

# LEJWELEPUTSWA DISTRICT MUNICIPALITY

## DRAFT ANNUAL REPORT

# **VISION**

**A LEADER IN SUSTAINABLE DEVELOPMENT AND SERVICE DELIVERY BY  
2030"**

## **MISSION STATEMENT**

**THE LDM STRIVES TO ACHIEVE ITS VISION THROUGH**

**PROVIDING SOUND FINANCIAL MANAGEMENT**

**PROVIDING EXCELLENT SERVICE DELIVERY AND PUBLIC  
PARTICIPATION PROGRAMMES**

**ENHANCING HIGH STAFF MORALE, PRODUCTIVITY AND MOTIVATION  
PROVIDING HIGH QUALITY LOCAL MUNICIPAL SUPPORT PROGRAMMES**

**MAINTAINING GOOD WORKING RELATIONS IN THE SPIRIT OF CO-OPERATIVE GOVERNANCE**

**The Values of the LDM are the following**

- 1. INTEGRITY**
- 2. HIGH WORK ETHICS**
- 3. OPENNESS**
- 4. TRANSPARENCY**
- 5. HONESTY**
- 6. CONSULTATION**
- 7. PROFESSIONALISM**

Chapter	Description	Page
	<b>Content</b>	
	<b>MUNICIPAL: VISION AND MISSION</b>	<b>2</b>
<b>1</b>	<b>EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY</b>	<b>3</b>
	1.1 EXECUTIVE MAYOR'S FOREWORD	5 – 6
	1.2 MUNICIPAL MANAGER'S FOREWORD	7 – 8
	1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENT	9-19
	1.4 SERVICE DELIVERY OVERVIEW	20– 21
	1.5 FINANCIAL HEALTH OVERVIEW	22 – 23
	1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW	24
	1.7 AUDITOR GENERAL REPORT	25
	1.8 STATUTORY ANNUAL REPORT PROCESS	25
<b>2</b>	<b>GOVERNANCE</b>	
	2 INTRODUCTION TO GOVERNANCE	27
	2.1 POLITICAL GOVERNANCE	28-33
	2.2 ADMINISTRATIVE GOVERNANCE	34-38
	2.3 INTERGOVERNMENTAL RELATIONS	38-42
	2.4 IDP PARTICIPATION AND ALIGNMENT	42-43
	2.5 RISK MANAGEMENT	43-44
	2.6 ANTI-CORRUPTION AND FRAUD	44
	2.7 SUPPLY CHAIN	45
	2.8 WEBSITE	45-46
	2.9 INTERNAL AUDIT	47
	2.10 AUDIT COMMITTEE	48-49
<b>3</b>	<b>OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION</b>	<b>51</b>
	3.1 LEGISLATIVE REQUIREMENTS	52
	3.2 ORGANISATIONAL PERFORMANCE	52
	3.3 FOLLOWED PERFORMANC FOR 2015/16	53
	3.4 IDP AND BUDGET	53
	3.5 SERVICE DELIVERY AND BUDGET IMPLEMATION PLAN	53-118
<b>4</b>	<b>ORGANISATIONAL DEVELOPMENT PERFORMANCE (PART I)</b>	<b>119</b>
	4.1 KEY PERFORMANCEINDICATOR:MUNICIPAL TRANSFROMATION AND ORGANISATIONAL DEVELOPMENT	120
	4.2 INTRODUCTION TO MUNICIPAL WORKFORCE	120-123
	4.3 MANAGING MUNICIPAL WORKFORCE	123-125
	4.4 CAPACITATING MUNICIPAL WORKFORCE	125-126
	4.5 THE MUNICIPAL WORKFORCE EXPENDITURE	127-128
<b>5</b>	<b>ORGANISATIONAL DEVELOPMENT PERFORMANCE (PART II)</b>	<b>129</b>
	5.1 ACCOUNTING OFFICER'S PERFORMANCE AND HIGHLIGHTS FOR THE YEAR 2015/16	130-131
	5.2 MUNICIPAL HEALTH SERVICE	132-134
<b>6</b>	<b>INTRODUCTION</b>	<b>136</b>
	6.1 ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE CONSOLIDATED AND SEPARATED FINANCIAL STATEMENT	136
	6.2 AUDITOR GENERAL'S RESPONSIBILITY	136-137
	6.3 OPINION	137
	6.4 EMPHASIS OF MATTER	137
	6.5 ADDITIONAL MATTERS	137-138
	6.6 PREDETERMINED OBJECTIVES	138-149
	6.7 COMPLIANCE	140
	6.8 INTERNAL CONTROLS	140
<b>7</b>	<b>ANNUAL FINANCIAL STATEMENTS</b>	

# CHAPTER 1

## EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



### **FOREWORD BY THE EXECUTIVE MAYOR**

It is a pleasure to present the Annual Performance Report of the Lejweleputswa District Municipality for the 2015/2016 reporting cycle as prescribed by Section 46 of the Municipal Systems Act of 2000 and Section 121 of the Municipal Finance Management Act No 56 of 2003. It is therefore accompanied by the Annual Report of the Lejwe le Putswa development Agency.

This is the ultimate Annual Report of the 2015 / 2016 Municipal council. The report is a tool that enables us to track the progress we have made and assess the final review of the targets contained in our medium term Integrated Development Plan (IDP). In this Annual Report, an audited account for our performance and management of our resources during the year under review has been put into scrutiny. It is based on sound information and management systems which ensure compliance with legislation and guidelines by the Office of the Auditor-General.

We note with pride that as a municipality, we have managed to register some level of progress in achieving our strategic objectives as per the five key performance areas applicable to local government which are outlined in a more detailed manner in this Annual Report. These key performance areas are the following:

1. Financial Management Viability and Management
2. Infrastructure Development and Service Delivery
3. Good Governance and Public Participation
4. Municipal Transformation and Organizational Development
5. District Economic Development

The Key Performance Areas includes a detailed Performance Report as well as performance Highlights of the Lejweleputswa Development Agency. This Annual Report is a culmination of the implementation of Council's adopted Integrated Development Plan (IDP) and the Service Delivery and Budget Implementation Plan for the 2015/2016 financial year.

The crafting of this report comes at the time when municipalities throughout the country in general and the Province in particular are faced with protest marches, with the Lejweleputswa District Municipality being no exception under the guise of service delivery dissatisfaction, communities have gone on rampage, destroying both public and private properties, led by a blazon criminal element. To that end, the need for a final IDP in the series of five years, must surely seek to address some, if not most of the perceived shortcomings, flowing from genuine community concerns. However, the Municipality must not be side-tracked by spurious demands paraded as genuine community concerns

Our Municipality has acceded to the call by the national government for Municipalities to go back to basics. It is a call that seeks to bind us as local government to implement measures in order to ensure that we engage with our communities. This includes developing affordable and efficient communication systems to communicate regularly with communities and disseminate information. This does not refer only during the integrated development planning and budgeting processes but also beyond.

This Annual Performance Report is in many ways a detailed account of the work carried out by the Lejweleputswa District Municipality during the 2015/2016 financial year. We acknowledge the contribution of all our councillors and officials in making the aforementioned progress possible. The role and support of our stakeholders can certainly not go unnoticed.

-----  
Cllr Nkosinjani Speelman  
Executive Mayor



## **1.2 Foreword by the Municipal Manager of Lejweleputswa District Municipality**

It is with great pleasure that, I, as an Accounting Officer present to the Council of Lejweleputswa District Municipality the Annual Report for the 2015/16 financial year. Over the past year, the municipality has managed to reduce the number of indicators. This marked a tremendous improvement in terms of the level of Performance Management System (PMS) maturity.

The municipality has performed remarkably well in gaining the confidence of its communities through accelerated service delivery implementation of its core functions. Furthermore, the municipality has put in place very effective oversight mechanisms through the establishment of the Municipal Public Accounts Committee, which to date has carried out its oversight function very successfully. Interceding from the many positive developments that this municipality has achieved which far outweigh any negative perceptions, it can be safely said that the municipality has indeed turned the corner. All the key activities of the Audit Committee are detailed in its Annual report that forms part of the Municipal Annual Report for the financial year under review

The IDP which serves as a service delivery master plan of the municipality has improved tremendously. With a solid foundation having been laid, communities can have assurance that their needs as planned for in the IDP will be turned into tangible deliverables. What is even more encouraging is that the municipality has put its communities first by making sure that service delivery projects account for more than enough of the budget. Whilst there are huge service delivery backlogs, mainly attributed to the dilapidated and obsolete infrastructure, the municipality has not been deterred, as evidenced by the extent of its vigorous drive to eradicate such backlogs. In pursuing this implementation drive, the municipality never compromises on quality and by all means, efforts are made to ensure that such services are of good quality and sustainable.

Our achievement on the Air quality and blue drop status bears testimony. As the municipality continues to strive for the best, we are very mindful of the fact that there are still some communities who are still eagerly waiting the opportunity to be afforded basic services. In this regard, the municipality will work tirelessly with all the spheres and sectors of government to reach these communities. Where a service is being provided, there will always be inadequacies and dissatisfactions, and as a requirement, the municipality has established a Customer Care Centre that receives all complaints from communities and channels such complaints to the relevant authorities for redress.

Of note, was the visit by the Auditor General and the commitment made by the Leadership and the Administration in ensuring that the audit status of the municipality is geared towards a clean audit by 2020, a target which undoubtedly is achievable if the municipality sticks to its commitments. Finally, all these achievements are attributed to the commitment made by the administration and the Councillors as well as the stable political climate in our district. As we pursue our service delivery agenda, we will never take our communities for granted and most importantly never again will the municipality be found wanting on issues of compliance.

To the Lejweleputswa communities we serve, thank you for your support given during this year of service delivery. Without your support, this recorded achievement would not be a reality. The same goes to our trade unions for working and supporting us towards achieving our common key reason for our shared existence and purpose. Thank you for staying in the game by representing your members so well.

Every accomplishment in this municipality is the result of corporate effort from all employees. Thank you for your invaluable contribution and dedication towards the municipality. You are all my principle assets. Thank you for your steward servant leadership.

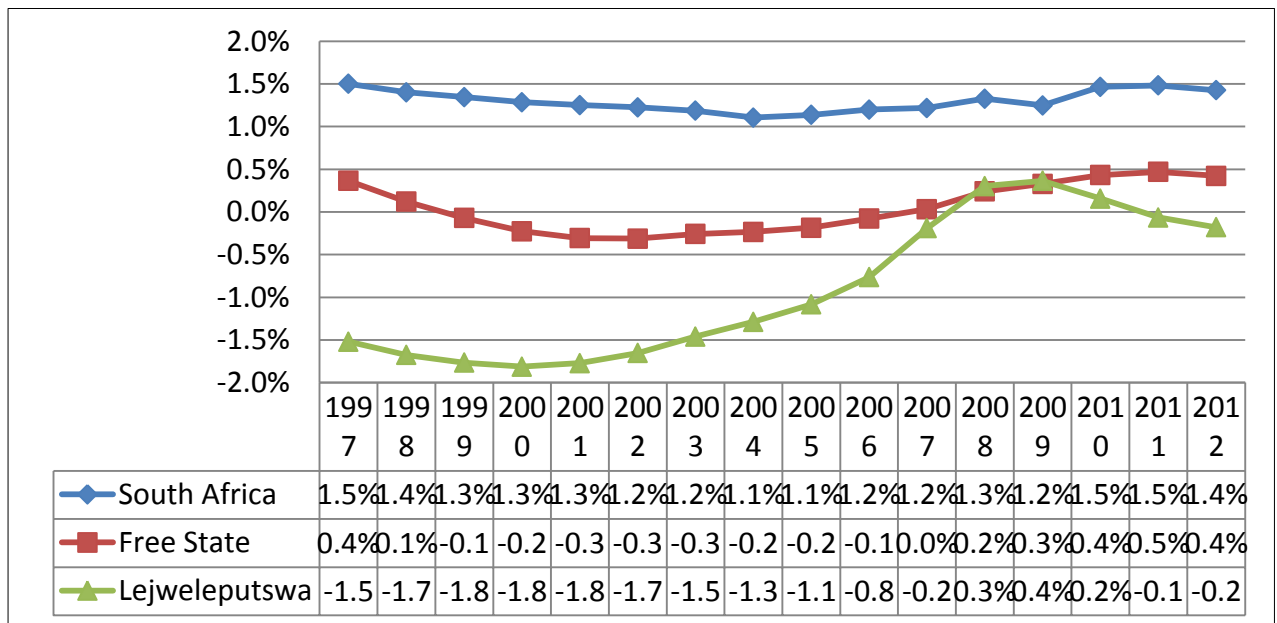
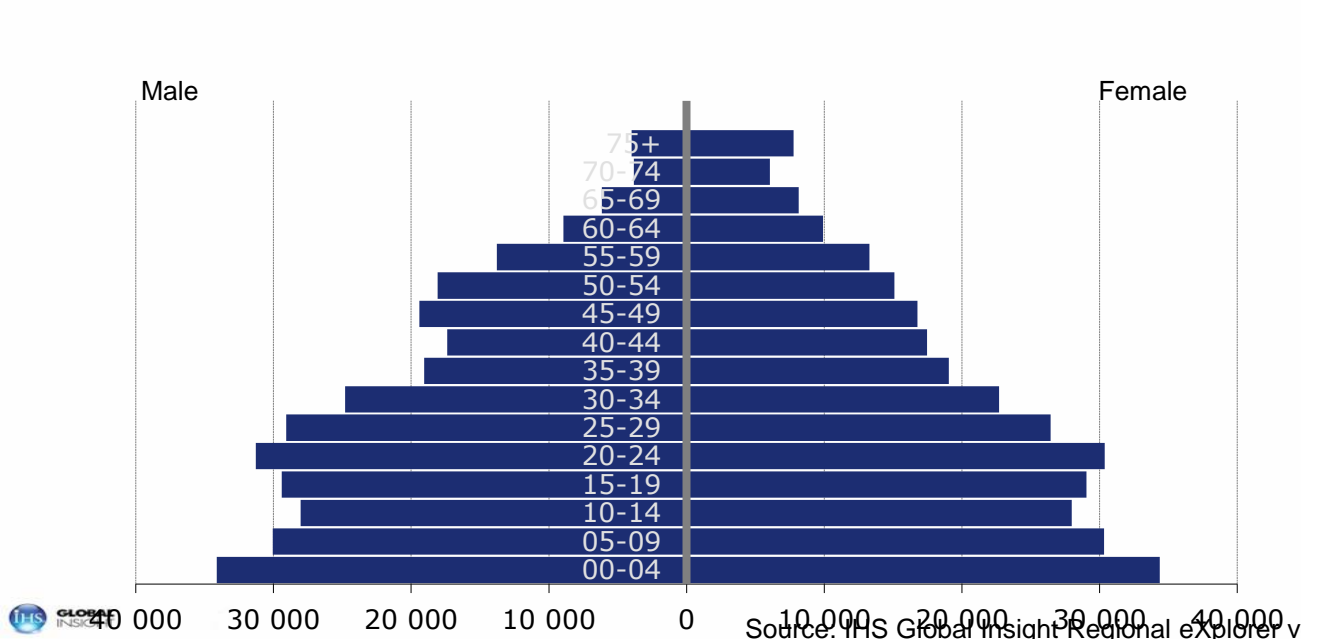
-----  
Me Palesa Kaota



# 1.3. MUNICIPAL FUNCTIONS, POPULATION AND THE ENVIRONMENT

## 1.3.1 POPULATION DYNAMICS

The 2011 Census showed that Lejweleputswa District municipality has youthful population with more females than males.

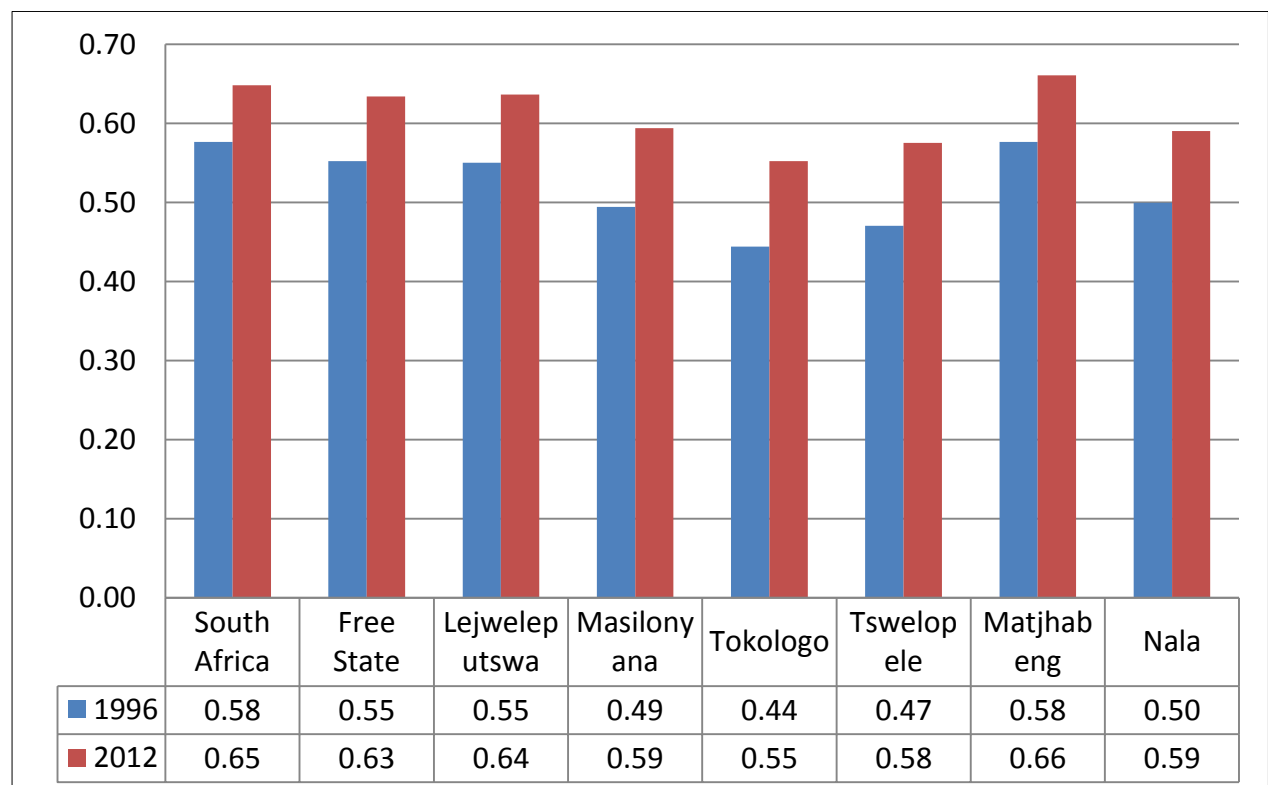


### 1.3.2 EDUCATION AND DEVELOPMENT

The Human Development Index (HDI) is a composite relative index used to compare human development across population groups or regions. HDI is the combination of three basic dimensions of human development:

- A long and healthy life
- Knowledge
- A decent standard of living

The HDI can assume a maximum value of 1, indicating a very high level of human development. It has a minimum value of 0, indicating no human development.



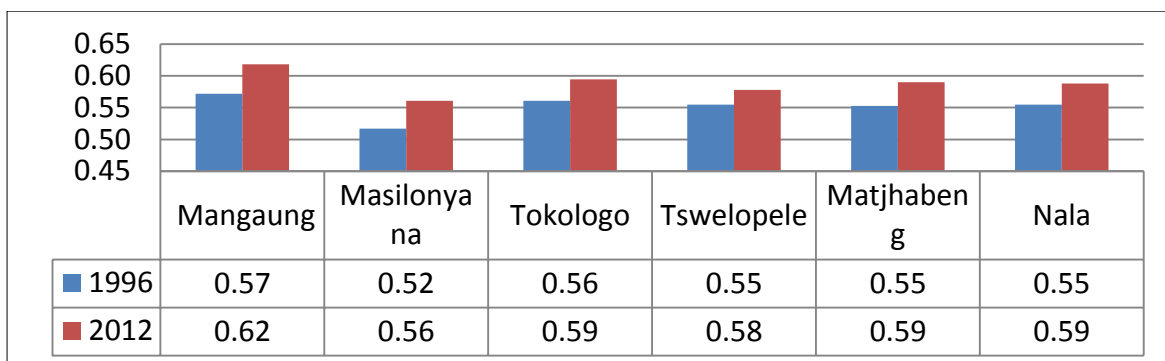
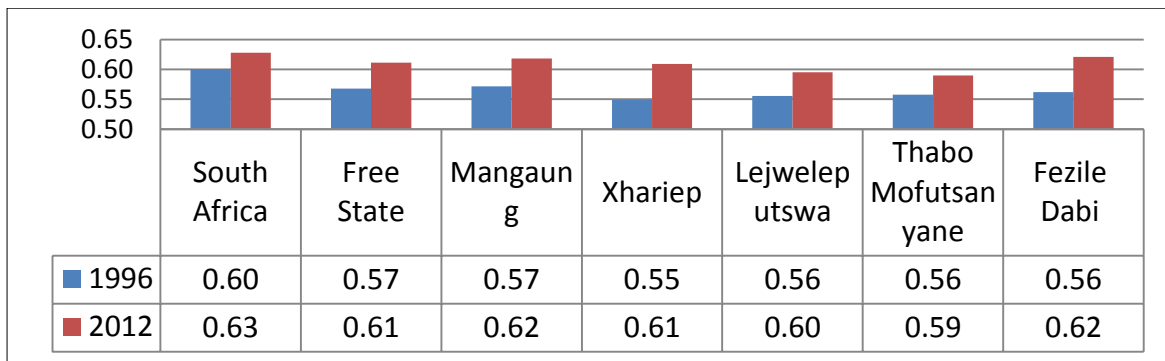
- The level of development in the country, measured by HDI, has improved significantly from a lowly 0.58 in 1996 to 0.65 in 2012.
- The Free State Province has also improved from 0.55 to 0.63 during the same period, though it remains below the national average
- Lejweleputswa's HDI increased from 0.55 in 1996 to 0.64 in 2012, which takes it above the provincial HDI.
- The municipality with the highest HDI in Lejweleputswa District is Matjhabeng (0.66), while Tokologo (0.55) has the lowest development level

### 1.3.3 INCOME INEQUALITY (GINI COEFFICIENT)

The Gini coefficient is a summary statistic of income inequality, which varies from 0 to 1.

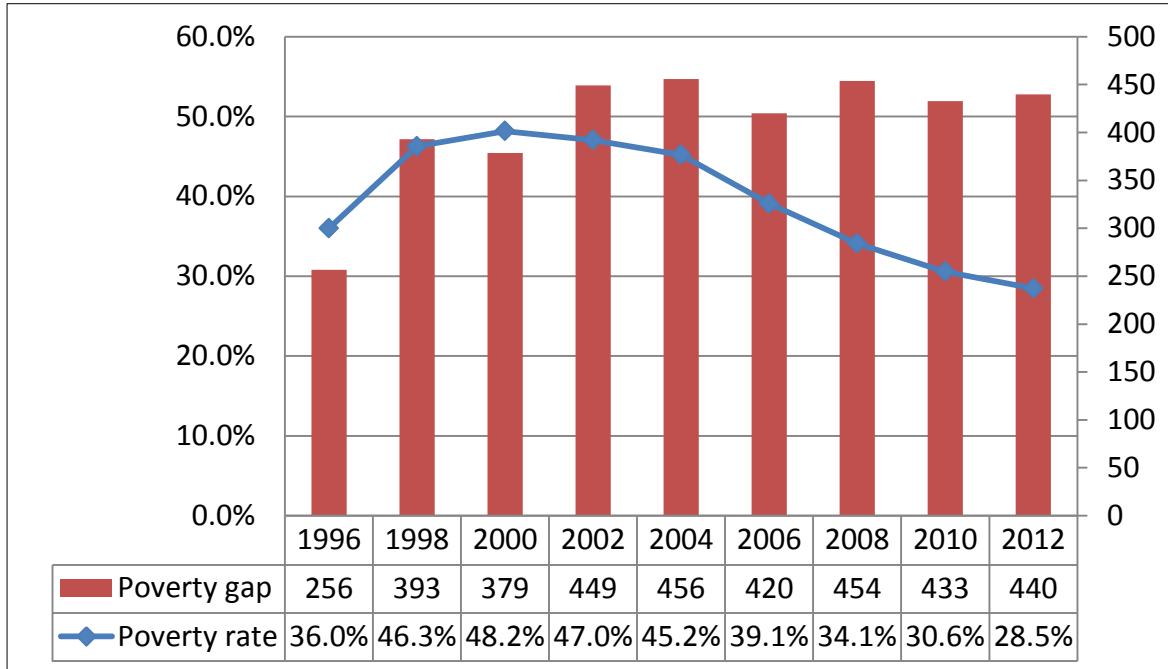
If the Gini Coefficient is equal to zero it means that incomes are distributed in a perfectly equal manner, indicating a low variance between high and low income earners in the population. If the Gini coefficient is equal to one, income is completely inequitable, with one individual in the population earning income, whilst everyone else earns nothing.

In practice this coefficient is likely to lie in a range between 0.25 to 0.70.



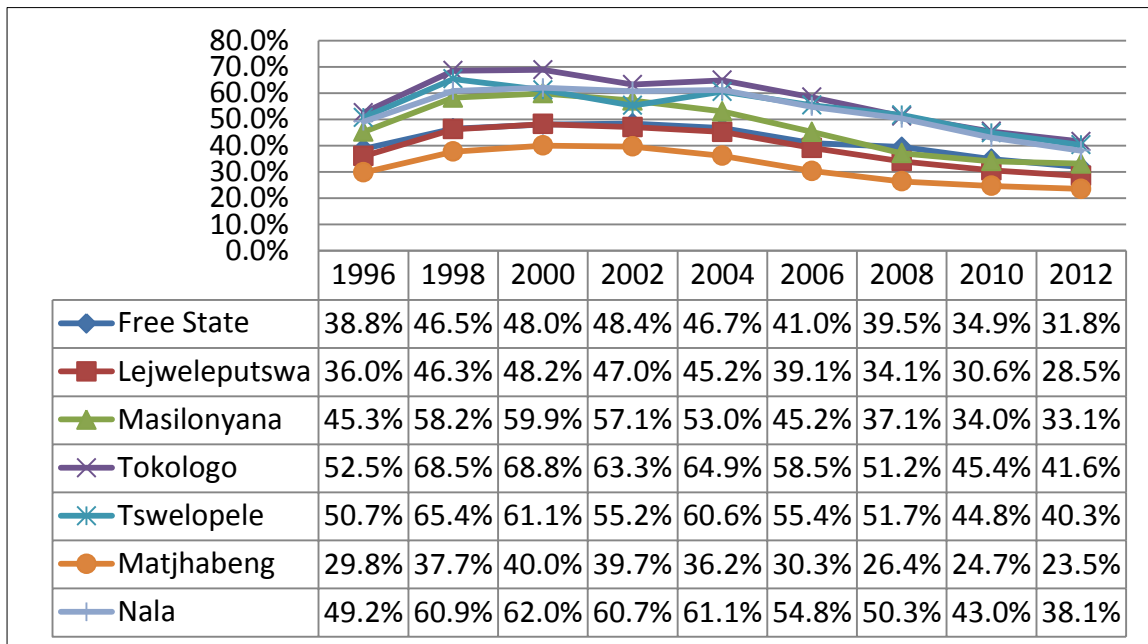
### 1.3.4 POVERTY ALLEVIATION

The Poverty Gap measures the difference between each poor household's income and the poverty line - measuring the depth of poverty of all poor households combined. In other words, the Poverty Gap indicates how much extra all of the poor households *combined* would have to earn each year to rise up to the poverty income.

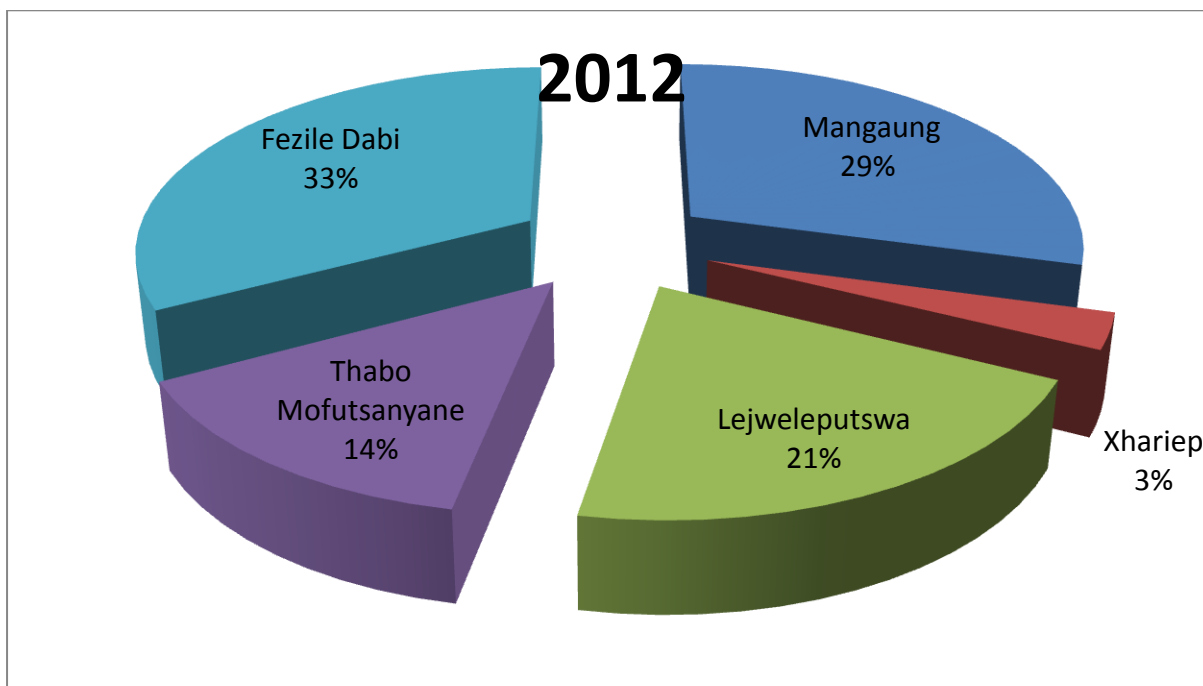
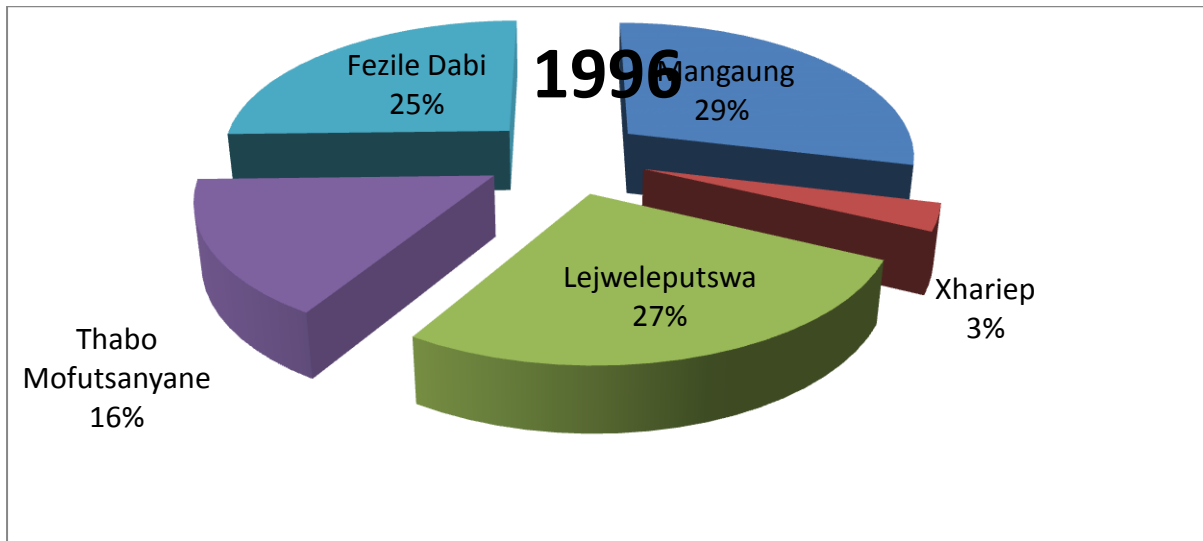


- The percentage of people living in poverty in Lejweleputswa has decreased from 36.0% in 1996 to 28.5% in 2012, representing a decrease of 7.5 percentage points.
- The poverty gap, on the other hand, has however increased from around R256m in 1996 to R440m in 2012, after reaching a high of R456m in 2004.
- This means that although the percentage of people living in poverty is decreasing, the actual number of people in poverty is on an increase

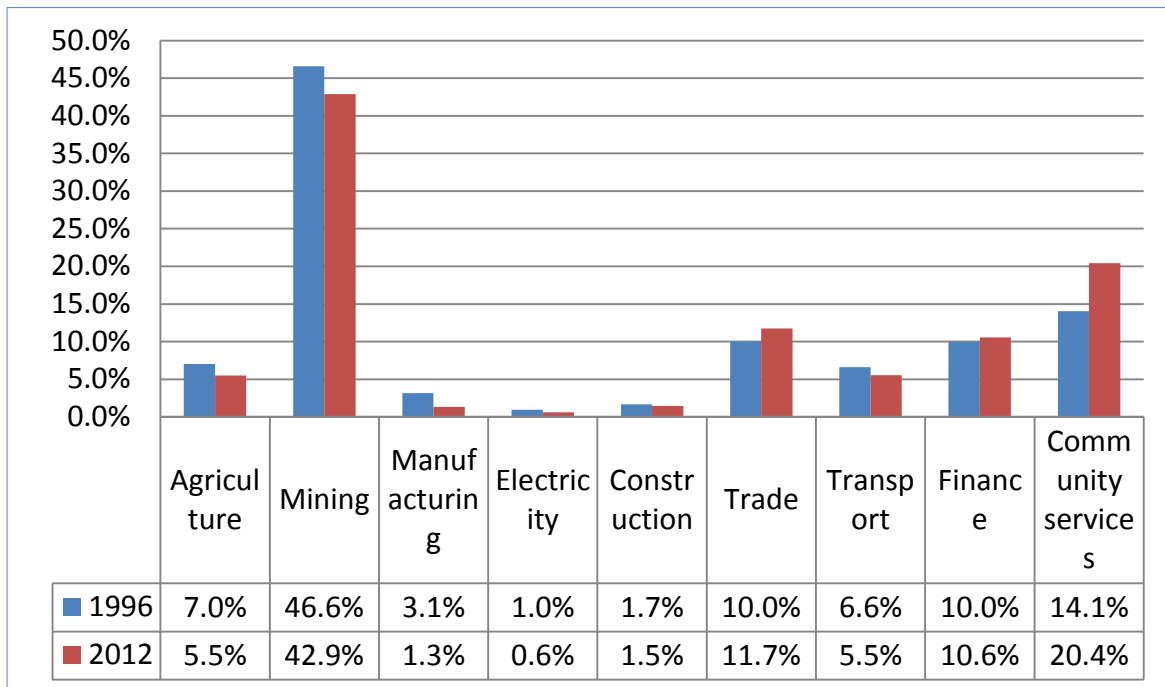
## POVERTY RATES BY LOCAL MUNICIPALITIES



### 1.3.5 GDP SHARED BY DISTRICT

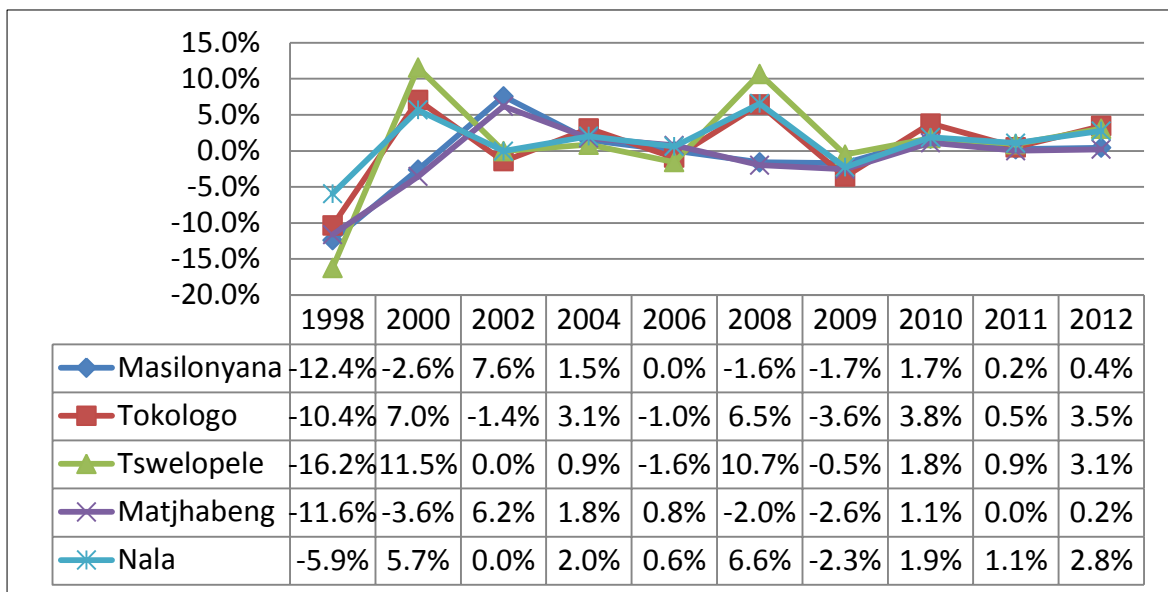
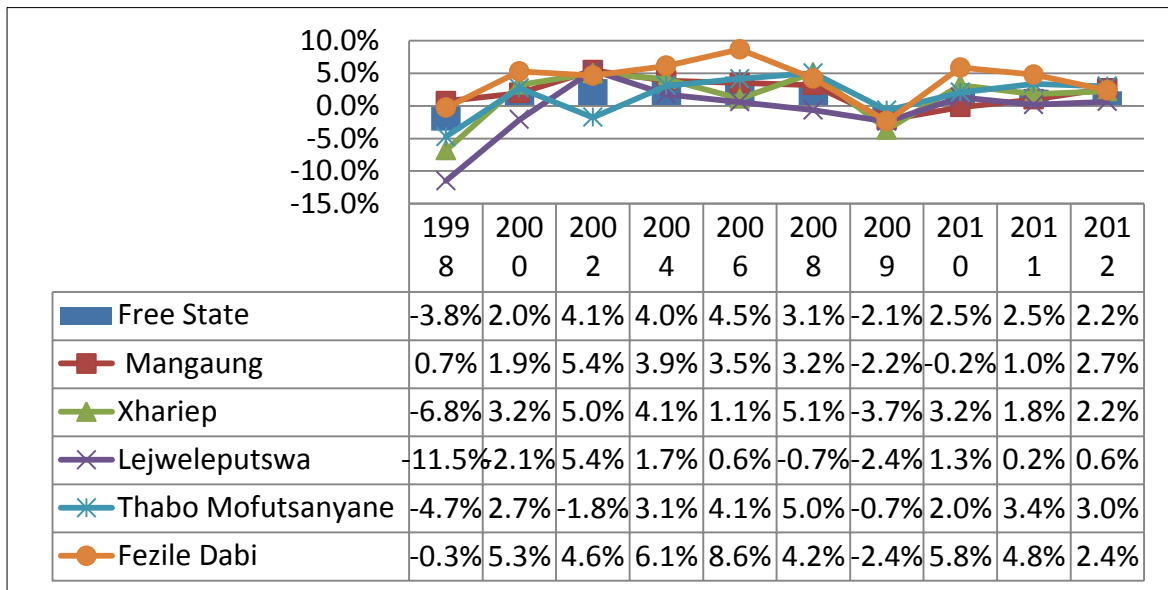


### 1.3.6 DISTRICT CONTRIBUTION BY INDUSTRY



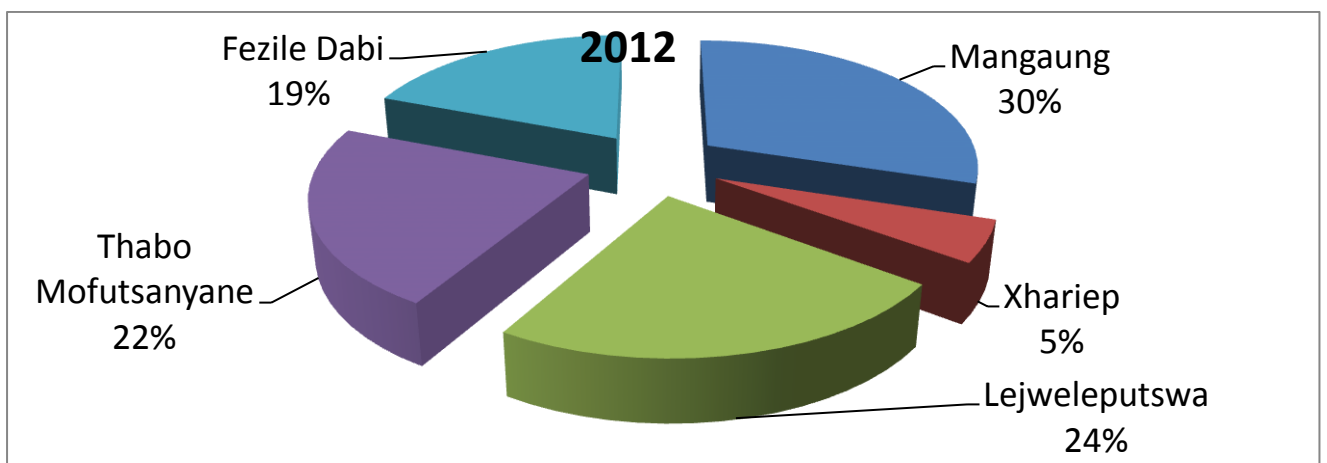
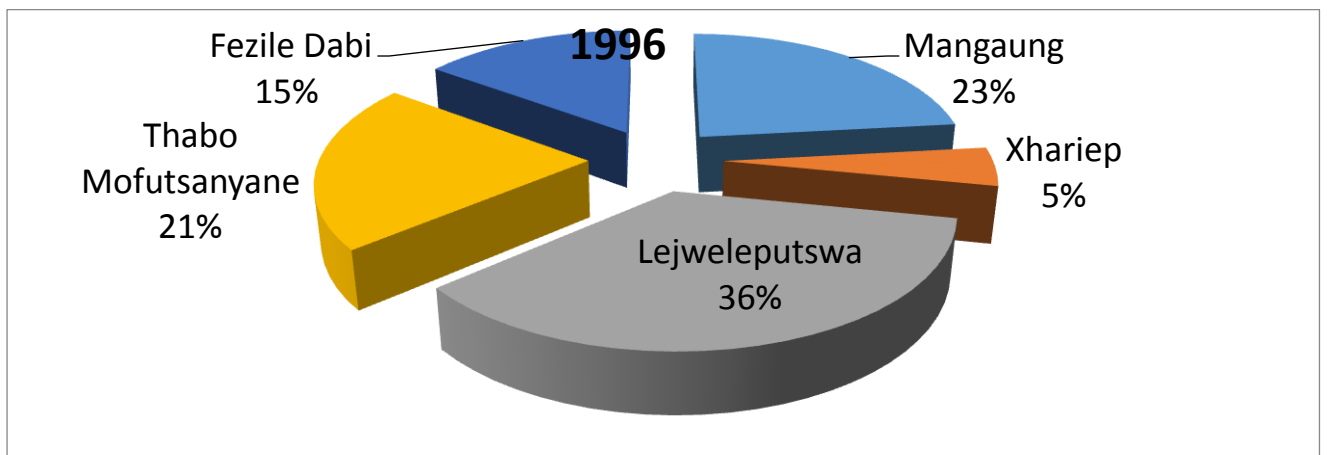
- The biggest sectors in the district in 2012 were:
  - Mining (42.9%)
  - Community services (20.4%)
  - Trade (11.7%)
- The smallest sectors were:
  - Electricity (0.6%)
  - Manufacturing (1.3%)
  - Construction (1.5%)

### 1.3.7 GDP GROWTH RATES



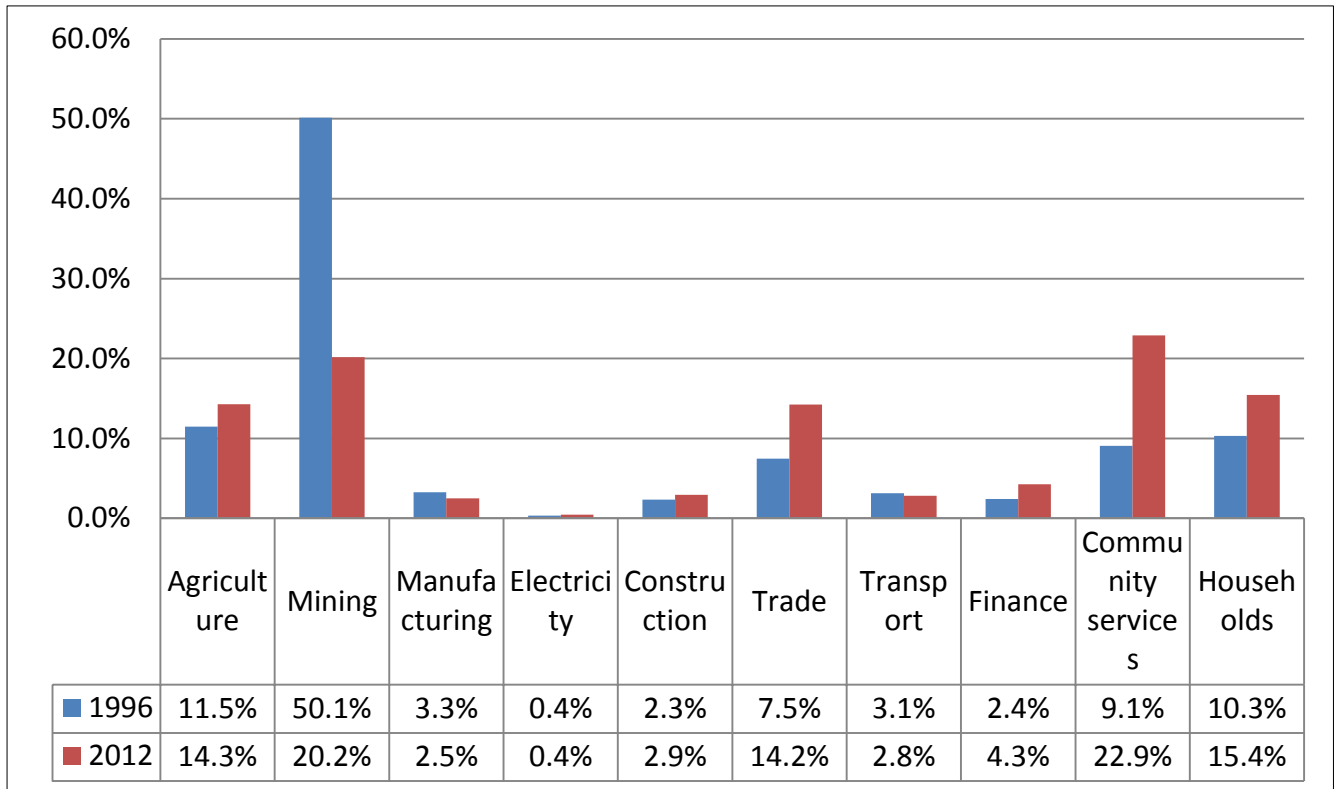


### 1.3.8 EMPLOYMENT SHARED BY DISTRICTS



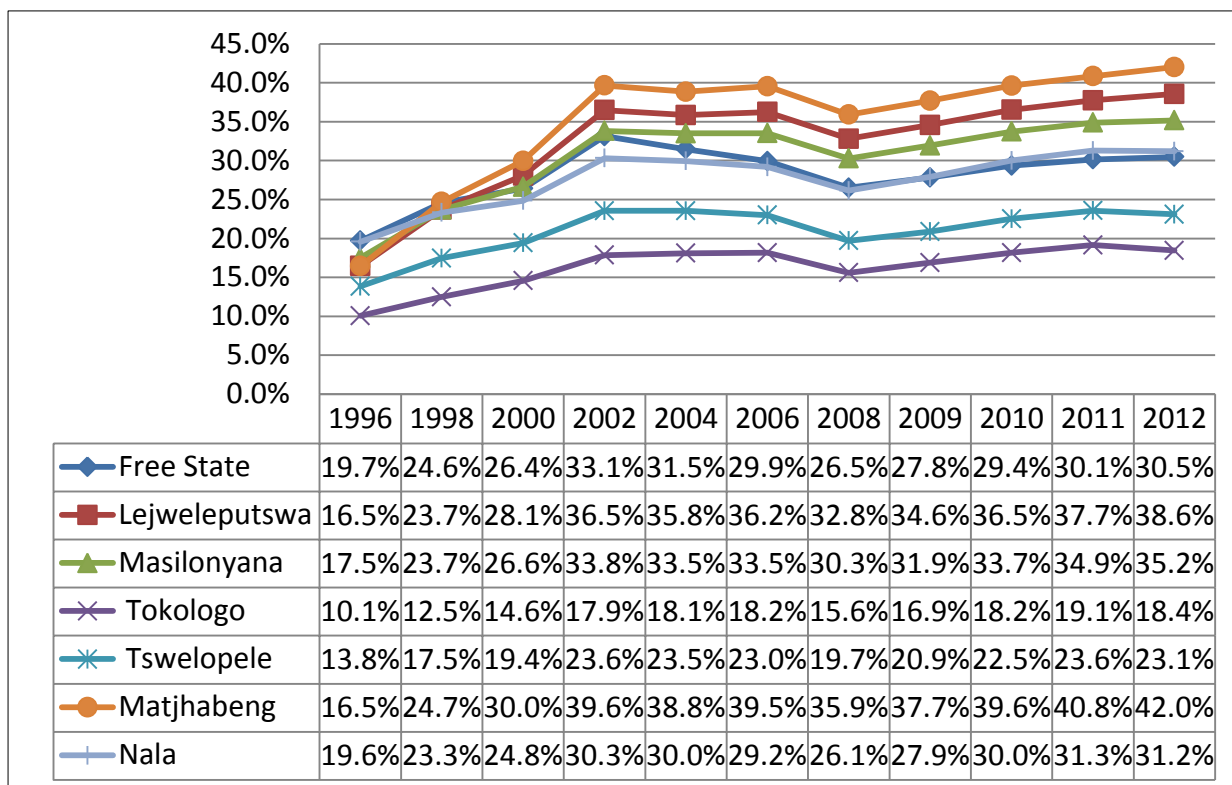
- The biggest employers in the Lejweleputswa District are the *community services* (22.9%), *mining* (20.2%), *private households* (15.4%).
- *Electricity* (0.4%) and *transport* (2.8%) are the smallest employers in the region.
- *Mining* has experienced the biggest decline since 1996, from 50.1% in 1996 to 20.2% in 2012; a 29.9 percentage point fall.
- The biggest share increase was in *community services*, from 9.1% in 1996 to 22.9% in 2012; a 13.8 percentage point increase

### 1.3.9 EMPLOYMENT SHARE BY INDUSTRY



- The biggest employers in the Lejweleputswa District are the *community services* (22.9%), *mining* (20.2%), *private households* (15.4%).
- *Electricity* (0.4%) and *transport* (2.8%) are the smallest employers in the region.
- *Mining* has experienced the biggest decline since 1996, from 50.1% in 1996 to 20.2% in 2012; a 29.9 percentage point fall.
- The biggest share increase was in *community services*, from 9.1% in 1996 to 22.9% in 2012; a 13.8 percentage point increase

### 1.3.10 UNEMPLOYMENT RATES



- The Free State province had the highest unemployment rate in the country at 30.5% in 2012.
- The Lejweleputswa unemployment rate was well above the provincial average at 38.6% in 2012.
- The unemployment rate in Lejweleputswa has persistently been above the provincial rate.
- Matjhabeng has the worst unemployment rate within the Fezile Dabi District at 42.0%, which is also above the provincial rate.
- Only Tokologo has unemployment rate below the District average.

## 1.4 SERVICE DELIVERY OVERVIEW

Constitution of South Africa 1996 ( Act 108 of 1996 ) distinguishes between three main categories of Municipalities, namely Category A Municipality, Category B Municipality and Category C Municipality.

Lejweleputswa District municipality is a Category C Municipality and is made up of the following municipalities

- Matjhabeng Local municipality
- Tswelopele Local municipality
- Nala Local municipality
- Tokologo Local municipality
- And Masilonyana Local Municipality

Category B Municipalities in South Africa were mandated to perform the under – mentioned functions for the achievement of set goals and objectives of a development by central Government.

- Municipal abattoirs
- Municipal park and recreation
- Local Sport Facilities
- Street Trading
- Municipal planning
- Municipal Roads
- Public places
- Refuse removal , refusal of dumps and solid waste
- Traffic and parking
- Municipal Public Transport
- Public, Nuisance control Fire Fighting Service
- Pontoons, Ferries, Jetties, Piers and Harbors
- Markets Stalls and Trade Areas
- Storm Water Management
- Local Tourism
- Cemeteries, Funeral Parlours and Crematoria
- Building, Trading Regulations, Liquor and Public, Nuisance Control
- Beaches and Amusement Facilities Advertisements in Public Places

Section 84 of the Municipal Systems Act, 2000 ( Act 32 of 2000) provides for the following functions of District municipalities.

- Integrated Development and Planning for the District as a whole
- Bulk Infrastructure Planning
- Solid Waste Disposal
- Provincial Roads
- Regulation of Passenger Transport Services
- Municipal Health Services
- Fire Fighting Service in the District / Disaster management
- Promotion of Local Tourism.

Lejweleputswa District Municipality as a coordinator of the afore - mentioned activities established numerous Forums like (IGR) Intergovernmental Growth Relations Forums, Municipal Manager's Forum, District Mayoral Forums, District IDP Manager's Forum and LED forums. The main purpose of establishing these forums is to stimulate district's service delivery and enhance intergovernmental Relations amongst its Locals.

There are key activities which are performed by Lejweleputswa District municipalities in collaboration with its Local Municipalities as an enabler.

- Ascertain proper execution of Disaster Management by Local Municipalities through Forums.
- In 2014 Lejweleputswa District municipality as an enabler to its Locals Trained Fire fighters of its Locals to ascertain proper execution of these function.
- Lejweleputswa district Municipality continued to support its locals through proper development of IDP strategies.
- In Health services, Lejweleputswa District municipality ascertain that its community consume clean water through analyzing water samples of Locals.
- Food samples of various stores within the district are taken and regularly monitored to ensure good quality of such consumables.



Municipal Officials from Lejweleputswa District Municipality's Municipal Health Services executing District 's mandate( food inspection)

## 1.5 FINANCIAL HEALTH OVERVIEW

### FINANCIAL OVERVIEW

Financial overview 2015 - 2016				
Details	Original Budget	Adjustment Budget	Final Budget	Actual Amounts
Grants	115 675 000	-	115 675 000	115 630 888
Interest Received Trading	95 000	270 000	365 000	697 415
Interest Received Investment	1 890 000	110 000	2 000 000	5 175 886
Other Income	100 000	10 000	110 000	307 135
Gain on Disposal of Assets	-	(20 235)	(20 235)	27 089
<b>Total Revenue</b>	<b>117 760 000</b>	<b>390 000</b>	<b>118 150 000</b>	<b>121 838 413</b>
<b>Less Total Expenditure</b>	<b>(119 439 303)</b>	<b>(5 529 621)</b>	<b>(124 968 924)</b>	<b>(116 626 220)</b>
<b>Net total</b>	<b>(1 679 303)</b>	<b>(5 159 856)</b>	<b>(6 839 159)</b>	<b>5 212 193</b>

Operating Ratios	
Detail	
Employee Costs including Councilors remuneration	75 071 567
Repairs and Maintenance	539 940
Finance Charges and Impairment	3 552 364

## COMMENT ON OPERATING RATIOS

### Employee Costs

The employee related costs are very high and the municipality has applied for Exemptions on yearly increments as an endeavour to control ever increasing

Management is investigating turn around strategies to decrease this ratio

### Repairs and maintenance

Municipal resources were inadequate to allocate some to repairs and maintenance.

## Finance Charges and Impairment

No loans have been taken by the municipality recently. However, Lejweleputswa District municipality still has existing loans with DBSA and still pays finance charges and leases.

Total Capital Expenditure 2013/2014			
	2013/2014	2014/2015	2015/2016
Original Budget	3975	920	1660
Adjusted Budget	2611	950	1755
Actual	2354	930	757

### COMMENT ON CAPITAL EXPENDITURE

Municipal Capital expenditure is a true reflection that a municipality is facing dire Financial constraints. There is a drastic decline in Capital expenditure in three prior Fiscal periods 2013/14, 2014/15 and 2015/16. This clearly reflects that the municipality has inadequate resources to finance assets.

## 1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

The municipal's human resources is part of Corporate services it gives support to other departments in Human resource Management. It offers assistance to Lejweleputswa District municipality in executing its mandatory objectives of service delivery.

Municipal's human resource management ascertains employee's maximum potential through

- Development and empowering employees with necessary skills in executing their functions
- Through Continuous alignment of Municipal's Human resource strategy and Organisational strategy( IDP)
- Committing to Professional conduct
- And ensuring people are committed to putting people First.
- Adoption of system which will be applied fairly across every municipal employee and delimit discriminatory malpractices.

### **Component of Human Resource Management**

- Manager Human Resource
- Human Resource Secretary
- Skills Development Officer
- Recruitment and Selection
- Administration of Human Resource and Conditions of Service
- Leave Administrator
- Contract administrator
- Training and Development
- Labour Relations
- Occupational Health and safety
- Wellness and Employee s assistance



## 1.7 AUDITOR GENERAL REPORT

For 2015 /2016 fiscal period Lejweleputswa District Municipality received an Un - Qualified Audit opinion. Refer to Audit Report included in the Annual report. The municipality is consistent in its Audit outcomes it is now aiming for a clean Audit.

### 1.6.1 AUDITED OUTCOMES

Year	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Status	Unqualified with matters	Unqualified with matters	Unqualified with matters	Unqualified with matters	Unqualified with matters

## 1.8 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	July 2016 – August 2016	
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	August 2016	
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).		
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 2016 – November 2016
12	Municipalities receive and start to address the Auditor-General's comments.		October 2016 – November 2016
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.	January 2017	
15	Oversight Committee assesses Annual Report.		
16	Council adopts Oversight Report.		
17	Oversight report is made public.		
18	Oversight report is submitted to relevant provincial councils.		
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input.	February 2017	

# CHAPTER 2

# GOVERNANCE

## **INTRODUCTION TO GOVERNANCE**

The municipality is currently governed by the troika. The executive Mayor- Cllr Nkosinjani Speelman whom he took over in 2014 after the former Executive Mayor Cllr Nokwanje Leeto resigned together with the current executive mayor who was the Speaker then. However, the changes have resulted to the election of Cllr Andronica Oliphant being elected as a council Speaker who presided over council meetings. The third is the Municipal Manager, who is the administrative head of the municipality. A lot of progress has happened since Me Palesa Kaota took over the leadership of the District Municipality. The Municipality had been struggling to deal with the issue of grading for some time up until this matter was referred to National Department of Cogta to handle it, on the basis of its implication on the financial audit outcomes but after proper consultation the matter of grading is now been resolved.

The Speaker is the chairperson of council and is responsible for managing and setting council meetings. Council sits at least four times a year on ordinary council meetings whilst the there is also plan for special council sittings in the same financial year. The role of the Executive Mayor is assisted by members of the mayoral committee who are effectively the political heads of departments in the municipality. This is the second structure that provides oversight on municipal programmes. The sessions are called once a month

The sessions are called once a quarter to discuss progress and challenges that the municipality faces. Next to the mayoral committee are the portfolio committees of each department whose meeting schedule complies with mayoral committee sittings. The flow of information and items that must serve in council is such that the management committee, chaired by the Municipal Manager, first convenes meetings on a monthly basis to develop items and discuss challenges faced during programme implementation.

## **COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE**

### **INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE**

Administrative governance is strengthened by strong political leadership and policy formulating in the district. In terms of the Municipal Structures Act, the Council of the Municipality is the highest decision making body. The council appoints Accounting Officer who runs the day to day operations of the municipality on behalf of the council.

## **2.1 POLITICAL GOVERNANCE**

### **INTRODUCTION TO POLITICAL GOVERNANCE**

In our resolve to enhance good governance and accountability, the Municipality adopted separation of powers model, marking a new dispensation in the history of Lejweleputswa, which sees the legislative arm of council being separated from the executive arm. This is in line with the governance approach that seeks to put in place an independent oversight mechanism to ensure that democracy is deepened and that effective public service delivery takes place to benefit the communities of Lejweleputswa.

#### **2.1.1 Council**

A structured and systematic co-ordination and management of the overall work of council and its committees; That council is used as a platform for improved quality and techniques of plenary debates on local issues requiring the attention of Council; Improved management of petitions processes and the Legislature's public participation programmes, as well as Strengthening Council's ability to make and review the efficacy of by-laws approved.

Finally, the decision to separate powers should be viewed within the context of seeking to achieve sound governance, accountability, representation and participation through clear delineation of powers and functions between the executive and legislative arms of Council. It ensures that the executive is held accountable for service delivery undertakings and shortcomings through an independent representative oversight body of the legislative arm.

# Political Structure



**Cllr N. Speelman**  
**Executive Mayor**



**Cllr A. Olifant**  
**Speaker**



**Cllr T. Khalipha**  
**MMC (Disaster management & Environment Health services)**



**Cllr P P. Maseko**  
**MMC (Infrastructure)**



**Cllr K R. Phukuntsi**  
**MMC (Sport & Recreation)**



**Cllr M. Lekaota**  
**MMC(Corporate services and Admin)**



**Cllr Pereko**  
**MMC( Special Programme)**






**Cllr X J. Toki**  
**MMC (Led, Tourism Agriculture, Youth &SMME)**



**Cllr M T. Matlabe**  
**MMC( Finance)**

# COMPOSITION OF COUNCIL

Lejweleputswa District Municipality consists of 16 Councillors

 <b>African National Congress (ANC)</b>	 <b>Democratic Alliance (DA)</b>	 <b>Congress of the people (COPE)</b>
<b>12</b>	<b>3</b>	<b>1</b>

## COMPILATION OF COUNCIL

Proportional	Matjhabeng Municipality	Tswelopele Municipality	Nala Municipality	Masilonyana Municipality	Tokologo Municipality
<b>20</b>	<b>12</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>1</b>

Political Party	Name of Councillor	Representing
1. ANC	Cllr Nkosinjani Wilson Speelman	<b>Executive Mayor</b>
2. ANC	Cllr Mmamota Andronica Olifant	<b>Speaker</b>
3. ANC	Cllr Maria Lekaota	<b>Chairperson of Portfolio committee of Corporate Services</b>
4. ANC	Cllr Machaka Suzan Sehloho	Committee member of Municipal Support and Infrastructure
5. ANC	Cllr Makgotso Jeanette Pereko	Chairperson of Portfolio Committee Special programs
6. ANC	Cllr Philadelphia Phindiwe Maseko	Chairperson of Portfolio Committee Infrastructure
7. ANC	Cllr Xolile Jacob Toki	Chairperson of Portfolio Committee LED
8. ANC	Cllr Molefi Joseph Molefi	Committee member of Municipal Support and
9. ANC	Cllr Gapane Abram Mokekema	Committee Member Special programmes
10. ANC	Cllr Seadimo Lydia Kgoe	Committee Member Municipal Health services
11. ANC	Cllr Kelebogile Prudence Dichakane	Committee Member of Finance
12. ANC	Cllr Kgomoditswe Prudence Mokhobo	Committee Member of Finance
13. ANC	Cllr Kenalemang Rosy Phukunsi	Chairperson of Portfolio Committee Sport and Recreation.
14. ANC	Cllr Bongani Petrus Eseu	Committee member of Municipal Support and Infrastructure
15. ANC	Cllr Mofapoheli David Masienyane	Committee Member of Finance
16. ANC	Cllr Matinte Christina Radebe	Committee Member Special programmes
17. ANC	Cllr Nombulelo Christobel Makhusane	Committee member sports, Arts and Recreation
18. ANC	Cllr Zoliwe Vijaya Mafongosi	Chairperson of Mpac
19. ANC	Cllr Dipuo Margaret Mafongosi	
20. ANC	Cllr Kelebogile Isabella Petleki	Committee Member Municipal Health services
21. ANC	Cllr Palesa Carol Chaka	Committee Member of LED
22. ANC	Cllr Thanduxolo David Khalipha	Chairperson of Municipal Health services
23. ANC	Cllr Tselane Dinah Molutsi	Committee member of Corporate Services
24. ANC	Cllr Thabo Andries Mohloare	Committee Member Municipal Health services
25. COPE	Cllr Seleso Johannes Tshekelo	Committee Member of Mpac
26. DA	Cllr Charel Juhannes Schlebusch	Committee Member of Mpac
27. DA	Cllr Liau Hendrik Tsibolane	Committee Member Municipal Health services
28. DA	Cllr Johannes Stephanus Marais	Committee Member of Finance
29. DA	Cllr Mabuti George Mlangeni	Committee Member Special programmes
30. DA	Cllr Petrus Francois Botha	Committee member of Municipal Support and Infrastructure
31. DA	Cllr Philipus Lochner Niewoudt	Committee Member LED
32. ANC	Cllr Mohapi Moses Thabang Matlabe	Chairperson of Portfolio of Finance

33. ANC	Cllr Vukile Qabela	Committee Member of Mpac
34. ANC	Cllr Ntombizodwa Veronica Ntakumbana	Committee Member of Corporate Services
35. DA	Cllr Morubisi Godfrey Shuping	Committee Member of Corporate Services
36. COPE	Cllr Ncedani Johannes Pina	Committee Member of Corporate Services

### Number of Meetings Held

Types of Meetings	No of Meetings	Number of Members per Portfolio	Agendas Distributed per Sitting
Council Meetings	13	50	650
Mpac Meetings	18	16	288
Corporate services Portfolio Committees	4	11	44
Finance Portfolio Committees	5	12	60
Led Portfolio Committees	4	15	60
Municipal Health Services	1	11	11
Sports, Arts, Culture and Recreation Portfolio Committee	1	9	9
Special Programmes Portfolio Committees	2	12	24
Municipal Support and Infrastructure Portfolio Committes	1	10	10
Mayoral Committees	6	16	96
Reules Portfolio Committee	1	14	14
<b>Total</b>	<b>56</b>		<b>1206</b>

## 2.1.2 EXECUTIVE MAYORAL COMMITTEE

The Executive Mayor of the municipality Councillor Nkosinjani Speelman is the Head of Mayoral Committee and in executive decision making and running day to day operations of the municipality, he is assisted by his Mayoral committee. This makes him to have predominant strategic and political responsibility.

He is mostly responsible for strategic direction and performance of the municipality in consultation with Mayoral committee. The Mayoral Committee is Chaired by the Executive Mayor.

Portfolio committees and Name Of councillors for each Committee

Name	Capacity
CIlr N. Speelman	Executive Mayor
CIlr MT. Matlabe	Chairperson of Portfolio of Finance
CIlr TD. Khalipha	Chairperson of Portfolio of Municipal Health Services
CIlr M. Lekaota	Chairperson of Portfolio of Corporate Services
CIlr XJ. Toki	Chairperson of Portfolio of Local Economic Development
CIlr JM. Pereko	Chairperson of Portfolio of special programmes
CIlr KR. Phukuntsi	Chairperson of Sport and Recerstion)
CIlr PP. Maseko	Chairperson of Infrastructure

## 2.1.3 Council Committees

Council attend section 80 committees monthly to discuss matters referred to them. Then, make suitable recommendations to Mayoral Committee. The main function of Section 80 Committees is to assist the Executive Mayor and to represent the various departments of Lejweleputswa District Municipality, as well as the functions of the Integrated Development Plan (IDP

## 2.1.4 Portfolio Committees

In terms of Section 80 the municipal Structures Act, 1998. If Council has an Executive Committee it may appoint in terms of section 79, council committees to assist Executive Committees or the Executive Mayor. The Section 79 Committees are contributing effectively to the overall functioning of Council wherein they meet on a monthly basis. They receive reports from Members of the Mayoral Committee who make recommendations to Council for approval. On the basis of the Portfolio Committee recommendations Council is able to take decisions as the matter tabled by the Executive Mayor would have be reviewed by the Portfolio Committee to advice council appropriately.



- **Corporate Services**

Committee plays oversight and ensures department implements Human resources development strategy/policy and other related policies and that staff establishment is in line with IDP objectives

- **Municipal Health Services Committee**

Committee plays oversight and ensures that the department functions properly and implement core mandate such as disaster management and emergency services

- **Local economic development committee**

Committee plays oversight and ensures that department deliver on its mandate of economic growth, job creation, poverty and proper spatial planning

- **Financial Services Committee**

Committee plays oversight and ensures that financial resources of the municipality are managed in line with legislation and accounting of fiancés takes place

## 2.1.5 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The Municipal Public Accounts Committee (MPAC) of Lejweleputswa District Municipality is established in terms of Section 79 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998). For transparency and other ethical reasons, the Chairperson is appointed from the membership of the political parties represented in Lejweleputswa District Municipality. The Municipal Public Accounts Committee (MPAC) considers various matters of the Annual Report and is considered essential to the running and sound political governance of Lejweleputswa District Municipality. MPAC members and the District Accounting Officer.

### MPAC Committee

1. Clrr Z.V MAFONGOSI
2. Clrr C RADEBE
3. Clrr M.D R MASIENYANE
4. Clrr C.J SCHLEBUSCH
5. Clrr K.G MAKHOBO
6. Clrr S TSHEKELO
7. Clrr P MASEKO
8. Clrr J.S MARAIS
9. Clrr D.M MAFA
10. Clrr M.G NYAMANI
11. Clrr V QABELA
12. Clrr A.G MAKEKEMA



## 2.2 ADMINISTRATIVE GOVERNANCE

### INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Accounting Officer of the municipality is regarded, in terms of the legislation, as the head of administration and primarily a chief custodian of service delivery who is responsible and accountable for the management of the municipality's administration. The municipality's accounting officer must at all times act with fidelity, integrity and in the best interest of the municipality in managing its Financial interests.

The Management Team Comprises of the following

Mrs PME. Kaota	Accounting Officer
Mr MM. Mthombeni	Executive Manager: Municipal Health Services
Mr MJ. Mahlanyane	Executive Manager: Corporate Services
Mr PK. Pitso	Chief Finance Officer
Mr A. Jonas	Executive Manager: Local Economic Development

In order to ensure that administrative governance is enforced and elevated, Municipal Accounting Officer ascertained that employee's job descriptions are reviewed to enable escalation of municipal's performance system to lower levels. These will assist Lejweleputswa District municipality with optimum utilisation of its human Capital and enhance achievement of its legislative mandate.

The Accounting Officer ascertained that Municipal Performance Management system is supported by reviewing Performance management policy and regularly monitoring municipality's performance management system hence drastic improvement was realised in Pms it moved from Qualified Audit opinion to UnQualified opinion in the year under review.

The administration Ascribes to Batho pele Principles and Values are contained in the Vision and mission of the Municipality. Municipal administration has implemented Hotline of Fraud and prevention and anti - corruption which will help with clean administration and enhance code of ethics and good governance.

# TOP ADMINISTRATIVE STRUCTURE

## TIER 1

### MUNICIPAL MANAGER

#### MRS PALESA ME KAOTA

- Chief Internal Auditor - Mr Andre Bester
- Risk Management - Mr Sphiwe Mokotedi
- Performance Management - Mr Flatela Maselwa
- Manager: Idp - Mr Silone Musapelo
- Technician - Mr Diao Ramabitsa

## TIER 2

### EXECUTIVE MANAGER: CORPORATE SERVICES

#### MR MOLEHE J MAHLANYANE

- Manager: Human Resources and Legal - Mr Christopher Petersen
- Skills Development facilitator - Miss Busi Malapane
- Human Resource Officer - Mrs Selinah Maselwanyana
- Manager : Administration - Mr Nick Matsunyane
- Manager : Security - Mr Sydney Mokoena

## TIER 3

### EXECUTIVE MANAGER: MUNICIPAL HEALTH SERVICES

#### MR MPHAHLELE MTHOMBENI

##### 1. Environment Health

- Manager: Environmental Health Services - Mr Dewald Kirsten
- Chief Environmental Health Officer - Mr C Dlamini
- Chief Environmental Health Officer - Mr A LeRoux

## **2. Disaster Management**

- Manager: Disaster Management - Mr Sibonda Nzume
- Disaster Management Officer - Mr Lionel Beukes
- Disaster Management Officer - Mr Weitz Botes

### **TIER 3**

#### **EXECUTIVE MANAGER: LOCAL ECONOMIC DEVELOPMENT**

##### **MR ARCHIE JONAS**

- Manager: Tourism and Sports - Mrs Khali Njobe
- Senior: Development Officer - Mr Thamsanqa Skele

### **TIER 4**

#### **EXECUTIVE MANAGER: LOCAL ECONOMIC DEVELOPMENT**

##### **MR PANTALO PITSO**

- MANAGER: BUDGET & TREASURY - Miss Loyi Gqoli
- CHIEF ACCOUNTANT - Miss Shoane Memane
- MANGER: IT - Mr William Segalo
- MANAGER: SCM - Mrs Catherine Baloyi

## TOP ADMINISTRATIVE STRUCTURE



**Municipal Manager:**

**Mrs PME. Kaota**



**Chief Finance Officer**

**Mr PK Pitso**



**Executive Director:**

**Municipal Health Services**

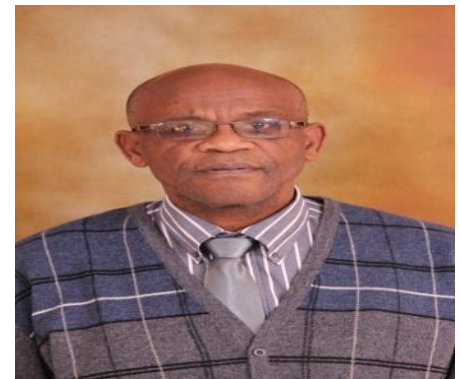
**Mr MW. Mthombeni**



**Executive Director:**

**Corporate Services**

**Mr MJ. Mahlanyane**



**Executive Director**

**Local Economic Development**

**Mr Archie Jonas**

Name of Official	Department	Signed Performance Agreement: Yes/ No
Me PME Kaota	Municipal Manager	Yes
Mr PK Pitso	Chief Finance Officer	Yes
Mr MW Mthombeni	Executive manager: Municipal Health Services	Yes
Mr MJ Mahlanyane	Executive manager: Corporate Services	Yes
MR A Jonas	Executive manager: Local Economic Development	Yes

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

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

Good co-operative governance and intergovernmental relations is important for Lejweleputswa District Municipality as a sphere of government, due to the fact that the District Municipality regularly interacts with its local municipalities and its community on legislative matters( IDP ) participation in executing own mandate.

Public confidence in the District Municipality can only be assured by operating according to the requirements and spirit of co-operative governance and intergovernmental relations. The District Municipality has the responsibility to govern its region, taking into account the abovementioned components to create an open society for all.

Lejweleputswa District Municipality aims to achieve the under - mentioned with its intergovernmental relations.

- Co-ordinate sharing of best practices with its Locals
- Ascertain the availability of free internet services on certain spots within the districts through it's development agency.
- To enhance municipal human capital to assist its Locals on certain problematic arrears, should a need arise in the future
- Facilitate good relations with its Locals and Provincial.

## 2.3 INTERGOVERNMENTAL RELATIONS

### 2.3.A. NATIONAL INTERGOVERNMENTAL STRUCTURES

Lejweleputswa District Municipality actively participates in national intergovernmental relations in collaboration with COGTA through BACK to BASICS for the year under review Lejweleputswa District Municipality submitted all its monthly reports to National Department of CO- operative Governance.. The municipality actively participates in the following:

Name of the Meeting	Responsible Person	Spheres of Government
Tourism Indaba Exhibition	Mr Archie Jonas	National
Nampo	Thorough its Development Agency	National
South African Health Institute	Mr Mthombeni	National

In this regard there is both direct and indirect engagement on a political and senior management level with regard to the following structures:

President's Coordinating Council, National Municipal Managers' Forum, National IDP Managers' Forum, National LED Managers' Forum, the various SALGA National Working Groups, the National Public Participation Task Team and others.

Through this process and engagements, topics directly linked to the District Municipality and local municipalities in its area of jurisdiction are elevated to a national level, which ensures greater coordination.

### **2.3.B. PROVINCIAL INTERGOVERNMENTAL STRUCTURE**

Lejweleputswa District Municipality actively participates on various provincial intergovernmental structures. In this regard there is direct engagement on a political and senior management level with regard to the following provincial structures:

District IDP Managers' Forum, LED Managers' Forum, Chief Financial Officer's forum, Intergovernmental Political Forum. Intergovernmental Technical Forum, Mayor's forum.

Through this process, all agenda settings and engagement matters relating to Lejweleputswa District Municipality and local municipalities in its area of jurisdiction are elevated to a provincial level. The under – mentioned meetings are held Quarterly

- Provincial IDP forums
- Provincial IDP assessment Panel
- Provincial LED Forums
- Provincial Disaster Management Forums
- Provincial Performance Management meetings

#### **Reason for attendance**

- To attain guidance to municipal planning process
- To report on district s planning process
- For attainment of financial support and technical support on municipal IDp and public participation
- To ensure alignment of Policies with National and Provincial sector
- For identification of Capacity gaps, training and development.

### **2.3.C. DISTRICT INTERGOVERNMENTAL STRUCTURES**

Lejweleputswa District Municipality as a custodian of inter-governmental relations structures in the district has facilitated the establishment of the following forums for better coordination with the five local municipalities.

Forum Name	Does it have a TOR?	Is Forum Active	Frequency of Meeting	Purpose of forum	Composition of Forum	Chairperson
Mayors Forum	Yes	Yes	4	Both Local And District Executive Mayors and Locals meet to engage on Governance issues	1) District Mayor 2) 5 Local municipalities' Executive Mayors	District Mayor: Cllr Nkosinjani Speelmaan
Speakers Forum	Yes	Yes	4	To identify and implement programs	1) District Speaker 2) 5 Local Municipalities' Speakers	District Speaker: Cllr Andronica Olifant
Municipal Managers Forum	Yes	Yes	4	For discussions of matters of Municipal interest	1) District Municipal Manager 2) 5 Local Municipalities' Accounting Officer	District Municipal Manager: Me Palesa Kaota
IDP Managers Forum	Yes	Yes	4	It's a Platform of engagement by IDP managers to discuss IDP processes and alignment between District and Locals	1) District IDP Manager. 2) 5 Local municipalities' IDP managers and Cogta members	Mr Silone Musapelo District IDP Manager
LED Managers Forum	Yes	Yes	4	LED practitioners of both District and Local engage in ways to improve projects and stimulate local economic growth	1) District LED Manager. 2) 5 Local municipalities' LED managers	Mr Thamsanqa Skele District LED Manager
Internal Audit , Risk forums.	Yes	Yes	4	Internal Auditors of Both District and Locals meet to engage on ways to improve Audit, AG's audit Finding and exchange Ideas on Best Audit Practices	1) District Internal Audit Manager. 2) 5 Local municipalities' Internal Audit managers	
Performance Management Forum	Yes	Yes	4	Performance Managers of Both District and Locals meet to engage on ways to improve Performance System, reporting , AG's and Performance	1) District Performance Manager 2) 5 Local municipalities' Internal Audit managers and Cogta	Mr Ben Seerie Cogta



				Findings.		
IGR	Yes	Yes	4	Officials of Both Local Municipality and a District meet to discuss issues of intergovernmental relations and best practices	District Officials and Locals	Me Palesa Kaota
Waste Management Forum	Yes	Yes	4	To discuss waste management matters	Provincial waste managers, District waste managers and Local municipalities' waste managers.	Mr Louis Vollchenk
Disaster Management Forum	Yes	Yes	4	To discuss disaster related issues	Provincial Disaster managers, District disaster managers and Local municipalities' disaster managers	Mr Sibonda Nzume
Labor Relations Forum	Yes	Yes	4	Labor related Issues	Management and Employee representatives	Clllr Maria Lekaota

## COMPONENT C: PUBLIC ACCOUNTABILITY

### OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

MSA Section 51 (b) requires a municipality to establish and organise its administration to foster a culture of accountability amongst its staff.

Section 16(1) states that a municipality must develop a system of municipal governance that complements formal representative governance with a system of participatory governance. Section 18 (1)(d) requires a municipality to supply its community with information concerning municipal governance, management and development .

Outlined Participation of the above is in terms of

- Preparation, implementation and Review of IDP
- Municipal Budget preparations
- Establishment, Implementation and review of Performance management systems
- Monitoring and review of performance, including the outcomes and the impact of such results

### 2.4 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 quarterly aligned reports submitted within stipulated	Yes

Lejweleputswa District Municipality held public engagements, including meetings, events and consultations led by both political and administration principals. These occasions were organized according to LDM outcomes as aligned to legislative requirements and annual plans. Although stakeholders were reached as planned, the critical focus was mainly on the organized ones, thus to encourage local municipalities to pay attention on general communities.

### COMMUNICATION WITH STAKEHOLDERS

Lejweleputswa District Municipality uses variety of communication methods to communicate with its stakeholders in order to improve efficiency and effectiveness, a municipal website is a significant tool of communication, policies, Advertisements and strategic frameworks are contained in municipal website. Public notices and local Newspapers.

# COMPONENT D: CORPORATE GOVERNANCE

## OVERVIEW OF CORPORATE GOVERNANCE

Through corporate governance Lejweleputswa District Municipality converge funds and relationships with various stakeholders to determine its mission and vision and for Maximum optimization of available resources to promote accountability and cost-effective services to the public. In view of the fact that corporate governance determines the success or failure of a municipality, Lejweleputswa District Municipality closely monitors its business principles through policy guidelines, risk management and political oversight to ascertain compliance and obtaining a clean audit

## 2.5 RISK MANAGEMENT

Section 62 of the Local Government: Municipal Finance Management Act 2003 (Act No. 56 of 2003), states that the accounting officer should take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control as well as the effective, efficient and economical use of the resources of the municipality.

The Enterprise Risk Management Framework (ERM) aims to ensure that risks that could impede the achievement of objectives are managed better and mitigated earlier, thereby improving the District Municipality's ability to carry out its mission and achieve its goals.

Lejweleputswa District municipality appointed on 01 August 2014 a risk Management specialist to deal with all risks related issues and to ascertain that risks are detected and effectively mitigated.

The Risk Management Committee (RMC) was established and guided by a charter which is in compliance with the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003). The LDM's RMC comprises of the Executive Directors, the Municipal Manager and a chairperson who is a specialist in the industry.

Effects of instituting Risk management at Lejweleputswa District Municipality had the following benefits.

- Prevention of Fraud and Corruption
- Value for money through efficient usage of resource
- Waste Reduction
- Achievement of Municipal Goals and Objectives as outlined in the IDP
- Improved reliable and sustainable delivery of services
- Prompt rigor and analysis leads to better informed decision making

## List of Five top strategic risks

Risk	Risk Cause( Root Cause)
Non Achievement of Clean Audit	Matters related to upper Limits
Communication	Delay in decision making impede progress and transformation
Disaster Management	Inability of the district to timeously respond to disastrous events
Audit Findings	Inability to address some Audit findings
Inadequate Funding	Financial constraints to meet own legislative mandate

## List of Four top Operational risks

Risk	Risk Cause( Root Cause)
Water Quality Compliance	Not Collecting water samples for a month
Assets Maintenance and usage	Unauthorized usage of municipal and stock theft
Municipal Income	Municipality experiences cash flow problems
Data Management	Loss of Admin data due to poor back up systems

At Lejweleputswa District Municipality Risk management is a new and developing concept. Municipal Risk specialist, continuously formulate new practices and his work is regularly monitored by Province. Most employees within Lejweleputswa are still unclear about the whole concept of risk management. Management should ensure effective communication on procedures and practices throughout the institution.

## 2.6 ANTI - CORRUPTION AND FRAUD

Section 83 ( c) of the Municipal Systems act refers to the implementation of bidding structures to minimize the possibility of fraud and corruption and the Municipal Finance Management Act section 112 (m) ( I) identifies supply chain management procedures effected to fraud and Corruption, favouritism , unfair and irregular practices. Section 115 (i) (b) of MFMA states that the Accounting Officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize likelihood of Fraud and Corruption.

### 2.6.1. LEJWELEPUTSWA ANTI - CORRUPTION AND FRAUD

Lejweleputswa has established its own Anti - fraud and Corruption which is handled by Risk Management Section in the Office of the Accounting Officer. The policies and Plans for Anti - Corruption and Fraud were adopted by municipal Council on the 29 October 2015.

## **2.7 SUPPLY CHAIN MANAGEMENT**

Lejweleputswa District Municipality's supply chain maturity has evolved to become more stringent to statutory financial compliance and this can be clearly witnessed in the Municipal Audit report. In the Fiscal period under review Lejweleputswa's supply Chain Management had no issues with the municipality getting an Unqualified Audit Opinion. It is a norm that financial maladministration issues such unauthorised expenditure, irregular and wasteful expenditure and fruitless expenditure emanate from supply Chain. Lejweleputswa District municipality has taken a stance in supply chain management in ascertaining that goods procured are in a manner that's fair, equitable and cost effective.

Developed internal Control systems by our Internal Audit section, ranging from sourcing of quotations to facilitation of procurement through a variety of tender processes played a very important role.

Supply chain management personnel were capacitated to enable them to execute their responsibilities appropriately and in accordance to supply chain management rules and regulations. Free state National Treasury played a major role not only in training but through securing very competent service providers in executing these function.

## **2.8 WEBSITE**

Section 75 of the Municipal Finance Management Act requires municipalities to place key documents and information on Municipal websites including the IDP, the annual Budget, adjustment budget and budget related documents and policies.

Section 21 (a) and 21 (b) of the Municipal Systems Act also forces municipalities to place specific documents on the municipal website.

**Below is a Website Checklist to indicate compliances to Section 75 MFMA**

<b>Documents published in the Municipal  Entity's Websites</b>	<b>YES/ NO</b>	<b>Date Published</b>
Current annual and adjustments budgets and all budget-related documents	<b>YES</b>	<b>FEBRUARY 2015</b>
All current budget-related policies	<b>NO</b>	
The previous annual report 2014/2015	<b>YES</b>	<b>MARCH 2015</b>
The annual report 2014/2015 published/to be published	<b>YES</b>	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act and resulting scorecards	<b>YES</b>	<b>JUNE 2016</b>
All service delivery agreements 2014/2015	<b>N/A</b>	
All long-term borrowing contracts 2015/2016	<b>N/A</b>	
All supply chain management contracts above a prescribed value (give value) for 2015/2016	<b>N/A</b>	
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 2015/2016	<b>N/A</b>	
Contracts agreed in 2015/2016 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	<b>YES</b>	<b>JULY 2016</b>
Public-private partnership agreements referred to in section 120 made in 2015/2016	<b>YES</b>	<b>JULY 2016</b>

## 2.9. INTERNAL AUDIT

Section 65 of the MUNICIPAL FINANCE MANAGEMENT ACT no 56 of 2003, prescribes that every municipality should have own Internal Auditor.

### Functions of the Internal Auditor

- a. Prepare risk based Audit plan and internal Audit program for every Fiscal period.
- b. Give prompt advices to the Accounting Officer and Audit Committee on the Implementation of Audit plan and matters which relates to
  - Internal Controls
  - Performance management
  - Municipal risks and Risk Management
  - Internal Audit issues
  - Loss Control
  - Compliance with MFMA no 56 of 2003 and Dora an other legislations
- c. Execute other municipal functions which may be assigned to him by Municipal Accounting Officer.

### ROLE OF MUNICIPAL'S INTERNAL AUDIT

- is to assist the Accounting Officer and Council in executing own objectives and to discharge their responsibility through provision of independent evaluation of the appropriateness of effectiveness of Risk management , control and governance processes.
- By developing a three year annual Audit plans using risk based Methodology which will include concerns identified by management and submit the plan to Audit Committee to be reviewed and approved.
- Implement risk based Audit Plans as approved covering section 165 (2) of MFMA act and any other projects which may be assigned by the Accounting Officer.
- Through Establishment of policies and proper Controls which will serve as guidance to the Internal Audit unit.
- Through establishment of Quality Assurance program which will assure operation of the Internal Audit activities. ( Refer to standard 1300.)
- Maintain staff with adequate Audit knowledge, skills, Experience and audit professional certificate to meet the requirement of the charter. ( Refer to Standard 1200)
- Through issuing quarterly reports to the Audit committee and management.

## 2.10 AUDIT COMMITTEE

Section 166(1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), states “that each municipality and each municipal entity must have an Audit Committee” and Section 166(4)(a) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) states that “an audit committee must consist of at least three persons with appropriate experience”. The Audit Committee of Lejweleputswa District Municipality is an independent advisory body and currently consists of four members from the private sector which been appointed by Council. With reference to Lejweleputswa District Municipality Audit Charter, the Audit Committee assists the Council by providing inputs to ensure effective systems that complement service delivery, the safeguarding of municipal assets, the maintenance of financial records, risk management, Information Technology (IT) Governance, effective corporate governance and an effective internal control system. The Audit Committee also investigates matters within the scope of the Committee’s duties, if referred to by Council.

And further, provides independent specialist advice on financial performance, efficiency and effectiveness, performance management and compliance with legislation.

### Composition of Audit committee

Chairperson: Mr. L J Makoro

Member: Mr N L Masoka

Member: Advocate L S Khonkhe

Member: Mr E T Femele

Member: Mr N S Marota

### MAIN RESPONSIBILITIES OF THE AUDIT COMMITTEE

- Give advices to Municipal council, political Office – bearers, Municipal Manager, and Management
- Oversees Financial reporting and Compliance regulatory matters
- Review the effectiveness of Risk management and internal Audit controls
- Review Financial reporting and Financial Statements
- Review Internal Audit Functions
- Review performance management system and reports
- Review policy compliances, regulations, and procedures
- Review internal Audit reports Quarterly through Formal meetings



## Meeting Convened by Audit Committee

Number	Meeting	Date
1	Ordinary Audit Committee Meeting	13/07/2015
2	Speccial Audit committee meeting: Financial Statements	29/08/2015
3	Ordinary Audit Committee Meeting	30/11/2015
4	Ordinary Audit Committee Meeting	22/02/2016
5	Ordinary Audit Committee Meeting	30/05/2016

# **CHAPTER 3**

## **SERVICE DELIVERY PERFORMANCE**

### 3. OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION.

Municipal Performance management system is a tool used to measure the implementation of Organisational strategies. It is a planning tool used to monitor, measure and review set municipal indicators in order to ascertain effectiveness, efficiency and service delivery impact by the Municipality.

Performance management provides mechanism to measure whether strategic targets set by an organisation and employees are met.

The Constitution of South Africa 1996, Section 152 which deals with the objectives of Local Government flags on Accountable Government as a requirement. These upsurges the principle of Section 195 (i) which are linked to performance management which are as follows:

- Promotion of efficient , economic and effective usage of resources
- Accountable public administration
- Promotion of Transparency through provision of information
- To be responsive to needs of own community
- Through facilitation of public service culture and accountability amongst staff members.

Municipal systems act 2000 requires municipalities to establish a Performance management system and Municipal Finance Management Act requires proper alignment between municipal budget and its integrated development plan and encourages monitoring of performance of budget against IDP through Service Delivery budget Implementation plan.

In addition , Regulation 7(I) Of Local Government : Municipal planning and Performance management regulations, 2001 states that a municipality management system entails a framework which deals on how a municipality 's cycle and processes of performance planning , monitoring, measurement, review, reporting and improvement will be conducted including determining roles of different role players. Relevance of Performance is not only on the municipality it extends to municipal employees, external service providers and municipal entities like our own LDA.

The municipality adopted its own Framework which was approved by Council in September 2008. Lejweleputswa reviewed its policy on 15 June 2015.

### **3.1 LEGISLATIVE REQUIREMENTS**

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 2000; which stipulates as follows:

- (1) A municipality must prepare for each financial year a performance report reflecting –
  - (a) the performance of the Municipality and each external service provider during that financial year;
  - (b) a comparison of the performance referred to in paragraph (a) with targets set for performance in the previous financial year; and
  - (c) measures taken to improve performance.

### **3.2 ORGANISATION PERFORMANCE**

This Report reflects actual performance of the Municipality as measured against the performance indicators and targets in its Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2015/2016.

The format of the report will reflect the Municipality's Key Performance Indicators (KPI) per Municipal Key Performance Area. Each Key Municipal KPA has a number as set out in municipal IDP which was deliberately designed by the Lejweleputswa District Municipality to focus its development initiatives in a more coherent and organised manner.

This report will also endeavour to report to Council the Municipality's performance in terms of the five (5) National Government's Strategic key Performance Areas for local government mentioned below

- (1) Basic Service Delivery;
- (2) Local Economic Development;
- (3) Municipal Institutional Transformation and Development;
- (4) Municipal Financial Viability and Management and
- (5) Good Governance and Public Participation.

### 3.3 FOLLOWED PERFORMANCE SYSTEM FOR 2015/16

The municipality followed its adopted Framework which was approved by Council in September 2008 which was reviewed its policy on 15 June 2015.

### 3.4 THE IDP AND BUDGET

The IDP was reviewed for 2015/16 and the Budget was approved by Council in May 2015. Municipal’s strategic goals and objectives are linked to the budget through the SDBIP. The SDBIP serves as management performance tool and forms part of Lejweleputswa’s performance management system.

**The Municipality endeavoured during the development of the Top Layer as well as with the development of its SDBIP that the “SMART” principle was adhered to in the setting of indicators and objectives. Emphasis was placed on ensuring that targets were specific and time bound, thus making it measurable.**

The IDP was developed for 2012- 2017.

Performance Management Checklist

	Performance Management Framework	All MSA s57/56 Performance contracts signed	Audit Committee	Municipal Public Accounts Committee (MPAC)	Quarterly Performance Reporting to Council	Annual Reporting to Council
<b>In Place ?</b>	Yes	Yes	Yes	Yes	Yes	Yes

### 3.5 The Service Delivery and Budget Implementation Plan

The organisational performance is evaluated by means of a municipal scorecard (Top Layer SDBIP) at organisational level and through the Service Delivery Budget Implementation Plan (SDBIP) at departmental levels.

The SDBIP is a plan that converts the IDP and budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the municipality is implemented. It also allocates responsibility to directorates to deliver the services in terms of the IDP and Budget.

The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned
- The budget must address the strategic priorities

- The SDBIP should indicate what the municipality is going to do during next 12 months
- and The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

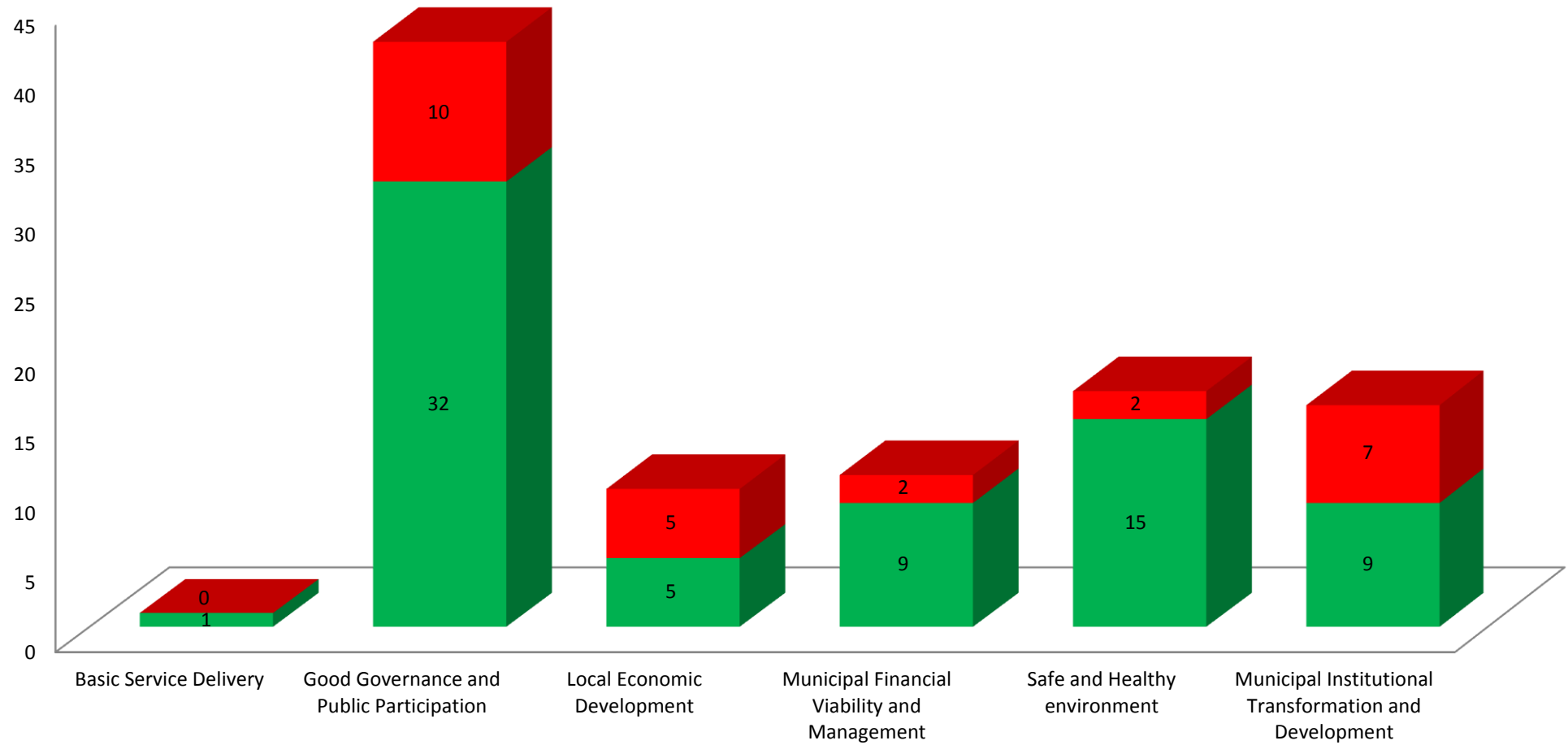
Color	Category	Explanations
	Kpi not met	Target less than 100
	Kpi well met	Target between 100 and more

## PLANNED TARGETS VS ACTUAL RESULTS FOR THE 2015/2016 FINANCIAL YEAR

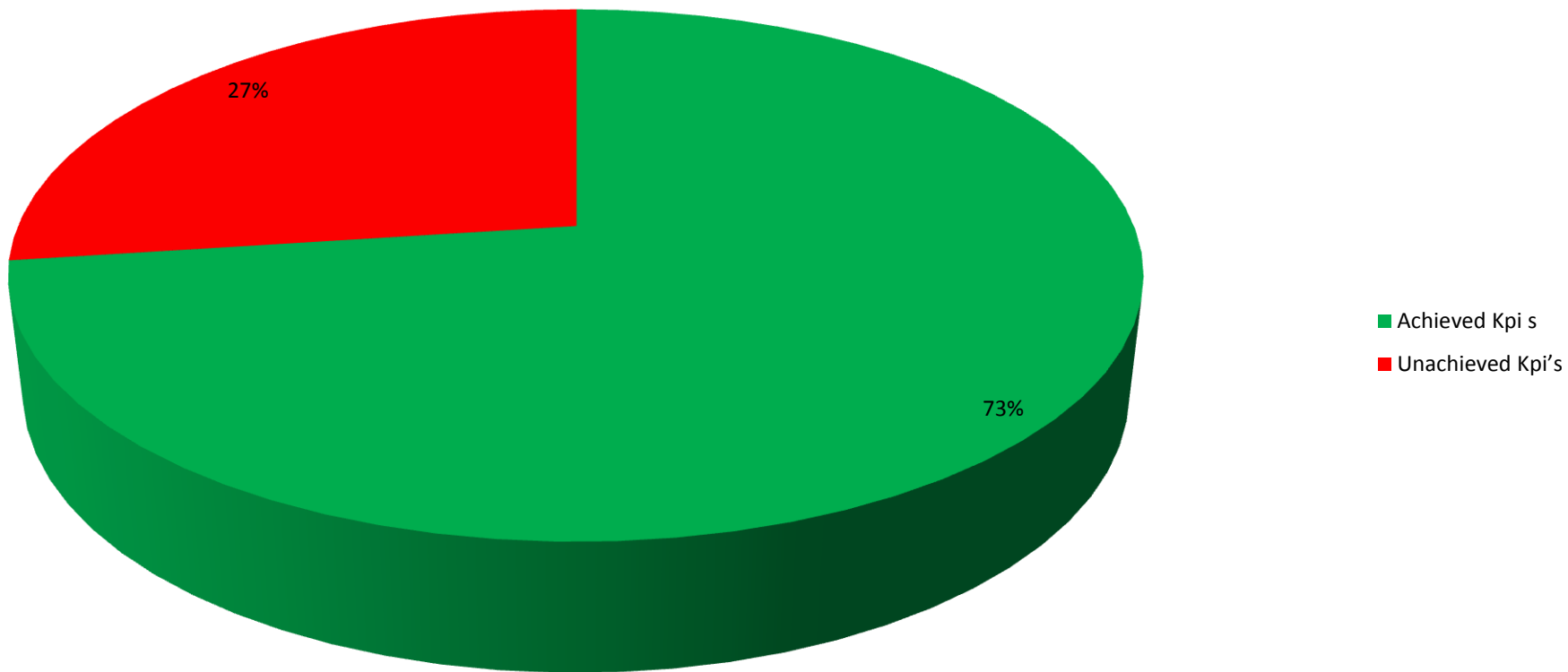
This section of the Annual Performance Report will report on the Municipality's actual performance against the planned targets as derived from the Municipality's IDP.

Lejweleputswa		Key Performance Areas					
District municipality		Basic Service Delivery	Good Governance and Public Participation	Local Economic Development	Municipal Financial Viability and Management	Safe and Healthy environment	Municipal Institutional Transformation and Development
<b>Achieved Kpi s</b>	<b>70</b>	1	32	5	9	15	9
<b>Unachieved Kpi's</b>	<b>26</b>	0	10	5	2	2	7
	<b>96</b>	1	<b>42</b>	<b>10</b>	<b>11</b>	<b>17</b>	<b>16</b>

## MUNICIPAL PERFORMANCE AGAINST KPA'S



## OVERALL PERFORMANCE





# 1.Basic Service Delivery

Municipal Strategic Focus Area	Objective	Strategy	Project Name	Key Performance Indicator	Baseline Year 5	2014/15 Targets		2015/2016 Targets	Quarterly Targets								Annual Performance 2015/2016	
						Targets	Actual Annual outputs		Q 1	Actual Output	Q 2	Actual Output	Q 3	Actual Output	Q4	Actual Output	Actual Annual Outputs	Challenges & Responses were Annual Targets were not Achieved
									Q 1	Q 2	Q 3	Q 4						
<b>2014/15 Fiscal period</b> Cemeteries	Upgrade existing cemeteries in Nala and Tokologo local municipalities	To erect two (2) palisade fences in Nala and Tokologo by the end of June 2015	Cemeteries fencing	No of cemeteries fully fenced	1	<b>1</b>	<b>1</b>										Achieved Targets for 2014/15	
<b>2014/15 Fiscal period</b> Nelson Mandela Arena	Build the necessary infrastructure for promotion of tourism in the District	Secure land for the building of the Arena through signing of Memorandum of Agreement (MOA)	Building of Nelson Mandela Arena	Signed MOA	0	<b>1</b>	<b>1</b>										Achieved Targets for 2014/15	
2015/16 Fiscal period To upgrade a community Hall	Upgrade existing Majwemasweu (Brandfort) community hall 2016	To upgrade the hall June 2016	Upgrade Community Hall	No of community hall upgraded	0			<b>1</b>	0	<b>0</b>	1	<b>1</b>	0	<b>0</b>	0	<b>0</b>	<b>1</b>	Prior Year s Achievement

Basic Service Delivery	
Achieved Kpi's	<b>1</b>
Kpi's not Achieved	<b>0</b>

## 2. Local Economic Development

Municipal Strategic Focus Area	Objective	Strategy	Project Name	Key Performance Indicator	Baseline Year 5	2014/15 Targets		2015/2016 Targets	Quarterly Targets								Annual Performance 2015/2016	
						Targets	Actual Annual outputs		Q1	Actual Output Q1	Q2	Actual Output Q2	Q3	Actual Output Q3	Q4	Actual Output Q4	Actual Annual Outputs	Challenges & Responses were Annual Targets were not Achieved
2.1 A. Economic Development	Expand Agricultural development to sustain food security 2016	Facilitate 2 Capacity building workshops for Cooperatives in the District	Capacity Building Programme	Number Capacity Building programmes	0	2		2	1	1	1	0	0	0	0	0	1	
B. Economic Development	Expand Agricultural development to sustain food security 2016	Develop the LDM LED Strategy Implementation Plan	LED Strategy Implementation Plan	Number of LED Strategy Implementation Plan	0	1		1	0	0	1	0	1	1	0	0	1	
C. Economic Development	Expand Agricultural development to sustain food security 2016	Convene District LED Forum Meetings	District LED Forum	Number of District LED Meetings convened	2	2	0	2	1	1	1	1	0				2	
D. Economic Development	To improve access to telecommunication services within the district by 2016	To install VPN System	Broadband VPN Technologies	Number of meetings held  Network architect study done	New			0	0	0	0	0	0	0	0			
E. Economic	To reduce greenhouse	Developing solar power	Solar Power	Number of meetings held	New			0	0	0	0	0	0	0	0			

Development	emissions in the district 2018	plant that will replace the current use of coal to generate electricity	Plant	with stakeholders, EIA study conducted, Bankable Business Plan Constructed Solar power plant														
F. Economic Development	To add-value to the district's agricultural products in order to boost the economy of the district	Agro-processing of Soya Beans in Nala	Soya Bean Processing	Number of meetings  Pre-feasibility study	0			0	0	0		0		0				
G. Economic Development	To mine salt in Soutpan for purpose of beauty spar	Processing the salt into a commercial product	Salt Mining processing	Number of meetings  Pre-feasibility study	New project			0	0	0		0		0				
H. Economic Development	To develop the municipality Game Reserve to attract eco-tourists and game hunters	Upgrade the game reserve	Game farming	Number of meetings	New project			0	0	0		0		0				
2.2. A. SMME Development	Workshop for Smme	Convene small scale mining workshop	Small scale mining workshop	Number of small scale mining workshops Conducted	New project			1	0	0	1	0	1	1	0	0	1	
B. SMME Development	Workshop for Smme	Convene Smme s Workshop on bid processes	Smme Bid process Workshops	Number of Smmes Bid process w/shops convened	New project			2	0	0	1	0	0	0	1	1	1	

2.3. A. Tourism Development	Promotion of tourists Attraction	Develop tourism banners	Tourism Banners	Numbers of tourism banners Developed	New Project			2	0	0	2	0	0	0	0	0	0	0	0	Not budgeted for
B. Tourism Development	Promotion of tourists Attraction	Launch District Tourism Forum	Tourism forum	Number of Tourism forums launched	2			1	0	0	1	0	0	0	0	0	0	0	0	Not budgeted for
C. Tourism Development	Create an environment for the promotion of singing talent	Invitation of Artists to perform during year end festival in December 2016	Year - end festival	Number of year end festivals held	New project	1	1	1	0	0	1	1	0	0	0	0	0	0	1	
D. Tourism Development	To attract tourists to Lejweleputswa Region	Organise Easter Festival Virginia	Golf Tournament	Number of Easter Festival held	New Project	1	1	1	0	0	0	0	0	0	1	1	1	1		
E. Tourism Development	To promote Tournament in Ldm region	Invitations of Golf Players to the Tournament	Golf Tournament	Number of Golf Tournaments	2			1	0	0	0	0	1	0	0	0	0	0	0	

Total Kpis	<b>10</b>
Achieved Kpi's	<b>5</b>
Kpi's not Achieved	<b>5</b>

# 1. LOCAL ECONOMIC DEVELOPMENT

## A. INTRODUCTION TO LOCAL ECONOMIC DEVELOPMENT

Local economic development (LED) is seen as one of the most important ways of decreasing poverty. Local economic development's aim is to create jobs by making the local economy grow. This means that more businesses and factories will be started in the municipal area. As part of the IDP, key stakeholders in a municipality come together to reach agreement and take decisions to make the economy grow and create income opportunities for more people, especially the poor. National government assist through policies and provision of funds, research and other support for local economic development. Municipalities decide on LED strategies and the process of arriving at a LED strategy must be part of the Integrated Development Planning (IDP) process.

## B. HIGHLIGHTS: LOCAL ECONOMIC DEVELOPMENT

I)	Successful hosting of Year - end Festival which took place on the 31 December 2015
II)	Easter - Festival - was hosted on 27 April 2016
III)	Agricultural Capacity Building workshop main purpose is to capacitate young and upcoming farmers on farming
IV)	Small Scale Mining = main purpose was to capacitate people who are interested in mining to enable them to resuscitate District's economy.

C. CHALLENGES: LOCAL ECONOMIC DEVELOPMENT

Description	Actions to Address
A. Ample revenue needed to develop and train Smme's. impede	A.. Funding needed to capacitate Smme's to enable them to effectively manage their own entity
B. Availability of funds could help boost feasibility studies on business opportunities.	B.. Funds needed to fund new businesses.

D. CAPITAL EXPENDITURE: LOCAL ECONOMIC DEVELOPMENT

Basic Service delivery project:	Budget	Adjustment Budget	Actual Expenditure	Variance from Actual Original Budget
Golf Tournament	25 000	0	0	
Easter Festival	1 000 000	1 275 000	1 226 360	( 226 360 )
Year End Festival	1 000 000	1 000 000	992 980	7 020
Arts, Culture and Sports	250 000	100 000	99 560	150 440

E. EMPLOYEES LOCAL ECONOMIC DEVELOPMENT

JOB LEVEL	30-Jun-16					
	Employees- Male	Employees- Female	Number of Employees	Approved Posts	Variance	Variance %
1	0	0	0	0	0	
2 - 3	2	1	3	3	0	
4 - 6	0	6	6	6	0	
7 - 9	1	0	1	1	0	
10 - 12	0	0	0	0	0	
13 - 15	0	0	0	0	0	
<b>TOTAL</b>	<b>3</b>	<b>7</b>	<b>10</b>	<b>10</b>	<b>0</b>	

E. FINANCIAL PERFORMANCE :LED

Details	2015/2016			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>				
Employees	6 468 386	6 460 205	6 111 319	9%
Repairs and Maintenance	4 000	4 000	0	
Other				
<b>Total Operational Expenditure</b>	<b>6 472 386</b>	<b>6 464 205</b>	<b>6 111 319</b>	<b>1.05%</b>
<b>Less: Loss on Disposal of PPE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>Net Operational Expenditure</b>	<b>6 472 386</b>	<b>6 464 205</b>	<b>6 111 319</b>	<b>1.05%</b>



### 3. Municipal Transformation & Institutional Development

Municipal Strategic Focus Area	Objective	Strategy	Project Name	Key Performance Indicator	Base line Year 5	2014/15 Targets		2015 2016 Targets	Quarterly Targets								Annual Performance 2015/2016	
						Targets	Actual Annual Output		Q 1	Actual Output Q 1	Q 2	Actual Output Q 2	Q 3	Actual Output Q 3	Q 4	Actual Output Q 4	Actual Annual Outputs	Challenges & Responses were Annual Targets were not Achieved
3.1. A. Sound municipal administration	To adhere to all administrative responsibilities	Develop and distribute 20 signed portfolio committee agendas and minutes	Portfolio committee meetings	Number of signed portfolio committee agendas and minutes developed and distributed	20	20	21	16	4	5	4	1	1	4	4	6	16	
B. Sound municipal administration	To adhere to all administrative responsibilities	Develop and distribute all signed MAYCO agendas and minutes	MAYCO meetings	Number signed MAYCO agendas and minutes	4	4	7	4	1	1	1	1	1	2	1	2	6	
C. Sound municipal administration	To adhere to all administrative responsibilities	Develop and distribute signed council agendas and minutes	Council meetings	Number of signed council agendas and minutes	4	4	4	4	1	1	1	1	1	4	1	5	11	

3.2 Local Labour forum	To ensure a functional LLF	Convene 4 LLF meetings annually	LLF meetings	Number of LLF meetings convened	4	4	3	4	1	1	1	0	1	1	1	2	4	
3.3. A. Skills Development	Support indigents students with bursaries to register and attend tertiary institutions in pursuit of post matric qualifications in the areas of mining, IT etc.	Sign 20 experiential learners by the end of June 2016.	Student bursaries	Number of bursaries issued per annum	20	20	20	20	0	0	0	0	20	38	0		38	
B. Skills Development	To give experiential training to students at tertiary institutions to complete their qualifications.	Number of learners completing the experiential training.	Experiential training	Number of learners who completed experiential training	20	20	18	20	5	23	5	5	5	5	5	7	40	
3. 4. A. Workplace Skills Plan	Upgrade the skills of the staff members	Enrol staff members for attending short courses by the end of June 2016	Short courses	Number of staff members undertaking short courses to upgrade their skills.	18	10	41	30	3	27	10	10	5	5	19	61		
B. Workplace Skills Plan	Support staff members to further their qualifications.	Provide financial assistance to staff members to further their studies	Financial assistance	Number of staff members financially supported	10	10	8	30	5	3	5	3	15	6	5	0	12	

3.5. A. Employee Wellness Programme	Conduct employee physical and mental wellness programmes	Facilitate two fun walk for the employees by the end of June 2016	Employee wellness	Number of employees wellness programme conducted.	4	4	5	4	1	1	1	1	1	1	1	1	4		
B. Employee Wellness Programme	Conduct employee physical and mental wellness programmes	Facilitate inter-district sport day	Employee wellness	Number of inter-district sport day facilitated	1	1	1	1	1	0	1	0	0	0	0	0	0	0	Sedibeng District municipality as the host cancelled the games scheduled for the 13 November 2015 at last minutes. Refers to correspondence form both Sedibeng district municipality and Fezile Dabi district municipality
3.6.A. Employment Equity	Ensure adherence to requirements of employment equity	Employ two women into senior management positions	Employment equity	Number of women employed into senior management positions	2	2	0	2	1	0	1	0	0	0	0	0	0	0	No Senior Management Vacant positions.
B. Employment Equity	Ensure adherence to requirements of employment equity	Facilitate 4 employment equity forum meetings by the end of June 2016	Employment equity forum	Number of employment equity forum facilitated	4	4	2	4	1	0	1	1	1	1	1	0	2	There were not sufficient agenda items for the forum. Local labour forum meeting on the 11 march 2015 resolved that starting from 1july 2016 Employment Equity forum will be LLF subcommittee	
C. Employment Equity	To ensure adherence to occupational health and	Establishment of occupational health and safety committee by	Occupational health and safety	Number of occupational health and safety committee	New project	1	1	4	1	0	1	0	1	0	1	0	0	Waited for council to approve a set HR policies including OH&S policy. The incumbent EW%OHS officer not trained to	

	safety act	June 2016	committee	meetings convened															
3.8.A. Security Management	Create an environment to improve safety of people staff and property in municipal s	Monitor weekly in and out register book in all municipal entrances.	Security Management	Number of consolidated monthly access reports developed	12	12	12	12	3	3	3	3	3	3	3	3	3	12	perform the work
3.8.B. Security Management	Create an environment to improve safety of people staff and property in municipal s	Re-activate an surveillance system and report monthly	Security Management	Number of monthly security reports developed	12	12	0	12	0	0	3	0	3	0	3	0	0	0	Made the requisition on the 17/22/2015 and signed by both manager SCM and HOD corporate service on the 25/01/2016, waited for CFO to appoint service provider to repair 12 existing CCTV cameras & install 8 new CCTV cameras
3.8.C. Security Management	Create an environment to improve safety of people staff and property in municipal s	Reactivate the use of access points by all staff members	Security Management	Monthly reports on functional use of access points.	12	12	0	12	0	0	3	0	3	0	3	0	0	0	No budget to repair the clocking system in the current financial year

### MUNICIPAL TRANSFORMATION AND GOOD GOVERNANCE

Total Kpis	16
Achieved Kpi's	9
Kpi's not Achieved	7

## 2. CORPORATE SERVICES

### A. INTRODUCTION TO CORPORATE SERVICES

Lejweleputswa District municipality is one of the core drivers of organizational change and is very crucial in improving performance through training of existing employees and sourcing scarce skills externally.

Through;

- Attending to the Human Resources requirements of all of the municipal Directorates.
- Establishing and maintaining a working environment that encourages personal growth, development, enrichment and job satisfaction.
- Ensure that the Human Resources Policies and Procedures are administered in such a way as to protect the interests of both the municipality and its employees.

### CORE FUNCTIONS:

- Encourage individuals to reach their maximum potential; negotiate and establish fair remuneration policies; maintain an on-going non-discriminatory process of communication and consultation with employees on matters of mutual concern, aimed at an open and mutual understanding and trust; Maintaining sound Labour Relations; Recruitment and Selection; Benefit Administration
- Human Resources Planning Skills Development

### B. HIGHLIGHTS: CORPORATE SERVICES

I) Awarding Bursaries
II) Improving Human Capital through offering short courses to own employees
III) Caring about employees' wellbeing through employees' wellness days and Employee's Exercise programs on certain weekdays.

C. CHALLENGES: CORPORATE SERVICES

Description of Challenge	Actions to Address
a. Portfolio committees and other Municipal Committees not sitting	a. Controls to be established in ensuring that all municipal committees hold their Committee Meetings
b. Uncontrolled training of employees may lead to duplicate thus waste inadequate resources	b. Skills Works Plan be centralized for better and efficient control of resources

D. CAPITAL EXPENDITURE: CORPORATE SERVICES

Basic Service delivery project:	Budget	Adjustment Budget	Actual Expenditure	Variance from Actual Original Budget	Project Value
Furniture and Equipment	40 000	40 000	0	0	

E. EMPLOYEES CORPORATE SERVICES

EMPLOYEES: CORPORATE SERVICES						
JOB LEVEL	30-Jun-16					
	Employees- Male	Employees- Female	Number of Employees	Approved Posts	Variance	Variance %
1	0	0	0	0	0	0
2 - 3	1	0	1	1	0	0
4 - 6	4	11	15	15	0	0
7 - 9	2	1	3	3	0	0
10 - 12	3	6	9	11	2	15
13 - 15	2	9	11	11	0	
<b>TOTAL</b>	<b>12</b>	<b>27</b>	<b>39</b>	<b>39</b>	<b>2</b>	

E. FINANCIAL PERFORMANCE : CORPORATE SERVICES

Details	2015/2016			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>				
Employees	13 531 696	13 965 271	13 556 287	
Repairs and Maintenance	7 935	7 935	0	
Other	0	0	0	
<b>Total Operational Expenditure</b>	<b>13 539 631</b>	<b>13 973 206</b>	<b>13 556 287</b>	
<b>Less: Loss on Disposal of PPE</b>	<b>0</b>	<b>8 287</b>	<b>637</b>	
<b>Net Operational Expenditure</b>	<b>13 539 631</b>	<b>13 964 919</b>	<b>13 555 650</b>	

## 4. Municipal Financial Viability and Management

Municipal Strategic Focus Area	Objective	Strategy	Project Name	Key Performance Indicator	Baseline Year 5	2014/15 Targets		2015/2016 Targets	Quarterly Targets								Annual Performance 2015/2016	
						Targets	Actual Annual outputs		Q 1	Actual Output	Q 2	Actual Output	Q 3	Actual Output	Q4	Actual Output	Actual Annual Outputs	Challenges & Responses were Annual Targets were not Achieved
									Q 1	Q 2	Q 3	Q 4						
4.1. A. Clean audit	Achieve a clean audit by 2016	To address all the matters of emphasis raised in the 2014/2015 financial year	Clean audit	Number of matters of emphasis eliminated	45	16	14	Clean audit	0	0	0	0			0			AGS report
.B. Clean audit	Achieve a clean audit by 2016	To review 3 financial and IT policies (Disaster recovery plan, SCM, IT) by the end of June 2016.	Financial policy review	Number of financial and IT policies reviewed	4	3	3	3	0	0	1	1	3	3	0	3	7	
4.2.A. Supply Chain Management compliance	Improve management of procurement processes.	To develop virement, Business continuity plan and 3G Data policies by June 2016	Financial policy development	Number of new policies developed	0	4	4	3	0	0	0	0	3	3	0	0	3	
B. Supply Chain Management	Improve management of	Train staff members on procurement	SCM Training	Number of staff members	0	10	10	10	0	0	0	0	10	17	0	0	17	



compliance	procurement processes.	processes.		trained,														
4.3.A. Asset Management	To ensure improved and updated municipal assets	Train bid committees members on procurement processes annually	Bid committees training	Number of bid committee members	0	13	18	13	0	0	13	0	0	0	0	21	21	
B. Asset Management	To ensure improved and updated municipal assets	Update asset register as and when purchases are made	Asset Management	Number of asset register updates done	101	83	146	84	14	12	10	12	30	30	30	84	138	
C. Asset Management	To ensure improved and updated municipal assets	Update asset register on a monthly basis	Asset Management	Number of asset register updated	4	12	12	12	3	3	3	3	3	3	3	3	12	
4.4. Financial reports	To strengthen and sustain sound administrative and financial capacity of the district	Comply and submit financial reports.	Financial reporting	Number of financial reports submitted	34	14	14	46	9	9	14	14	9	9	14	14	46	
4.5. A . IT	To render effective & efficient ICT services	To procure new version of Microsoft licence by June 2015	Microsoft licences	Frequency of procuring new Microsoft licences	0	1	1	1	0	0	0	0	1	1	0	0	1	
B. IT	To render effective & efficient ICT	Upgrade the municipal domain	Upgrading municipal domain	Frequency of upgrading municipal	0	1	0	1		0	0	0	1	0	0		0	Target is achieved once every five Years. Target due in 2019

	services	controller in June 2015	controller	domain controller															
C.	To render effective & efficient ICT services	Wireless points installation	Number of wireless points Connected	Connected Wireless Points	0	2	0	2	0	0	0	0	0	0	0	0	0	0	0
D. IT	To render effective & efficient ICT services	Increase the server capacity back-up to cater for all municipal users	Number of municipal officials catered for through the back-up service	Number of municipal officials catered for through the back-up service	0	170	170	170	85	85	85	45	0	0	0		130	Target over-inflated. Municipal Actual Target is 130.	

### MUNICIPAL FINACIAL VIABILITY

Total Kpis	11
Achieved Kpi's	9
Kpi's not Achieved	2

### 3. MUNICIPAL FINANCIAL VIABILITY

#### A. INTRODUCTION TO MUNICIPAL FINANCIAL VIABILITY

A municipality's KPA financial Viability which deals with all Finance related matters as stipulated in the MFMA section 56 of 2003. The section continued with a sterling performance in the fiscal period under review by reducing matters of emphasis from 26 matters in the year 2014/15 to only a single matter which is Councilors' upper limits. In the fiscal year under review we have seen a supply chain unit getting an Unqualified Audit Opinion. Treasury played a pivotal role in sourcing Experienced Service providers who offered training to our Scm. All Supply Chain members were offered training by National Treasury including all scm bid committees.

#### B. HIGHLIGHTS: MUNICIPAL FINANCIAL VIABILITY

I) Sterling performance by Municipal's Supply chain management for the year under review it had no matters.
II) Reduction of Matters of emphasis.

#### C. CHALLENGES: MUNICIPAL FINANCIAL VIABILITY

Description	Actions to Address
a. Departments don't procure according to Municipal Procurement Plan.	a. Timeous submissions of Procurement plans by departments and procuring according to plans.

D. CAPITAL EXPENDITURE: MUNICIPAL FINANCIAL VIABILITY

Basic Service delivery project:	Budget	Adjustment Budget	Actual Expenditure	Variance from Actual Original Budget	Project Value
Furniture and Equipment	100 000	100 000	0	0	
Tablet		15 000	0	0	
Server	500 000	500 000	0	0	
Anti Virus/Licence	300 000	300 000	0	0	

E. EMPLOYEES MUNICIPAL FINANCIAL VIABILITY

EMPLOYEES: FINANCE						
JOB LEVEL	30-Jun-16					
	Employees- Male	Employees- Female	Number of Employees	Approved Posts	Variance	Variance %
1	0	0	0	0	0	
2 - 3	1	2	3	3	0	
4 - 6	0	7	7	7	0	
7 - 9	7	2	9	9	0	
10 - 12	0	0	0	0	0	
13 - 15	0	0	0	0	0	
	0	0	0	0		
<b>TOTAL</b>	<b>8</b>	<b>12</b>	<b>20</b>	<b>20</b>	<b>0</b>	

EMPLOYEES: FINANCE INTERNS						
JOB LEVEL	30-Jun-16					
	Employees- Male	Employees- Female	Number of Employees	Approved Posts	Variance	Variance %
17	0	Lehasa Nkhatha Tshokodibane	3	3		
78	0	Dilikwana Nteleza	2	2		
<b>TOTAL</b>	<b>0</b>	<b>5</b>	<b>5</b>	<b>5</b>		

E. FINANCIAL PERFORMANCE : FINANCE

Details	2015/2016			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>				
Employees	11 548 539	12 234 047	10 752 935	
Repairs and Maintenance	10 400	10 400	799	
Other				
<b>Total Operational Expenditure</b>	<b>11 558 939</b>	<b>12 244 447</b>	<b>10 753 734</b>	
<b>Less: Loss on Disposal of PPE</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Net Operational Expenditure</b>	<b>11 558 939</b>	<b>12 244 447</b>	<b>10 753 734</b>	



D. IDP	Ensure implementation of a District wide integrated planning process	Coordinate the review and approval of local IDP process plans	Local IDP process plans	Number of local IDP process plans reviewed	0			5	5	5	0	0	0	0	0	0	5	
E. IDP	Ensure implementation of a District wide integrated planning process	Convene four IDP Managers forum meetings by the end of June 2016	IDP Managers forum	Number of IDP Managers forum meetings convened	0	1	1	4	1	1	1	0	1	1	1	1	4	

**IDP**

Total Kpis	5
Achieved Kpi's	4
Kpi's not Achieved	1



## A. INFRASTRUCTURE DEVELOPMENT PROGRAMME

### 1. INTRODUCTION TO INFRASTRUCTURE DEVELOPMENT PROGRAMME

The integrated development (IDP) is 5 year strategic plan crafted mainly to guide development within a municipal space as required by the municipal system act, (no 32 of 2000). The IDP is the municipal overarching plan that supersedes all plan for local government and geared towards addressing development challenges and to fulfill its developmental mandate. The district IDP developmental framework thus becomes of critical importance to both the district and local municipalities as it provides the direction which municipalities IDP's should follow and drive the integrated development planning within the district area of jurisdiction.

### 2. HIGHLIGHTS: INFRASTRUCTURE DEVELOPMENT PROGRAMME

I) IDP Public Participations
II) IDP Forums

### 3. CHALLENGES: INFRASTRUCTURE DEVELOPMENT PROGRAMME

Description	Actions to Address
a. Turnover of Public attending meetings	a. Public to be made aware of the importance of attending such meeting

\*\*\* Infrastructure development programme section is in the office of Accounting Officer.

## B. EXECUTIVE MAYOR

Municipal Strategic Focus Area	Objective	Strategy	Project Name	Key Performance Indicator	Baseline Year 5	2014/15 Targets		2015/16 Targets	Quarterly Targets								Annual Performance 2015/2016	
						Annual Targets	Actual Annual outputs		Q 1	Actual Output	Q 2	Actual Output	Q 3	Actual Output	Q4	Actual Output	Actual Annual Outputs	Challenges & Responses were Annual Targets were not Achieved
									Q 1	Q 2	Q 3	Q 4						
5.2. Moral regeneration	Restore societal moral values	Convening public awareness campaigns	Moral regeneration	Number of awareness campaigns convened	4	4	4	4	1	1	1	1	1	1	1	0	3	Due to unforeseen circumstances we couldn't proceed with the fourth Campaign
5.3 Cooperative Development	Strengthen stakeholder collaboration on cooperative development.	Establish five Cooperatives in five local municipalities by 2016	Cooperative Development	Number of collaborative meetings	0			4	2	2	0	2	0	0	4	0	4	
5.4. A District Aids Council & HIV & AIDS	Reduce the spread of HIV & AIDS in the District	Coordinate District Aids Council meetings	DAC	Number of DAC meetings coordinated	4	2	2	4	1	1	1	0	1	1	1	1	3	We were busy with the training of HIV/AIDS members
B. District Aids Council & HIV & AIDS	Reduce the spread of HIV & AIDS in the District	Coordinate HIV and AIDS awareness campaigns throughout the district.	HIV and AIDS awareness campaigns	Number of HIV and AIDS awareness coordinated.	4	4	2	4	1	0	1	1	1	1	1	2	4	
5.5. A. Gender, Disability, Elderly and Children's Programme	Promote the interests of designated groups	Conduct targeted awareness campaigns on the elderly	Targeted campaigns	Number of targeted awareness campaigns conducted for the	1	1	1	1	0	0	1	0	0	0	0	1	1	

				elderly														
<b>B. Gender, Disability, Elderly and Children's Programme</b>	Promote the interests of designated groups	Conduct targeted awareness campaigns for women	Targeted campaigns	Number of targeted awareness campaigns conducted for the women	1	1	1	1	0	0	0	0	0	0	0	1	1	
<b>C. Gender, Disability, Elderly and Children's Programme</b>	Promote the interests of designated groups	Conduct targeted awareness campaigns for the people with disabilities	Targeted campaigns	Number of targeted awareness campaigns conducted for people with disabilities	1	1	1	1	0	0	1	1	0	0	0	0	1	
<b>D. Gender, Disability, Elderly and Children's Programme</b>	Promote the interests of designated groups	Conduct targeted awareness campaigns on children's programmes.	Targeted campaigns	Number of targeted awareness campaigns conducted for children	1	1	5	1	1	1	1	1	0	0	0	0	2	
<b>5.6. A. National Campaigns</b>	Ensure coordination of all national and provincial campaigns in the district.	Convene 1 state of the province address session	State of the Province address	Number of campaigns conducted.	1	1	1	1	0	0	0	0	0	1	1	0	1	
<b>B. National Campaigns</b>	Ensure coordination of all national and provincial campaigns in the district.	Undertake international trips	International trips	Number of trips undertaken	1	1	4	1	0	0	1	0	1	1	0	2	3	

C. National Campaigns	Ensure coordination of all national and provincial campaigns in the district.	Convene 1 international women's day celebration activity	International women's day	Number of international women's day celebration activity convened	1	1	0	1	0	0	0	0	1	1	0	0	1	
D. National Campaigns	Ensure coordination of all national and provincial campaigns in the district	Convene 1 freedom day celebration activity	Freedom day celebration	Number of freedom day celebration activity convened	1	0	0	1	0	0	0	0	1	0	0	1	1	
E. National Campaigns	Ensure coordination of all national and provincial campaigns in the district.	Launch 16 days of activism against women and children abuse	16 Days activism	Number of 16 days activism against women and children launched	1	1	1	1	0	0	1	0	0	0	0	0	0	
5.7 Mandela day	To participate in the 67 minutes Mandela day in July.	Launch Mandela day	Mandela day	Celebrating Mandela day	1	1	1	1	1	1	0	0	0	0	0	0	1	
5.8 Bursaries	T provide bursaries to deserving students in Lejweleputswa region/district	Identify needy students in the district to apply for bursaries	Bursaries	Number of bursaries awarded	20	20	20	20	0	0	0	0	20	38	0	0	38	
5.9. Educational project	Encourage matriculation learners to improve their	Conduct motivational talk	Motivational talk	Number of motivational talks conducted	1	1	1	1	1	1	0	0	1	0	0	2	3	

	learning/passing grades.																		
5.10. Grant-in-Aid	Create a conducive environment for the provision of aid during times of need	Donate money to members of the communities during times of need.	Grant -in -Aid	Number of members given donation	10+	10	16	Dependent on the amount needed for assistance	5	6	5	5	5	5	5	8	24		
5.11 Arts and Culture	To ensure arts and culture is celebrated in the district	Organise Arts and Culture activities in the district	Arts and Culture celebrations	Number of activities organised	0	1	1	1	0	0	0	0	0	0	0	0	0	0	Not budgeted for so we could not do the activity
5.12 Youth Development	To ensure that the needs of young people are catered for	Organise youth activities in the District	Youth development	No of youth development activities organised	0	1	2	1	1	1	1	1	0	0		1	3		
5.13 OR Tambo games	To facilitate hosting of OR Tambo games	Organise youth activities in the District	OR Tambo games	Number of games facilitated	3	1	1	1	1	1	0		0		0	0	1		

### EXECUTIVE MAYOR 2015 -2016

Kpis	42
Achieved Kpi's	32
Kpi's not Achieved	10

## C. EXECUTIVE MAYOR

### 1. INTRODUCTION TO EXECUTIVE MAYOR'S SECTION

The functions, power and responsibilities of the Executive Mayor are assigned by legislation, in terms of section 56 of the Municipal Structures Act and Chapter 7 of the MFMA, as well by resolutions of Council passed from time to time to allocate specific responsibilities to the Executive Mayor. Provided that the legislation permits sub-delegation, or Council has authorized the power to sub-delegate in respect of Council delegations of authority made to the Executive Mayor, the Executive Mayor may sub-delegate such functions to the Mayoral Committee members of Standing Committees;

A summary of the powers and functions of the Executive Mayor assigned in terms of Section 56 of the Municipal Systems Act, are as follows:

Identify the needs of the municipality and recommend to Council strategies, programmes and services to address such needs;

- identify and develop criteria for the evaluation of strategies, programmes and services implemented to address needs of the municipality;
- evaluate progress against key performance indicators;
- review the performance of the municipality in terms of its: economy, efficiency and effectiveness; Credit control and debt collection efficiency;
- monitor the management of Administration;
- oversee the sustainable provision of services to communities;
- perform duties and exercises powers as delegated by Council;
- reports annually on the involvement of communities and community organisations in the affairs of the municipality;
- such reports must be presented at institutional political forum to ensure ownership of the reports by the Executive;
- gives attention to the public views and report on the effect of consultation on the decisions of council.

## 2. HIGHLIGHTS: EXECUTIVE MAYOR'S SECTION

I)	Executive Mayor assisted 24 communities who needed financial assistance
II)	Successful Hosting of OR Tambo Games – Youth from the district where called to participate.
III)	Conducting awareness Campaign for people with disabilities - The aim was to promote an understanding of disability issues and mobilise support for the dignity, rights and well-being of persons with disabilities.

## 3. CHALLENGES: EXECUTIVE MAYOR'S SECTION

Description	Actions to Address
none	None

#### 4. EMPLOYEES EXECUTIVE MAYOR'S SECTION

EMPLOYEES: Executive Mayor						
JOB LEVEL	30-Jun-16					
	Employees- Male	Employees- Female	Number of Employees	Approved Posts	Variance	Variance %
20	Schlebusch		1	1	0	
83		Sehloho	1	1	0	
88	Nieuwoudt	Mohloare	3		0	
89	Dichakeng	Kgoe	3			
90	Makekema	Mokhobo	7			
92		Mkhusane	1	1	0	
<b>TOTAL</b>	<b>9</b>	<b>7</b>	<b>16</b>	<b>16</b>	<b>0</b>	

#### 5. FINANCIAL PERFORMANCE : EXECUTIVE MAYOR'S SECTION

Details	2015/2016			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>				
Employees	3 190 911	3 740 724	3 686 764	
Repairs and Maintenance	1 000	1 000	0	
Other				
<b>Total Operational Expenditure</b>	<b>3 191 911</b>	<b>3 741 724</b>	<b>3 686 764</b>	
<b>Less: Loss on Disposal of PPE</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Net Operational Expenditure</b>	<b>3 191 911</b>	<b>3 741 724</b>	<b>3 686 764</b>	



6. CAPITAL EXPENDITURE : EXECUTIVE MAYOR'S SECTION

7. CAPITAL EXPENDITURE : EXECUTIVE MAYOR'S SECTION					
8. R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Computer Hardware	0	0	0	0	
Office Furniture & Equipment	0	0	0	0	
Maintain Communication Systems	0	0	0	0	

## C.SPEAKERS' OFFICE

5.14. Training Ward councillors	Improve skills of ward councillors & committee members throughout the district	Conduct 2 district wide accredited skills training sessions for all ward committees.	Accredited Skills Training	Number of accredited training sessions conducted.	New project	2	0	2	0	0	0	0	0	0	0	2	2	
5.15. Ward committee competitions	Reward best performing ward committees in the district	Convene 1 annual ward committee award by the end of June 2016	Ward committee competitions	Number of ward awards convened	New project	1	1	1		0	0	0	5	0	0	5		
5.16. Public Participation and Education	Provide a platform for the promotion of stakeholder participation	Convene three public participation meetings on IDP by June 2016.	Public Participation meetings	Public participation meetings convened	3	3	3	3		0	0	3	0	5	0	5	13	
5.17. National Population registration campaign	Coordinate continuous registration of new born babies and all citizens from 16 years upwards	Convene 2 outreach programmes in each local municipality by the end of June 2016.	Outreach programmes	Number of outreach programme coordinated	10	10	9	10		0	0	0	0	0	10	9	9	Meeting was cancelled due to invitation not send to the public
5.18. Men's Forum	Encourage the promotion of a non-violent society through men outreach programme	Convene 4 local municipal sessions per year	Men's forum	Number of men's forum sessions held per year.	20	20	2	20	5	5	1	5	5	1	5	1	25	

**SPEAKER 2015 -2016**

Kpis	<b>5</b>
Achieved Kpi's	<b>4</b>
Kpi's not Achieved	<b>1</b>

## D. SPEAKER'S OFFICE

### 1. INTRODUCTION TO SPEAKER'S OFFICE

The functions of the Speaker are set out in Section 37 of the Municipal Structures Act as follows:

- presides at meetings of the Council;
- performs the duties and exercises the powers delegated to the speaker by the Council
- must ensure that the council meets at least quarterly;
- must maintain order during meetings;
- must ensure compliance in the council and council committees with the Code of Conduct for Councillors as set out in Schedule 1 of the Municipal Systems Act ; and
- must ensure that council meetings are conducted in accordance with the rules and orders of the council.

In addition to the statutory functions listed above, in the Ldm, the Speaker has been assigned further responsibilities and duties which are articulated in the Delegation Policy. A summary of these are listed hereunder:

- encouraging participation of communities and community organisations in the decision making process of the municipality
- developing mechanisms to ensure and monitor participation of communities in the decision making process;
- ensuring that communities and community organizations are educated on their rights and responsibilities to participate and give input to the municipality's policy development processes as well as planning and budget processes;
  
- ensuring that the Standing Rules of Council are developed and regularly updated, and in this regard is delegated the authority to establish the Rules Committee and to ensure the functioning of the committee;
- in consultation with the Executive Mayor and the Whip, developing a schedule of meetings for the Council and Committees of Council in line with Rule 12 of the Standing Rules;
- ensure that Council and Standing Committees observe the calendar and meet on the dates allocated in the schedule of meetings;
- receiving and considering apologies and leaves of absence from Councillors in relation to meetings that Councillors are required to attend in terms of item 3 of Schedule 1 of the Municipal Systems Act, 2

## 2. HIGHLIGHTS: EXECUTIVE SPEAKER'S OFFICE

I)	National Population Registry Campaign – campaign was to ensure that citizens are ready to exercise their right to vote by making sure they have necessary documents
II)	Men's Forum – purpose was to change men's attitude towards human rights of women and children
III)	Ward Committee Competition – Successful awarding of best performing wards in the Districts

## 3. CHALLENGES: SPEAKER'S OFFICE

Description	Actions to Address
A. Inadequate resources to execute Speakers programmes	A. Resources be made available for speakers' programmes

4. EMPLOYEES SPEAKER'S OFFICE

EMPLOYEES: SPEAKER'S OFFICE						
JOB LEVEL	30-Jun-16					
	Employees- Male	Employees- Female	Number of Employees	Approved Posts	Variance	Variance %
1	0	0	0	0	0	
2 – 3	0	0	0	0	0	
4 – 6	1	0	1	1	0	
7 – 9	4	1	5	5	0	
10 – 12	0	0	0	0	0	
13 – 15	0	0	0	0	0	
<b>TOTAL</b>	<b>5</b>	<b>1</b>	<b>6</b>	<b>6</b>	<b>0</b>	

5. FINANCIAL PERFORMANCE : SPEAKER'S OFFICE

Details	2015/2016			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>				
Employees	2 324 380	3 010 628	2 897 139	
Repairs and Maintenance	1000	1000	0	
Other	0	0	0	
<b>Total Operational Expenditure</b>	<b>2 325 380</b>	<b>3 011 628</b>	<b>2 897 139</b>	
<b>Less: Loss on Disposal of PPE</b>	<b>0</b>	<b>0</b>		
<b>Net Operational Expenditure</b>	<b>2 325 380</b>	<b>3 011 628</b>	<b>2 897 139</b>	

6. CAPITAL EXPENDITURE : SPEAKERS OFFICE

7. CAPITAL EXPENDITURE : SPEAKER'S OFFICE					
8. R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Computer Hardware	0	0	0	0	
Office Furniture & Equipment	10 000	10 000	0	0	
Maintain Communication Systems	0	0	0	0	

## D.ACCOUNTING OFFICER

5.19. A. IGR ( M and E)	Ensure implementation of a single window of coordination in the district.	Conduct four (4) M & E site visits per year.	IGR	Number of monitoring and evaluation site visits conducted per year	4	4	4	4	1	0	1	0	1	0	1	0	0	
B. IGR( Technical)	Ensure implementation of a single window of coordination in the district.	Convene 4 technical district coordinating committee meetings per year	IGR	Number of technical district coordinating forum meetings held.	4	4	4	4	1	1	1	1	1	1	1	1	4	
C. IGR ( Political)	Ensure implementation of a single window of coordination in the district.	Convene political coordinating forum meetings per year	IGR	Number of political district coordinating forum meetings held.	4	4	4	4	1	0	1	1	1	1	1	1	3	Meeting Clashed with Premier 's Coordinating Forum.
5.20.LED Forum	Coordinate all local economic development initiatives throughout the district	Convene LED forum meetings per year	LED Forum	Number of LED forum meetings convened	4	4	2	4	1	1	1	1	1	0	1	0	2	Target is 2 and Achieved in LED department.
5.21. Policy Development	Create an improved policy environment in the	Revise three identified policies by June 2016	Policy development	Number of policies revised.	3	2	7	1	0	0	0	1	0	1	0	1	3	



	municipality.																	
5.22. Branding	Ensure effective branding of LDM activities	Procure a 4x4 meter municipal banner	Branding	Number of municipal banners procured sources	0	3	5	2	0	0	0	0	0	0	0	2	2	
5.23. Internal audit	Facilitate achievement of a clean audit of the municipality and its entity	Conduct quarterly internal audits to ensure improvement of service delivery.	Internal audit	Number of quarterly internal audits conducted per annum	New project	4	4	4	1	1	1	1	1	1	1	1	4	
5.24. Risk Management	Conduct quarterly risk assessments on identified municipal programmes as per the risk audit plan.	Conduct monthly monitoring of identified risks and provide feedback	Risk management	Number of quarterly risk assessments conducted	New project	4	4	4	1	1	1	1	1	1	1	1	4	
5.25. Performance Management System	Promote a culture of performance management	Coordinate the development of non - financial performance reports by the end of June 2016 as legislated.	Performance Management	Number of reports developed by the end of June 2016	0	2	1	22	4	4	6	6	3	6	6	6	22	
5.26. Facilitation of Indoor Arena	To facilitate the establishment of the Nelson Mandela Arena	To facilitate the development of indoor Arena by 2016	Indoor Arena	No of meetings facilitated	2			2	0	0	0	0	0	0	0	0	0	Project Suspended. Awaiting signed MOU from Matjhabeng Local Municipality

5.27. Ensure effective branding of LDM and communication with all its stakeholders	Reflect quarterly Communication of Achievements of the Municipality through newsletters , print or electronic Data	Advertise in various media sources	Municipal branding And Communication	Number of Adverts in the Media	10			10	0	5	0	8	0	5	10	8	26	
5.28.EPWP Programme	To facilitate creation Jobs for disadvantaged Youth women and men	Create jobs for unemployed youth, women and men	Epwp	Number of jobs created	80	85	85	80		0	80	82	0		0	0	82	

### Accounting Officer 2015 -2016

Kpis	12
Achieved Kpi's	8
Kpi's not Achieved	4

## E. ACCOUNTING OFFICER

### 1. INTRODUCTION TO ACCOUNTING OFFICER

Responsible for the establishment and maintenance of a strategic management system for the municipality as a whole to ensure the achievement of the municipality's strategic objectives and its developmental and service delivery obligations.

Responsible and accountable for the formation and development of an economical, efficient and accountable administration as head of the administration to ensure that objectives of sound governance principles (as depicted in Constitution of the RSA and compliant with section 51 of the system Act, 32/2000) be achieved.

Oversees the implementation and maintenance of the municipality's integrated development plan (IDP) to ensure the proper execution of the IDP.

Strategic management of the effective and efficient provision of service to local community to ensure that service are delivered in a sustainable and equitable manner.

Responsible and accountable for various financial management duties as Accounting Officer of the municipality in terms of the municipal Finance Management Act (56/2003), to ensure accountability of the Municipality's finance.

Develop and monitor policies at the strategic management level to ensure its purposefulness and efficiency.

2. HIGHLIGHTS: ACCOUNTING OFFICER

I)	Performance Management system which achieved Unqualified Opinion.
II)	Skills development of Municipal Employee - Always encouraging employees to study
III)	Ensuring that Supply Chain Reduces Matters of emphasis.

3. CHALLENGES: ACCOUNTING OFFICER

Description	Actions to Address
A. Lack of Funds to discharge her responsibilities	A.. Availability of Funds
B. Shortage of Municipal Offices	B.. Building of new offices

4. EMPLOYEES SACCOUNTING OFFICER

EMPLOYEES: ACCOUNTING OFFICER						
JOB LEVEL	30-Jun-16					
	Employees- Male	Employees- Female	Number of Employees	Approved Posts	Variance	Variance %
1	0	0	0	0	0	
2 – 3	3	0	3	3	0	
4 – 6	3	1	4	4	0	
7 – 9	3	0	3	3	0	
10 - 12	0	0	0	0	0	
13 - 15	0	0	0	0	0	
<b>TOTAL</b>	<b>9</b>	<b>1</b>	<b>10</b>	<b>10</b>	<b>0</b>	

5. FINANCIAL PERFORMANCE : ACCOUNTING OFFICER

Details	2015/2016			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>				
Employees	7 517 440	9 827 143	6 537 644	
Repairs and Maintenance	1 500	1 500	0	
Other	0	0		
<b>Total Operational Expenditure</b>	<b>7 518 940</b>	<b>9 828 643</b>	<b>6 537 644</b>	
<b>Less: Loss on Disposal of PPE</b>	<b>0</b>	<b>10 660</b>	<b>10 653</b>	
<b>Net Operational Expenditure</b>	<b>7 518 940</b>	<b>9 839 303</b>	<b>6 526 991</b>	

6. CAPITAL EXPENDITURE : ACCOUNTING OFFICER

7. CAPITAL EXPENDITURE : ACCOUNTING OFFICER					
8. R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Computer Hardware	0	0	0	0	
Office Furniture & Equipment	10 000	10 000	0	0	
Maintain Communication Systems	0	0	0	0	

## 6.A. Safe and Environmental Health

Municipal Strategic Focus Area	Objective	Strategy	Project Name	Key Performance Indicator	Baseline Year 5	2014/15 Targets		2015/2016 Targets	Quarterly Targets								Annual Performance 2015/2016	
						Annual Targets	Actual Annual Output		Q 1	Actual Output	Q 2	Actual Output	Q 3	Actual Output	Q 4	Actual Output	Actual Annual Outputs	Challenges & Responses were Annual Targets were not Achieved
									Q 1	Q 2	Q 3	Q 4						
6.1Municipal health services	To do water quality monitoring to ensure safe and healthy potable water	Implement effective water quality monitoring program.	Water quality monitoring	Number of water quality samples taken in terms of SANS 241.	179	204	181	204	51	54	51	52	51	58	51	57	221	
6.2.A. Municipal health services	Enhance consumer protection with sufficient food control	Monitor all food selling outlets for compliance to legislation	Food quality monitoring	Number of food selling outlets complied	500	500	478	500	125	152	125	112	125	116	125	140	520	
B. Municipal health services	Enhance consumer protection with sufficient food control	Implement effective food sampling program	Food sampling	Number of food samples taken	161	210	237	160	40	62	40	44	40	92	40	59	257	
6.3 Municipal health services	To create public environmental health awareness	Implement environmental health awareness campaigns	Environmental health awareness campaign	Number of environmental health awareness campaigns conducted.	4	4	5	4	1	1	1	1	1	1	1	1	4	
6.4 . A. Municipal health	Ensure safe air quality	Ensure licensing of air quality	Licensing of air quality	Number of licenses	4	4	4	4	1	1	1	2	1	1	1	1	5	

services		emitters.	emitters	issued														
B. Municipal health services	Ensure safe air quality	Auditing of Atmospheric Emission Licenses issued	Auditing of Licences	Number of Licenses audited	New project	10	10	10	1	1	1	3	4	1	1	1	6	Annual Target is 4 as One Licence is issued every Quarter
6.5.A. Municipal health services	To ensure responsible waste management practices	Quarterly Monitoring 16 waste management landfill sites	Waste management monitoring	Number of waste management landfill sites monitored	64	4	4	64	16	16	16	16	16	16	16	16	64	
6.7 Municipal health services	To ensure responsible waste management practices	Quarterly Monitoring 17 waste collection services	Waste collection monitoring	Number of waste collection services monitored	68	4	4	68	17	17	17	17	17	17	17	17	68	
6.8 Municipal health services	To ensure responsible waste management practices	Conduct quarterly waste management awareness campaigns.	Waste management campaigns	Number of waste management campaigns held	4	4	4	4	1	1	1	1	1	1	1	1	4	

## ENVIRONMENTAL HEALTH SERVICES

Kpis	17
Achieved Kpi's	15
Kpi's not Achieved	2



## 6.A. ENVIRONMENTAL HEALTH

### 1. INTRODUCTION TO ENVIRONMENTAL HEALTH

#### Safe and Healthy Environment: LEGAL FRAMEWORK

In terms of Part B of Schedule 4 of the Constitution of the Republic of South Africa, 1996, Section 156(1)(a) Municipal Health Services had been entrusted to local authorities. According to the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998), Section 84(1)(i), Municipal Health Services (MHS) were consequently declared the responsibility of a District Municipality (Category C) and/or Metropolitan Area (Category A). The National Health Act, 2003, (Act No. 61 of 2003), Section 32(1), tasks every metropolitan and district municipality to ensure the provision/rendering of Municipal Health Services (MHS).

The Minister of Local Government and Housing entrusted in Government Notice No. 826, dated 13 June 2003, the delivery of Municipal Health Services (MHS) with effect from 1 July 2004 to district municipalities. In terms of Section 1 of the National Health Act, 2003, (Act No. 61 of 2003) Municipal Health Services were declared to be:

- Water Quality Monitoring;
- Food Control;
- Solid Waste Management;
- Health Surveillance of Premises;
- Surveillance and Prevention of Contagious Diseases, excluding Immunization;
- Vector Control;
- Environmental Pollution Control;
- Disposal of the Dead; and
- Safe Handling of Chemical Substances but excludes Port Health, Malaria Control and control of Hazardous Substances

2. HIGHLIGHTS: ENVIRONMENTAL HEALTH

I) Successful waste Management Workshops
II) Water sampling Analysis
III) Food Sampling Analysis

3. CHALLENGES: ENVIRONMENTAL HEALTH

Description	Actions to Address
a. Inadequate Staff members to fully execute its Legislative Mandate	a. Availability of warm bodies in the section with necessary skills.

4. EMPLOYEES S ENVIRONMENTAL HEALTH

EMPLOYEES: ENVIRONMENTAL HEALTH						
						30-Jun-16
JOB LEVEL	Employees- Male	Employees- Female	Number of Employees	Approved Posts	Variance	Variance %
1	0	0	0	0	0	
2 - 3	1	0	1	1	0	
4 - 6	5	5	10	10	0	
7 - 9	0	1	1	1	0	
10 - 12	0	0	0	0		
13 - 15	0	0	0	0	0	
32	De la guerre	0	2			
<b>TOTAL</b>	<b>8</b>	<b>6</b>	<b>14</b>	<b>14</b>	<b>0</b>	

5. FINANCIAL PERFORMANCE : ENVIRONMENTAL HEALTH

Details	2015/2016			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>				
Employees	9 283 130	10 055 563	8 898 412	
Repairs and Maintenance	4000	4000	0	
Other				
<b>Total Operational Expenditure</b>	<b>9 287 130</b>	<b>10 059 563</b>	<b>8 898 412</b>	
<b>Less: Loss on Disposal of PPE</b>	<b>0</b>	<b>0</b>	<b>398</b>	
<b>Net Operational Expenditure</b>	<b>9 287 130</b>	<b>10 059 563</b>	<b>8 898 014</b>	

6. CAPITAL EXPENDITURE : ENVIRONMENTAL HEALTH

7. CAPITAL EXPENDITURE : ENVIRONMENTAL HEALTH R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Water Monitoring Equipment	0	0	0	0	
Office Furniture & Equipment	50 000	50 000	0	0	
Food monitoring Equipment	80 000	80 000	0	0	



	Management in the District	quarterly.		attended.														
C. Disaster Management	Ensure an integrated, and multi-sectoral approach to Disaster Management in the District	Establish Local Municipalities' Disaster Management Forums in the 5 Local Municipalities.	Disaster Relief Awareness	Number of Local Municipality Disaster Management Forums established and subsequent meetings attended.	New			5	1	1	1	7	2	13	1	0	21	
D. Disaster Management	Ensure an integrated, and multi-sectoral approach to Disaster Management in the District	Conduct Disaster Management workshops for Councillors and Officials in conjunction with SALGA and the Provincial Disaster 10 Disaster Management Centre.	Disaster Relief Awareness	Number of Disaster Management Workshops held.	New			1	1	1	1	0	0	0	0	1	2	
E. Disaster Management	Ensure an integrated, and multi-sectoral approach to Disaster Management in the District	Participate in Sector Departments' public awareness campaigns.	Disaster Relief Awareness	Number of sector departments' public awareness campaigns attended.	NEW			1	1	0	0	0	0	1	0	0	1	No incidents happened in quarter
6.11 Disaster	Formalize and promote	Develop disaster	Disaster	No of reports submitted on	As per reques	5	4	4	1	1	1	1	1	1	1	0	3	

Management	integrated, uniform, and consistent response and recovery to Disasters, and Disaster incidents throughout the district.	mitigation strategies; Contingency Plans; Evacuation Plans; and Draft a Relief Assistance Policy for Incidents.	Relief	incidents responded to and relief rendered	t													
6.12.A. Fire services	Ensure coordination of fire services throughout the District.	Conduct fire safety awareness campaigns.	a.Fire Safety awareness Campaigns .	Number of reports on fire safety awareness campaigns conducted	1			4	1	1	1	2	1	0	1	10	13	

**DISASTER MANAGEMENT**

Kpis	17
Achieved Kpi's	15
Kpi's not Achieved	2



## 6.B. DISASTER MANAGEMENT

### 1. INTRODUCTION TO DISASTER MANAGEMENT

The main objectives of Disaster Management Section is to promote a culture of risk reduction, disaster prevention and mitigation within Lejweleputswa District Municipality region. It also acts as the main source of disaster management related information and aims to capacitate communities, internal and external disaster management role-players. Furthermore, it promotes a rapid, coordinated and effective response to disastrous events by all role-players.

### 2. HIGHLIGHTS: DISASTER MANAGEMENT

I)	Successful Disaster Management awareness campaign which raised awareness on climate change, structural veldfires and drought declaration
II)	Successful Disaster Advisory Forum which aimed at encouraging district and its Locals to accelerate the adoption of Disaster plans.

### 3. CHALLENGES: DISASTER MANAGEMENT

Description	Actions to Address
None.	None

4. EMPLOYEES S DISASTER MANAGEMENT

1EMPLOYEES: DISASTER MANAGEMENGT						
JOB LEVEL	30-Jun-16					
	Employees- Male	Employees- Female	Number of Employees	Approved Posts	Variance	Variance %
1	0	0	0	0	0	
2 – 3	3	0	3	3	0	
4 – 6	3	1	4	4	0	
7 – 9	3	0	3	3	0	
10 – 12	0	0	0	0	0	
13 – 15	0	0	0	0	0	
	0	0	0	0	0	
<b>TOTAL</b>	<b>9</b>	<b>1</b>	<b>10</b>	<b>10</b>	<b>0</b>	

5. FINANCIAL PERFORMANCE : DISASTE MANAGEMENT

Details	2015/2016			
	Original Budget	Adjustment Budget	Actual	Variance to Budget
<b>Total Operational Revenue</b>				
Employees	6 486 274	6 787 887	5 894 967	
Repairs and Maintenance	122 500	52 500	0	
Other	0	0	0	
<b>Total Operational Expenditure</b>	<b>6 608 774</b>	<b>6 840 387</b>	<b>5 894 967</b>	

Less: Loss on Disposal of PPE	0	0	0	
Net Operational Expenditure	6 608 774	6 840 387	5 894 967	

6. CAPITAL EXPENDITURE : ACCOUNTING OFFICER

7. CAPITAL EXPENDITURE : DISASTERMANAGEMENT					
8. R' 000					
Capital Projects	2015/2016				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	40 000	40 000	0		
Computer Hardware			0		
Office Furniture & Equipment	40 000	40 000	0		

# **CHAPTER 4**

## **ORGANISATIONAL DEVELOPMENT PERFORMANCE (PART I)**

## 4.1 NATIONAL KEY PERFORMANCE INDICATORS - MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

The under- mentioned table shows Municipality 's performance in terms of National Key Performance indicators as required

In terms of Local Government : Municipal Planning and Performance management regulations of 2001 and section 43 of Municipal System's act .

KPA & IDICATORS	2015/2016
Employment Equity - Number of women employed into senior management positions  Cause of Non achievement is Lack of Funding and Unavailable senior posts in the year under review.	0
Percentage of a Municipality's budget spent of implementing its Workplace skills plan	

## 4.2 INTRODUCTION TO MUNICIPAL WORKFORCE

Lejweleputswa district municipality employed 138 employees as at 30 June 2016. Who largely and actively contribute to the municipality's objectives. The primary objective of Municipal Human Resource is to ensure that Municipal Human capital is addressed in terms of skills development and administrative function.

### 4.2.1 EMPLOYMENT EQUITY

The Employment Equity Act 1998 Chapter 3. Section 15 (I) states that affirmative action measures are designed to ensure that suitably qualified people from designated groups have equal employment opportunities and are represented in all occupational categories and levels in the workforce of designated employer. The National performance indicator also refers to: Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment plan.

## A. Occupational Levels - Race

Occupational Health Levels	MALE				FEMALE				
	African	Coloured	Whites	Indians	African	Coloured	Whites	Indians	Total
Top Management	4	0	0	0	1	0	0	0	5
Senior Management	2	1	3	0	1	0	0	0	7
Professional qualific/middle Management	8	0	2	0	2	0	0	0	12
Skilled	6	1	2	0	9	0	1	0	19
Semi-skilled	33	2	2	0	34	3	2	0	76
Unskilled	6	0	0	0	8	0	0	0	14
Total permanent	59	4	9	0	55	3	3	0	133
Non - permanent	3	0	0	0	6	0	0	0	8
Grand total	62	4	9	0	61	3	3	0	138

## B. Departments Race

A table that Categorises number of Employee by race per department

Departments	MALE				FEMALE			
	AFRICAN	COLOURED	WHITE	INDIAN	AFRICAN	COLOURED	WHITE	INDIAN
Municipal Manager	8	1	1	0	2	0	0	
Corporate services	18	1	0	0	26	0	0	0
Finance	5	0	0	0	9	0	2	0
Local economic services	4	6	0	0	6	1	0	0
<b>Municipal Health Services</b>								
a..Environmental Health Services	4	6	1	0	5	0	1	0
b.. Disaster Management	8	2	0	0	3	1	0	0
Total permanent								
Temporary Employees	3	0	0	0	6	0	0	0
Total number of Employees	50	16	2	0	57	2	3	0

## B. Vacancy Rate

Approved municipal Organogram for Lejweleputswa had 138 Employees as at 30 June 2016. Filled positions are indicated below by post Levels. There were 5 Vacant positions as at year end of 2015/16 Fiscal period.

Post Level	Filled	Vacant
Top Management	5	0
Senior Management	7	0
Professional / middle Management	12	0
Skilled	19	0
Semi-skilled	76	5
Unskilled	14	0
Total permanent	133	5

## 4.3 MANAGING MUNICIPAL WORKFORCE

It entails analysing and coordinating employee behaviour at the municipality

### 4.3.1 INJURIES

An occupational injury is a personal injury to municipal employee during the execution of his or her own responsibility at work environment. Injuries may take different forms, be it diseases, or death resulting from occupational accident. Compensation claims are made against the municipality and could be costly depending on the seriousness of an injury. However, Lejweleputswa district municipality hasn't registered any incident of injury to its employees for period under review.

### 4.3.2 SICK LEAVE

Number of Sick leave days taken by employee in 2014/2015 versus 2015/2016

Directorate	2014/2015	2015/2016
Accounting Officer	134	138
Corporate services	699	701
Finance	206	61
Local Economic Development	118	130
Municipal Health services	186	233
Total	<b>1343</b>	<b>1263</b>

Comment on Sick Leave.



If sick leave is not properly controlled they may result in Loss of Capital. Municipal employee Sick leave for the year under review is less than prior year's fiscal period 2014/2015.

#### 4.3.3 HR POLICIES AND PLANS

Policies and plans allows or promotes homogeneous treatment of employees and consistent approach in managing staff.

APPROVED POLICIES	
Name of Policy	Council Resolution
1. Recruitment Policy	29 October 2015
2. Revised Employee Bursary policy	29 October 2015
3. Labour Relations and Harassment	29 October 2015
4. Leave Policy	29 October 2015
5. Payroll Management and Administration Policy	29 October 2015
6. Private Work Policy	29 October 2015
7. Remuneration and Allowance Policy	29 October 2015
8. Scarce Skills policy	29 October 2015
9. Smoking Policy	29 October 2015
10. Training and Development Policy	29 October 2015
11. Vehicle and Equipment Policy	29 October 2015
12. Working Hours Policy	29 October 2015
13. OHS Policy	29 October 2015
14. Substance Abuse Policy	29 October 2015
15. Dress Code Policy	29 October 2015
16. EAP Policy	29 October 2015
17. Sexual Harassment policy	29 October 2015
18. Resignation policy	29 October 2015

#### 4.3.4 PERFORMANCE REWARDS

In accordance with regulation 32, employee performance bonus is payable to him or her based on affordability after

Consideration of the following aspects

- Annual report of the year under review has been tabled and adopted by Council
- Evaluation of Performance in terms of regulation 23;
- And approval of such evaluation by Council as a reward of outstanding performance.

Lejweleputswa District Municipality's performance management system has not been rolled out to lower levels. A resolution was taken by Council which deter any performance bonuses to be paid out due to municipal budget constraints.

#### 4.4. CAPACITATING MUNICIPAL WORKFORCE

Section 68 (i) of the MSA states that a municipality must develop its human resources capacity to a level which enables it to perform its functions and exercise its powers in an economical, effective and accountable way. Therefore, for these purpose Human resource capacity of a municipality must comply with SDA, act no 81 of 1998 and skills development levies act 20 of 1990.

##### 4.4.1 SKILLS MATRIX

Table below shows number of employees that received training during the year per Directorate

Directorate	Gender	Employees Identified for Training	Employees that received training
Municipal Manager	Male	3	3
	Female	2	2
Corporate Services	Male	2	2
	Female	1	1
Finance	Male	2	2
	Female	3	3
Local economic Development	Male	3	3
	Female	1	1
Municipal Health Services	Male	1	1
	Female		
Total		18	18

Reasons which affected training

- None, municipal employees were trained as planned
- Staff members were timeously released by departments to attend training

#### 4.4.2. SKILLS DEVELOPMENT - BUDGET ALLOCATION

Total Personnel Budget	Total Allocated	Total Spend	% spent
107 527	172 804	118 820	70

#### 4.4.3 MFMA COMPETENCIES

In terms of Section 83 (1) of the Municipal Financial Management Act, the Accounting Officer, Senior managers, the Chief Financial Officers and Non - Financial Managers and other Financial Officers of the Municipality must meet the prescribed financial management competency levels that are key to successful implementation of MFMA. National treasury prescribed Financial Management Competencies in Government Notice dated 15 June 2007

National treasury and other stakeholders played a very critical role in assisting Officials to acquire the above-mentioned prescribed Financial competency.

Table below provides details of Financial Competency development at Lejweleputswa as required by Legislation.

Description	Number of Officials employed ( Regulation 14(4)(a) and ( C)	Competency Assessments completed ( Regulation 14(4) b and d	Number of Officials whose performance agreements comply with Regulation 16 (regulation (14) (4) (F)	Total Number of Officials that meet Prescribed Competency Levels. Regulation 14 (4) (E)
<b>Financial Official</b>				
Accounting Officer	1	1	1	1
CFO	1	1	1	1
Senior Managers	3	3	3	1
<b>Any other Financial Officials</b>				
Supply Chain Officials				
Heads of Supply chain	1	1	1	1
Supply chain senior Managers	0	0	0	0
<b>Total</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>4</b>

## 4.5 THE MUNICIPAL WORKFORCE EXPENDITURE

Section 66 of MSA requires the Accounting Officer of a municipality to report to Municipal Council on all expenditure incurred by the municipality on staff Salaries, wages, Allowances and benefits. This is in line with the requirements of the Public Service Regulations (2002) as well as National Treasury Budget and Reporting Regulations SA22 and SA 23

### 4.5.1 PERSONNEL EXPENDITURE

Percentage of Personnel expenditure is significant in the Budgeting process as it reflects on current and future efficiencies. The table below indicates the percentage of municipal budget spent on two previous Fiscal periods.

Financial Year	Total Expenditure Salary and allowances	Total Operating Expenditure
2014/2015	68 770 282	45 782 572
2015/2016	73 249 289	47 850 014

**Table Below is a summary of Councillor and staff benefits for the year under review**

<b>Employee related costs</b>		
Basic	35 669 523	32 574 972
Bonus - 13th cheque	2 793 483	2 769 292
Medical aid - company contributions	3 362 816	3 139 914
UIF	217 160	210 620
WCA	350 202	337 747
Leave pay provision charge	2 849 410	2 500 679
Severance package	-	1 209 615
Defined contribution plans	2 284 959	2 149 687
Overtime payments	44 062	232 034
Travel allowance	5 465 839	5 298 689
Housing benefits and allowances	367 942	276 402
Cell phone allowance	195 877	196 798
Contribution to Pension and Providend funds	6 171 646	5 809 119
Standby allowances	165 828	143 863
Group life insurance	568 181	540 866
	<b>60 506 928</b>	<b>57 390 297</b>
<b>Reconciliation of employee related cost</b>		
Salaried staff	60 506 928	57 390 297
Municipal manager	1 435 127	1 346 903
Chief finance officer	1 179 751	1 073 941
Manager LED	981 933	941 056
Manager corporate services	935 068	844 511
Manager environmental health and disaster management	991 083	941 056
	<b>66 029 890</b>	<b>62 537 764</b>

# **CHAPTER 5**

## **ORGANISATIONAL DEVELOPMENT PERFORMANCE ( Part II)**

## 5.1. ACCOUNTING OFFICER'S ACHIEVEMENTS AND HIGHLIGHTS FOR THE YEAR 2015/16

The municipality has performed remarkably well in gaining the confidence of its communities through accelerated service delivery implementation of its core functions. Furthermore, the municipality has put in place very effective oversight mechanisms through the establishment of the **Municipal Public Accounts Committee** which to date has carried out its oversight function very successfully. Interceding from the many positive developments that this municipality has achieved which far outweigh any negative perceptions, it can be safely said that the municipality has indeed turned the corner

Overall, one can conclude with certainty that the municipality is a stable organization with a clear understanding of its mandate and related challenges it faces in the fulfillment of its development mandate. The stability and growth potential the municipality espouses is exemplified by the able leadership of its municipal manager and her team of senior management. This is in many ways commensurate with the overall performance the municipality has achieved in the realm of service delivery.

Our achievement on the Air quality and blue drop status bears testimony. As the municipality continues to strive for the best, we are very mindful of the fact that there are still some communities who are still eagerly waiting the opportunity to be afforded basic services. In this regard, the municipality work tirelessly with all the spheres and sectors of government to reach these communities. Where a service is being provided, there will always be inadequacies and dissatisfactions, and as a requirement, the municipality has established a Customer Care Centre that receives all complaints from communities and channels such complaints to the relevant authorities for redress.

One overt achievement of the municipality is its professional organizational identity. The municipal manager has created a sense of professional integrity into the organization. She has successfully restructured the organization and put systems in place aimed at enabling the municipality meet its development mandate. New appointments that were not present before were created to enhance the functionality of the Municipality. The municipality is a stable and professional organization and has successfully interfaced its professional identity with its community members.

Administratively, a lot of progress has happened since the Municipal Manager (Ms Palesa Kaota) took over the leadership of the District Municipality. The Municipality had been struggling to deal with the issue of grading for some time up until this matter was referred to National Department of Cogta to handle it, on the basis of its implication in the financial audit outcomes. The Municipality is busy reviewing the issue of encashment which has been an oversight for some time. The management has noted that Encashment of leave is not sustainable hence most municipality has revoked it.

Improvements in the management of the municipality's finance is attributed to a number of factors- the establishment of functional internal audit, risk committee, an audit committee and municipal public finance committee. There is also a gradual improvement of the functionality of IGR structures and forums.

The municipality facilitates the implementation of Performance Management System (PMS), as a tool to meet the targets that are outlined on the municipal objectives and priorities as entailed in the comprehensive Integrated Development Plan (IDP). The Service Delivery and Budget Implementation Plan (SDBIP) is prepared on an annual basis to monitor the implementation of the IDP and Budget in the immediate term. The SDBIP captures the IDP capital projects and other municipal operational activities which have been resourced with funding and human capital for the current financial year and set the measurable annual and quarterly targets for Council to be able to monitor development on the ground versus what has been planned. It is also through the SDBIP that Lejweleputswa District Management report to the Municipal Council in a structured manner (i.e. Monthly and Quarterly) and the performance of the Municipal Manager and Section 57 Managers is thus monitored.

One key challenge the municipality faces in meeting its developmental mandate is the limited nature of its revenue stream in relation to the costs of capital expenditure it is supposed to finance. A conventional critique noted in this regard is the flawed formulae used in calculating equitable share formula from the treasury. It is computed on the basis of census data 2011 information such as population size in their respective jurisdictions. This is grossly inaccurate given the increasing growth of households often occasioned through migration of people into the municipalities in search of jobs and natural population growth. Equitable share revenue is mostly used for service provision. Given the aforementioned, it is evident that the municipality's ability to meet its development objectives are anchored on the extent to which it can mobilize financial resources. Beyond the financial limitations noted, augmenting institutional capacity and de-linking political influences from the professional administration of the municipality were frequently cited as some of the primary changes required in improving the performance and integrity of the municipal administration which currently enjoys the confidence of its immediate constituency.



## **5.2. MUNICIPAL HEALTH SERVICES**

### **5.2.1 Introduction**

The Municipality currently received funding through the Equity Share of the National Treasury for the rendering of Municipal Health Services. It has proven that the allocation of such funding is not adequate and efficient for the rendering of Municipal Health Services. Currently the EHP ratio in the District Municipality is 1: 62 762 compared to the National Policy ratio of 1:10 000.

Municipal Health Services focus primarily on

- **Water Quality control**

Monitoring and surveillance of water safety, quality and availability intended for human consumption, recreational and industrial use.

This function includes the following:

- Monitoring of water reticulation systems in terms of health related issues;
- Monitoring of quality and availability of water intended for human consumption, recreation or industrial use;
- Regular taking and analysis of water samples;
- Identify and control sources of water pollution;
- Protection of water sources and resources by enforcement of laws and regulations relating to water quality;
- Ensure water supply that is safe for human consumption and complies with the Water Services Act, 1997 (Act No. 108 of 1997) and SANS Code 241;
- Implementation of health and hygiene awareness actions and education relating to water quality, water supply and sanitation; and

The drinking water of all the towns in the District Municipality are being monitored and reported once a month. 89 water samples has been taken. The results shown an 80% compliance to National Drinking water standards. The lack of sufficient number of EHP's impede on immediate interventions and preventative actions in cases of poor quality results. The lack of properly trained water treatment plant operators is acknowledged and means will be devised to improve capacity and knowledge of supervisors.

The Municipality acknowledges the threats of diseases and environmental problems posed by the non-operational sewage treatment plants and the sewerage spillages caused by increased capacity of waterborne sewerage systems. The Municipality will devise plans to improve environmental responsibility and accountability

- **Food Quality control**

To provide consumer protection and ensure that all foods during production, handling, storage, processing and distribution are safe, wholesome and fit for

human consumption; as prescribed by law. Food inspection at point of production, storage, distribution and consumption;

- Regulate food premises regarding hygiene and the prevention of nuisances through regular inspections and the enforcement of the Regulations governing General Hygiene requirements for Food Premises and the Transport of Food, R962 of 23 November 2012;
- Regulate milking sheds by issuing Certificates of Acceptability for Milking Sheds in terms of Regulations relating to hygiene requirements for milking sheds and the transport of milk and related matters, R961 of 23 November 2012;
- Regulate the informal food industry by means of R962 of 23 November 2012; Control of food premises by issuing Certificates of Acceptability for Food Premises in terms Of Regulation R962 of 23 November 2012;
- Ensure that food is safe and healthy for human consumption through enforcement of the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act No. 54 of 1972);
- The detention, seizure, condemnation and sampling of foodstuffs in terms of Regulations relating to the powers and duties of inspectors and analysts conducting inspections and analyses on foodstuffs and at food premises, R328 of 20 April 2007;
- Monitor labelling of foodstuffs as prescribed by the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act No. 54 of 1972); Providing education and training on food safety to the food industry.

The food business of the Municipality are inspected through a special project which has taken a zero tolerance approach and seeing businesses being closed-down if not in compliance to stipulated legislation.

The Municipality's EHS has inspected and approved 220 business. The Municipality acknowledge that the lack of insufficient EHP staff impede on the frequency of inspections and follow-up inspections in cases of non-compliance.

The Municipality's EHS has taken 77 Food samples to assess safety for human consumption. The selling of tank milk and the diseases and increased risks associated is acknowledged and plans will be devised to increase enforcement and compliance.

The Municipality is actively involved in environmental health awareness promotion and two (2) environmental awareness campaign and two (2) quarterly cam waste campaigns were organised in the District.

- **Waste management**

Monitoring of waste management systems, refuse, health care waste, hazardous waste and sewage. This function refers to:

- The monitoring of waste management systems, including health care waste (SANS 10248: 2004), hazardous waste, sewage and waste water;
- Monitoring for the occurrence of health nuisances during the storage, treatment, collection, handling and disposal of the various categories of waste;
- Taking samples of any waste product and the analysis thereof in order to determine possible health risks;
- The identification of needs and motivation for the promotion of sanitation;
- The enforcement of municipal By-laws and The National Health Act, 2003 (Act No. 61 of 2003) where health nuisances arise as a result of waste;
- Excludes the operation of a waste management system as rendered by B-municipalities; and

- Educating communities within the Lejweleputswa District Municipality on issues of waste management and pollution control.

The Municipality's EHS assess and monitor all municipal landfill sites and waste collection services on a quarterly basis and reports are submitted on a quarterly basis to the Local Municipalities and Provincial Department of Environmental Affairs. The Municipality acknowledge the environmental threats posed by the non-compliance of landfill sites and the wide-spread illegal dumping. The Municipality will devise legal means to increase enforcement and compliance. Five (5) landfill sites (Bohof, Dealesville, Hetzogville, Theunissen, Odendaalsrus) has been upgraded to compliance with the assistance of DEA. The Municipality will facilitate and co-ordinate the upgrading of all landfill sites in the District to compliance standards with the assistance of DEA

- **Air Quality Control**

District Municipalities are responsible for the issuing of atmospheric emissions licences (AEL's); For the year under review the division managed to issue ten atmospheric licenses.

The designation of EHP's as Environmental Health Inspectors is an issue that needs to be addressed at a national government level and Environmental health awareness.

The Municipality's EHS is a Licensing Authority in terms of the National Air Quality Act. The Municipality are involved in the receiving of AEL applications, ten (10) Licences has been processed and two (2) facilities has been audited for compliance. The Municipality is currently busy establishing an administrative system to charge and collect Licence fee for existing and new licenses

The Municipality acknowledge the importance of legal policies and by-laws to manage and control Municipal Health Services and draft MHS by-laws and improved law enforcement initiatives has been devised.

# **CHAPTER 6**

## **AUDITOR GENERAL'S REPORT**

# Report of the auditor-general to the Free State Legislature and the council on the Lejweleputswa District Municipality

## Report on the consolidated and separate financial statements

### Introduction

1. I have audited the consolidated and separate financial statements of the Lejweleputswa District Municipality and its subsidiary set out on pages ... to ..., which comprise the consolidated and separate statement of financial position as at 30 June 2016, the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting officer's responsibility for the consolidated and separate financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with the South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2015 (Act No. 1 of 2015) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-general's responsibility

3. My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in

the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.

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

## **Opinion**

6. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Lejweleputswa District Municipality and its subsidiary as at 30 June 2016 and their financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

## **Emphasis of matters**

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

## **Irregular expenditure**

8. As disclosed in note 40 to the financial statements, the municipality incurred irregular expenditure of R1 439 075 (2015: R2 015 649) in 2015-16 due to non-compliance with laws and regulations.

## **Restatement of corresponding figures**

9. As disclosed in note 34 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of an error discovered during 2015-16 in the financial statements of the municipality at, and for the year ended, 30 June 2015.

## **Material impairments**

10. As disclosed in note 6 to the financial statements, a provision for the impairment of debts amounting to R9 541 865 (2015: R10 520 053) was made with regard to irrecoverable receivables from non-exchange transactions.

## **Additional matters**

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

## **Unaudited supplementary schedules**

12. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these

schedules and, accordingly, I do not express an opinion thereon.

## Unaudited disclosure notes

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

## Report on other legal and regulatory requirements

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (FAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected key performance areas presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## Predetermined objectives

15. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected key performance areas presented in the annual performance report of the municipality for the year ended 30 June 2016:
  - Key performance area 1: Basic services and infrastructure investments on pages x to x - Parent
  - Key performance area 5: Good governance and public participation on pages x to x - Parent
  - Key performance area 2: Local Economic Development - Subsidiary
16. I evaluated the usefulness of the reported performance information to determine whether it was consistent with the planned key performance areas. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. The material findings in respect of the selected key performance areas are as follows:

## **Key performance area 1: Basic services and infrastructure investments - parent**

19. I did not raise any material findings on the usefulness and reliability of the reported performance information for this key performance area.

## **Key performance area 2: Local Economic Development subsidiary**

### **Usefulness of reported performance information**

20. The FMPPI requires performance targets to be specific in clearly identifying the nature and required level of performance; measurable and specify the period or deadline for delivery. A total of 100% of targets were not specific, measurable and time bound.

## **Key performance area 5: Good governance and public participation - parent**

21. I did not raise any material findings on the usefulness and reliability of the reported performance information for this key performance area.

## **Additional matters**

22. I draw attention to the following matters:

### **Achievement of planned targets**

23. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness of the reported information for the selected key performance area reported in paragraph 20 of this report.

### **Adjustment of material misstatements**

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of key performance area 5: Good governance and public participation and key performance area 2: Local economic development. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness of the reported performance information.

### **Unaudited supplementary information**

25. The supplementary information set out on pages x to x does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report on them.



## **Compliance with legislation**

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

## **Expenditure management**

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

## **Internal control**

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

## **Leadership**

29. Overpayments made to councillors from July 2015 to December 2015 as a result of the incorrect grading used, resulted in the municipality incurring irregular expenditure. This was due to the slow response by management to correct the grading used in determining the remuneration.

## **Financial and performance management**

30. The municipality did not adequately plan and reported on performance information which resulted in findings on usefulness and material adjustments being made in the annual performance report submitted for auditing. This was due to the municipality not properly reviewing the performance report for completeness and accuracy prior to submission for audit.

Auditor - General

Bloemfontein

15 December 2016



AUDITOR - GENERAL  
SOUTH AFRICA

Aiding to audit public confidence

# Lejweleputswa District Municipality Consolidated

## Index

---

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

<b>Index</b>	<b>Page</b>
Accounting Officer's Responsibilities and Approval	3
Audit Committee Report	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9 - 10
Accounting Policies	11 - 34
Notes to the Annual Financial Statements	35 - 68
Appendix A: Schedule of External loans	59
Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act	60
Appendix G(1): Budgeted Financial Performance (revenue and expenditure by standard classification)	61
Appendix G(2): Budgeted Financial Performance (revenue and expenditure by municipal vote)	62
Appendix G(3): Budgeted Financial Performance (revenue and expenditure)	63
Appendix G(4): Budgeted Capital Expenditure by vote, standard classification and funding	64
Appendix G(5): Budgeted Cash Flows	65

### Abbreviations

CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
MEs	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
IAS	International Accounting Standards
VAT	Value Added Tax
PAYE	Pay As You Earn
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
IPSAS	International Public Sector Accounting Standards

# Lejweleputswa District Municipality Consolidated

## Accounting Officer's Responsibilities and Approval

---

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

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

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

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the economic entity and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

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

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

The accounting officer has reviewed the economic entity's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, she is satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

The annual financial statements set out on pages 5 to 68, which have been prepared on the going concern basis, were approved by the accounting officer on 30 September 2016 and were signed by her:

---

**Palesa Matshidiso Elizabeth Kaota**  
Municipal Manager

# Lejweleputswa District Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2016

## Audit Committee Report

---

We are pleased to present our report for the financial year ended 30 June 2016.

### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet at least 4 times per annum as per its approved terms of reference. During the current year 5 number of meetings were held.

Name of member	Number of meetings attended
<b>Mr LJ Makoro (Chairperson)</b>	
Mr ET Femele	
Mr NL Masoka	
Adv LS Rabie-Khonkhe	4
Mr NS Marota	

### Audit committee responsibility

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

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

### Evaluation of annual financial statements

The audit committee has:

- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

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

### Internal audit

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

---

**Chairperson of the Audit Committee**

**Date:** \_\_\_\_\_

# Lejweleputswa District Municipality Consolidated

## Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2016	20 Restated*	20	20 Restated*
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	3	31 165 493	18 513 443	29 826 807	18 069 343
Other financial assets	4	40 008 521	40 366 752	40 008 521	40 366 752
Receivables from exchange transactions	5	39 435	17 937	-	-
Receivables from non-exchange transactions	6	743 099	279 204	743 099	279 204
	7	156 267	841 376	137 742	597 204
		<u>72 112 815</u>	<u>60 018 712</u>	<u>70 716 169</u>	<u>59 312 503</u>
<b>Non-Current Assets</b>					
Property, plant and equipment	8	62 736 440	66 564 869	62 627 561	66 468 338
Intangible assets	9	411 286	370 929	393 881	351 857
Investments in controlled entities		-	-	100	100
		<u>63 147 726</u>	<u>66 935 798</u>	<u>63 021 542</u>	<u>66 820 295</u>
<b>Total Assets</b>		<u>135 260 541</u>	<u>126 954 510</u>	<u>133 737 711</u>	<u>126 132 798</u>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Payables from exchange transactions	10	10 005 078	8 887 351	9 696 949	8 733 609
Long service awards	11	1 059 282	2 145 864	1 059 282	2 145 864
Unspent conditional grants and receipts	12	4 076 000	3 498 000	4 076 000	3 498 000
Provisions	13	231 613	187 502	231 613	187 502
	14	1 088 703	536 037	1 088 703	536 037
		<u>16 460 676</u>	<u>15 254 754</u>	<u>16 152 547</u>	<u>15 101 012</u>
<b>Non-Current Liabilities</b>					
Other financial liabilities	11	11 556 702	10 967 222	11 556 702	10 967 222
Employee benefit obligation	12	10 367 000	9 082 000	10 367 000	9 082 000
		<u>21 923 702</u>	<u>20 049 222</u>	<u>21 923 702</u>	<u>20 049 222</u>
<b>Total Liabilities</b>		<u>38 384 378</u>	<u>35 303 967</u>	<u>38 076 249</u>	<u>35 150 234</u>
<b>Net Assets</b>		<u>96 876 163</u>	<u>91 650 534</u>	<u>95 661 462</u>	<u>90 982 564</u>
<b>Accumulated surplus</b>		<u>96 876 163</u>	<u>91 650 534</u>	<u>95 661 462</u>	<u>90 982 564</u>

\* See Note 35

# Lejweleputswa District Municipality Consolidated

## Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2016	2015	2016	2015
<b>Revenue</b>					
Revenue from exchange transactions					
Interest received - trading	15	697 415	734 280	697 415	734 280
Other income	16	307 135	230 940	307 135	230 940
Interest received - investment	17	5 286 440	3 873 193	5 175 886	3 741 895
Gains on disposal of assets	18	27 089	-	27 089	-
Total revenue from exchange transactions		<u>6 318 079</u>	<u>4 838 413</u>	<u>6 207 525</u>	<u>4 707 115</u>
Revenue from non-exchange transactions					
Transfer revenue					
Government grants and subsidies	19	120 433 824	113 956 812	115 630 888	108 518 498
Total revenue	15	<u>126 751 903</u>	<u>118 795 225</u>	<u>121 838 413</u>	<u>113 225 613</u>
<b>Expenditure</b>					
	20	(70 100 237)	(64 814 553)	(66 029 890)	(62 537 764)
Employee related cost	21	(9 041 677)	(9 293 511)	(9 041 677)	(9 293 511)
Remuneration of councillors	22	(974 027)	(1 048 505)	(974 027)	(1 048 505)
Transfers to local municipalities	23	(4 439 626)	(6 533 430)	(4 394 788)	(6 505 111)
Depreciation and amortisation	24	(678 323)	(1 067 324)	(678 323)	(1 067 324)
Finance costs	25	(3 552 364)	(2 320 928)	(3 552 364)	(2 320 928)
Transfer to development agency	26	-	-	(3 500 000)	(2 500 000)
Repairs and maintenance	27	(561 424)	(476 058)	(539 940)	(464 512)
Consulting and professional fees	28	(3 530 145)	(2 580 759)	(3 530 145)	(2 580 759)
General expenses	29	(28 109 219)	(28 095 795)	(24 385 066)	(21 164 854)
	18	(5 937)	(237 389)	-	(237 389)
Total expenditure		<u>(120 986 451)</u>	<u>(116 468 211)</u>	<u>(116 626 220)</u>	<u>(109 720 657)</u>
Operating surplus		<u>5 758 924</u>	<u>2 327 014</u>	<u>5 212 193</u>	<u>3 504 956</u>
Surplus for the year		<u>5 765 452</u>	<u>2 327 014</u>	<u>5 212 193</u>	<u>3 504 956</u>

\* See Note 35

# Lejweleputswa District Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2016

## Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Accumulated surplus	Total net assets
<b>Economic entity</b>			
Balance at 01 July 2014	-	87 891 195	87 891 195
Changes in net assets			
Additional VAT assessed by SARS for prior years written off in current year	-	2 447 371	2 447 371
Net income (losses) recognised directly in net assets		2 447 371	2 447 371
Surplus for the year		2 327 014	2 327 014
Total recognised income and expenses for the year	-	4 774 385	4 774 385
Total changes	-	4 774 385	4 774 385
Opening balance as previously reported	-	92 665 583	92 665 583
Adjustments			
Prior year adjustments	-	(1 015 049)	(1 015 049)
Restated* Balance at 01 July 2015 as restated* Changes in net assets Surplus for the year Other movements	-	91 650 534	91 650 534
		(5 758 924)	(5 758 924)
		(533 295)	(533 295)
Total changes	-	5 225 629	5 225 629
Balance at 30 June 2016	-	96 876 163	96 876 163
Note(s)			
<b>Controlling entity</b>			
Balance at 01 July 2014	100	88 492 657	88 492 757
Changes in net assets			
Surplus for the year	-	3 504 956	3 504 956
Total changes	-	3 504 956	3 504 956
Opening balance as previously reported	100	91 997 613	91 997 713
Adjustments			
Change in accounting policy (refer to note 34)*	-	(1 015 049)	(1 015 049)
Restated* Balance at 01 July 2015	100	90 982 564	90 982 664
Changes in net assets			
		5 212 193	5 212 193
Surplus for the year		(533 295)	(533 295)
Total changes	-	4 678 898	4 678 898
Balance at 30 June 2016	100	95 661 462	95 661 562
Note(s)			

\* See Note 35

# Lejweleputswa District Municipality Consolidated

## Cash Flow Statement

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2016	20	20	20 Restated*
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Grants		120 433 772	111 506 000	115 630 836	108 706 000
Interest income		5 286 440	4 607 473	5 175 886	4 476 175
Other receipts		307 135	230 940	307 135	230 940
		<u>126 027 347</u>	<u>11 644 413</u>	<u>121 113 857</u>	<u>113 413 115</u>
<b>Payments</b>					
Employee costs		(79 135 386)	(74 108 064)	(75 071 567)	(71 831 275)
Suppliers		27 728 468	(30 090 891)	(27 834 839)	(25 534 669)
Finance costs		(3 552 364)	(2 320 928)	(3 552 364)	(2 320 928)
Other payments		-	(386 621)	-	(386 621)
		<u>(110 416 218)</u>	<u>(106 906 504)</u>	<u>(106 458 770)</u>	<u>(100 073 493)</u>
<b>Net cash flows from operating activities</b>	<b>32</b>	<u>15 611 129</u>	<u>9 437 909</u>	<u>14 655 087</u>	<u>13 339 622</u>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	8	(612 002)	(748 858)	(552 308)	(696 406)
Proceeds from sale of property, plant and equipment	8	115 313	995 486	109 463	995 486
Purchase of other intangible assets		(211 861)	(255 598)	(204 249)	(233 385)
Proceeds from sale of other intangible assets	99	-	3 193	-	3 193
Proceeds from sale of financial assets		358 231	(10 081 850)	358 231	(10 081 850)
<b>Net cash flows from investing activities</b>		<u>(350 319)</u>	<u>(10 087 627)</u>	<u>(288 863)</u>	<u>(10 012 962)</u>
<b>Cash flows from financing activities</b>					
Movement in other financial liabilities		(2 145 864)	(1 847 016)	(2 145 864)	(1 847 016)
<b>Net cash flows from financing activities</b>		<u>(2 145 864)</u>	<u>(1 847 016)</u>	<u>(2 145 864)</u>	<u>(1 847 016)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		12 652 050	(4 382 113)	11 757 464	(395 094)
Cash and cash equivalents at the beginning of the year		18 113 443	22 895 556	18 069 343	18 464 437
<b>Cash and cash equivalents at the end of the year</b>	<b>3</b>	<u>31 165 493</u>	<u>18 113 443</u>	<u>29 826 807</u>	<u>18 069 343</u>

\* See Note 35



# Lejweleputswa District Municipality Consolidated

Annual Financial Statements for the year ended 30 June 2016

## Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note 43*
Figures in Rand						
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest received (trading)	95 000	270 000	365 000	697 415	332 415	
Other income - (rollup)	100 000	10 000	110 000	307 135	197 135	
Interest received - investment	1 890 000	110 000	2 000 000	5 286 440	3 286 440	
<b>Total revenue from exchange transactions</b>	<b>2 085 000</b>	<b>390 000</b>	<b>2 475 000</b>	<b>6 290 990</b>	<b>3 815 990</b>	
Revenue from non-exchange transactions						
Taxation revenue						
Government grants & subsidies	127 775 000	(6 100 000)	121 675 000	120 433 824	(1 241 176)	
<b>Total revenue</b>	<b>129 860 000</b>	<b>(5 710 000)</b>	<b>124 150 000</b>	<b>126 724 814</b>	<b>2 574 814</b>	
Expenditure						
Personnel	(70 511 564)	(3 692 694)	(74 204 258)	(70 100 237)	4 110 549	
Remuneration of councillors	(9 410 323)	(558 113)	(9 968 436)	(9 041 677)	926 759	
Transfers to local municipalities	(2 950 000)	1 900 000	(1 050 000)	(974 027)	75 973	
Depreciation and amortisation	(7 701 973)		(7 701 973)	(4 439 626)	3 262 347	
Impairment loss/ Reversal of impairments	(485 590)		(485 590)	(678 323)	(192 733)	
Finance costs	(2 022 079)	-	(2 022 079)	(3 552 364)	(1 530 285)	
Repairs and maintenance	(634 460)	70 000	(564 460)	(561 424)	3 036	
Contracted Services	(1 059 670)	(590 000)	(1 649 670)	(3 530 145)	(1 880 475)	
General Expenses	(36 268 684)	2 946 226	(33 322 458)	(28 109 222)	5 213 236	
<b>Total expenditure</b>	<b>(131 044 343)</b>	<b>75 419</b>	<b>(130 968 924)</b>	<b>(120 980 517)</b>	<b>9 988 407</b>	
Operating surplus	(1 184 343)	(5 634 581)	(6 818 924)	5 744 597	12 563 221	
Gain on disposal of assets and liabilities	-	(20 235)	(20 235)	21 152	41 387	
<b>Surplus before taxation</b>	<b>(1 184 343)</b>	<b>(5 655 051)</b>	<b>(6 839 394)</b>	<b>5 765 449</b>	<b>12 604 608</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(1 184 343)</b>	<b>(5 655 051)</b>	<b>(6 839 394)</b>	<b>5 765 449</b>	<b>12 604 608</b>	
Reconciliation						

# Lejweleputswa District Municipality Consolidated

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable budget and basis	Difference between final budget and actual	Reference
Figures in Rand						
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest received - trading	95 000	270 000	365 000	697 415	332 415	
Other income	100 000	10 000	110 000	307 135	197 135	
Interest received - investment	1 890 000	110 000	2 000 000	5 175 886	3 175 886	
<b>Total revenue from exchange transactions</b>	<b>2 085 000</b>	<b>390 000</b>	<b>2 475 000</b>	<b>6 180 436</b>	<b>3 705 436</b>	
Revenue from non-exchange transactions						
Taxation revenue						
Government grants & subsidies	115 675 000	-	115 675 000	115 630 888	(44 112)	
<b>Total revenue</b>	<b>117 760 000</b>	<b>390 000</b>	<b>118 150 000</b>	<b>121 811 324</b>	<b>3 661 324</b>	
Expenditure						
Employee remuneration	(66 420 754)	(3 653 121)	(70 073 875)	(66 029 890)	4 043 985	
Remuneration of councillors	(9 410 323)	(558 113)	(9 968 436)	(9 041 677)	926 759	
Transfers to local municipalities	(2 950 000)	1 900 000	(1 050 000)	(974 027)	75 973	
Depreciation and amortisation	(7 611 223)	-	(7 611 223)	(4 394 788)	3 216 435	
Impairment loss/ Reversal of impairments	(485 590)	-	(485 590)	(678 323)	(192 733)	
Finance costs	(2 022 079)	-	(2 022 079)	(3 552 364)	(1 530 285)	
Transfer to development agency	(2 500 000)	(1 000 000)	(3 500 000)	(3 500 000)	-	
Repairs and maintenance	(634 460)	70 000	(564 460)	(539 940)	24 520	
Consulting and professional fees	(1 059 670)	(590 000)	(1 649 670)	(3 530 145)	(1 880 475)	
General expenses	(26 345 204)	(1 698 387)	(28 043 591)	(24 385 066)	3 658 525	
<b>Total expenditure</b>	<b>(119 439 303)</b>	<b>(5 529 621)</b>	<b>(124 968 924)</b>	<b>(116 626 220)</b>	<b>8 342 704</b>	
Operating surplus	(1 679 303)	(5 139 621)	(6 818 924)	5 185 104	12 004 028	
Gain on disposal of assets and liabilities	-	(20 235)	(20 235)	27 089	47 324	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(1 679 303)</b>	<b>(5 159 856)</b>	<b>(6 839 159)</b>	<b>5 212 193</b>	<b>12 051 352</b>	

# Lejweleputswa District Municipality Consolidated

## Accounting Policies

---

### 1. Presentation of Annual Financial Statements

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

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

A summary of the significant accounting policies are disclosed below.

#### 1.1 Going concern assumption

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

#### 1.2 Consolidation

##### Basis of consolidation

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

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

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

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

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

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

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

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

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

# Lejweleputswa District Municipality Consolidated

## Accounting Policies

---

### 1.3 Significant judgements and sources of estimation uncertainty (continued)

#### Impairment testing

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

#### Value in use of cash generating assets

The economic entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a

#### Value in use of non-cash generating assets

The economic entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is

#### 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 14 Provisions.

#### Useful lives of property, plant and equipment and other assets

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

#### Post retirement benefits

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

The economic entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the economic entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 12.

#### Effective interest rate

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

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

# Lejweleputswa District Municipality Consolidated

## Accounting Policies

---

### 1.4 Property, plant and equipment

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

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

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

Property, plant and equipment are initially recognised at cost.

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

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

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

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

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

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

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

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

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

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

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

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

<b>Item</b>	<b>Average useful life</b>
Land	Not depreciated
Buildings	
• Buildings	30 years
• Paving	30 years
Plant and machinery	5 years
Furniture and fixtures	5-6 years
Motor vehicles	7 years
Office equipment (including computers)	3-6 years
Emergency equipment	5 years
Other property, plant and equipment	5 years

# Lejweleputswa District Municipality Consolidated

## Accounting Policies

---

### 1.4 Property, plant and equipment (continued)

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

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

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

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

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

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

### 1.5 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the economic entity; and

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

Intangible assets are initially recognised at cost.

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

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

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

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

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

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

# Lejweleputswa District Municipality Consolidated

## Accounting Policies

---

### 1.5 Intangible assets (continued)

Item	Useful life
Computer software	3 years indefinite

Intangible assets are derecognised:

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

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

### 1.6 Investments in controlled entities

#### Controlling entity annual financial statements

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

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

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the municipality; plus

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

### 1.7 Financial instruments

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

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

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

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

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

Derecognition is the removal of a previously recognised financial asset or financial liability from the economic entity's statement of financial position.

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

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying'). It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

## Accounting Policies

---

### 1.7 Financial instruments (continued)

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

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

A financial asset is:

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

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

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

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

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

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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

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

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

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

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



# Lejweleputswa District Municipality Consolidated

## Accounting Policies

---

### 1.7 Financial instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the economic entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the economic entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

#### Classification

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

<b>Class</b>	<b>Category</b>
Other financial assets	Financial asset measured at amortised cost
Receivables from non - exchange transactions	Financial asset measured at amortised cost

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

<b>Class</b>	<b>Category</b>
Payables from exchange transactions	Financial liability measured at amortised cost
Financial liabilities	Financial liability measured at amortised cost

#### Initial recognition

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

The economic entity recognises financial assets using trade date accounting.

## Accounting Policies

---

### 1.7 Financial instruments (continued)

#### Initial measurement of financial assets and financial liabilities

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

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

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

- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions

# Lejweleputswa District Municipality Consolidated

## Accounting Policies

---

### 1.7 Financial instruments (continued)

#### Subsequent measurement of financial assets and financial liabilities

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

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

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

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

#### Fair value measurement considerations

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

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

#### Reclassification

The economic entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the economic entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the economic entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

#### Gains and losses

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

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

#### Impairment and uncollectibility of financial assets

## Accounting Policies

---

### 1.7 Financial instruments (continued)

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

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

Financial assets measured at amortised cost:

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

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

Financial assets measured at cost:

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

# Lejweleputswa District Municipality Consolidated

## Accounting Policies

---

### 1.7 Financial instruments (continued)

#### Derecognition

##### Financial assets

The economic entity derecognises financial assets using trade date accounting.

The economic entity derecognises a financial asset only when:

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

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

If the economic entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

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

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the economic entity has retained substantially all the risks and rewards of ownership of the transferred asset, the economic entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the economic entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

##### Financial liabilities

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

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

# Lejweleputswa District Municipality Consolidated

## Accounting Policies

---

### 1.7 Financial instruments (continued)

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

#### Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the economic entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the economic entity does not offset the transferred asset and the associated liability.

### 1.8 Leases

#### Operating leases - lessee

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

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

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

### 1.9 Impairment of cash-generating assets

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

#### Identification

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

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

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

# Lejweleputswa District Municipality Consolidated

## Accounting Policies

---

### 1.9 Impairment of cash-generating assets (continued)

#### Value in use

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

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

#### Discount rate

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

#### Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

# Lejweleputswa District Municipality Consolidated

## Accounting Policies

---

### 1.9 Impairment of cash-generating assets (continued)

#### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the economic entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

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

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

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

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

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

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

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

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

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



## Accounting Policies

---

### 1.9 Impairment of cash-generating assets (continued)

#### Reversal of impairment loss

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

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

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

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

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

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

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

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

### 1.10 Impairment of non-cash-generating assets

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

#### Identification

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

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

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

# Lejweleputswa District Municipality Consolidated

## Accounting Policies

---

### 1.10 Impairment of non-cash-generating assets (continued)

#### Value in use

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

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

#### Depreciated replacement cost approach

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

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

#### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

#### Reversal of an impairment loss

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

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

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

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

## Accounting Policies

---

### 1.11 Employee benefits

#### Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

#### Post-employment benefits

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

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

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

## Accounting Policies

---

### 1.11 Employee benefits (continued)

#### Post-employment benefits: Defined contribution plans

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

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

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

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

# Lejweleputswa District Municipality Consolidated

## Accounting Policies

---

### 1.11 Employee benefits (continued)

#### Post-employment benefits: Defined benefit plans

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Lejweleputswa District Municipality Consolidated

## Accounting Policies

---

### 1.11 Employee benefits (continued)

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

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

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

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

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

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

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

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

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

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or

past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner,

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

# Lejweleputswa District Municipality Consolidated

## Accounting Policies

---

### 1.11 Employee benefits (continued)

#### Other long-term employee benefits

The economic entity has an obligation to provide long-term service allowance benefits to all of its employees. According to the rules of the long-term service allowance scheme, which the economic entity instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service.

The economic entity's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

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

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

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

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

#### Termination benefits

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

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

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

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

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

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

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

### 1.12 Provisions and contingencies

Provisions are recognised when:

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

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

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

# Lejweleputswa District Municipality Consolidated

## Accounting Policies

---

### 1.12 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 economic entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

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

Provisions are not recognised for future operating expenditure.

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

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

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

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

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

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

A contingent liability:

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 34.

### 1.13 Revenue from exchange transactions

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

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

#### Measurement

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



# Lejweleputswa District Municipality Consolidated

## Accounting Policies

---

### 1.13 Revenue from exchange transactions (continued)

#### Interest and investment income

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

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

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

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

### 1.14 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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.

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.

### 1.15 Investment income

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

### 1.16 Borrowing costs

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

### 1.17 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.

### 1.18 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.

### 1.19 Irregular expenditure

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

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

# Lejweleputswa District Municipality Consolidated

## Accounting Policies

---

### 1.20 Grants in aid

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

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

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

### 1.21 Commitments

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

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

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

### 1.22 Budget information

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

The approved budget covers the fiscal period from 2015-07-01 to 2016-06-30.

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

### 1.23 Related parties

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

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

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

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

### 1.24 Events after the reporting date

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

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

### 1.25 VAT

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

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2016	(20)	(20)	(20) Restated*

### 2 New standards and interpretations

#### 2.1 Standards and interpretations not effective and not adopted in the current year

In the current year, the economic entity has not adopted any standards and interpretations as there were no new standards effected.:

## Notes to the Annual Financial Statements

---

### 2 New standards and interpretations (continued)

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

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 July 2016 or later periods:

##### GRAP 20: Related Parties

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

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

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

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

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

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

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

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

The standard elaborates on the definitions and identification of:

Close member of the family of a person;

..

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

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

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

---

### 2 New standards and interpretations (continued)

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

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

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

The municipality has adopted the standard for the first time once it becomes effective.

#### **GRAP 32: Service Concession Arrangements: Grantor**

The standard applies to a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator providing the mandated function on behalf of the grantor can either be a private party or another public sector entity. The standard applies to the grantor only.

PPP agreements that are governed and regulated in terms of the PFMA and MFMA, are some of the arrangements that fall within the scope of GRAP 32. For any other arrangements that meet the control criteria as set out in paragraph .07 of GRAP 32 the principles in the standard on accounting for such arrangements will apply

An asset provided by the operator, or an upgrade to an existing asset, is recognised as a service concession asset with a corresponding liability, being the performance obligation, if certain criteria and conditions are met.

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

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

#### **GRAP 105: Transfers of Functions Between Entities Under Common Control**

The objective of this standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.

A transfer of functions between entities under common control is a reorganisation and / or reallocation of functions between entities that are ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between entities under common control, the assets and liabilities should be recognised (by the acquirer) at their carrying amounts and should be derecognised (by the transferor) at their carrying amounts.

The difference between the amount of consideration paid or received, if any, and the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

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

The municipality has adopted the standard for the first time once it become effective.

#### **GRAP 106: Transfers of Functions Between Entities not Under Common Control**

The objective of this standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.

A transfer of functions between entities not under common control is a reorganisation and / or reallocation of functions between entities that are not ultimately controlled by the same entity before and after a transfer of functions.

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

---

### 2. New standards and interpretations (continued)

In the event of a transfer of functions between entities not under common control, the assets and liabilities should be

The difference between the amount of consideration paid, if any, and the carrying amounts of assets acquired and liabilities assumed should be recognised in accumulated surplus / (deficit).

For a transfer of functions between entities not under common control there are some specific recognition and measurement principles and exceptions to the recognition and measurement principles.

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

The municipality has adopted the standard for the first time once it becomes effective.

#### GRAP 107: Mergers

The objective of this standard is to establish accounting principles for the combined entity and combining entities in a merger.

A merger is where a new combined entity is started, acquirer can be identified and the combining entities do not have any control over the combined entity.

In the event of a merger, the assets and liabilities should be recognised (by the combined entity) at their carrying amounts and should be derecognised (by the combining entities) at their carrying amounts.

The difference between the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

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

The municipality has adopted the standard for the first time once it becomes effective.

#### GRAP 108: Statutory Receivables

GRAP 108 only deals with those receivables that arise from legislation or an equivalent means, such as regulations, bylaws or other documents issued in terms of legislation, such as ministerial orders and cabinet or municipal council decisions. Therefore in order to be statutory in nature specific legislation should require the municipality to undertake the transactions, such as outlining who should be taxed and at what rates and amounts.

Statutory receivables are not contractual receivables, the latter of which would normally meet the definition of a financial asset and will be within the scope of the Standard of GRAP on Financial Instruments.

Statutory receivables are not voluntarily entered into as with contractual receivables because they arise as a result of specific legislative requirements.

Statutory receivables are initially measured at their transaction amount and subsequently using the cost method.

Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any: interest or other charges that may have accrued on the receivable (where applicable);

impairment losses; and

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

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*

### 3 Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2 309	2 000	2 000	2 000
Bank balances	31 162 184	18 510 443	29 824 807	18 067 343
Short-term deposits	1 000	1 000	-	-
	<u>31 165 493</u>	<u>18 513 443</u>	<u>29 826 807</u>	<u>18 069 343</u>

None of the bank accounts were pledged as security.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
ABSA Bank - cheque account - 134000017	15 538 687	12 986 791	14 692 987	14 632 398	12 924 902	14 375 268
ABSA - call account - 9277830198	-	6 291	5 974	-	6 291	5 974
ABSA - call account - 9292006970	-	-	4 080 995	-	-	4 080 995
ABSA - call account - 9301665952	-	5 136 149	-	-	5 136 150	-
	5 087 786	-	-	5 087 786	-	-
First National Bank - call account - 62601644801	10 001 877	-	-	10 001 877	-	-
First National Bank - call account - 62621625592	85 725	-	-	85 725	-	-
Standard Bank - call account - 248538810007	2 703	-	-	2 703	-	-
Standard Bank - call account - 248538810010	14 319	-	-	14 318	-	-
Cash on hand	2 000	2 000	2 200	2 000	2 000	2 200
Nedbank - current account 1002745926	1 337 377	443 100	4 430 119	1 337 377	443 100	4 430 119
Nedbank - call account - 76620211301	1 000	1 000	1 000	1 000	1 000	1 000
<b>Total</b>	<b>32 071 473</b>	<b>18 575 331</b>	<b>23 213 275</b>	<b>31 165 184</b>	<b>18 513 443</b>	<b>22 895 556</b>

### 4 Other financial assets

At amortised cost

ABSA Bank fixed account	-	20 183 362	-	20 183 362
Account no: 2075116692 - maturity date 2015/07/15 at an interest rate of 6.35%				
Account no: 2075234375 - maturity date 2015/09/01 at an interest rate of 6.44%				
Standard bank fixed account	20 004 274	20 183 390	20 004 274	20 183 390
Account no: 248538810016 - maturity date 2016/09/30 at an interest rate of 7.80%				
Account no: 248538810011 - maturity date 2015/07/05 at an interest rate of 6.525%				
Account no: 248538810012 - maturity date 2015/09/03 at an interest rate of 6.425%				

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*
4. Other financial assets (continued)				
Nedbank fixed account	20 004 247	-	20 004 247	-
Account no: 03/7662020096/00036 - maturity date 2016/09/29 at an interest rate of 7.75%.				
Total other financial assets	<u>40 008 521</u>	<u>40 366 752</u>	<u>40 008 521</u>	<u>40 366 752</u>
Current assets				
At amortised cost	<u>40 008 521</u>	<u>40 366 752</u>	<u>40 008 521</u>	<u>40 366 752</u>

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

None of the financial assets were pledged as security.

Financial assets at fair value

Fair value hierarchy of financial assets at fair value

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

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

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

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

Level 2

		20 183 362		20 183 362
ABSA fixed deposit	20 004 274	20 183 390	20 004 274	20 183 390
	20 004 247	-	20 004 247	-
	<u>40 008 521</u>	<u>40 366 752</u>	<u>40 008 521</u>	<u>40 366 752</u>

Renegotiated terms

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



# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*

### 5. Receivables from exchange transactions

Deposits	23 470	570		
Sundry receivables	15 965	17 367		
	<u>39 435</u>	<u>17 937</u>	<u>-</u>	<u>-</u>

None of the trade and other receivables were pledged as security.

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

#### Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2016, RNil (2015: R4 723) were past due but not impaired.

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

3 months past due	<u>15 935</u>	<u>4 723</u>	<u>-</u>	<u>-</u>
-------------------	---------------	--------------	----------	----------

#### Trade and other receivables impaired

Trade and other receivables RNil as at 30 June 2016, (2015:RNil) were not impaired.

### 6. Receivables from non-exchange transactions

Deposits	4 700	4 700	4 700	4 700
Other receivables	(24 715)	(24 715)	(24 715)	(24 715)
Sundry receivables	10 304 979	10 819 272	10 304 979	10 819 272
Less: Allowance for impairment	(9 541 865)	(10 520 053)	(9 541 865)	(10 520 053)
	<u>743 099</u>	<u>279 204</u>	<u>743 099</u>	<u>279 204</u>

Included in other receivables are irregular expenditure incurred during the financial year. Refer to note 40.

None of the receivables were pledged as security.

#### Credit quality of receivables from non-exchange transactions

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

#### Receivables from non-exchange transactions past due but not impaired

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

3 months past due	743 099	279 204	743 099	279 204
-------------------	---------	---------	---------	---------

#### Reconciliation of allowance for impairment

Opening balance	10 520 052	9 455 228	10 520 052	9 455 228
Provision for impairment	678 323	1 064 824	678 323	1 064 824
Amounts written off as irrecoverable	(1 656 510)	-	(1 656 510)	-
	<u>9 541 865</u>	<u>10 520 052</u>	<u>9 541 865</u>	<u>10 520 052</u>

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*

### 6 Receivables from non-exchange transactions (continued)

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

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

### 7. VAT receivable

VAT receivable	156 267	841 376	137 742	597 204
----------------	---------	---------	---------	---------

The municipality is registered for VAT on the cash basis. VAT owed by SARS amounts to R 286 343.87. The carrying value amount of VAT receivable approximates fair value due to its short nature.

The agency is registered for VAT on the payment basis.

### 8 Property, plant and equipment

Economic entity	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 870 000		2 870 000	2 870 000		2 870 000
Buildings	73 148 815	(17 611 158)	55 537 657	73 137 462	(15 188 485)	57 948 977
Plant and machinery	1 299 325	(1 093 845)	205 480	576 933	(483 718)	93 215
Furniture and fixtures	6 898 692	(5 710 514)	1 188 178	6 122 425	(5 014 459)	1 107 966
Motor vehicles	1 921 138	(425 837)	1 495 301	1 921 138	(134 848)	1 786 290
Office equipment	6 079 722	(4 842 362)	1 237 360	6 324 054	(4 502 991)	1 821 063
Other property, plant and equipment	144 792	(115 473)	29 319	250 148	524 665	774 813
Emergency equipment	362 233	(189 088)	173 145	354 053	(191 508)	162 545
<b>Total</b>	<b>92 724 717</b>	<b>(29 988 277)</b>	<b>62 736 440</b>	<b>91 556 213</b>	<b>(24 991 344)</b>	<b>66 564 869</b>

Controlling entity	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 870 000		2 870 000	2 870 000		2 870 000
Buildings	73 148 815	(17 611 158)	55 537 657	73 137 462	(15 188 485)	57 948 977
Plant and machinery	1 299 325	(1 093 845)	205 480	576 933	(483 718)	93 215
Furniture and fixtures	6 751 069	(5 564 343)	1 186 726	5 976 373	(4 868 427)	1 107 946
Motor vehicles	1 921 138	(425 837)	1 495 301	1 921 138	(134 848)	1 786 290
Office equipment	5 857 566	(4 727 633)	1 129 933	6 148 233	(4 423 681)	1 724 552
Other property, plant and equipment	144 792	(115 473)	29 319	250 148	524 665	774 813
Emergency equipment	362 233	(189 088)	173 145	354 053	(191 508)	162 545
<b>Total</b>	<b>92 354 938</b>	<b>(29 727 377)</b>	<b>62 627 561</b>	<b>91 234 340</b>	<b>(24 766 002)</b>	<b>66 468 338</b>

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*

### 8 Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - Economic entity - 2016

	Opening balance	Additions	Disposals	Depreciation on disposals	Other changes, movements	Depreciation	Total
Land	2 870 000						2 870 000
Buildings	57 948 977	8 889			29 928	(2 450 137)	55 537 657
Plant and machinery	93 215	41 419			183 408	(112 562)	205 480
Furniture and fixtures	1 107 966	156 820	(62 630)	47 017	682 078	(743 073)	1 188 178
Motor vehicles	1 786 290				(124 340)	(166 649)	1 495 301
Office equipment	1 821 063	387 904	(53 920)	20 747	(160 285)	(778 149)	1 237 360
Other property, plant and equipment	774 813	8 800	(4 700)	4 230	(740 222)	(13 602)	29 319
Emergency equipment	162 545	8 170	-	-	6 378	(3 948)	173 145
	<b>66 564 869</b>	<b>612 002</b>	<b>(121 250)</b>	<b>71 994</b>	<b>(123 055)</b>	<b>(4 268 120)</b>	<b>62 736 440</b>

#### Reconciliation of property, plant and equipment - Economic entity - 2015

	Opening balance	Additions	Disposals	Depreciation	Other changes, movements	Depreciation	Total
Land	2 870 000						2 870 000
Buildings	60 422 280				(37 028)	(2 436 275)	57 948 977
Plant and machinery	189 029	7 554	(142 387)	125 836	-	(86 817)	93 215
Furniture and fixtures	2 090 467	179 994	(144 589)	107 484	-	(1 125 390)	1 107 966
Motor vehicles	1 575 464	241 506	(156 919)	254 247		(128 009)	1 786 290
Office equipment	2 811 086	317 862	(542 150)	453 501	(4 998)	(1 214 237)	1 821 063
Other property, plant and equipment	90 517	656	(9 441)	7 899	722 097	(36 915)	774 813
Emergency equipment	168 922	1 286	-	-	-	(7 663)	162 545
	<b>70 217 765</b>	<b>748 858</b>	<b>(995 486)</b>	<b>948 967</b>	<b>680 071</b>	<b>(5 035 306)</b>	<b>66 564 869</b>

#### Reconciliation of property, plant and equipment - Controlling entity - 2016

	Opening balance	Additions	Disposals	Other movements	Depreciation on disposals	Depreciation	Total
Land	2 870 000						2 870 000
Buildings	57 948 977	8 889				(2 450 137)	55 537 657
Plant and machinery	93 215	41 419			183 408	(112 562)	205 480
Furniture and fixtures	1 107 946	155 248	(62 630)	682 078	47 017	(742 933)	1 186 726
Motor vehicles	1 786 290			(124 340)		(166 649)	1 495 301
Office equipment	1 724 552	329 782	(42 133)	(160 285)	20 747	(742 730)	1 129 933
Other property, plant and equipment	774 813	8 800	(4 700)	(740 222)	4 230	(13 602)	29 319
Emergency equipment	162 545	8 170	-	6 378	-	(3 948)	173 145
	<b>66 468 338</b>	<b>552 308</b>	<b>(109 463)</b>	<b>(123 055)</b>	<b>71 994</b>	<b>(4 232 561)</b>	<b>62 627 561</b>

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*

### 8 Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - Controlling entity - 2015

	Opening balance	Additions	Disposals	Transfers	Other movements	Depreciation	Total
Land	2 870 000						2 870 000
Buildings	60 422 280				(37 028)	(2 436 275)	57 948 977
Plant and machinery	189 029	7 554	(142 387)	125 836		(86 817)	93 215
Furniture and fixtures	2 090 446	179 994	(144 589)	107 484		(1 125 389)	1 107 946
Motor vehicles	1 575 464	241 506	(156 919)	254 248		(128 009)	1 786 290
Office equipment	2 742 251	265 410	(542 150)	453 500	(4 998)	(1 189 461)	1 724 552
Other property, plant and equipment	90 517	656	(9 441)	7 899	722 097	(36 915)	774 813
Emergency equipment	168 922	1 286		-	-	(7 663)	162 545
	70 148 909	696 406	(995 486)	948 967	680 071	(5 010 529)	66 468 338

#### Pledged as security

None of the assets were pledged as security.

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

### 9 Intangible assets

Economic entity	2016			2015		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	7 058 887	(6 647 601)	411 286	6 847 026	(6 476 097)	370 929

Controlling entity	2016			2015		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	7 001 781	(6 607 900)	393 881	6 797 532	(6 445 675)	351 857

#### Reconciliation of intangible assets - Economic entity - 2016

	Opening balance	Additions	Amortisation	Total
Computer software, other	370 929	211 861	(171 504)	411 186

#### Reconciliation of intangible assets - Economic entity - 2015

	Opening balance	Additions	Disposals	Transfers	Amortisation	Total
Computer software, other	1 610 797	255 598	(3 193)	1 210	(1 493 483)	370 929

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	(20)	(20)	(20) Restated*

### 9. Intangible assets (continued)

#### Reconciliation of intangible assets - Controlling entity - 2016

	Opening balance	Additions	Amortisation	Total
Computer software	351 857	204 249	(162 225)	393 881

#### Reconciliation of intangible assets - Controlling entity - 2015

	Opening balance	Additions	Disposals	Amortisation on disposals	Amortisation	Total
Computer software	1 610 437	233 385	(3 193)	1 210	(1 489 982)	351 857

#### Pledged as security

None of the assets were pledged as security.

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

### 10. Payables from exchange transactions

Trade payables	2 420 747	2 549 727	2 348 552	2 547 479
Accrued leave pay	6 080 343	5 001 961	5 971 616	4 886 234
Accrued bonus	1 356 330	1 186 539	1 229 125	1 150 772
Retention creditors	147 656	149 124	147 656	149 124
	<u>10 005 076</u>	<u>8 887 351</u>	<u>9 696 949</u>	<u>8 733 609</u>

### 11. Other financial liabilities

#### At amortised cost

	12 615 984		12 615 984	
ABSA loan (3044406667)		1 977 352		1 977 352
DBSA loan (61003236)		1 515 266		1 515 266
DBSA loan (61003237)		(20)		(20)
DBSA loan (61004020)		240 651		240 651
DBSA loan (61001256)		55 751		55 751
DBSA loan (61001257)		287 041		287 041
DBSA loan (61001258)		616 422		616 422
DBSA loan (61001259)		1 469 847		1 469 847
DBSA loan (61001299)		6 950 776		6 950 776
	<u>12 615 984</u>	<u>13 113 086</u>	<u>12 615 984</u>	<u>13 113 086</u>
Total other financial liabilities	<u>12 615 984</u>	<u>13 113 086</u>	<u>12 615 984</u>	<u>13 113 086</u>

The loan is with ABSA Bank Limited and the repayments are made on a six monthly basis. The loan will be redeemed on 28 February 2021 and the loan bear interest at prime less 0.25%.

These loans are from the Development Bank of South Africa and repayments are made on a six monthly basis. The last loan was redeemed on 29 February 2016 and the loans bear interest between 10% and 16.5%.

The municipality did not default on any of the other financial liabilities, whether it be on the capital or the interest portions, and none of the terms attached to the other financial liabilities were renegotiated. Refer to Appendix A.

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*

### 11. Other financial liabilities (continued)

Non-current liabilities				
At amortised cost	<u>11 556 702</u>	<u>10 967 222</u>	<u>11 556 702</u>	<u>10 967 222</u>
Current liabilities				
At amortised cost	<u>1 059 282</u>	<u>2 145 864</u>	<u>1 059 282</u>	<u>2 145 864</u>

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*

### 12. Employee benefit obligations

#### Defined benefit plan

The plan is a post employment medical benefit plan.

#### Post retirement medical aid plan

The municipality provides certain post-retirement health care benefits by 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 as unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2016 by ZAQEN Consultants and Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes: \* Bonitas \* Hosmed \* Keyhealth \* LA Health

\* Samwumed

The members of the post-employment health care benefit plan are made up as follows:

In service members (employees)	100	9	10	9
members	6	9	6	9
Continuation members (retirees, widowers and orphans)	3	2	3	2
	<u>109</u>	<u>10</u>	<u>10</u>	<u>10</u>

#### The amounts recognised in the statement of financial position are as follows:

Employee benefit obligations	<u>10 367 000</u>	<u>9 082 000</u>	<u>10 367 000</u>	<u>9 082 000</u>
------------------------------	-------------------	------------------	-------------------	------------------

#### Movement in the present value of the employee benefit obligation

Opening balance	9 082 000	7 588 000	9 082 000	7 588 000
Interest	859 000	854 000	859 000	854 000
Actuarial (gain) losses	860 000	727 000	860 000	727 000
Benefitss paid by the plan	(354 000)	(39 000)	(354 000)	(39 000)
	(80 000)	(48 000)	(80 000)	(48 000)
	<u>10 367 000</u>	<u>9 082 000</u>	<u>10 367 000</u>	<u>9 082 000</u>

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*

### 12. Employee benefit obligations

(continued) The following main assumptions were used in performing the valuation at 30 June 2016

Discount rate	9,09%	9,09%	9,09%	9,09%
Consumer price inflation	7,19%	7,19%	7,19%	7,19%
Health care cost inflation	8,19%	8,19%	8,19%	8,19%
Net discount rate	0,83%	0,83%	0,83%	0,83%

#### Health care cost inflation

	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
The effect of a one percent increase and decrease in the health care cost inflation rate is as follows:	10 506 000	9 250 000	10 506 000	9 250 000
	733 000	875 000	733 000	875 000
Employer benefit liability	1 127 000	876 000	1 127 000	876 000

#### Long service awards

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2016 by ZAQEN Consultants and Actuaries. The projected unit credit funding method has been used to determine the past - service liabilities at the valuation date and the projected annual expense in the year following the valuation date.

The expected value of each employee's long service award is projected to the next interval by allowing for future salary growth.

Long service benefits are awarded in the form of leave days and a percentage of salary. We have converted the awarded leave days into a percentage of the employee's annual salary. The conversion is based on a 250 working day year.

The amounts recognised in the statement of financial position are as follows:

Carrying value	4 076 000	3 498 000	4 076 000	3 498 000
Present value of long service awards				

Changes in the present value of the long service award obligation are as follows:

Opening balance	3 498 000	3 217 000	3 498 000	3 217 000
Benefits paid	(316 000)	(341 000)	(316 000)	(341 000)
Net expense recognised	894 000	622 000	894 000	622 000
	4 076 000	3 498 000	4 076 000	3 498 000

Net expense of the long service awards obligation recognised in the statement of financial performance

Current service cost	381 000	377 000	381 000	377 000
Interest cost	319 000	264 000	319 000	264 000
Actuarial (gains) losses	194 000	(19 000)	194 000	(19 000)
	894 000	622 000	894 000	622 000



# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*

### 12. Employee benefit obligations (continued)

#### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	8,06 %	8,06 %	8,06 %	8,06 %
Consumer price inflation	6,37 %	6,37 %	6,37 %	6,37 %
Salary increase rate	7,37 %	7,37 %	7,37 %	7,37 %
Net discount rate	0,64 %	0,64 %	0,64 %	0,64 %

### 13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Municipal systems improvement grant	106		106	
Rural roads asset management grant	231 507	187 502	231 507	187 502
	<u>231 613</u>	<u>187 502</u>	<u>231 613</u>	<u>187 502</u>

#### Movement during the year

Balance at the beginning of the year	187 502	2 638 314	187 502	
Additions during the year - Rural roads asset management grant	2 105 000	1 775 000	2 105 000	1 775 000
Income recognition during the year - Rural roads asset management grant	(2 060 994)	(1 587 498)	(2 060 994)	(1 587 498)
Additions during the year - Municipal systems improvement grant	930 000	-	930 000	-
	(929 895)	-	(929 895)	-
Income recognition during the year - Municipal systems improvement grant	4 802 936	2 800 000		
Additions during the year - LDA grant	(4 802 936)	(5 438 314)		
	<u>231 613</u>	<u>187 502</u>	<u>231 613</u>	<u>187 502</u>

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 economic entity has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 19 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*

### 14. Provisions

#### Reconciliation of provisions - Economic entity - 2016

	Opening Balance	Additions	Total
Bonus provision	536 037	552 666	1 088 703

#### Reconciliation of provisions - Economic entity - 2015

	Opening Balance	Additions	Total
Other provisions	842 307	(306 270)	536 037

#### Reconciliation of provisions - Controlling entity - 2016

	Opening Balance	Additions	Total
Bonus Provision	536 037	552 665	1 088 703

#### Reconciliation of provisions - Controlling entity - 2015

	Opening Balance	Additions	Total
Bonus provisions	842 307	(306 270)	536 037

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

The expected cash outflow of the performance bonus is within the next financial year dependent on the outcome of the performance assessment for the individual.

There is no expected reimbursement amounts from this provision.

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*
<b>15. Revenue</b>				
Government grants and subsidies	120 443 824	113 956 812	115 630 888	108 518 498
Interest received - investment	5 286 440	3 873 193	5 175 886	3 741 895
Interest received - trading	697 415	734 280	697 415	734 280
	307 135	230 940	307 135	230 940
	<u>126 751 903</u>	<u>118 795 225</u>	<u>121 811 324</u>	<u>113 225 613</u>
The amount included in revenue arising from exchanges of goods or services are as follows:				
Interest received - trading	697 415	734 280	697 415	734 280
Gain on disposal of assets	27 089			
Other income	307 135	230 940	307 135	230 940
Interest received - investment	5 286 440	3 873 193	5 175 886	3 741 895
	<u>6 318 079</u>	<u>4 838 413</u>	<u>6 180 436</u>	<u>4 707 115</u>
The amount included in revenue arising from non-exchange transactions is as follows:				
Taxation revenue				
Transfer revenue				
Government grants & subsidies	<u>120 433 824</u>	<u>113 956 812</u>	<u>115 630 888</u>	<u>108 518 498</u>
<b>16. Other income</b>				
Other income	<u>307 135</u>	<u>230 940</u>	<u>307 135</u>	<u>230 940</u>
<b>17. Investment revenue</b>				
Interest revenue				
Bank	110 554	129 295		
Interest received - investment	5 175 886	3 741 895	5 175 886	3 741 895
	<u>5 286 440</u>	<u>3 871 190</u>	<u>5 175 886</u>	<u>3 741 895</u>
<b>18. Gain / (Loss) on disposal of assets</b>				
Gain on disposal of assets	27 089		27 089	
(Loss) on disposal of assets	(5 937)	(237 389)	-	(237 389)
	<u>21 152</u>	<u>(237 389)</u>	<u>27 089</u>	<u>(237 389)</u>

---

---

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

---

\_\_\_\_\_  
\_\_\_\_\_

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*
<b>20. Employee related costs</b>				
Basic	38 995 147	34 406 034	35 669 523	32 574 972
Board fees	131 217	152 187		
Bonus - 13th cheque	2 919 306	2 808 525	2 793 483	2 769 292
Medical aid - company contributions	3 492 812	3 255 372	3 362 816	3 139 914
UIF	248 184	227 054	217 160	210 620
WCA	350 202	337 747	350 202	337 747
Leave pay provision charge	2 888 043	2 573 595	2 849 410	2 500 679
Severance package		1 209 615		1 209 615
Defined contribution plans	2 284 959	2 149 687	2 284 959	2 149 687
Overtime payments	44 062	232 034	44 062	232 034
Travel allowance	5 465 839	5 298 689	5 465 839	5 298 689
Housing benefits and allowances	367 942	276 402	367 942	276 402
Cell phone allowance	195 877	196 798	195 877	196 798
Contribution to Pension and Providend funds	6 459 676	5 858 618	6 171 646	5 809 119
Standby allowances	165 828	143 863	165 828	143 863
	568 181	540 866	568 181	540 866
	<u>64 577 275</u>	<u>59 667 086</u>	<u>60 506 928</u>	<u>57 390 297</u>
<b>Reconciliation of employee related</b>				
cost	62 300 463	57 102 099	60 506 928	57 390 297
	1 435 127	1 346 903	1 435 127	1 346 903
Salaried staff	1 179 751	1 073 941	1 179 751	1 073 941
Manager LED	981 933	941 056	981 933	941 056
Manager corporate services	935 068	844 511	935 068	844 511
Manager environmental health and disaster management	991 083	941 056	991 083	941 056
Chief executive officer - Agency	690 572			
Finance manager - Agency	571 783	149 255		
Project manager - Agency	889 768	1 028 871		
Board fees - Agency	124 689	1 386 861		
	<u>70 100 237</u>	<u>64 814 553</u>	<u>66 029 890</u>	<u>62 537 764</u>
<b>Remuneration of municipal manager</b>				
Annual Remuneration	818 231	777 773	818 231	777 773
Car Allowance	234 599	218 281	234 599	218 281
	67 628	63 905	67 628	63 905
Contributions to UIF, Medical and Pension Funds	158 702	151 420	158 702	151 420
Cellphone allowance	36 000	36 000	36 000	36 000
Housing allowance	84 000	84 000	84 000	84 000
	35 967	15 524	35 967	15 524
	<u>1 435 127</u>	<u>1 346 903</u>	<u>1 435 127</u>	<u>1 346 903</u>

Mr Pitso was acting for the months of August, September, and October 2015 as well as for the month of June 2016. Mr Mahlanyane was acting for the month of June 2015.

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*

### 20. Employee related costs (continued)

#### Remuneration of Mr PK Pitso - Chief Finance Officer

Annual Remuneration	661 158	665 671	661 158	665 671
Car Allowance	157 039	148 248	157 039	148 248
Bonus - 13th cheque	85 774	14 379	85 774	14 379
Contributions to UIF, Medical and Pension Funds	168 636	155 643	168 636	155 643
Cellphone allowance	60 000	60 000	60 000	60 000
Housing allowance	30 000	30 000	30 000	30 000
	17 144	-	17 144	-
	<u>1 179 751</u>	<u>1 073 941</u>	<u>1 179 751</u>	<u>1 073 941</u>

Me Gqoli was acting as CFO for the months of August and September 2015 and for the month of June 2016.

#### Remuneration of Mr TA Jonas - Manager LED

Annual Remuneration	567 061	555 409	567 061	555 409
Car Allowance	120 000	120 000	120 000	120 000
Bonus - 13th cheque	66 086	43 658	66 086	43 658
Contributions to UIF, Medical and Pension Funds	138 686	134 058	138 686	134 058
Cellphone allowance	18 000	18 000	18 000	18 000
Housing allowance	72 100	69 931	72 100	69 931
	<u>981 933</u>	<u>941 056</u>	<u>981 933</u>	<u>941 056</u>

#### Remuneration of Mr MJ Mahlanyane - Manager Corporate Services

Annual Remuneration	526 745	496 744	526 745	496 744
Car Allowance	156 592	148 440	156 592	148 440
Bonus - 13th cheque	78 303	40 000	78 303	40 000
Contributions to UIF, Medical and Pension Funds	150 676	141 327	150 676	141 327
Cellphone allowance	18 000	18 000	18 000	18 000
	4 752	-	4 752	-
	<u>935 068</u>	<u>844 511</u>	<u>935 068</u>	<u>844 511</u>

Mr Peterson was acting for the months of August 2015 and April 2016.

#### Remuneration of Mr MM Mthombeni - Manager Environmental Health and Disaster Management

Annual Remuneration	567 061	555 409	567 061	555 409
Car Allowance	120 480	118 425	120 840	118 425
Bonus - 13th cheque	66 086	43 658	66 086	43 658
Contributions to UIF, Medical and Pension Funds	149 946	145 564	149 946	145 564
Cellphone allowance	18 000	18 000	18 000	18 000
Housing allowance	60 000	60 000	60 000	60 000
Acting allowance - Mr Kirsten	9 150	-	9 150	-
	<u>990 723</u>	<u>941 056</u>	<u>991 083</u>	<u>941 056</u>

Mr Kirsten was acting for the month of October 2015.

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*
<b>21. Remuneration of councillors</b>				
Mayoral committee members	3 829 938	4 033 481	3 829 938	4 033 481
Speaker	696 742	725 568	696 742	725 568
Executive mayor				
Councillors	3 918 656	3 902 134	3 918 656	3 902 134
	<b>9 041 677</b>	<b>9 293 511</b>	<b>9 041 677</b>	<b>9 293 511</b>

### In-kind benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has the use of a council owned vehicle for official duties as

	Basic	Travel Allowance	Cellphone Allowance	Pension and Medical Aid	SDL	Total
<b>Executive Mayor</b>						
Cllr Speelman	494 765	-	22 535	74 215	4 826	596 341
Total	494 765	-	22 535	74 215	4 826	596 341
<b>Speaker</b>						
Cllr Olifant	582 739	-	20 868	87 411	5 724	696 742
Total	582 739	-	20 868	87 411	5 724	696 742
<b>Mayoral committee members</b>						
7 Members	2 305 405	928 851	83 472	481 134	31 076	3 829 938
Total	2 305 405	928 851	83 472	481 134	31 076	3 829 938
<b>Part time councillors</b>						
17 Members Session allowances	1 776 672 677 273	736 894 -	Cellphone and data allowance 264 229 -	Pension and Medical Aid 438 538 -	SDL 25 050 -	3 241 383 677 273
	<b>2 453 945</b>	<b>736 894</b>	<b>264 229</b>	<b>438 538</b>	<b>25 050</b>	<b>3 918 656</b>

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*
<b>22. Transfers to local municipalities</b>				
Expenditure during the financial year	974 027	1 048 505	974 027	1 048 505
The municipality paid for the refurbishment of Majwemasweu community hall on behalf of Masilonyana Local Municipality during the year.				
<b>23. Depreciation and amortisation</b>				
Property, plant and equipment and intangible assets	4 439 626	6 533 389	4 394 788	6 505 111
<b>24. Impairment of assets</b>				
<b>Impairments</b>				
Property, plant and equipment	-	2 500	-	2 500
Impairment of property, plant and equipment was due to the donation of obsolete assets.				
Trade and other receivables	678 323	1 064 824	678 323	1 064 824
Impairment of non recoverable long				
	<b>678 323</b>	<b>1 067 324</b>	<b>678 323</b>	<b>1 067 324</b>
<b>25. Finance costs</b>				
Non-current borrowings	3 552 364	2 320 928	3 552 364	2 320 928
<b>26. Related parties</b>				
Relationships				
Controlling entity			Lejweleputswa District Municipality	
Controlled entity				
Members of key management			Refer to note 20 and 21	
<b>Related party balances</b>				
<b>Investments</b>				
Investments in subsidiary			100	100
<b>Transfers</b>				
Lejweleputswa Development Agency (SOC) Ltd			3 500 000	2 500 000
<b>Purchases from related parties</b>				
Chav Solution			7 171	
Sunprop			8 889	
Chav Solution - The father of the shareholder works for the municipality				
Sunprop - The fiance of the director is an employee of the municipaity				



# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*
<b>27. Repairs and maintenance</b>				
Repairs and maintenance	561 424	476 058	539 940	464 512
<b>28. Consulting and professional fees</b>				
Legal services	646 960	235 341	646 960	235 341
Consultant fees	2 883 185	2 345 418	2 883 185	2 345 418
	<b>3 530 145</b>	<b>2 580 759</b>	<b>3 530 145</b>	<b>2 580 759</b>

Consultant fees:

R2 060 994 funded from Rural Roads Asset Management Systems Grant; R55 818 from Financial Management Grant; and R766 373 from internal funding.

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*
<b>29. General expenses</b>				
Accounting fees	115 855	2 350		
Advertising	173 498	267 086	122 433	136 528
Arts and culture	99 560	129 915	99 560	129 915
Audit committee	185 700	139 424	149 071	113 312
Auditors remuneration	2 160 434	2 359 972	1 995 067	2 182 603
Bank charges	112 888	76 298	103 797	67 083
Branding of the municipality	205 854	54 649	205 854	54 649
Bursaries	1 441 437	1 807 393	1 441 437	1 807 393
Campaigns	2 848 633	1 227 211	2 848 633	1 227 211
Capacity development programme	929 894	934 000	929 894	934 000
Children's programme	173 952	65 210	173 952	65 210
Cleaning	101 248	95 205	98 519	91 728
Co-operative development	527 550	22 344	527 550	22 344
Consumables	20 166	26 346	20 166	26 346
Educational project	468 094	370 658	468 094	370 658
Electricity	451 509	393 980	451 509	393 980
Entertainment	418 017	367 399	418 017	367 399
Environmental development	134 521	125 018	134 521	125 018
Expanded Public Works Programme	1 290 589	1 546 173	1 290 589	1 546 173
Festivals	2 219 340	750 000	2 219 340	750 000
Financial Management Reforms	1 194 363	1 089 468	1 194 363	1 089 468
Flowers		989		
Fuel and oil	425 907	400 535	425 907	400 535
Gender disability	29 949	43 435	29 949	43 435
Grant in aid	261 464	151 999	261 464	151 999
Insurance	139 876	146 627	133 894	141 527
Internet expenses	532 031	350 466	532 031	350 466
LED Development	48 450	266 984	48 450	266 984
License fees	48 065	359 804	48 065	359 804
Magazines, books and periodicals	3 505	1 649	3 505	1 649
Marketing	195 470	100 693		
Membership fees	641 348	564 660	641 348	564 660
Moral regeneration	194 185	129 601	194 185	129 601
OR Tambo games	698 451	484 228	698 451	484 228
Operating lease payments	630 323	405 017	440 459	232 448
Other expenses	631 618	133 627	631 618	133 627
Postage and couriers	1 394	338		
Poverty alleviation	645 557	383 050	645 557	383 050
Printing and stationery	527 163	518 095	507 454	506 571
Productions		82 000		
Professional fees	414 557	342 940		
Programmes	228 118	428 646	228 118	428 646
Property rates	40 469	66 799	40 469	66 799
Refuse	11 002	10 498	11 002	10 498
Research and development costs	1 697 558	5 175 566		98 148
SMME	71 513	40 930	71 513	40 930
Security (Guarding of municipal property)	31 122	30 546	31 122	30 546
Sewerage and waste disposal	31 245	5 409	1 818	1 470
	527 327	460 034	527 327	460 034
Staff welfare	464 376	611 380	438 955	586 235
Subscriptions and membership fees	29 622	28 601	29 622	28 601
Telephone and fax	360 379	651 974	328 415	609 915
Tourism development	131 296	400 194		
Training	2 017 437	1 963 000	1 849 790	1 903 551
Transport and freight		10 400		
Travel - overseas	179 552	714 965	179 552	714 965
Travelling	612 509	539 345	265 310	315 842

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*
<b>29. General expenses (continued)</b>				
Uniforms	22 786	30 831	22 786	30 831
Women and children	34 400		34 400	
Youth development	190 164	186 241	190 164	186 241
	<u>28 109 219</u>	<u>28 095 795</u>	<u>24 385 066</u>	<u>21 164 854</u>
<b>30. Auditors' remuneration</b>				
Fees	<u>2 160 434</u>	<u>2 359 972</u>	<u>1 995 067</u>	<u>2 182 603</u>
<b>31. Financial instruments disclosure</b>				
Categories of financial instruments				
Economic entity - 2016				
Financial assets				
			At amortised cost	Total
Other financial assets			40 008 521	40 008 521
			39 435	39 435
Trade and other receivables from exchange transactions			743 099	743 099
Other receivables from non-exchange transactions Cash			31 165 493	31 165 493
			<u>71 956 548</u>	<u>71 956 548</u>
Financial liabilities				
			At amortised cost	Total
Other financial liabilities			12 615 984	12 615 984
			9 998 550	10 005 078
			<u>22 614 534</u>	<u>22 621 062</u>
Economic entity - 2015				
Financial assets				
			At amortised cost	Total
Other financial assets			40 366 752	40 366 752
			17 937	17 937
Trade and other receivables from exchange transactions			279 204	279 204
Other receivables from non-exchange transactions Cash			18 513 443	18 513 443
			<u>59 177 336</u>	<u>59 177 336</u>
Financial liabilities				
			At amortised cost	Total
Other financial liabilities			13 113 086	13 113 086
			8 887 351	8 887 351
			<u>22 000 437</u>	<u>2 200 437</u>

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*
Financial instruments disclosure (continued)				
Controlling entity - 2016				
Financial assets				
			At amortised cost	Total
Other financial assets			40 008 521	40 008 521
			743 099	743 099
Trade and other receivables from non-exchange transactions			29 826 807	29 826 807
			<u>70 578 427</u>	<u>70 578 427</u>
Financial liabilities				
			At amortised cost	Total
Other financial liabilities			12 615 984	12 615 984
			9 696 949	9 696 949
			<u>22 312 933</u>	<u>22 312 933</u>
Controlling entity - 2015				
Financial assets				
			At amortised cost	Total
Other financial assets			40 366 752	40 366 752
			279 204	279 204
Trade and other receivables from non-exchange transactions			18 069 343	18 069 343
			<u>58 715 299</u>	<u>58 715 299</u>
Financial liabilities				
			At amortised cost	Total
Other financial liabilities			13 113 086	13 113 086
			8 733 609	8 733 609
			<u>21 846 695</u>	<u>21 846 695</u>

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*
<b>32. Cash generated from operations</b>				
Surplus	5 765 452	2 327 014	5 212 193	3 504 956
Adjustments for:				
Depreciation and amortisation	4 439 626	6 533 430	4 394 788	6 505 111
Gains or loss on sale of assets	(21 152)	237 389	(27 089)	237 389
Impairment	678 323	1 067 324	678 323	1 067 324
Movements in retirement benefit assets and liabilities	1 285 000	1 494 000	1 285 000	1 494 000
Movements in provisions	552 666	(306 270)	552 666	(306 270)
	578 000	281 000	578 000	281 000
Non-cash journals	-	780 240	-	780 240
Changes in working capital:				
Other receivables from exchange transactions	(21 498)	27 841	-	-
Other receivables from non-exchange transactions	514 293	(452 525)	514 293	(452 525)
Payables from exchange transactions	1 111 199	645 838	963 340	548 708
VAT	685 109	(746 519)	459 462	(507 813)
Unspent conditional grants and receipts	44 111	(2 450 812)	44 111	187 502
	<u>15 611 129</u>	<u>9 437 909</u>	<u>14 655 087</u>	<u>13 339 622</u>
<b>33. Commitments</b>				
Authorised operational expenditure				
Already contracted for but not provided for				
Altimax (Pty) Ltd	158 831			
Tswelopele Local Municipality	133 600			
Jcee Entertainment	89 500			
	<u>381 931</u>	<u>-</u>	<u>-</u>	<u>-</u>
Not yet contracted for and authorised by accounting officer				
<input type="checkbox"/> Sediba Printers and Stationers	99 418	-	-	-
Operating leases - as lessee (expense)				
Minimum lease payments due				
within one year	688 207	443 727	501 894	282 185
in second to fifth year inclusive	735 135	312 340	367 153	297 805
	<u>1 423 342</u>	<u>756 067</u>	<u>869 047</u>	<u>579 990</u>

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of two years and option to renew every two years. No contingent rent is payable. The entity lease a photocopy machine at R1 275 per month for a fixed period of three years.

It is municipality policy to lease certain office equipment under operating leases. The lease term is 3 years at an annual rental. The lease expired in August 2015 and the contract was renewed for an additional period of 3 years. The lease will expire in August 2018.

The municipality leased a telephone system under an operating lease. The lease term is 3 years. The lease will expire in September 2017.

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*
<b>34. Contingencies</b>				
<b>Contingent liabilities</b>				
	272 176		272 176	
Claudia Nyalleng Mothobi-Mafanti	1 000 000		1 000 000	
Marais				
Jan Albertus Stroebel	470 000		470 000	
Infringes patents	49 284			
	-			
	<u>1 791 460</u>	<u>-</u>	<u>1 742 176</u>	<u>-</u>

An ex- employee claiming re-instatement and arrear salary.

The municipality was summoned as a second defendant for a claim caused by an accident.

~~The municipality was summoned as a second defendant for a claim caused by an accident.~~

Litigation is in process against the agency relating to a dispute with a third party who alleges that the agency has infringed patents and is seeking damages of R49 284. The agency's lawyers and management consider the likelihood of the action against the entity being successful as unlikely, and the case should be resolved within the next two years.

Tsotetsi and Mchunu Incorporated is representing the agency for disciplinary hearing against Edward Lesenyelo (project manager), amounts to R51 034.01 inclusive of VAT.

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*

### 35. Prior period errors

The prior year has been amended to account for prior period errors.

Below is a description of each individual prior period error followed by a summary of the total effect of the prior period errors on the amounts previously disclosed.

#### 1. Accumulated surplus and payables from exchange transactions

The adjustment to the accumulated surplus is due to expenditure relating to previous financial years. The finalisation of a dispute declared by an ex- employee for which the amount for the claim could not be determined at the end of the 2014/2015 financial year and money paid to a deceased employee's child, for benefits received in the 2013/2014 financial year.

The effect of this adjustment on the prior year is as follows:

#### Adjustments affecting the statement of financial position

Increase in payables from exchange transactions	-	-	1 046 990
Decrease in accumulated surplus	-	-	(1 046 990)
	<u>-</u>	<u>-</u>	<u>-</u>

#### 2. Accumulated surplus and receivables from non - exchange transactions

The adjustment to the accumulated surplus is due to income relating to the previous financial years. The bursary and medical aid refunds.

The effect of these adjustments on the prior year are as follows:

#### Adjustments affecting the statement of financial position

Increase in accumulated surplus			31 941
Decrease in receivables from non exchange transactions			(31 941)
	<u>-</u>	<u>-</u>	<u>-</u>

#### 3. Sundry receivables

The effect of this adjustment on the prior year is as follows:

#### Adjustments affecting the statement of financial position

Increase in receivables from exchange transactions	-	-	-	10 641
Decrease in accumulated surplus	-	-	-	(10 641)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

### Statement of Financial Position as at 2015

Balance as previously reported

Prior period error

Restated balance

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*

### 35. Prior period errors (continued)

#### Net Assets

Accumulated surplus - Opening balance		91 997 613	(1 015 049)	90 982 564
Total net assets		91 997 613	(1 015 049)	90 982 564

### 36. Risk management

#### Financial risk management

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

#### Liquidity risk

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

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

#### Economic entity

At 30 June 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	1 059 282	11 556 702		
	9 998 550	-		
At 30 June 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other financial liabilities	2 145 864	10 967 222		
	8 887 351	-		

#### Controlling entity

At 30 June 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Other financial liabilities	1 059 282	11 556 702	
	9 696 949	-	
At 30 June 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Other financial liabilities	2 145 864	10 967 222	
	8 733 609	-	



# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*

### 36. Risk management (continued)

#### Credit risk

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

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

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

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

Financial instrument	Economic entity - 2016	Economic entity - 2015	Controlling entity - 2016	Controlling entity - 2015
Receivables from exchange transactions	39 435	17 937		
Receivables from non-exchange transactions	743 099	279 204	743 099	279 204
Cash and cash equivalents	31 165 493	18 513 443	29 826 807	18 069 343
	40 008 521	40 366 752	40 008 521	40 366 752

#### Market risk

##### Interest rate risk

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

The risk is managed on an on-going basis.

### 37. Going concern

We draw attention to the fact that at 30 June 2016, the municipality had a surplus of R 5 212 193 and the municipality's total assets exceed its liabilities by R 95 661 462.

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

### 38. Events after the reporting date

There was no events after the reporting date, which needs to be disclosed.

### 39. Unauthorised expenditure

Opening balance			1 595 540	1 595 540
Less: Amounts written off by council			(1 595 540)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 595 540</u>

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*
<b>40. Fruitless and wasteful expenditure</b>				
Opening balance	341 551	337 120	288 680	288 680
	12 038	4 431		
Add: Fruitless and wasteful expenditure	(288 680)		(288 680)	
Less: Amounts written off by council	(4 431)		-	
	<b>56 047</b>	<b>341 551</b>	<b>-</b>	<b>288 680</b>

Current year expenditure refers to:

1. The R1 166 relates to acting CEO not sleeping at Southern Sun as booked for.
2. The R10 872 relates to the acting CEO paid an acting allowance for the period he was not acting.

Prior year expenditure refers to:

1. Penalties and interest for late payment of employee tax of R4 431, the council resolved an amount of R4 431 to be

### 41. Irregular expenditure

Opening balance	35 601 288	35 061 963	35 142 700	35 061 963
	680 325	1 476 324	680 325	1 476 324
Add: Irregular expenditure - councillors remuneration July 2015 - January 2016	758 750	539 325		80 737
Add: Irregular expenditure - supply chain	(35 346 344)		(35 061 963)	
Less: Amounts written off by council Less:	(686 532)	(1 476 324)	(680 325)	(1 476 324)
	<b>1 007 487</b>	<b>35 601 288</b>	<b>80 737</b>	<b>35 142 700</b>

### Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Thepa Trading - SCM process not followed	It is currently under investigation	40 991
Muhungwane Development Enterprise	It is currently under investigation	168 000
		<b>208 991</b>

### 42. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government

Current year subscription / fee	641 348	564 660	641 348	564 660
Amount paid - current year	(641 348)	(564 660)	(641 348)	(564 660)
	-	-	-	-

#### Audit fees

Current year subscription / fee	2 160 434	2 359 973	1 995 067	2 182 603
Amount paid - current year	(2 160 434)	(2 359 973)	(1 995 067)	(2 182 603)
	-	-	-	-

#### PAYE, SDL and UIF

Opening balance	(157)	1 095		
	13 122 732	11 945 686	12 307 733	11 474 293
Current year subscription / fee	(12 779 126)	(11 946 938)	(12 307 733)	(11 474 293)
	<b>343 449</b>	<b>(157)</b>	<b>-</b>	<b>-</b>

# Lejweleputswa District Municipality Consolidated

## Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2016	20	20	20 Restated*

### 42. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Pension and medical aid deductions

Current year subscription / fee	11 550 139	10 876 999	11 420 143	10 761 541
Amount paid - current year	(11 550 139)	(10 876 999)	(11 420 143)	(10 761 541)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### VAT

VAT receivable	<u>156 267</u>	<u>841 376</u>	<u>137 742</u>	<u>597 204</u>
----------------	----------------	----------------	----------------	----------------

VAT output payables and VAT input receivables are shown in note 7.

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

### 43. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Details per supplier	Reason for deviation	2016
Flight Specials		8 086
	The Speaker's official car broke down on Friday and was taken in for repairs, and due to commitment they had over the weekend they had to hire out a car on Saturday when the offices were closed and they couldn't follow proper	
		<u>8 086</u>

### 44. Budget differences

#### Material differences between budget and actual amounts

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

Other income: commission charged on salaries third party payments.

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

Impairment loss/ reversal of impairment: non payment of debtors.

Finance costs - consolidated DBSA loans taken over by ABSA.

Consulting and professional fees: Portion of the spending was budgeted from Rural Roads Asset Management Grant and from the Financial Management Grant. (see note 26)

Grants and subsidies - The IDC grant was supposed to give R6 000 000 but due to their audit. R1 197 064 was not utilised so the R6 000 000 will be reduced by that amount.

Schedule of external loans as at 30 June 2010

Loan Number	Redeemable	Balance at 30 June 2015	Received during the period	Redeemed written off during the period	Balance at 30 June 2016	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
		Rand	Rand	Rand	Rand	Rand	Rand
Loan Stock				- -		-	-
Structured loans		- -		- -		-	-
Funding facility		- -	- -	- -		-	-
Development Bank of South Africa		- -		- -		-	-
Bonds		- -		- -		-	-
Other loans		- -		- -		-	-
Lease liability		- -		- -		-	-
Annuity loans		- -		- -		-	-
Government loans		- -		- -		-	-
Total external loans		- -		- -		-	-

Lejweleputswa District Municipality Consolidated  
Appendix F  
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
Equitable share	National Treasury	26 389	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Nb	
Transitional Grant	National Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
FMG	National Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
MSIG	National Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
EPWP	National Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		<b>26 389</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.









# Appendix G1

## Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2016

	2016/2015							2015/2014							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard															
Governance and administration										DIV/0 %	DIV/0 %				
Executive and council										DIV/0 %	DIV/0 %				
Budget and treasury office										DIV/0 %	DIV/0 %				
Corporate services										DIV/0 %	DIV/0 %				
Community and public safety										DIV/0 %	DIV/0 %				
Community and social services										DIV/0 %	DIV/0 %				
Sport and recreation										DIV/0 %	DIV/0 %				
Public safety										DIV/0 %	DIV/0 %				
Housing										DIV/0 %	DIV/0 %				
Health										DIV/0 %	DIV/0 %				
Economic and environmental services										DIV/0 %	DIV/0 %				
Planning and development										DIV/0 %	DIV/0 %				
Road transport										DIV/0 %	DIV/0 %				
Environmental protection										DIV/0 %	DIV/0 %				
Trading services										DIV/0 %	DIV/0 %				
Electricity										DIV/0 %	DIV/0 %				
Water										DIV/0 %	DIV/0 %				
Waste water management										DIV/0 %	DIV/0 %				
Waste management										DIV/0 %	DIV/0 %				
Other										DIV/0 %	DIV/0 %				
Other										DIV/0 %	DIV/0 %				
Total Revenue - Standard										DIV/0 %	DIV/0 %				

# Appendix G1

## Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2016

2016/2015											2015/2014				
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance recovered	Balance to be Restated	Restated Audited Outcome
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Standard															
Governance and administration									DIV/0 %	DIV/0 %					
Executive and council									DIV/0 %	DIV/0 %					
Budget and treasury office									DIV/0 %	DIV/0 %					
Corporate services									DIV/0 %	DIV/0 %					
Community and public safety									DIV/0 %	DIV/0 %					
Community and social services									DIV/0 %	DIV/0 %					
Sport and recreation									DIV/0 %	DIV/0 %					
Public safety									DIV/0 %	DIV/0 %					
Housing									DIV/0 %	DIV/0 %					
Health									DIV/0 %	DIV/0 %					
Economic and environmental services									DIV/0 %	DIV/0 %					
Planning and development									DIV/0 %	DIV/0 %					
Road transport									DIV/0 %	DIV/0 %					
Environmental protection									DIV/0 %	DIV/0 %					
Trading services									DIV/0 %	DIV/0 %					
Electricity									DIV/0 %	DIV/0 %					
Water									DIV/0 %	DIV/0 %					
Waste water management									DIV/0 %	DIV/0 %					
Waste management									DIV/0 %	DIV/0 %					
Other									DIV/0 %	DIV/0 %					
Other									DIV/0 %	DIV/0 %					
Total Expenditure - Standard									DIV/0 %	DIV/0 %					
Surplus/(Deficit) for the year									DIV/0 %	DIV/0 %					

# Appendix G2

## Budgeted Financial Performance (revenue and expenditure by municipal vote) for the year ended 30 June 2016

	2016/2015							2015/2014						
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement Council approved policy)	Final Budget	Actual Outcome	Unauthorised Outcome against Adjustments Budget	Variance of Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	authorised in terms of section 32 of MFMA	Expenditure recovered	Balance to be Restated Audited Outcome
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue by Vote</b>														
Example 1 - Vote1									DIV0%	DIV0%				
Example 2 - Vote2									DIV0%	DIV0%				
Example 3 - Vote3									DIV0%	DIV0%				
Example 4 - Vote4									DIV0%	DIV0%				
Example 5 - Vote5									DIV0%	DIV0%				
Example 6 - Vote6									DIV0%	DIV0%				
Example 7 - Vote7									DIV0%	DIV0%				
Example 8 - Vote8									DIV0%	DIV0%				
Example 9 - Vote9									DIV0%	DIV0%				
Example 10 - Vote10									DIV0%	DIV0%				
Example 11 - Vote11									DIV0%	DIV0%				
Example 12 - Vote12									DIV0%	DIV0%				
Example 13 - Vote13									DIV0%	DIV0%				
Example 14 - Vote14									DIV0%	DIV0%				
Example 15 - Vote15									DIV0%	DIV0%				
<b>Total Revenue by Vote</b>									DIV0%	DIV0%				
<b>Expenditure by Vote to be appropriated</b>														
Example 1 - Vote1									DIV0%	DIV0%				
Example 2 - Vote2									DIV0%	DIV0%				
Example 3 - Vote3									DIV0%	DIV0%				
Example 4 - Vote4									DIV0%	DIV0%				
Example 5 - Vote5									DIV0%	DIV0%				
Example 6 - Vote6									DIV0%	DIV0%				
Example 7 - Vote7									DIV0%	DIV0%				
Example 8 - Vote8									DIV0%	DIV0%				
Example 9 - Vote9									DIV0%	DIV0%				
Example 10 - Vote10									DIV0%	DIV0%				
Example 11 - Vote11									DIV0%	DIV0%				
Example 12 - Vote12									DIV0%	DIV0%				
Example 13 - Vote13									DIV0%	DIV0%				
Example 14 - Vote14									DIV0%	DIV0%				
Example 15 - Vote15									DIV0%	DIV0%				
<b>Total Expenditure by Vote</b>									DIV0%	DIV0%				
<b>Surplus/(Deficit) for the year</b>									DIV0%	DIV0%				

## Appendix G3

### Budgeted Financial Performance (revenue and expenditure) for the year ended 30 June 2016

	2016/2015							2015/2014							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised	Variance of Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source															
Property rates										DIV/0%	DIV/0%				
Property rates - penalties & collection charges										DIV/0%	DIV/0%				
Service charges - electricity revenue										DIV/0%	DIV/0%				
Service charges - water revenue										DIV/0%	DIV/0%				
Service charges - sanitation revenue										DIV/0%	DIV/0%				
Service charges - refuse revenue										DIV/0%	DIV/0%				
Service charges - other										DIV/0%	DIV/0%				
Rental of facilities and equipment							5 983 855		5 983 855	DIV/0%	DIV/0%				4 605 470
Interest earned - external investments										DIV/0%	DIV/0%				
Interest earned - outstanding debtors										DIV/0%	DIV/0%				
Fees										DIV/0%	DIV/0%				
Licences and permits										DIV/0%	DIV/0%				
Agency services										DIV/0%	DIV/0%				
Transfers recognised - operational										DIV/0%	DIV/0%				
Other revenue							8 610 071		8 610 071	DIV/0%	DIV/0%				5 530 940
Gains on disposal of PPE							27 089		27 089	DIV/0%	DIV/0%				(237 389)
<b>Total Revenue (excluding capital transfers and contributions)</b>							<b>14 621 015</b>		<b>14 621 015</b>	<b>DIV/0%</b>	<b>DIV/0%</b>				<b>9 899 021</b>

## Appendix G3

### Budgeted Financial Performance (revenue and expenditure) for the year ended 30 June 2016

	2016/2015					2015/2014									
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement Council approved policy)	Final Budget (i.t.o. s28 and s31 of the MFMA)	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure By Type															
Employee related costs						70 100 238		70 100 238	DIV/0%	DIV/0%					64 790 049
Remuneration of councillors						9 041 677		9 041 677	DIV/0%	DIV/0%					9 293 511
Debt impairment									DIV/0%	DIV/0%					
Depreciation & asset impairment						5 117 949		5 117 949	DIV/0%	DIV/0%					7 600 754
Finance charges						3 552 364		3 552 364	DIV/0%	DIV/0%					2 320 928
Bulk purchases									DIV/0%	DIV/0%					
Other materials									DIV/0%	DIV/0%					
Contracted services						3 530 145		3 530 145	DIV/0%	DIV/0%					2 580 759
Transfers and grants									DIV/0%	DIV/0%					
Other expenditure						33 144 670		33 144 670	DIV/0%	DIV/0%					32 131 001
Loss on disposal of PPE									DIV/0%	DIV/0%					
<b>Total Expenditure</b>						<b>124 487 043</b>		<b>124 487 043</b>	<b>DIV/0%</b>	<b>DIV/0%</b>					<b>118 707 002</b>
Surplus/(Deficit)							(109 866 028)								(108 807 981)
Transfers recognised - capital									DIV/0%	DIV/0%					
Contributions recognised - capital									DIV/0%	DIV/0%					
Contributed assets									DIV/0%	DIV/0%					
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>							<b>(109 866 028)</b>								<b>(108 807 981)</b>
Taxation									DIV/0%	DIV/0%					
<b>Surplus/(Deficit) after taxation</b>							<b>(109 866 028)</b>								<b>(108 807 981)</b>
Attributable to minorities									DIV/0%	DIV/0%					
<b>Surplus/(Deficit) attributable to municipality</b>							<b>(109 866 028)</b>								<b>(108 807 981)</b>
Share of surplus/ (deficit) of associate									DIV/0%	DIV/0%					
<b>Surplus/(Deficit) for the year</b>							<b>(109 866 028)</b>								<b>(108 807 981)</b>

# Appendix G4

## Budgeted Capital Expenditure by vote, standard classification and funding for the year ended 30 June 2016

	2016/2015							2015/2014							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised	Variance of Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote															
Multi-year expenditure															
Example 1 - Vote1										DIV/0%	DIV/0%				
Example 2 - Vote2										DIV/0%	DIV/0%				
Example 3 - Vote3										DIV/0%	DIV/0%				
Example 4 - Vote4										DIV/0%	DIV/0%				
Example 5 - Vote5										DIV/0%	DIV/0%				
Example 6 - Vote6										DIV/0%	DIV/0%				
Example 7 - Vote7										DIV/0%	DIV/0%				
Example 8 - Vote8										DIV/0%	DIV/0%				
Example 9 - Vote9										DIV/0%	DIV/0%				
Example 10 - Vote10										DIV/0%	DIV/0%				
Example 11 - Vote11										DIV/0%	DIV/0%				
Example 12 - Vote12										DIV/0%	DIV/0%				
Example 13 - Vote13										DIV/0%	DIV/0%				
Example 14 - Vote14										DIV/0%	DIV/0%				
Example 15 - Vote15										DIV/0%	DIV/0%				
Capital multi-year expenditure sub-total										DIV/0%	DIV/0%				
Single-year expenditure															
Example 1 - Vote1										DIV/0%	DIV/0%				
Example 2 - Vote2										DIV/0%	DIV/0%				
Example 3 - Vote3										DIV/0%	DIV/0%				
Example 4 - Vote4										DIV/0%	DIV/0%				
Example 5 - Vote5										DIV/0%	DIV/0%				
Example 6 - Vote6										DIV/0%	DIV/0%				
Example 7 - Vote7										DIV/0%	DIV/0%				
Example 8 - Vote8										DIV/0%	DIV/0%				
Example 9 - Vote9										DIV/0%	DIV/0%				
Example 10 - Vote10										DIV/0%	DIV/0%				
Example 11 - Vote11										DIV/0%	DIV/0%				
Example 12 - Vote12										DIV/0%	DIV/0%				
Example 13 - Vote13										DIV/0%	DIV/0%				
Example 14 - Vote14										DIV/0%	DIV/0%				
Example 15 - Vote15										DIV/0%	DIV/0%				
Capital single-year expenditure sub-total										DIV/0%	DIV/0%				
Total Capital Expenditure - Vote	-									DIV/0%	DIV/0%				

# Appendix G4

## Budgeted Capital Expenditure by vote, standard classification and funding for the year ended 30 June 2016

	2016/2015							2015/2014						
Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Standard														
Governance and administration										DIV/0%	DIV/0%			
Executive and council										DIV/0%	DIV/0%			
Budget and treasury office										DIV/0%	DIV/0%			
Corporate services										DIV/0%	DIV/0%			
Community and public safety										DIV/0%	DIV/0%			
Community and social services										DIV/0%	DIV/0%			
Sport and recreation										DIV/0%	DIV/0%			
Public safety										DIV/0%	DIV/0%			
Housing										DIV/0%	DIV/0%			
Health										DIV/0%	DIV/0%			
Economic and environmental services										DIV/0%	DIV/0%			
Planning and development										DIV/0%	DIV/0%			
Road transport										DIV/0%	DIV/0%			
Environmental protection										DIV/0%	DIV/0%			
Trading services										DIV/0%	DIV/0%			
Electricity										DIV/0%	DIV/0%			
Water										DIV/0%	DIV/0%			
Waste water management										DIV/0%	DIV/0%			
Waste management										DIV/0%	DIV/0%			
Other										DIV/0%	DIV/0%			
Other										DIV/0%	DIV/0%			
Total Capital Expenditure - Standard									DIV/0%	DIV/0%				
Funded by:														
National Government										DIV/0%	DIV/0%			
Provincial Government										DIV/0%	DIV/0%			
District Municipality										DIV/0%	DIV/0%			
Other transfers and grants										DIV/0%	DIV/0%			
Transfers recognised - capital									DIV/0%	DIV/0%				
Public contributions & donations										DIV/0%	DIV/0%			
Borrowing										DIV/0%	DIV/0%			
Internally generated funds										DIV/0%	DIV/0%			
Total Capital Funding									DIV/0%	DIV/0%				

Lejweleputswa District Municipality Consolidated  
Appendix G5  
Budgeted Cash Flows

for the year ended 30 June 2016

	2016/2015					2015			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Cash flow from operating activities</b>									
Receipts									
Ratepayers and other					21 098 054	21 098 054	DIV/0%	DIV/0 %	12 829 281
Government - operating							DIV/0%	DIV/0%	
Government - capital							DIV/0%	DIV/0%	
Interest					5 983 855	5 983 855	DIV/0%	DIV/0 %	4 605 470
Dividends							DIV/0%	DIV/0%	
Payments									
Suppliers and employees					131 321 331	131 321 331	DIV/0%	DIV/0 %	113 548 350
Finance charges							DIV/0%	DIV/0 %	2 320 928
Transfers and Grants							DIV/0%	DIV/0%	
<b>Net cash flow from/used operating activities</b>					<b>161 955 604</b>	<b>161 955 604</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>	<b>133 304 029</b>
<b>Cash flow from investing activities</b>									
Receipts									
Proceeds on disposal of PPE					27 089	27 089	DIV/0%	DIV/0 %	(237 389)
Decrease (increase) in non-current debtors							DIV/0%	DIV/0%	
Decrease (increase) other non-current receivables							DIV/0%	DIV/0%	
Decrease (increase) in non-current investments					(358 232)	(358 232)	DIV/0%	DIV/0 %	(20 203 152)
Payments									
Capital assets							DIV/0%	DIV/0%	
<b>Net cash flow from/used investing activities</b>					<b>(331 143)</b>	<b>(331 143)</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>	<b>(20 440 541)</b>
<b>Cash flow from financing activities</b>									
Receipts									
Short term loans							DIV/0%	DIV/0%	
Borrowing long term/refinancing					(497 103)	(497 103)	DIV/0%	DIV/0 %	(16 807 115)
Increase (decrease) in consumer deposits							DIV/0%	DIV/0%	
Payments									
Repayment of borrowing							DIV/0%	DIV/0%	
<b>Net cash flow from/used financing activities</b>					<b>(497 103)</b>	<b>(497 103)</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>	<b>(16 807 115)</b>
<b>Net increase/(decrease) in cash held</b>					<b>161 127 358</b>	<b>161 127 358</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>	<b>96 056 373</b>
<b>Cash/cash equivalents at the year begin:</b>					<b>820 748 135</b>				<b>2 375 505 369</b>
<b>Cash/cash equivalents at the year end:</b>					<b>981 875 493</b>	<b>161 127 358</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>	