and interest that arose due to late payment to service providers.

48. Irregular expenditure

Opening balance	88 113 849	65 797 622
Prior year adjustment 2014/15	16 876 064	-
Prior year adjustment 2015/16	34 591 695	-
Add: Irregular Expenditure - current year	6 647 698	22 316 227
Closing balance - awaiting condonement	146 229 306	88 113 849

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand

49. Additional disclosure in terms of Municipal Finance Management Act

Contributions to SALGA

Opening balance	420 108	692 730
Current year subscription / fee	500 000	101 392
Amount paid - current year	(920 108)	(374 014)
	-	420 108

Material losses

Opening balance	-	583 839
Current year subscription / fee	-	6 319 715
	-	6 903 554

Audit fees

Opening balance	2 098 437	3 918 758
Current year subscription / fee	73 965	2 419 714
Amount paid - current year	(1 000 000)	(4 240 035)
	1 172 402	2 098 437

PAYE and UIF

Amount paid - current year	6 761 642	5 282 587
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Pension and Medical Aid Deductions

Amount paid - current year	14 334 265	13 504 532
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VAT

VAT receivable	9 669 051	39 451 418
VAT payable	9 716 825	22 949 711
	19 385 876	62 401 129

VAT output payables and VAT input receivables are shown in note 19.

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

Mamusa Local Municipality

Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

Figures in Rand

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2017:

30 June 2016	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Sepato TM	44	-	44
Masilo NG	57	-	57
Herbst CP	1 796	-	1 796
Setshameko KM	69	-	69
Strydom SDJ	3 259	-	3 259
Motlapele LD	79	-	79
Lee MV	956	-	956
	6 260	-	6 260

50. Decommissioning, restoration and environmental rehabilitation funds

The municipality is a contributor to the following fund(s): Fund 1 and Fund 2.



Report of the auditor-general to the North West provincial legislature and the council on the Mamusa Local Municipality

Report on the audit of the financial statements

Disclaimer of opinion

1. I was engaged to audit the financial statements of the Mamusa Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2017, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matter described in the basis for disclaimer of opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

Financial statements submitted without complete and accurate underlying records

3. I was unable to obtain sufficient appropriate audit evidence regarding the financial statements as a whole, as the financial statements were presented for audit purposes without accurate and complete underlying accounting records. I was unable to audit the financial statements by alternative means. Consequently, I was unable to determine whether any adjustments relating to the financial statements as a whole were necessary.

Other matter

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

Unaudited disclosure notes

5. In terms of section 125(2)(e) of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Responsibilities of accounting officer

6. 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 Division of Revenue Act of South Africa, 2016 (Act No. 3 of 2016) (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.
7. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the municipality or to cease operations, or there is no realistic alternative but to do so.

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

8. My responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (ISAs) and to issue an auditor's report. However, because of the matter described in the basis for disclaimer of opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.
9. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) together with the ethical requirements that are relevant to my audit of the financial statements. 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

10. I was unable to obtain sufficient appropriate audit evidence to confirm the usefulness and reliability of the reported performance information because the annual performance report was presented without the approved integrated development plan (IDP) and service delivery and budget implementation plan (SDBIP) for the year under review, as required by section 25 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) and sections 1, 21 and 53 of the MFMA. I was unable to confirm the usefulness and reliability of the reported performance information by alternative means.

Report on audit of compliance with legislation

Introduction and scope

11. 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 compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
12. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:



Annual financial statements, performance and annual reports

13. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements identified by the auditors in the submitted financial statements were not corrected as the supporting records could not be provided, which resulted in the financial statements receiving a disclaimer of audit opinion.
14. I could not obtain sufficient appropriate audit evidence that the 2015-16 annual report was tabled in the municipal council within seven months after the end of the financial year, as required by section 127(2) of the MFMA.
15. I could not obtain sufficient appropriate audit evidence that the 2015-16 annual report was published for the local community to submit representations in connection with the annual report, as required by section 127(5)(a) of the MFMA.
16. I could not obtain sufficient appropriate audit evidence that the council adopted an oversight report containing the council's comments on the annual report within the prescribed timelines, as required by section 129(1) of the MFMA.

Strategic planning and performance management

17. I could not obtain sufficient appropriate audit evidence that the SDBIP for the year under review was developed and approved by the mayor as required by section 53(1)(c)(ii) of the MFMA.
18. I could not obtain sufficient appropriate audit evidence that the IDP adopted by the council after the start of its elected term, as required by section 25(1) of the MSA.
19. I could not obtain sufficient appropriate audit evidence that a mid-year performance assessment was performed as required by section 72(1)(a)(ii) of the MFMA.
20. I could not obtain sufficient appropriate audit evidence that a performance management system was established as required by section 38(a) of the MSA and regulation 8 of the Municipal planning and performance management regulations.

Expenditure management

21. I could not obtain sufficient appropriate audit evidence that money owed by the municipality was paid within 30 days and or an agreed period, as required by section 65(2)(e) of the MFMA.
22. I could not obtain sufficient appropriate audit evidence that payments and withdrawals from the municipality's bank account were approved by the accounting officer, the chief financial officer or a properly authorised official, as required by section 11(1) of the MFMA.
23. I could not obtain sufficient appropriate audit evidence that an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds, was in place, as required by section 65(2)(a) of the MFMA.
24. I could not obtain sufficient appropriate audit evidence that an adequate management, accounting and information system was in place which recognised expenditure when it was incurred, accounted for creditors and accounted for payments made, as required by section 65(2)(b) of the MFMA.
25. Effective steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. I could not obtain sufficient appropriate audit evidence that the irregular expenditure disclosed reflect the full extent of the irregular expenditure incurred as indicated in the basis for disclaimer of opinion paragraph.

26. Effective steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. I could not obtain sufficient appropriate audit evidence that the fruitless and wasteful expenditure disclosed reflect the full extent of the fruitless and wasteful expenditure incurred as indicated in the basis for disclaimer of opinion paragraph.

Revenue management

27. I could not obtain sufficient appropriate audit evidence that an adequate management, accounting and information system which accounts for revenue, debtors and receipts of revenue was not in place, as required by section 64(2)(e) of the MFMA.
28. I could not obtain sufficient appropriate audit evidence that an effective system of internal control for debtors and revenue was in place, as required by section 64(2)(f) of the MFMA.
29. I could not obtain sufficient appropriate audit evidence that revenue due to the municipality was calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.
30. I could not obtain sufficient appropriate audit evidence that accounts for municipal tax and charges for municipal services were prepared on accrual basis, as required by section 64(2)(c) of the MFMA.
31. I could not obtain sufficient audit evidence that interest had been charged on all accounts in arrears, as required by section 64(2)(g) of the MFMA.

Asset management

32. I could not obtain sufficient appropriate audit evidence that an adequate management, accounting and information system which accounts for assets was in place, as required by section 63(2)(a) of the MFMA.
33. I could not obtain sufficient appropriate audit evidence that an effective system of internal control for assets including an asset register was in place, as required by section 63(2)(c) of the MFMA.
34. I could not obtain sufficient appropriate audit evidence that all investments were made in accordance with regulations 3(3), 6, 8 and 12(2) of the Municipal investment regulations
35. I could not obtain sufficient appropriate audit evidence that capital assets were sold, transferred and permanently disposed that were needed to provide the minimum level of basic municipal service, in contravention of section 14(1) of the MFMA.
36. I could not obtain sufficient appropriate audit evidence that capital assets were sold, transferred and permanently disposed with the approval of the council and the accounting officer, as required by section 14(2)(a) of the MFMA.

Liability management

37. I could not obtain sufficient appropriate audit evidence that the municipality incurred debt that was denominated in a currency other than the Rand, was indexed to or affected by fluctuations in the value of the Rand against foreign currencies, in contravention of section 47(a) of the MFMA.
38. I could not obtain sufficient appropriate audit evidence that an adequate management, accounting and information system which accounts for liabilities was in place, as required by section 63(2)(a) of the MFMA.
39. I could not obtain sufficient appropriate audit evidence that an effective system of internal control for liabilities including a liability register was in place, as required by section 63(2)(c) of the MFMA.



Human resource management

40. I was unable to obtain sufficient appropriate audit evidence that job descriptions were established for all posts in which appointments were made, as required by section 66(1)(b) of MSA.
41. I was unable to obtain sufficient appropriate audit evidence that appropriate systems and procedures to monitor, measure and evaluate performance of staff were developed and adopted as required by section 67(1)(d) of the MSA.
42. I was unable to obtain sufficient appropriate audit evidence that municipal manager and senior managers signed performance agreements within the prescribed period, as required by section 57(2)(a) of the MSA.

Consequences management

43. I was unable to obtain sufficient appropriate audit evidence that unauthorised, irregular and fruitless and wasteful expenditure incurred by the municipality was investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
44. I was unable to obtain sufficient appropriate audit evidence that allegations were always investigated, as required by regulation 5(3) of the Disciplinary regulations for senior managers and section 171(4) of MFMA.

Conditional grants

45. I could not obtain sufficient appropriate audit evidence that the Municipal Infrastructure Grant was spent in accordance with the applicable grant framework as per required by section 17(1) of the DoRA.
46. I could not obtain sufficient appropriate audit evidence that the municipality did evaluate its performance in respect of programmes funded by the Municipal Infrastructure Grant, as required by section 12(5) of the DoRA.

Procurement and contract management

47. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements as the information was not available for audit. Similar limitation was also reported in the prior year.
48. 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 Supply Chain Management (SCM) regulation 5. Similar non-compliance was also reported in the prior year.
49. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was 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.
50. Sufficient appropriate audit evidence could not be obtained that the contract performance and monitoring measures and methods were sufficient to ensure effective contract management, in contravention of section 116(2)(c) of the MFMA. Similar non-compliance was also reported in the prior year.
51. Sufficient appropriate audit evidence could not be obtained that awards were not made to providers who were in the service of the municipality and whose directors or principal shareholders are in the service of the municipality, in contravention of section 112(j) of the MFMA and SCM regulation 44.

52. Sufficient appropriate audit evidence could not be obtained that awards were not made to providers who were in the service of other state institutions or whose directors or principal shareholders were in the service of other state institutions, in contravention section 112(j) of the MFMA and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).
53. Sufficient appropriate audit evidence could not be obtained that persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality disclosed such interest, in contravention of SCM regulation 46(2)(e), the code of conduct for councillors issued in terms of the MSA and the code of conduct for staff members issued in terms of the MSA. Similar non-compliance was also reported in the prior year.
54. Sufficient appropriate audit evidence could not be obtained that persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality disclosed such interest, in contravention of SCM regulation 46(2)(e), the code of conduct for councillors issued in terms of the MSA and the code of conduct for staff members issued in terms of the MSA.
55. Sufficient appropriate audit evidence could not be obtained that SCM officials or other SCM role players who or whose close family members, partners or associates had a private or business interest in contracts awarded by the municipality, did not participate in the process relating to that contract, in contravention of SCM regulation 46(2)(f). Similar non-compliance was also reported in the prior year.

Other information

56. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected development priorities presented in the annual performance report that have been specifically reported on in the auditor's report.
57. The accounting officer of the municipality is responsible for the other information. The other information comprises the information included in the annual report which includes the accounting officer's report and the audit committee's report. The other information does not include the financial statements and the auditor's report thereon.
58. My opinion and findings do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
59. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
60. As a result of the disclaimer of opinion expressed on the financial statements, I do not conclude on material misstatements of the other information relating to the financial statements. I did not yet receive the other information prior to the date of the auditor's report. When I do receive this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to re-issue my auditor's report amended as appropriate.

Internal control deficiencies

61. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in a disclaimer of opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
- Leadership did not implement effective human resources management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored thus in turn ensuring stability in the senior management structure of the municipality.
 - Leadership did not establish and implement an information technology governance framework (IT) that supports and enables the business, delivers value and improves performance including a disaster recovery plan which would safeguard financial, performance as well as compliance information in the event of a disaster such as the fire which took place and destroyed all financial as well as performance documentation.
 - Management did not design and implement formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information particularly with regard to implementation and monitoring of a disaster recovery plan.
 - Leadership and oversight structures did not exercise oversight to ensure that appropriate risk management activities were establishment to oversee the implementation of business continuity arrangements that allow the municipality to operate under conditions of volatility and to withstand and recover from acute disasters.

AUDITOR GENERAL

Potchefstroom

30 November 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

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

