

LEPELLE-NKUMPI LOCAL MUNICIPALITY

2019 AND 2020 ANNUAL REPORT

Compiled in terms of Municipal Financial Management Act 121 of 2000

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"Motho ke motho ka batho"

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Municipal Vision, mission, Values, Legislative Mandate & Organisational strategic Objectives

Chapter 1: Mayor's foreword and Executive Summary

1.1 Mayor's Foreword

Introduction

It gives me great pleasure to present Lepelle-Nkumpi Local Municipality's 2019/2020 Annual Report covering the period 1 July 2019 to 30 June 2020. This report tracks the Municipality's operational performance in the context of the priorities reflected in its approved 2019/2020 Integrated Development Plan (IDP) and 2019/2020 Service Delivery and Budget Implementation Plan (SDBIP). In this Annual Report, the municipality presents its achievements, challenges faced during the financial year against the strategic objectives as set out in the IDP and SDBIP.

Vision

"Be financially viable municipality, geared towards the improvement of quality of life of the people, by providing sustainable services".

The 2019/2020 financial year marked the end of the 4th -year term of office for the current municipal council. The council remained focused on addressing the developmental local government key performance areas:

- Infrastructure and Service Delivery;
- Institutional Transformation and Development;
- Local Economic Development and Planning;
- Financial Viability, and
- Good Governance & Public Participation.

The municipality continues to face severe challenges with regards to its finances but we remain positive that change will come in the near future. In the interim, we as a municipality will continue to stand united notwithstanding the challenges we face on a daily basis. It is against that backdrop that we announce that the municipality achieved unqualified audit opinion for the first time and moving away from previous audit outcome, however we renewed our strive towards an improved clean audit opinion in near future.

Similar to most municipalities throughout South Africa, Lepelle-Nkumpi Local Municipality also faces challenges with regards to unemployment, poverty and inequality. In this regard the council continues to prioritize job creation especially through the Expanded Public Works Programme (EPWP) projects.

Mission

"To effectively and efficiently provide quality basic services and thus make a significant contribution to social and economic development of the community"

To improve the lives of citizens of Lepelle-Nkumpi Municipal area through:

- Quality Service Delivery
- Have a two-way approach to communication and service
- Ensuring a safe and enabling environment for economic growth
- Ensuring integrated sustainable human settlements
- Ensuring equal opportunities

Key Policy Developments

This report shows that the municipality has implemented existing as well as a number of new policies in order to have maximum impact and success in its service delivery programs. The municipality is aware of the current backlog of delivery of services to the community and is utilizing all available resources to clear it. This will take time and during that time, it is my plea the community remain patient with the council and to assist the council to reach the desired levels of service delivery.

Key Service Delivery Improvements

Roads and infrastructure

- The municipality was and is in the process of developing and implementing the policies required, due to cash constraints it is difficult to develop all the policies within one year. 2019/2020 financial year process is evidence that the policies are being developed and in process.
- Routine maintenance is performed on roads on a regular basis.

Public Participation

During the year, various methods and/or processes were used to increase public awareness on service availability engage public in decision making and improve accountability to communities. Public documents were posted on the municipality's website and the public invited to make comments and provide inputs thereto.

Future Actions

Lepelle-Nkumpi Local Municipality is not an island and must ensure well co-ordinated strategic relationship with other spheres of government and that is why our Integrated Development Plan must be aligned to other key planning and policy instruments for the national, provincial and district government levels. One of the key objectives of Integrated Development Planning (IDP) is to ensure alignment between National and provincial priorities, policies and strategies which include the following:

- Millennium Development Goals
- National Development Goals (Vision 2030)

Conclusion – Final thoughts on the year

The achievements reflected in this annual report are a direct result of the combined efforts of the political leadership, administrative management and all municipal officials who work tirelessly to ensure that the services delivery needs of residents of Lepelle-Nkumpi Local Municipality are met.

In conclusion, I therefore call on Council, the administration and all the residents of the municipality to join me on this demanding, challenging, but conquerable journey to make Lepelle-Nkumpi Local municipality a better place for all citizens that reside here.

I thank you.

Cllr. Molala MM

Mayor

1.2 Acting Municipal Manager' Foreword

The municipality's Annual Report for the 2019/2020 Financial Year provides an overview of the work undertaken in the year under review, outlining both its highlights and challenges. Lepelle-Nkumpi obtained unqualified audit which improved from a qualified opinion in the past. This resulted in even stronger emphasis and focus being placed on our audit action plan, aimed at resolving findings raised by the auditors. Lepelle-Nkumpi Local Municipality is a local municipality operating under the Capricorn District Municipality in the Limpopo province. The municipality is established and operates in terms of Chapter 7 of the South African Constitution. Section 152(1) outlines various objects of local government and it is on these objects that this municipality governs and serves its community in a democratic manner.

The municipality has five service departments, namely, the Municipal Manager's office, Finance Department, Technical department, Community Services Department, Corporate Services department and Planning & LED department. When these departments' positions are fully filled service delivery should be of high standard, however, there still exists some vacancies at various levels within the municipality.

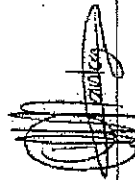
The Council appointed the Municipal Manager as IDP Manager and would be tasked to manage the IDP and make sure that the IDP is implemented. The Integrated Development Plan (IDP) therefore is a five-year development blueprint for a municipality; it is the principal strategic planning instrument which guides and informs all planning, budgeting, investment, development, management and implementation in the medium-term decision-making.

As previously alluded to, Lepelle-Nkumpi municipality like all other municipalities its size in South Africa, is continuously challenged to perform within the necessary standards as stipulated by the various legislations applicable to Local Government. The challenges manifest themselves in the form of capacity constraints both in terms of human capital and finance. It is generally accepted that the most qualified and most capable people will not opt to work in the small municipalities because of the lower salaries that they offer as well as the lack of social life after work. It therefore remains a challenge to us that our performance must remain at the required level while we are using the staff that does not have the same competency as the other better resourced municipalities.

The municipality is constantly striving to improve in areas where performance is not up to the required standard. In doing so, "we as the Municipality commit ourselves to a better life for all through sound economic growth, provision of basic infrastructure, disciplined social welfare, a sound and participative institutional management system, as we stand united."

The municipality hereby extends its sincerest words of gratitude to the Capricorn District Municipality and Provincial Treasury as well as National Treasury for the overwhelming and continuous support it has given to the Municipality by providing us not only with the technical support but also personnel to assist by advising on certain roles and responsibilities that need to be performed in the municipality.

From the development focus of the Medium Term Strategy Framework (MTSF) the government has derived twelve outcome areas that set the guidelines for more results-driven performance. Of the 12 outcomes, Outcome 9 - A responsive, accountable, effective and efficient local government system, is closest to local government. The champion of the goal is the national Department of Cooperative Governance and Traditional Affairs. This report will express itself to the efforts that Lepelle-Nkumpi Local Municipality has been taking in responding to the above in the year under review.



Mankga K.G

Acting Municipal Manager

31/05/2022

Date

Legislative Mandate & Organisational strategic Objectives

The Constitution of the Republic (1996)

Section 152 of the Constitution mandates local government, among others, to:

- Provides democratic and accountable government for local communities
- Encourage the involvement of communities and community organizations in the matters of local government.

The White Paper on Local Government of (1998)

The White Paper on Local Government (1998) puts forward for the new developmental Local Government system and identifies tools for realising a developmental local government through:

- Integrated Development planning and budgeting;
- Performance management; and
- Working together with local citizens and partners.

Municipal Systems Act (No. 32 of 2000)

The Municipal Systems Act no 32 of 2000, Chapter 6 enforces the idea of local government PMS.

Municipal Planning and Performance Management Regulations (2001)

The Municipal Planning and Performance Regulations (2001) set out in detail requirements for municipal PMS. It entails a framework that describes and represent how the municipal cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed including the determining of the roles and responsibilities of different role players.

The Municipal Finance Management Act No 32 2003

The Municipal Finance Management Act states requirements for a municipality to include its annual municipal performance report with its financial statement in constituting its annual report. In essence, the Act requires that a municipality must, among other things:

- Audit of performance measurement; and
- Annual performance reports

The Municipal Performance Management Regulations (2006)

The Local Government Municipal Performance Regulations for municipal managers and managers directly accountable to municipal managers sets out how the performance of Section 57 staff will be uniformly directed, monitored and improved. The regulations address both the employment contract and performance agreement of municipal managers and managers directly accountable to municipal managers. It further provides a methodology for the performance management system as well as criteria for performance bonus payments.

Organisational Strategic Objectives:

To Provide Sustainable Basic Services and Infrastructure development, to enhance financial viability and management, to increase the capability of the municipality to deliver on its mandate, Promote good governance and active citizenry; Promote shared economic growth and job creation.

Chapter 2: Governance

Municipal Council comprises of the governing and decision making body of the municipality whilst municipal officials and staff focus on implementation. Council determines the direction for the municipality by setting the course and allocating the necessary resources. Council establishes the policies and municipal staff ensures that those policies are implemented. Decisions made at Council or committee level are often the result of a lot of research, consultation and advice from staff, residents, business people and interested parties. Often there are competing interested and financial constraints that must be considered. Lepelle-Nkumpi Local Municipality is governed by a council led by Mayor. All major policy and administrative decisions are presented, resolved and implemented after approval of council. The political system in the municipality is functioning fairly well. There is a municipal public accounts committee whose mandate is to interrogate municipal performance and thus assisting the municipality to act in the manner that assist service delivery. The annual report is publicized for scrutiny and comment of the public as well. For the year ended 30 June 2020, the municipality had a total of sixty councillors. Twenty six (26) of those are ward councillors and all of them are from the African National Congress.

The municipal political management team comprises of the following councillors:

1. Cllr Molala MM as the Mayor
2. Cllr Ntsoane PB as the Speaker
3. Cllr Thobejane T.A as the Chief Whip



**Cllr. Molala MM
MAYOR**



**Cllr. Ntsoane PB
SPEAKER**

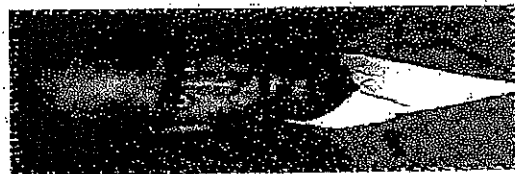


**Cllr. Thobejane TA
CHIEF WHIP**

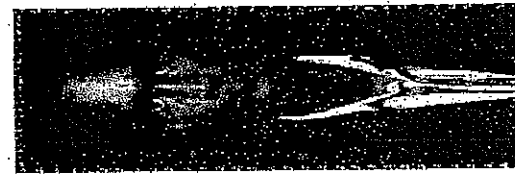
PORTFOLIO CHAIRPERSONS / EXCO



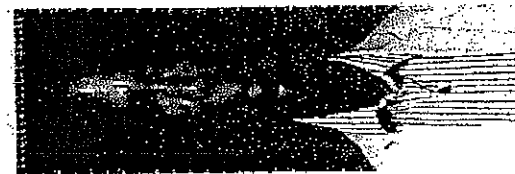
Cllr. Rachelela SH
Chairperson without portfolio
Cell: 082 721 5391
PR



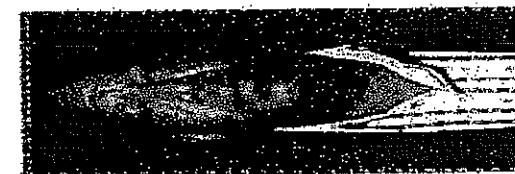
Cllr. Radeu GS
Sports and Recreation
Cell: 079 942 7587
PR



Cllr. Tsebe TD
Health and Social Development
Cell: 082 493 1060
PR



Cllr. Thumane MD
Roads, Transport and Electricity
Cell: 082 983 8884
PR



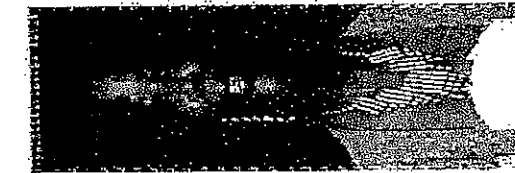
Cllr. Mphahlela SM
Water and Sanitation
Cell: 079 703 5599
Ward 20



Cllr. Mphahlela RL
Lead, LEO, Planning and Housing
Cell: 071 492 7161
Ward 30



Cllr. Makgall HA
Community Services
Cell: 078 381 0820
Ward 25

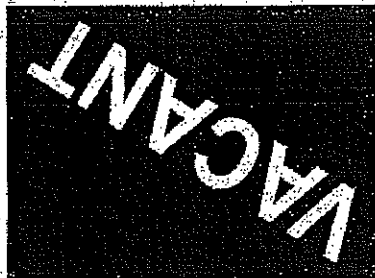


Cllr. Ramokelo MH
Budget and Treasury
Cell: 071 349 4592
PR



Cllr. Mogafoa A
Corporate Services
Cell: 082 680 2154
Ward 22

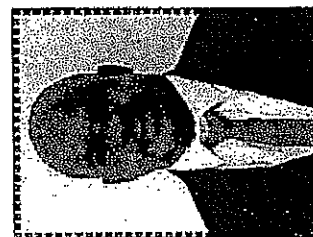
TOP MANAGEMENT



Municipal Manager
Office: 015 633 4506



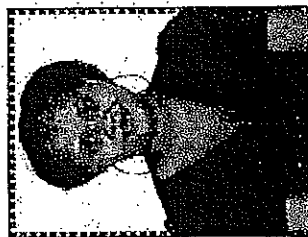
Executive Manager
Planning & Local Economic Development
Office: 015 633 4681



Tshola Mokoae
Executive Manager: Community Services
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E-mail: tshola.mokoae@lapelle-nkomo.gov.za



Executive Manager: Technical Services
Office: 015 633 4554



Khumalo Maseko
CFO: Chief Finance Officer
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Ezile Ngilana - Raphele
Executive Manager: Corporate Services
Office: 015 633 4545
E-mail: ezile.ngilana@lapelle-nkomo.gov.za

The municipal manager is the Accounting Officer. The Municipal Manager advises the Council and its committees on administrative matters such as policy issues, financial matters, organizational requirements and personnel matters. The municipal manager has to personally provide reasons to council for the way in which the financial affairs of the departments of council had been conducted and this will be conducted with the assistance of the finance department.

The day to day management of the municipality is done by staff under the direction of the Municipal manager and heads of departments. The municipal manager and heads of departments have broad and general management responsibilities such as making sure staff is kept abreast on council's direction and identifying gaps in service delivery. Together with council they must monitor progress on set goals and priorities.

Communication

Our municipality has approved communication strategy. The objectives of the strategy are:

- To create awareness and support the municipality's mission, vision and programmes. To promote the municipality's projects, achievements and future plans.
- To project the municipality's positive image and build a good reputation and enhance its corporate image. To build good working relations with stakeholders and keep them informed on developments within the municipality, change the negative perceptions people have about the municipality. Promote access to information by communities. Positively influence media agenda. Continuously update customers/ ratepayers about our services. To enhance public participation programmes. Create a uniform identity for the municipality.

Intergovernmental Relations

Our intergovernmental relations was about improving the delivery of outcomes through effective systems, processes and procedures that ensured cooperation of different role players around policy formulation, planning, monitoring and support and delivery. Our municipality is part of the IGR structures in terms of the intergovernmental relations Act 13 of 2005. The district Executive mayor is the decision making within the district and its family of municipalities. The executive mayor's forum participates in the IGR forum that is convened by the Premier of the province to implement resolutions taken at provincial level.

The municipal manager's IGR sits on regular bases to recommend issues to be discussed and implement resolutions of the political IGR. The following are political and non-political intergovernmental structures:

Structure	Participants	Responsibility
Premier's IGR forum	Premier Mayors Heads of departments Municipal Managers	Coordinated by provincial and Local government
Mayor's IGR forum	Executive mayor Mayors Traditional Leaders Municipal Managers	Coordinated by District and Local Government
District Speakers forum	Speakers of district and local municipalities	Coordinated by public participation processes in the municipalities
Municipal Manager's forum	All municipal managers within the district	District Municipal Manager

Component C: Public Accountability and Participation (Public meetings, 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 in to a score	yes
Does the budget align directly to the KPIs in the strategic plan?	yes

Do the IDP KPIs aligned to section 57 managers	yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	yes
Do the IDP KPIs align with the provincial KPIs on the 12 outcomes	yes
Were the indicators communicated to the public	yes
Were the four quarter aligned reports submitted within stipulated time frames?	yes

Risk Management

The risk assessment was conducted for strategic risks and operational risks whereby all risks which are affecting the municipality were raised and the municipal risk profile was compiled. Proper mitigations of risks were put in place and the risk profile is being monitored on a quarterly basis to track the implementation of mitigations of risks. Risk assessment sessions were convened departmentally and at management level. Council made inputs on the risk assessment process through strategic planning and portfolio committees. Strategic risk was approved together with the IDP and Budget including budget related policies.

Anti-Corruption and Fraud

There is Risk Management Unit within the municipality which is responsible for development and monitoring of Risk Management Strategy and Anti-Fraud and Corruption Strategies. Council has approved both the Risk Management and the Anti-Fraud and Corruption Strategies.

Council has reviewed and approved Anti-Fraud and Corruption Strategy which regulates how activities of fraud and corruption should be dealt with. Risk Management Unit is responsible for monitoring the implementation of Anti-Fraud and Corruption Strategy.

The Strategy further indicates the types of fraud and corruption incidents which should be reported and the different avenues which can be used when reporting such cases.

Whistleblowers can choose to remain anonymous when reporting any corrupt and fraudulent activity.

Cases Reported	Action Taken
1. Refurbishment of civic hall	Matter reported to SAPS (Hawks)
2. Fraudulent sale of land	Matter reported to SAPS
3. All matters raised by Bowman's Giffillan	matter reported to the SAPS (Hawks)

Supply Chain Management

The Supply Chain Management of Lepelle-Nkumpi Local Municipality has been implemented in terms of Chapter 11 of Municipal Finance Management Act No.56 of 2003, SCM Regulations of 2005; and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

The Supply Chain Management Policy was reviewed in May 2019. The purpose of reviewing SCM Policy was to address the inefficiencies noted within the procurement system, also the re-alignment with the legal framework and delegation of systems.

The under mentioned bid committees, were established and are effective:

1. Bid Specification Committee (to formulate the specification, evaluation criteria, budget, sourcing Strategy, Compliance and etc.)
2. Bid Evaluation Committee (to evaluate the received bids and prepare evaluation report as per pre-determined criteria set by Bid Specification Committee and make recommendations to Bid Adjudication Committee)
3. Bid Adjudication Committee (to consider the recommendation from Bid Evaluation Committee and make award).

By-Laws

By-Laws	Yes/No
Advertising signs and hoarding	Yes
Building regulations	Yes
Land use application	Yes
Cemeteries and crematoria	Yes
Customer care, credit control and debt collection	Yes
Hiring of community halls	Yes
Informal and street trading	Yes

Noise abatement and prevention of Nuisance	Yes
Property rates	Yes
Public amenities	Yes
Solid waste	Yes
Standard child care facilities	Yes
Traffic	Yes

Public satisfaction on municipal services

The municipality has not conducted the public satisfaction survey to determine the public satisfaction.

All municipal oversight committees

The following committees were established in our municipality to play an oversight role on all functions given to municipality in terms of the six key performance areas as given in the Local Government Performance Management Regulation of 2006:

Municipal Public Account Committee

Portfolio committee

Executive committee

Audit Committee Members and Attendance

The Audit Committee was appointed with effect from 01 April 2017 to 30 April 2020. It consists of the members listed hereunder and meets at least four times a year or more when the need arise.

Date of Appointment	Name of Member	Portfolio	Ordinary Meetings attended	Special Meetings attended	Total Meeting Attended
01 April 2017	Adv. HM Manthata	Chairperson	3	1	4
01 April 2017	Mr. C Sefala	Member	2	1	3
01 April 2017	Mr. MP Mongalo	Member	1	0	1
01 April 2017	Ms. NJ Manthata	Member	3	1	4
01 April 2017	Ms. PN Marota	Member	1	0	1

Chapter 3: Service Delivery Performance

1. **Performance Review**

1.1 KPA: Basic Service Delivery

Strategic Objective: To upgrade 50km of roads from gravel to various surfacing and construction of related storm water control infrastructure by 2019, Electrification of 1585 new households extensions by 2019, Construction and maintenance of recreational and community facilities, Provision of sustainable Local Economic Development Infrastructure, To improve access to waste management services to 80% by 2019, To extend refuse removal to un-serviced areas, To protect biodiversity and cultural heritage, enforce environmental compliance and mitigate the impact of climate change.

1.2 KPA: Spatial Rationale

Strategic Objective: To improve access to public facilities, to reduce disaster incidents by 50%, Improve municipality's financial planning, expenditure, accounting and reporting capability, Plan and Manage spatial development within the municipality, Plan and Manage spatial development within the municipality.

1.3 KPA: Local Economic Development

Strategic objective: To improve access to free basic services, to create temporary work opportunities, Reduce unemployment rate from 48 % to 40 % by 2019.

1.4 KPA: Financial Viability & Financial Management

Strategic Objective: Improve municipality's financial planning, expenditure, accounting and reporting capability.

1.5 KPA: Municipal Transformational & Institutional Development

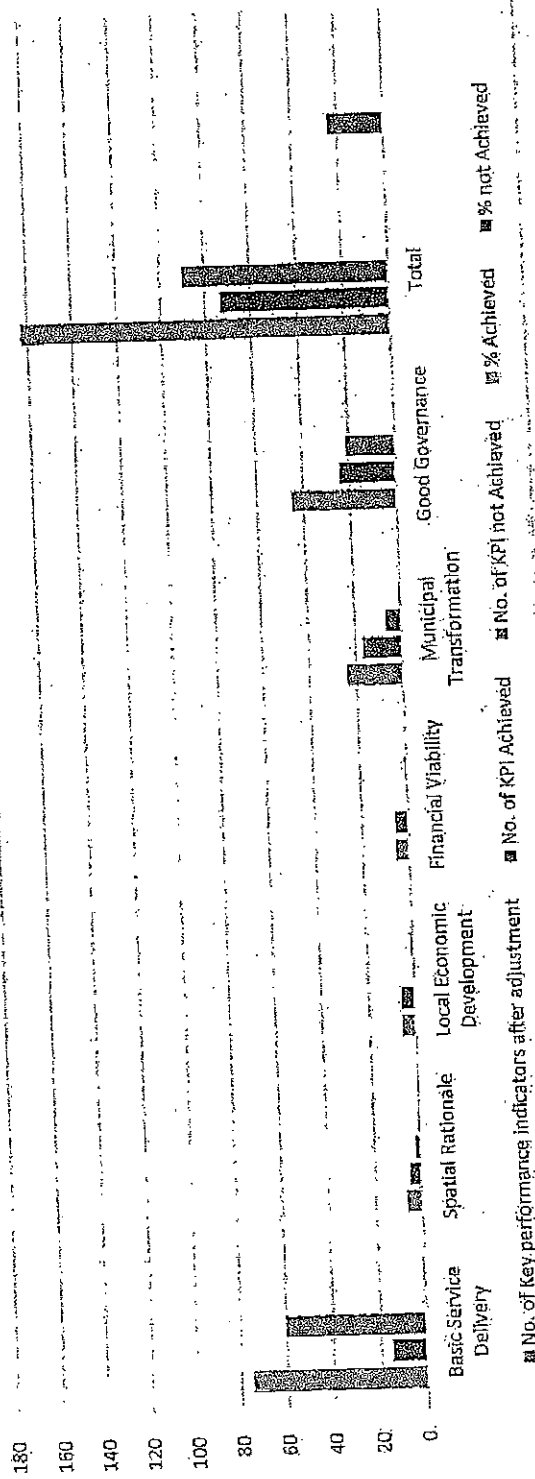
Strategic Objective: To effectively and efficiently recruit and retain competent human capital, to review human resource policies, to review employment equity plan, To develop Career & Succession planning policy, To develop policy on Reasonable Accommodation for PwD, To review the organizational structure by January 2016, To develop workplace skills plan (WSP), To conduct skills audit, To train Officials and Councilors, To monitor and enforce health and safety compliance, To promote sound Labour Relations, To promote employee wellness, To become an e-Municipality for enhancement of sustainable service delivery, To provide Effective and efficient administration, Ensure compliance with the performance management policy, Regulations, MFMA and MSA by 2019.

1.6 KPA: Good Governance & Public Participation

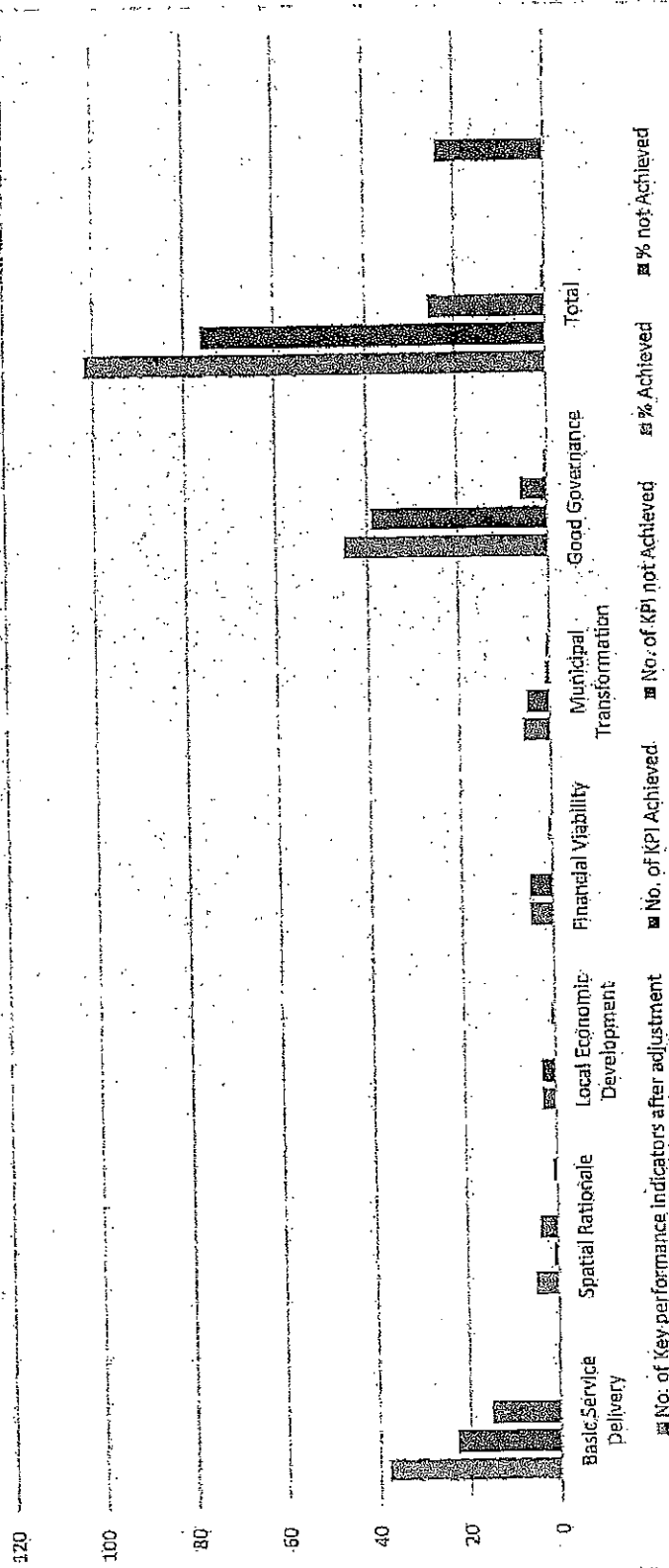
Strategic Objective: To provide assurance and consulting services to management and Council on internal controls, risk management and governance, To improve risk management systems and protect the municipality from risks, To strengthen capacity to prevent and combat fraud and corruption, To promote the needs and interests of special focus groups, To provide Strategic Support to the Municipality, To strengthen municipal Communication, To promote good governance, To Develop effective and sustainable stakeholders relations, To promote good governance, transparency and accountability on the use of municipal resources. Manage and co-ordinate the 5 year IDP & Budget process plans of the municipality by 2019, Ensure responsive long term planning to grow the local economy through desired jobs by 2019.

COMPARISON OF THE CURRENT AND PREVIOUS FINANCIAL YEAR PERFORMANCE (2018/19 AND 2019/20)										
KPA	2018/19					2019/20				
	No. of Key Performance Indicators after adjustment	No. of KPI Achieved	No. of KPI not Achieved	% Achieved	% not Achieved	No. of Key Performance Indicators after adjustment	No. of KPI Achieved	No. of KPI not Achieved	% Achieved	% not Achieved
Basic Service Delivery	75	15	60	20%	80%	38	20	18	53%	47%
Spatial Rationale	7	5	2	71%	29%	05	01	04	20%	80%
Local Economic Development	6	6	0	100%	0%	03	03	0	100%	0%
Financial Viability	6	6	0	100%	0%	05	05	0	100%	0%
Municipal Transformation	24	17	7	71%	29%	06	05	01	83%	17%
Good Governance	45	24	21	53%	47%	45	39	06	87%	13%
Total	163	73	90	45%	55%	102	73	29	72%	28%

2018/2019 FINANCIAL YEAR



2019/2020 FINANCIAL YEAR



CHALLENGES ENCOUNTERED ON SERVICE DELIVERY AND MEASURES TAKEN

Key Performance Area	Challenges	Measures taken to improve Performance
Basic Service Delivery	No activities/events took place due to COVID 19 and lack of budget and personnel	Allocation of budget and personnel to deal with this KPI
Basic Service Delivery	Designs not compiled	Reprioritise project to outer financial year
Basic Service Delivery	Delays in finalization of specifications.	Expedite specifications to advertise project.
Basic Service Delivery	Delay in appointment of contractor	Expedite procurement processes.
Basic Service Delivery	Delays in finalization of negotiated scope of work for the contractor	Appointment of contractor to be within budget.
Basic Service Delivery	Delays in completion by contractor	Initiate termination process.
Basic Service Delivery	Delay in appointment of contractor	Expedite procurement processes.
Basic Service Delivery	Delay in appointment due to non-responsive bidders	Engage bidders to brief them about tendering processes
Basic Service Delivery	Delay in completion due to lockdown.	Roll over and Expedite completion of project
Basic Service Delivery	Delay in completion due to disruptions on the project.	Contractor to apply for extension of time
Basic Service Delivery	Delays in completion due to lockdown.	Expedite completion of project.

Spatial Rational	The amount budget was not enough for the appointment of the consultant	Request financial support from Rural development and CoGHSTA
Spatial Rational	Delays on the establishment of transport forum by Capricorn District Municipality.	Follow letter to be send to CDM for establishment of the forum
Spatial Rational	Waiting for conveyancer to finalise the registration with the deeds office	The registration process to be finalised

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc: discontinued or Not Disc: discontinued
MM 01	Good governance and public participation	Number of council meetings held per annum	n/a	n/a	R00.00	R00.00	07	Held 07 council meetings per annum	n/a	Held 07 council meetings per annum	08	Achieved	R00.00	n/a	n/a	Attendance registers and minutes of meetings	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Discussed or Not Discussed
										Project	Actual Performance						
MM 02	Good governance and public participation	Number of Exco meetings held per annum	n/a	n/a	R00.00	R00.00	12	Held 12 Exco meetings per annum	n/a	Held 12 Exco meetings per annum	12 Exco meetings held	Achieved	R00.00	n/a	n/a	Attendance register and minutes of meetings	not discussed
MM 03	Good governance and public participation	Number of Portfolio Committee meetings held per annum	n/a	n/a	R00.00	R00.00	36	Held 36 Portfolio committee meetings per annum	n/a	Held 36 Portfolio committee meetings per annum	38 Portfolio committee meetings held	Achieved	R00.00	n/a	n/a	Attendance register and Minutes	not discussed
MM 04	Good governance and public participation	Number of reports compiled on co-ordination of ward	n/a	n/a	R00.00	R00.00	12	Compiled 12 reports on co-ordination of	n/a	Compiled 12 reports on co-ordination	12 reports completed	Achieved	R00.00	n/a	n/a	Monthly Progress Reports	not discussed

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20		2018 /19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc onlined or Not Disc onlined
										Project	Actual Performance							
								ward committee meetings per annum		Development of ward committee meetings per annum								
MM 05	Good governance and public participation	Number of Municipal Corporate Calendar developed by 30 June 2020	n/a	n/a	R00.00	R00.00	0	Develop Municipal Corporate Calendar by 30 June 2020	n/a	Develop Municipal Corporate Calendar by 30 June 2020	01	01	Achieved	R00.00	n/a	n/a	2020/2021 Corporate calendar	not disclosed

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress		2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc. Contin. or Not Disc. Contin. used
										Projection	Actual Performance							
MM 06	Good governance and public participation	Number of reviewed communication strategies approved by Council by June 2020	n/a	n/a	R00.00	R00.00	R00.00	Review and approve 01 communication strategy by council by June 2020.	n/a	Review and approve 01 communication strategy by council by June 2020	0	Not achieved	R00.00	The unit does not have capacity for review of communication strategy	The unit to source service provider in the next financial year for review of the strategy	Copy of the strategy document and Council resolution		not discontinued
MM 07	Good governance and public participation	Number of Internal Audit Plan developed and approved by audit	n/a		n/a	R00.00	R00.00	Develop and approve 01 internal audit plan by	n/a	Develop and approve 01 internal	01 audit plan developed		Achieved	R00.00		n/a	Approved annual internal audit plan	not discontinued

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File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20		2018/19 Annual Progress	2018 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Discontinued or Not Discontinued
										Project	Actual performance								
								audit committee per annum		audit plan by audit committee per annum									
MM 08	Good governance and public participation	Number of progress reports submitted to management per month	n/a	n/a	R00.00	R00.00	R00.00	12 progress reports to management per month on special focus programmes	n/a	Submit 12 progress reports to management per month on special focus programmes	Submit 12 progress reports to management per month on special focus programmes	12	09	not achieved	R00.00	Targets for 3rd & 4th quarter were affected by national lockdown	The special focus programmes to be conducted visual during 9-21/2020/21 financial	Monthly Reports	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress		2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project	Actual Performance							
										amm es						ial year		not discontinued
MM 09	Good governance and public participation	Number of cluster ward-based AIDS Council meetings held per annum	n/a	n/a	R00.00	R00.00		Held 16 cluster ward based AIDS council meetings per annum	n/a	Held 16 cluster ward based AIDS council meetings per annum	10 cluster ward based AIDS council meetings	Not Achieved	R00.00	Fourth quarter target was affected by national lockdown	Target to be projected for next financial year	Attendance registers		
MM 10	Good governance and public participation	Number of Executive management meetings held per annum	n/a	n/a	R00.00	R00.00	12	Held 12 Executive management meetings per annum	n/a	Held 12 Executive management meetings per annum	12 meetings held	Achieved	R00.00	n/a	n/a	Agenda attendance registers and minutes		not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20		2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project Annual Progress	Actual Performance							
										per annum								
MM 11	Municipal institutional development and transformation	Number of customer care (Municipal, Premier and Presidential Hotlines) reports compiled per annum.	n/a	n/a	R00.00	R00.00	04	Compile 04 reports on customer care (Municipal, Premier and Presidential Hotlines) per annum	n/a	Compile 04 reports on customer care (Municipal, Premier and Presidential Hotlines) per annum	04 reports completed	Achieved	R00.00	n/a	n/a	Quarterly reports and prove of submission to Municipal Manager	not discontinued	

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontin ued or Not Disc ontin ued
MM 12	Good governance and public participation	Number of municipal risk management profiles developed and approved by Council per annum.	n/a	n/a	R00.00	R00.00	01	Develop and approve 01 risk management profile by council per annum	n/a	Develop and approve 01 risk management profile by council per annum	01	Achieved	R00.00	n/a	n/a	Approved municipal risk management profile and council resolution.	not discontinued

File Ref. No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
MM 13	Good governance and public participation	Number of Business Continuity Plans compiled and approved by council per annum	n/a	n/a	R00.00	R00.00	0	Compile and approve 01 business continuity plans by council per annum	n/a	Complete and approve 01 business continuity plans by council per annum	0	not achieved	R00.00	The indicator was not budgeted as it was resolved that it will be developed internally with the assistant of the Risk Committee	The plan to be developed in the next financial year	Copy of Business Continuity Plan and approved council resolution	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress		2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc. or Not Disc. online
										Project	Actual Performance							
MM 14	Good Governance	% of appointed service providers assessed quarterly	n/a	n/a	R00.00	R00.00	0%	100% of the appointed service providers assessed quarterly	n/a	100% of service providers performance assessed	0%	100%	not achieved	R00.00	The allocated budget for department was for operational and no services provided in the next financial year.	The department allocated budget for appointment of services	Quarterly report on services provided for assessment	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Appt. over Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc onlined or Not Disc onlined
MM 15	Good Governance	% of risk queries attended and responded to on a quarterly basis	n/a	n/a	R00.00	R00.00	100 % of risk queries attended and responded to on a quarterly basis	100% of risks queries issued and attended to on a quarterly basis	n/a	100% risk queries attended	100%	Achieved	R00.00	n/a	n/a	Quarterly report on risk queries attended	not discontinued
MM 16	Good Governance	% of audit queries attended and responded to on a quarterly basis	n/a	n/a	R00.00	R00.00	100 % of audit queries attended and responded to on a quarterly basis	100% of audit queries issued and attended to on a quarterly basis	n/a	100% of audit queries attended	100%	Achieved	R00.00	n/a	n/a	Annual report on audit queries attended	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project ion	Actual Performance						
MM 17	Good Governance	% of MPAC queries attended and responded to on a quarterly basis	n/a	n/a	R00.0	R00.0	100% of MPAC queries attended to on a quarterly basis	100% of MPAC queries issued and attended to on a quarterly basis	n/a	100% of MPAC queries issued and attended to on a quarterly basis	100%	Achieved	R00.0	n/a	n/a	Annual audit queries attended	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc or Not Disc onlined
										Project	Actual Performance						
MM 18	Good Governance	% of council resolution queries attended and responded to on a quarterly basis	n/a	n/a	R00.00	R00.00	0%	100% of council resolution queries issued and attended to on a quarterly basis	n/a	100% of council resolution queries attended	100%	Achieved	R00.00	n/a	n/a	Annual report on council resolution queries attended	not discontinued
MM 19	Good Governance	Number of departmental activity based costing budget developed as per mSCOA regulation	n/a	n/a	R00.00	R00.00	0	Development of 01 departmental activity based costing budget as per mSCOA	n/a	Development of 01 departmental activity based costing budget	0	Achieved	R00.00	n/a	n/a	Approved budget which is mSCOA compliant	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Appr oved Budg et	Adju sted Budg et	Bas eline	Annual Target	Revi sed Targ et	2019/20 Annual Progress	2018 /19 Annu al Progr ess	Achiev ed/Not Achiev ed	Annu al Expe nditu re	Reas on for Varia nce	Mitig ation Meas ure	Portfoli o of Eviden ce	Disc on tin ued or Not Disc on tin ued
										Proje ction	Actu al Perfo rman ce						
								regulati on	n/a	Revie w and appro ve 01 IDP by council by May 2020 (2020/21)	01 IDP was revie wed and approved by council	Achiev ed	R204 314.00	Procea ss plan was phang ed by council due to Covid -19 pand emic and a new date for appro val	n/a	Copy of 2020/21 Review ed IDP and Council resoluti on	not disc on tin ued
Pled 01	Municipal Institutional development and transformation	Number of 2020/21 Reviewed IDP's approved by council by 31 May 2020	n/a	n/a	R400 000.00	R400 000.00	01	Review and approve 01 IDP by council by May 2020 (2020/21)	n/a	Revie w and appro ve 01 IDP by council by May 2020 (2020/21)	01 IDP was revie wed and approved by council	Achiev ed	R204 314.00	Procea ss plan was phang ed by council due to Covid -19 pand emic and a new date for appro val	n/a	Copy of 2020/21 Review ed IDP and Council resoluti on	not disc on tin ued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress		2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Discarded or Not Discarded
										Project	Actual Performance							
															was set for 25 June 2020			
Pled 02	Municipal institutional development and transformation	Number of SDBIP approved and signed by the Mayor within 28 days after approval of IDP and Budget	n/a	n/a	R300 000 00	R000 0	01	Approved and signed by the Mayor within 28 days after approval of IDP and Budget	n/a	Approved and signed by the Mayor within 28 days after approval of IDP and Budget	01	01	Achieved	R000 0	n/a	n/a	Signed SDBIP	not discarded

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Discontinued or Not Discontinued
Pled 03	Municipal institutional development and transformation	Number of Annual Reports approved by Council per annum	n/a	n/a	R00.00	R00.00	01	Approve 01 Annual Report by Council per annum	n/a	Approve 01 Annual Report by Council per annum	01	Achieved	R00.00	n/a	n/a	Copy of Approved Annual Report and Council Resolution	not discontinued
Pled 04	Municipal institutional development and transformation	Number of Annual Performance Report compiled and submitted to Auditor General per annum	n/a	n/a	R00.00	R00.00	01	Compile and submit 01 Annual Performance report to Auditor General per annum	n/a	Compile and submit 01 Annual Performance report to Auditor General	01	Achieved	R00.00	n/a	n/a	Copy of Draft Annual Performance Report	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project ion	Actual Performance						
Pled 05	Municipal institutional development and transformation	Number of Quarterly Performance Reports compiled and submitted to Council per annum	n/a	n/a	R00.00	R00.00	04	Compile and submit 04 quarterly performance reports to council per annum	n/a	Complete and submit 04 quarterly performance reports to council per annum	04	Achieved	R00.00	n/a	n/a	Copy of Draft Quarterly Performance Reports with Council Resolutions	not discontinued
Pled 06	Local Economic Development	Number of quarterly Community Works Programme jobs	n/a	n/a	R00.00	R00.00	04	Compile 04 quarterly community works	n/a	Compile 04 quarterly community works	04	Achieved	R00.00	n/a	n/a	Quarterly CWP Reports	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project Actual Performance							
		creation reports compiled						works programme on job creation		works programme on job creation							
Pled 07	Local Economic Development	Number of quarterly job creation reports submitted to management per annum.	n/a	n/a	R00.00	R00.00	04	Submit 04 quarterly job creation reports to management per annum	n/a	Submit 04 quarterly job creation reports to management per annum	04	Achieved	R00.00	n/a	n/a	Quarterly reports	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Discontinued or Not Discontinued
Pled 08	Local Economic Development	Number of quarterly progress reports completed on business support per annum	n/a	n/a	R00.00	R00.00	04	Complete 04 quarterly progress reports on business support per annum	n/a	Complete 04 quarterly progress reports on business support per annum	04	Achieved	R00.00	n/a	n/a	Progress reports	not discontinued
Pled 09	Spatial rationale	Number of Land Use Scheme reviewed and approved by council per annum	n/a	n/a	R500 000.00	R00.00		Review and approve 01 Land Use Scheme by Council per annum	n/a	Review and approve 01 Land Use Scheme by Council per annum	0	Not achieved	R00.00	The unit did not have capacity for review of Land use scheme	Request financial support from Rural development and	Council Resolution and the approved Land use Scheme	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc on tin ued or Not Disc on tin ued
										Proje ction	Actu al Perfo rman ce						
										quant er				me and the amou nt budg et was not enou gh for the appoi ntme nt of the consu ltant	CoG HSTA by end of June 2020		
Pled 10	Spatial rationale	Number of ITP approved by council per annum	n/a	n/a	R100 000.0	R377 308.0	01 draft repo rt	Approve 01 ITP by Council per annum	n/a	Appro ve 01 ITP by Coun cil per	0	Not achieve d	R00.0	Delay s on the establi shme nt of trans.	Follo w up letter to be send to CDM	Approv ed ITP and council resoluti on	not disco ntinue d

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project: Actual Performance	Actual Progress						
										quarter							
Pled 11	Spatial rationale	Number of approved LSDP compiled for Mphahlele cluster by end of financial year	n/a	n/a	R403 900.00	n/a	n/a	Complete 01 LSDP for Mphahlele cluster by end of financial year	n/a	Complete 01 LSDP for Mphahlele cluster by end of financial year	n/a	n/a	n/a	There was no corporation from Mphahlele traditional authority for the	Project was discontinued until further engagement with the traditional	Approved Mphahlele LSDP and council resolution	Discontinued during budget adjustment due to non corporation

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project Annual Performance							
Pled 12	Spatial rationale	Percentage of outdoor advertising applications received and responded to within 30 days	n/a	n/a	R00.00	R00.00		100% of outdoor advertising applications received and responded to within 30 days	n/a	100% of outdoor advertising applications received and responded to within 30 days	0%	Not achieved	R00.00	No applications received on outdoor advertising	The unit to embark on campaigns and encourage members of the public and businesses to submit	Quarterly Progress Reports	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress		2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project	Actual Performance							
Pled 13	Spatial rationale	Number of supplementary valuation roll approved by council per annum	n/a	15, 16, 17 & 18	R600 000,00	R120 000,00	01	Approval of 01 supplementary valuation roll by council per annum	n/a	Approval of 01 supplementary valuation roll by council per annum	01 supplementary valuation roll approved	01	Achieved	R199 6227,50	n/a	n/a	Council Resolution	not discontinued
Pled 14	Spatial rationale	Number of properties newly registered in municipality	n/a	15, 16, 17 & 18	R100 000,00	R124 300,00	200	Registration of 200 properties in to municipality	n/a	Registration of 200 properties in to municipality	112 properties registered	100	Not achieved	R927 660,00	Waiting for conveyance to finalise	The registration process to be	Title deeds and deeds	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc on tin ued or Not Disc on tin ued
										Project ion	Actual Perfo man ce						
		y's name per annum.						ality's name per annum	n/a	In to munic ipality 's name per quart er				e the regist ration with the deeds office	finalis ed by end of 1 st quart er 2020/ 2021 financ ial year	search report	
Pled 15	Spatial rationale	Number of reports on approval of zone F and IA extension (industrial area) settlement per annum	n/a	15	R00.00	R00.00	0	Approval of 12 reports on amend ment of zone F and IA extension (industrial area) settlement	n/a	Approval of 12 reports on amend ment of zone F and IA extension (industrial area) settlement	0	Discontinued during budget adjustment	R00.00	The unit did not have capacity to collect data for completion of	The project was discontinued and requested CoG HSTA to implement it	Monthly Progress Reports	Discontinued. Project of currently implemented by CoG HSTA

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	% Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc. on/ued or Not Disc. on/ued
										Project. Actual Performance							
								ent per annum		trial area) settle ment per annum				reports			
Pled 16	Good Governance	% of appointed service providers assessed quarterly	n/a	n/a	R00.00	R00.00	0%	100% of the appointed service providers assessed quarterly	n/a	100% of service providers performanc e assessed	100% (03 appointed service providers) of service providers assessed	Achieved	R00.00	n/a	n/a	Quarterly report on service providers assessment	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20: Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disclosed or Not Disclosed
										Project Actual Performance							
Pled 17	Good Governance	% of risk queries attended and responded to on a quarterly basis	n/a	n/a	R00.00	R00.00	100% of risk queries and attendance to on a quarterly basis	100% of risks queries issued and attendance to on a quarterly basis	n/a	100% risk queries attended	100% of risk queries attended	Achieved	R00.00	n/a	n/a	Quarterly report on risk queries attended	not disclosed
Pled 18	Good Governance	% of audit queries attended and responded to on a quarterly basis	n/a	n/a	R00.00	R00.00	100% of audit queries and attendance to on a quarterly basis	100% of audit queries issued and attendance to on a quarterly basis	n/a	100% of audit queries attended	100% of audit queries attended	Achieved	R00.00	n/a	n/a	Annual report on audit queries attended	not disclosed

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2018/2019 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
Pled 19	Good Governance	% of MPAC queries attended and responded to on a quarterly basis	n/a	n/a	R00.00	R00.00	100 % of MPAC queries attended and responded to on a quarterly basis	100% of MPAC queries issued and attended to on a quarterly basis	n/a	100% of MPAC queries issued and attended to on a quarterly basis	100% of MPAC queries issued and attended to on a quarterly basis	achieved	R00.00	n/a	n/a	Annual audit queries attended	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc onlined or Not Disc onlined
										Projection	Actual Performance						
Pled 20	Good Governance	% of council resolution queries attended and responded to on a quarterly basis	n/a	n/a	R00.00	R00.00	0%	100% of council resolution queries issued and attended to on a quarterly basis	n/a	100% of council resolution queries attended	100% of council resolution queries attended	achieved	R00.00	n/a	n/a	Annual report on council resolution queries attended	not disclosed
Pled 21	Good Governance	Number of departmental activity based costing budget developed as per mSCOA regulation	n/a	n/a	R00.00	R00.00	0	Development of 01 departmental activity based costing budget as per mSCOA	n/a	Development of 01 departmental activity based costing budget	01 departmental budget developed	Achieved	R00.00	n/a	n/a	Approved budget which is mscosa compliant	not disclosed

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Appr. oved Budg et	Adju sted Budg et	Bas elin e	Annual Target	Revi sed Tang et	2019/20		2018 /19 Annu al Progr ess	Achiev ed/Not Achiev ed	Annu al Expe nditu re	Reas on for Varia nce	Mitig ation Meas ure	Portfoli o of Eviden ce	Disc ontin ued or Not Disc ontin ued
										Proje ction	Actu al Perfo rman ce							
								regulati on		et as per mSC OA regul ation	12 report s compl ed	12	Achiev ed	R00.0 0	n/a	n/a	Monthly progres s reports	not disco ntinue d
Com 01	Basic Service Delivery and Infrastructure Development	Number of waste collections reports compiled in urban and rural areas per annum	n/a	n/a	R00.0 0	R00.0 0	12	Compl e 12 reports on waste collect ion in both urban and rural areas per annum	n/a	Comp ile 12 report s on waste collec tion in both urban and rural areas per annum	12 report s	12	Achiev ed	R00.0 0	n/a	n/a	Monthly Reports	not disco ntinue d
Com 02	Basic Service Delivery and	Number of landfill management reports	n/a	n/a	R00.0 0	R00.0 0	12	Compl e 12 reports on	n/a	Comp ile 12 report s on	12 report s	12	Achiev ed	R00.0 0	n/a	n/a	Monthly Reports	not disco ntinue d

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2018/2019 Annual Progress		2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc. on continued or Not Disc. on continued
										Projection	Actual Performance							
	Infrastructure Development	compiled on a monthly basis						Landfill management on a monthly basis		Landfill	completed							continued
Com 03	Good governance and public participation	Number of Enforcement of National Road Traffic Act and Municipal By-Laws operational reports compiled per annum	n/a	n/a	R00.00	R00.00	04	Complete 04 reports on enforcement of National Road Traffic Act and Municipal By-Laws operational	n/a	Complete 04 reports on enforcement of National Road Traffic Act and Municipal By-Laws operational	04 reports completed	04	Achieved	R00.00	n/a	n/a	Progress reports	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measures	Portfolio of Evidence	Disc onlined or Not Disc onlined
										2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measures	Portfolio of Evidence	Disc onlined or Not Disc onlined
										Project: Actual Performance							
										Laws operational per quarter							
Com 04	Basic Service Delivery and Infrastructure Development	Number of Indigent Registers reviewed and approved by Council per annum	n/a	n/a	R00.00	R00.00	01	Review and approval of 01 indigent register by council per annum	n/a	Review and approval of 01 indigent register by council per quarter	01	Not Achieved	R00.00	The register was not done in time for submission to council due to late submission application	Ward Councillors to assist with collection of application forms from their wards	Copy of reviewed register and council resolution	not disclosed

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Discontinued or Not Discontinued
										2019/20 Annual Progress Project Actual Performance							
Com 05	Basic Service Delivery and Infrastructure Development	Number of sport, arts and culture quarterly progress reports compiled	n/a	n/a	R00.00	R.00	04	Compile 04 quarterly reports on sport, arts and culture progress	n/a	Complete 12 quarterly reports on sport, arts and culture progress	0	Not Achieved	R00.00	The unit did not have capacity for coordination of activities and completion of reports on sports, arts and culture	New position to be created during the review of the organisation's national structure for appointment of one official to	Quarterly Progress Reports	not discontinued

File Ref. No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Projecti on	Actual Performance						
Com 06	Basic Service Delivery and Infrastructure Development	Number of environmental compliance inspections reports compiled per annum	n/a	n/a	R00,00	R00,00	04	Compile 04 environmental compliance inspections reports per annum	n/a	Compile 04 environmental compliance inspections reports per quarter	04 reports completed	Achieved	R00,00	n/a	n/a	Completion inspection reports	not discontinued
Com 07	Good Governance	% of appointed service providers	n/a	n/a	R00,00	R00,00	0%	100% of the appointed	n/a	100% of service	100%	Achieved	R00,00	n/a	n/a	Quarterly report on	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Discontinued or Not Discontinued
										Project Completion	Actual Performance						
		assessed quarterly						service providers assessed quarterly		provider performance assessed						services provided for assessment	not discontinued
Com 08	Good Governance	% of risk queries attended and responded to on a quarterly basis	n/a	n/a	R00.00	R00.00	100% of risk queries attended and responded to on a quarterly basis	100% of risks queries issued and attended to on a quarterly basis	n/a	100% risk queries attended	100%	Not Achieved	R00.00	n/a	n/a	Quarterly report on risk queries attended	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/2020 Annual Progress		2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project	Actual performance							
Com 09	Good Governance	% of audit queries attended and responded to on a quarterly basis	n/a	n/a	R00.00	R00.00	100 % of audit queries attended and responded to on a quarterly basis	100% of audit queries issued and attended to on a quarterly basis	n/a	100% of audit queries attended	100%	100%	Achieved	R00.00	n/a	n/a	Annual report on audit queries attended	not discontinued
Com 10	Good Governance	% of MPAC queries attended and responded to on a quarterly basis	n/a	n/a	R00.00	R00.00	100 % of MPAC queries issued and attended to on a quarterly basis	100% of MPAC queries issued and attended to on a quarterly basis	n/a	100% of MPAC queries issued and attended	100%	100%	Achieved	R00.00	n/a	n/a	Annual audit queries attended	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20		2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc onlin. or Not Disc onlin. used
										Project	Actual Performance							
							Responded to on a quarterly basis	Quarterly basis		attended								
Com 11	Good Governance	% of council resolution queries attended and responded to on a quarterly basis	n/a	n/a	R00.00	R00.00	0%	100% of council resolution queries issued and attended to on a quarterly basis	n/a	100% of council resolution queries attended	100%	Achieved	R00.00	n/a	n/a	n/a	Annual report on council resolution queries attended	not discontinued
Com 12	Good Governance	Number of departmental activity based costing	n/a	n/a	R00.00	R00.00	0	Development of 01 departmental	n/a	Development of 01 departmental	01	Achieved	R00.00	n/a	n/a	n/a	Approved budget which is	not discontinued

File Ref. No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project Actual Performance							
		budget developed as per mSCOA regulation						activity based costing budget as per mSCOA regulation		134 house holds connected (as per signed benefit						Mscosa compliant	
Tec 01	Basic service delivery	Number of additional households connected to electricity grid per annum makotse: 2234H	n/a	13	R10 4 27,00 (Roll over)	R10 4 27,00 (Roll over)	223	Completion of 223 additional household electrical grid per annum	n/a	Completion of 223 additional household electrical grid per annum	134	Project discontinued	R00.0	The scope of works was completed in the previous financial	Project was discontinued in the SDP	Completion Certificate	Disc ontinued due to completed scope of works

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project ion	Actual Performance						
										annu m at Makot se	list and not compl etion certifi cate)			ial year but 89 benefi ciarie s did not sign the list.			
Tec 02	Basic service delivery	Number of additional households connected to electricity grid per annum at Ngwaname /Maife new stand	Number of design report complete d for household s connectio n to electricity grid at Ngwana me/Maife	29	R180 000.00	R568 950.00	0	Connec tion of 120 additional household s to electricity grid per annum at Ngwan ame/	Compl etion of one design report for 120 household s at Ngwa name	Compl etion of one design report for 120 household s at Ngwa name	0	Achieved	R264 900.00	n/a	n/a	Design report	Not disc ontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc on tin ued or Not Disc on tin ued
										Project	Actual Performance						
								Mafe new stands	Mafe new stands for household connection to electricity grid during 2nd quarter	Mafe new stands for household connection to electricity grid during 2nd quarter							
Tec 03	Basic service delivery	Number of additional households connected to electricity grid at	Number of design report developed for households connections	01	R1 870 000.00	R1 870 000.00	0	Connection of 110 additional household to electricity	Number of design report developed for	Number of design report developed for	0	Not Achieved	R812 472,37	Designs not completed due to poor forward	Reprioritise project in out financial year	Appointment letter	Not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc onfirmed or Not Disc onfirmed
										Project Actual Performance							
		Makgophong	n to electricity grid at Makgophong					ty grid per annum at Makgophong during 3rd quarter	house holds connection to electricity grid at Makgophong 110	house holds connection to electricity grid at Makgophong 110				rd planning	(2020/2021)		
Tec 04	Basic services delivery	Number of additional households connected to electricity grid at Mafatlalane	n/a	28	R130 000.00	R130 000.00	0	Connection of 109 additional household to electricity grid at Mafatlalane	n/a	Connection of 109 additional household as per list of beneficiaries and not	0	Not Achieved	R1 484 054.36	The scope of works was completed in the previous financial	Infrastructure department and contract to get signatures of the	Practical Completion Certificate	Not disclosed

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/2020 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc onlined or Not Disc onlined
										Project Actual Performance							
								during 4 th quarter		at Mahlabeng during 4 th quarter	completion certificate			year but 34 beneficiaries did not sign the list	34 beneficiaries by end of third quarter		
Tec 05	Basic services delivery	Number of additional households connected to electricity grid at Matime.	n/a	24	R800 000.00	R800 000.00	0	Connection of 35 additional households to electricity grid at Matime during 4 th quarter	n/a	Connection of 35 additional households to electricity grid at Matime during	0	Not Achieved	R00.00	n/a	Expenditure specific to advertise project by end of 1 st quarter	Practical Completion Certificate	Not disclosed

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontin ued or Not Disc ontin ued
										2019/20 Annual Progress Projecti on Actual Perfo man ce	2018/19 Annual Progress						
										9-4 th quarter							
Tec 06	Basic Services delivery	Number of additional households connected to electricity grid per annum Makurung: 180	n/a	21	R350 000.00	R00.00		Connection of 180 additional households to electricity grid per annum at Makurung	n/a	Connection of 180 additional households to electricity grid per annum at Makurung	98 house holds connected (as per list of beneficiary and not completion certificate)	Discounted	R00.00	The scope of works was completed in the previous financial year but 82 beneficiaries did not sign	Project was discontinued	Practical Completion Certificate	Discontinued due to completed scope of works

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc onlined or Not Disc onlined
										2019/20 Annual Progress Projection Actual Performance							
Tec 07	Basic Services delivery	Number of additional households connected to electricity grid at Makushiwa neng	n/a	07	R585 000.00	R750 125.00	0	Connection of 35 additional household olds to electricity grid at Makushiwa neng during 4th quarter	n/a	Connection of 35 additional household olds to electricity grid at Makushiwa neng during 4th quarter	34 household olds connected (as per list of beneficiary and not completion certificate)	Not Achieved	R649 394.48	The scope of works was completed in the previous financial year but one beneficiary certificate did not sign the list.	Infrastructure department and contractor to get signatures of the one beneficiary certificate by end of third quarter	Practical Completion Certificate	Not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Discontinued or Not Discontinued
										Project: Completion	Actual Performance						
Tec 08	Basic service delivery	Number of additional households connected to electricity grid at Mogoto	Number of design report completed for household connections to electricity grid at Mogoto	09	R150 000.00	R150 000.00	0	Connection of 100 additional household holds to electricity grid at Mogoto	Completion of one design report for 100 household holds at Mogoto to during 3rd quarter	Completion of one design report for 100 household holds at Mogoto to during 3rd quarter	Design report for 100 household holds completed	Achieved	R88 047.03	n/a	n/a	Design report	Not discontinued
Tec 09	Basic service delivery	Number of additional households connected to	Number of design report completed for household connections	01	R370 000.00	R588 000.00	0	Connection of 198 additional household holds to electricity	Completion of one design report for	Completion of one design report for	Design report for 198 household holds	Achieved	R200 070.00	n/a	n/a	Design report	Not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc. continued or Not Disc. continued
										Project	Actual Performance						
		electricity grid at Blydrift	n to electricity grid at Blydrift					ty grid at Blydrift	198 house holds at Blydrift during 3rd quarter	198 house holds at Blydrift during 3rd quarter	completed						
Tec 10	Basic service delivery		Number of design report completed for households connection to electricity grid at klapuwei	01	R00.00	R140950.00	0	-	Completion of one design report for 25 house holds at klapuwei during 3rd	Completion of one design report for 25 house holds at klapuwei during 3rd	Design report for 25 house holds completed	Achieved	R138369.75	n/a	n/a	Design report	Not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc. on used or Not Disc. on used
										Project ction	Actual al Performance						
									quarter	quarter							
Tec 11	Basic service delivery	Number of additional households connected to electricity grid at Tjlane	Number of design report completed for households connected to electricity grid at Tjlane	30	R100 000.00	R408 250.00	0	Connection of 85 additional households to electricity grid at Tjlane during 2nd quarter	Completion of one design report for 85 households at Tjlane during 3rd quarter	Completion of one design report for 85 households at Tjlane during 3rd quarter	Design report for 85 households completed	Achieved	R00.00	n/a	n/a	Design report	Not discontinued
Tec 12	Basic service delivery	Number of additional households connected to	Number of design report completed for households	15	R200 000.00	R200 000.00	0	Connection of 11 additional households to	Completion of one design report	Completion of one design report	01	Achieved	R00.00	n/a	n/a	Design report	Not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project	Actual Performance						
		electricity grid per at Zone B	connection to electricity grid at Zone B					electricity grid per annum at Zone B during 2nd quarter	for 35 house holds at zone B during 3rd quarter	for 36 house holds at zone B during 3rd quarter							
Tec 13	Basic service delivery	Number of high mast lights (public lights) erected at Mamogoa's hu village (ntamatise)	n/a	6,9,11,15,16,17,19,2,223,25,27 & 28	R4 440 000.00 (own funding)	R5 580 000.00	04	Erection of 12 high mast lights (public lights) at Mamogoa's hu village (ntamatise), Rekgolegile	N/A	Erection of 12 high mast lights (public lights) at Mamogoa's hu village	0	Not achieved	R1 892 640.00	Delay in appointment of contractor due to poor forward planning (approx.)	Expenditure construction to be completed by 2nd quarter 2020/2021 financial year.	Practical Completion Certificate	Not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project Actual Performance							
								Dr Dickson primary school and Mashite village during 4 th quarter		(Mpu main ga), Zone Q, Zone S (phase 3), Zone F park next to Dr Dicks on Primary school land Mashite village during 4 th							

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc. Initiated or Not Disc. Initiated
										Project Actual Performance							
Tec 14	Basic service delivery	Number of public facilities constructed at Malakabang	n/a	29	R1 200 000.00	R1 200 000.00	0	Construction of one public facility at Malakabang (crèche) during 4th quarter	n/a	Construction of one public facility at Malakabang (crèche) during 4th quarter	0	Not achieved	R1 038 087.24	Contractor was appointed in excess of the allocated budget. The construction could not commence without confirmation	Contractor was engaged and currently on site for implementation of the project.	Practical completion certificate	Not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project	Actual Performance						
Tec 15	Basic service delivery	Number of public facilities constructed at Hlekano during 4 th quarter	n/a	10	R1 200 000.00	R1 179 000.00	0	Construction of one public facility at Hlekano (crèche) during 4 th quarter	n/a	Construction of one public facility at Hlekano (crèche) during 4 th quarter	0	Achieved	R1 133 420.00	n/a	n/a	Practical completion certificate	Not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project Annual Progress	Actual Performance						
Tec 16	Basic service delivery	Number of public facilities constructed at Klipphuiwel	n/a	01	R1 200 000.00	R1 179 000.00	0	Construction of one public facility at Klipphuiwel (erecting) during 4 th quarter	n/a	Construction of one public facility at Klipphuiwel (erecting) during 4 th quarter	01	Achieved	R1 143 857.00	n/a	n/a	Practical completion certificate	Not discontinued
Tec 17	Basic service delivery	Number of public facilities constructed at Rakgotha	n/a	14	R100 000.00 (Own funding)	R200 000.00	0	Construction of one public facility at Rakgotha	n/a	Construction of one public facility at Rakgotha	0	Not achieved	R00.00	Delays in completion by contractor due	Contractor to expedite completion of	Practical completion certificate	Not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20		2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Annual Progress	Actual Performance							
								(Hall) during 3rd quarter			Other (Hall) during 3rd quarter					to poor performance	project by end 2nd quarter	
Tec 18	Basic service delivery	Number of public facilities constructed at Madisha-Ditiro	n/a	05	R500 000.00 (Own funding)	R800 000.00	0	Construction of one public facility at Madisha-Ditiro (Hall) during 4th quarter	n/a	Construction of one public facility at Madisha-Ditiro (Hall) during 4th quarter	0	Not achieved	R00.00	Delay in appointment of contractor due to none responsive bids	Project was re-advertised and appointed to be finalised by end of 2nd quarter	Practical completion certificate	Not discontinued	

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc: continued or Not Disc continued
										Project Annual Progress	Actual Performance						
Tec 19	Basic service delivery	Number of public facilities constructed at Maralaleng	n/a	19	R4 500 000.00	R4 500 000.00	0	Construction of one public facility at Maralaleng (Hall) during 3rd quarter	n/a	Construction of one public facility at Maralaleng (Hall) during 3rd quarter	0	Not achieved	R00.00	Delay in appointment due to non-responsive bidders	Contractor appointed and extended to completion of works by end of 3rd quarter	Progress report	Not discontinued
Tec 20	Basic service delivery	Number of public facilities constructed at Ga-Ledwaba	n/a	13	R3 635 424.52 (MIG)	R4 500 000.00	0	Construction of one public facility at Ga-Ledwaba (Hall) during	n/a	Construction of one public facility at Ga-Ledwaba	0	Not Achieved	R3 862 583.34	Delay in completion due to lockdown	Roll over and Expedite completion of project by	Progress report	Not discontinued

File Ref. No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
								4 th quarter		(Half) during 4 th quarter					end of 2 nd quarter		
Tec 21	Basic service delivery	Number of public facilities constructed at Ga-Molapo	n/a	03	R3 166 153.60 (MIG)	R5 166 153.60	0	Construction of one public facility at Ga-Molapo (Hall) during 3 rd quarter	n/a	Construction of one public facility at Ga-Molapo (Hall) during 3 rd quarter	01	Achieved	R4 289 196.89	n/a	n/a	Practical completion certificate	Not discontinued
Tec 22	Basic service delivery		Number of the design reports complete	07	R00.00	R320 363.26	0		Completion of one design	Completion of one design	Designs for one recreation area	Achieved	R00.00	n/a	n/a	Design report	Not discontinued

File Ref. No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2018/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc onlin-ued or Not Disc onlin-ued
										Projecti- on	Actual Performance						
			ed for constructi- on of Makhush- aneng recreatio- n- al facility						n report for constructi- on of recre- ational facility at Makh- ushan eng- durin g 3 rd quart- er	n report for constructi- on of recre- ational facility at Makh- ushan eng- durin g 3 rd quart- er							
Tec 23	Basic service delivery		Number of the design reports complete d for constructi-	24	R00.00	R1317736.12	0		Com- p- l- ation of one desig- n report	Com- p- l- ation of one desig- n report	0	Achiev- ed	R1387090.65	n/a	n/a	Design report	Not disco- ntinue d

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project Actual Performance							
			on of Majane recreational facility					for recreational facility at Majane during 3rd quarter	for recreational facility at Majane during 3rd quarter	Completed							
Tec 24	Basic service delivery	Number of public facilities constructed per annum.	Number of public facilities constructed at Civic Centre (Municipal Main Office).	17	R3 000.00 (Own funding)	R2 000 000.00	0	Construction of one public facility for Municipal Operations per annum (Municipal)	Construction of one public facility for Municipal Operations (Municipal)	0	01	Not achieved	R00.00	Contract terminated due to delay in finalisation of approvals	Expenditure completion of specification to advertisement remaining scope	Appointment letter and progress report	Not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Discontinued or Not Discontinued
									Office s) during 4 th quarter	Office s) during 4 th quarter				for extra works	of works by end of 2 nd quarter		
Tec 25	Basic service delivery	Number of public facilities constructed at Lekurung per annum.		30	R3 000 000.00	R00.00	0	Construction of one public facility per annum Lekurung recreational		Construction of one public facility per annum Lekurung recreational	0	Discontinued	R00.00	Project discontinued due to insufficient budget for implementation of project	Project to be budgeted enough funds in the next financial year.	Practical completion certificate	Project discontinued due to insufficient budget for implementation of project

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project	Actual Performance						
Tec 26	Basic service delivery	Number of public facilities constructed at Seruleng per annum.	-	02	R3 000 000 (M/G)	R00.00	0	Construction of one public facility per annum	-	Construction of one public facility per annum	0	Discontinued	R00.00	Project discontinued due to insufficient budget for implementation of project	Project to be budgeted enough funds in the next financial year.	Practical completion certificate	Project discontinued
Tec 27	Basic service delivery	Number of kilometer of road upgraded from gravel to surfaced road (concrete paving)	Number of design reports completed for upgrading of road from gravel to	15	R1 600 000.00 (Own funding)	R1 500 000.00	0km	Upgrading of 1.3km of roads from gravel to surface	Completion of one design report for upgrade	Completion of one design report for upgrade	Designs for 1.3 km completed	Achieved	R741 694,52	n/a	n/a	Design report	Not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc. continued or Not Disc. continued	
										Projection	Actual Performance							
		blocks/Asphalt per annum at Zone B	surfaced road (concrete paving blocks/Asphalt) per annum at Zone B					Upgraded road per annum at Zone B	ding of 1.3km of road from gravel to surfaced road per annum at Zone B during 3rd quarter	ding of 1.3km of road from gravel to surfaced road per annum at Zone B during 3rd quarter								
Tec 28	Basic service delivery	Number of kilometre of road upgraded from gravel	n/a	16&17	R28 614 832.35 (Own)	R22 153 000.00	0km	Upgrading of 3.26 km of roads	N/A	Upgrading of 3.26 km of	0km	0.357 km	Not achieved	R18 278 312.45	Delay in completion due	Contraction to expedite	Completion certificate	Not discontinued

File Ref. No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc onlin used or Not Disc onlin used
										Project	Actual Performance						
		to surfaced road (Asphalt) per annum at Zone S to BA			fundin g)			from gravel to surfaced road at Zone S to BA during 4 th quarter		roads from gravel to surfaced road at Zone S to BA during 4 th quarter				to disruptions on the project.	completion by end of 1 st quarter		
Tec 29	Basic service delivery	Number of kilometre of roads upgraded from gravel to surfaced road and bridge (Asphalt)	n/a	26	R10 070 024 29 (own fundin g) and R12 945 94 (MIG)	R9 100 000 (own fundin g) & R18 240 838 95 (MIG)	0km	Upgradin g of 1km of road from gravel to surfaced road and	N/A	Upgradin g of 1km of road from gravel to surfaced	0km	Q1 bridge compl eted	R23 464 040,11	Delay s in compl etion due to lockd own. (Proje ct	Expe dite compl etion of projec t by end of 2 nd quarter	Comple tion certifica te	Not disco ntinue d

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc. continued or Not Disc. continued
		at Mooiplaas.			0.89 (MIG)			one bridge at Mooiplaas during 4th quarter		ed. road and one bridge at Mooiplaas during 4th quarter				Practically completed	quarter		
Tec 30	Basic service delivery	Number of design reports completed for upgrading (kilometer) of roads from gravel to surfaced road (Asphalt) at	n/a	29	R465 540.39 (Own funding)	R465 540.39	0 meters	Completion of one design report for Upgrading of 0.725km of roads from gravel	N/A	Completion of one design report for Upgrading of 0.725 km road completed	0	Achieved	R00.00	n/a	n/a	Design report.	Not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expected Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Discontinued or Not Discontinued
										Project Annual Progress	Actual Performance						
		Malakabang						to surface road per annum Malakabang during 1st quarter		roads from gravel to surfaced road per annum Malakabang during 1st quarter							
Tec 31	Spatial Rational	Number of progress reports compiled on a monthly basis	n/a	16, 17, 18 & 19	R00.00	n/a	n/a	Complete 12 monthly reports on infrastructure service	n/a	Complete 12 monthly reports on infrastructure	0	Discontinued	R00.00	No reports were completed on infrastructure	Follow ups to be done with the District	Monthly Progress Reports	Discontinued due to insufficient budget

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/2020 Annual Progress		2018 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc onlin ued or Not Disc onlin ued
										Annual Progress	Projection	Actual Performance						
								s for township development in lebowa kgamo		e service es for towns hip devel opme nt in lebowa akgo mo					e service es for towns hip devel opme nt due to none respo nse by distric t office s on requir e made by munic ipality for infrast	Office on infrast ructur e servic es in the next financ ial year.		

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										2019/20 Annual Progress Projection Actual Performance							
Tco 32	Basic service delivery	Number of kilometer of roads upgraded from gravel to surfaced road (Asphalt) at Hwelereng	n/a	13	R5 181 196.78 (M/G)	R4 500 004.78	1.51 km	Upgrading of 1.51 km of road from gravel to surfaced road Hwelereng during 4 th quarter	N/A	Upgrading of 1.51 km of road from gravel to surfaced road Hwelereng during 4 th quarter	1.51 km	Not achieved	R2 267 635.21	Delays in completion due to lockdown	Expedite completion of project by end of 1 st quarter	Completion certificate	Not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project Annual Progress	Actual Performance						
Tec 33	Basic service delivery	Number of kilometers of roads upgraded from gravel to surfaced road (Asphalt) per annum at Hweshan eng	n/a	23	R3 094 421.80 (MIG)	R7 000 000.00	0	Upgrading of 1,216 km of road from gravel to surfaced road per annum Hweshan eng during 4th quarter	N/A	Upgrading of 1,216 km of road from gravel to surfaced road per annum Hweshan eng during 4th quarter	0km	Not achieved	R66 459,95	Delay in termination of poor performing contractor	Contractor was terminated and new contractor was appointed for completion of works by end of 3rd quarter	Progress report	Not discontinued
Tec 34	Basic service delivery	Number of meters of roads upgraded	Number of meters of roads and	01	R6 750 059.10	R5 870 199.37	0	Upgrading of 0.9km of road	Upgrading of 0.9km	Upgrading of 0.9km	0km	Not achieved	R108 585.71	Delay in appointment	Contractor appointed	Progress report	Not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project Actual Performance							
		from gravel to surfaced road (Asphalt) at Kliphuiwei	storm water upgraded from gravel to surfaced road (Asphalt) at Kliphuiwei					from gravel to surfaced road per annum Kliphuiwei	of road and storm water from gravel to surfaced road per annum Kliphuiwei during 4 th quarter	of road and storm water from gravel to surfaced road per annum Kliphuiwei during 4 th quarter				nt of contractor due to poor forward planning	and to expedite completion of the project by end of 2 nd quarter		ntinue d
Tec 35	Basic service delivery	Number of kilometre of roads upgraded from gravel	n/a	16&17	R6 093 103.30 (MIG)	R600 000.00 (own fundin	0	Upgrading of 1km of road from	N/A	Upgrading of 1km of	0.08k 'm	Not Achieved	R4 758 360.58	The outstanding works to be	Project to be rolled over	Completion certificate	Not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Discontinued or Not Discontinued
										Project Annual Progress	Actual Performance						
		to surfaced road (Asphalt) at zone S to Q				g) & R6 09 3:103.30 (MIG)		gravel to surfaced road per annum zone S to Q during 3 rd quarter		road from gravel to surfaced road per annum in zone S to Q during 3 rd quarter				completed in the next financial year	to the next financial year		
Tec 36	Basic service delivery	Number of parks upgraded in Labovakgomo zone A, B, F, R and S.	Number of designs report complete'd for upgrading of	15, 16, 17 and 18	R205 243.80 (Own funding)	R305 243.80	0	Upgraded 05 parks in Lebowa kgomo Zone A, B, F, R and S	Developed 05 parks in Lebowa kgomo Zone A, B, F, R and S	Developed 05 parks in Lebowa kgomo Zone A, B, F, R and S	One design report for upgrading of	Achieved	R276 070,78	n/a	n/a	Design report	Not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Projection	Actual Performance						
			parcs in Lebowak gomomo zone A, B, F, R and S.					by end of 1st quarter	upgrading of parks in Lebowak gomomo Zone A, B, F, R and S by end of 4th quarter	upgrading of parks in Lebowak gomomo Zone A, B, F, R and S by end of 4th quarter	parcs completed						
Tec 37	Basic service delivery	n/a	Number of KM of Stormwater design at Sehlaken g/Hlaikan o by end	11	R00.00	R1.300.000.00	0km	n/a	Completion design for 1km of storm water	Completion design for 1km of storm water	Designs for 1km completed	Achieved	R1 129 559,26	n/a	n/a	Design report	Not Disc ontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontin ued or Not Disc ontin ued
										Proje ction	Actu al Perfo rmance						
Tec 39	Good Governance	% of risk queries attended and responded to on a quarterly basis	n/a	n/a	R00.00	R00.00	100 % of risk queries attended and responded to on a quarterly basis	100% of risks queries issued and attended to on a quarterly basis	N/A	100% of risks queries issued and attended to on a quarterly basis	100%	Achieved	R00.00	n/a	n/a	Quarterly report on risk queries attended	not discontinued
Tec 40	Good Governance	% of audit queries attended and responded to on a quarterly basis	n/a	n/a	R00.00	R00.00	100 % of audit queries attended and responded to on a quarterly basis	100% of audit queries issued and attended to on a quarterly basis	N/A	100% of audit queries issued and attended to on a quarterly basis	100%	Achieved	R00.00	n/a	n/a	Annual report on audit queries attended	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project Annual Progress	Actual Performance						
Tec 41	Good Governance	% of MPAC queries attended and responded to on a quarterly basis.	n/a	n/a	R00.0	R00.0	100 % of MPAC queries attended and responded to on a quarterly basis	100% of MPAC queries issued and attended to on a quarterly basis	n/a	100% of MPAC queries issued and attended to on a quarterly basis	100%	Achieved	R00.0	n/a	n/a	Annual audit queries attended	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project ion	Actual Perfor mance						
Tec 42	Good Governance	% of council resolution queries attended and responded to on a quarterly basis	n/a	n/a	R00.00	R00.00	0%	100% of council resolution queries issued and attended to on a quarterly basis	n/a	100% of council resolution queries issued and attended to on a quarterly basis	100%	Achieved	R00.00	n/a	n/a	Annual report on council resolution queries attended	not discontinued
Tec 43	Good Governance	Number of departmental activity based costing budget developed as per	n/a	n/a	R00.00	R00.00	0	Development of 01 departmental activity based costing budget	n/a	Development of 01 departmental activity based costing budget	01	Achieved	R00.00	n/a	n/a	Approved budget which is Mscoa compliant	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc onfirmed or Not Disc onfirmed
										Project Annual Progress	Actual Performance						
		mSCOA regulation						as per mSCOA regulation during 4th quarter		based on costing budget as per mSCOA regulation							
B+T 01	Municipal financial viability and management	Number of GRAP compliant Annual Financial Statements compiled and submitted to stakeholders per annum	n/a	n/a	R1 400 000.00	R1 500 000.00	01	Complete 01 GRAP compliant annual financial statements and submit to stakeholders	n/a	Complete 01 GRAP compliant annual financial statements and submit to stakeholders	01	Achieved	R1 3 000 000.00	n/a	n/a	Annual Financial Statements and proof of submission to Treasury and COGH STA	not disclosed

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc on tin ued or Not Disc on tin ued
										Proje ction	Actu al Perfo rman ce						
								per annum		stake holde rs per annu m	Lib stake holde r						
B+T 02	Municipal financial viability and management	Number of Monthly section 71 reports compiled	n/a	n/a	R00.00	R00.00	12 reports	Compile 12 monthly section 71 reports	n/a	Compile 12 monthly section 71 reports	12 monthly section 71 reports compiled	Achieved	R00.00	n/a	n/a	Copies of Section 71 Reports	not discontinued
B+T 03	Municipal financial viability and	Number of GRAP compliant fixed asset registers	n/a	n/a	R2 000 000,00	R2 000 000,00	01	Compile 01 GRAP compliant fixed asset	n/a	Compile 01 GRAP compliant	01 GRAP compliant fixed	Achieved	R1 520 406,00	n/a	n/a	GRAP compliant Asset register	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project Annual Progress	Actual Performance						
	management	completed per annum						register per annum		fixed asset register per annum	asset register completed						
B+T 04	Municipal financial viability and management	Number of Procurement plan compiled per annum	n/a	n/a	R00.00	R00.00	01	Complete 01 procurement plan per annum	n/a	Complete 01 procurement plan compiled	01	Achieved	R00.00	n/a	n/a	Copy of approved Procurement plan	not discontinued
B+T 05	Municipal financial viability and management	Annual MSCOA compliant budget prepared and submitted to council per annum	n/a	n/a	R00.00	R00.00	0	Prepare and submit 01 MSCOA compliant budget	n/a	Prepare and submit 01 MSCOA compliant budget	01	Achieved	R00.00	n/a	n/a	Approved MSCOA budget and council resolution	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Project Annual Progress	Actual Performance						
B+T 06	Good Governance	% of appointed service providers assessed quarterly	n/a	n/a	R00.00	R00.00	0%	100% of the appointed service providers assessed quarterly	n/a	100% of the appointed service providers assessed quarterly	100%	Achieved	R00.00	n/a	n/a	Quarterly report on services provided for assessment	not discontinued
B+T 07	Good Governance	% of risk queries attended and responded to on a quarterly basis	n/a	n/a	R00.00	R00.00	100% of risk queries issued and attended to on a quarterly basis	100% of risk queries issued and attended to on a quarterly basis	n/a	100% of risks queried issued and attended to on a quarterly basis	100%	Not Achieved	R00.00	Risks depend on external factors	Provide conducive environment to enable implementation	Quarterly report on risk queries attended	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Discontinued or Not Discontinued
										Project Actual Performance							
B+T 08	Good Governance	% of audit queries attended and responded to on a quarterly basis	n/a	n/a	R00.0	R00.0	100 % of audit queries attended and responded to on a quarterly	100% of audit queries issued and attended to on a quarterly basis	n/a	100% of audit queries resolved	100%	Achieved	R00.0	n/a	n/a	Annual report on audit queries attended	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/2020 Annual Progress		2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Projection	Actual Performance							
B+T 09	Good Governance	% of MPAC queries attended and responded to on a quarterly basis	n/a	n/a	R00.00	R00.00	0%	100% of MPAC queries issued and attended to on a quarterly basis	n/a	100% of MPAC queries issued and attended to on a quarterly basis	All queries attended to but not all were resolved	100%	Achieved	R00.00	n/a	n/a	% of MPAC queries attended	not discontinued
B+T 10	Good Governance	% of council resolution queries attended and responded to on a quarterly basis	n/a	n/a	R00.00	R00.00	0%	100% of council resolution queries issued and attended to on a quarterly basis	n/a	100% of council resolution queries issued and attended to on a quarterly basis	100% of resolutions implemented	100%	Achieved	R00.00	n/a	n/a	% of council resolution queries attended	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc onlined or Not Disc onlined
										Project Annual Progress	Actual Performance						
								quarterly basis		ded to on a quarterly basis							
Corp 01	Municipal institutional development and transformation	Number of Reports on Functional electronic municipal systems compiled per annum	n/a	n/a	R500 000.00	R550 000.00	04	Complete 04 reports on functional electronic municipal systems per annum	n/a	Complete 04 reports on functional electronic municipal systems per annum	03 reports completed	Achieved	R00.00	n/a	n/a	Quarterly reports	not disclosed
Corp 02	Municipal institutional development and	Percentage of Contracts developed	n/a	n/a	R00.00	R00.00		100% of contracts	n/a	100% of contracts	100% contracts developed	Achieved	R00.00	n/a	n/a	Copies of acceptance	not disclosed

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc onlined or Not Disc onlined
										Project Actual Performance						letters and signed contracts and signed	Disc onlined
Corp 03	Municipal Institutional development and	Number of by-laws reviewed per annum	n/a	n/a	R00.0	R00.0	0	Review five by-laws per annum	n/a	Review five by-laws per	0	Not achieved	R00.0	The by-laws have been tabled	The municipality shall divert from	Council resolutions and copies of	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
										Annual Progress							
										Projection							
										Actual Performance							
	Transformation									Annual					the content public participation and invite write in representation has been disturbed by the covid 19	reviewed by laws	
Corp 04	Municipal institutional development and transformation	Number of Employment Equity plans reviewed by 30	n/a	n/a	R00.00	R00.00	01	Review of employment equity plan by	n/a	Review of employment equity plan	01 plan reviewed	Achieved	R00.00	n/a	n/a	Copy of approved Employment Equity	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc ontinued or Not Disc ontinued
		October 2019						30 October 2019		by 30 October 2019						Plan and Council resolution	
Corp 05	Municipal institutional development and transformation	Number of Organizational structure reviewed per annum	n/a	n/a	R00.00	R00.00	01	Review 01 organizational structure per annum.	n/a	Review 01 organizational structure per annum	01 structural review	Not Achieved	R00.00			Approved organizational structure and Council resolution	not discontinued
Corp 06	Municipal institutional development and transformation	Number of Workplace skills plans compiled and submitted to LGSETA per annum	n/a	n/a	R00.00	R00.00	01	Compile 01 workplace skills plan and submit to LGSET	n/a	Compile 01 workplace skills plan and submit to	01 plan completed	Achieved	R00.00	n/a	n/a	Workplace skills plan and proof of submission	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Discarded or Not Discarded
										2019/20 Annual Progress Project Actual Performance							
								As per annum		LGSE TA per annum						LGSET A	
Corp 07	Good Governance	% of appointed service providers assessed quarterly	n/a	n/a	R00.00	R00.00	0%	100% of the appointed service providers assessed quarterly	n/a	100% of the appointed service providers assessed quarterly	100%	Achieved	R00.00	n/a	n/a	Quarterly report on service providers assessment	not discontinued
Corp 08	Good Governance	% of risk queries attended and responded to on a	n/a	n/a	R00.00	R00.00	100% of risk queries attended	100% of risks queries issued and attended to on a	n/a	100% of risks queries issued and attended to on a	100%	Achieved	R00.00	n/a	n/a	Quarterly report on risk queries attended	not discontinued

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2018/2019 Annual Progress		Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc onlined or Not Disc onlined
										Projected	Actual Performance						
		quarterly basis					and responded to on a quarterly	quarterly basis									
Corp 09	Good Governance	% of audit queries attended and responded to on a quarterly basis	n/a	n/a	R00.00	R00.00	100% of audit queries attended and responded to on a quarterly	100% of audit queries issued and attended to on a quarterly basis	n/a	100% of audit queries issued and attended to on a quarterly basis	100%	Achieved	R00.00	n/a	n/a	Annual report on audit queries attended	not disclosed

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc onlined or Not Disc onlined
Corp 10	Good Governance	% of MPAC queries attended and responded to on a quarterly basis	n/a	n/a	R00.00	R00.00	100 % of MPAC queries and attend to on a quarterly basis	100% of MPAC queries issued and attend to on a quarterly basis	n/a	100% of MPAC queries issued and attend to on a quarterly basis	100%	Achieved	R00.00	n/a	n/a	Annual audit queries attended	not disclosed
Corp 11	Good Governance	% of council resolution queries attended and responded to on a	n/a	n/a	R00.00	R00.00	0%	100% of council resolution queries issued and attend to on a	n/a	100% of council resolution queries issued and attend to on a	100%	Achieved	R00.00	n/a	n/a	Annual report on council resolution queries	not disclosed

File Ref No.	KPA	KPI	Revised KPI	Ward No.	Approved Budget	Adjusted Budget	Baseline	Annual Target	Revised Target	2019/20 Annual Progress	2018/19 Annual Progress	Achieved/Not Achieved	Annual Expenditure	Reason for Variance	Mitigation Measure	Portfolio of Evidence	Disc onlined or Not Disc onlined
		quarterly basis						aligned to on a quarterly basis		and attention ded. to on a quarterly basis						attended.	
Corp 12	Good Governance	Number of departmental activity based costing budget developed as per mSCOA regulation	n/a	n/a	R00.00	R00.00	0	Development of 01 departmental activity based costing budget as per mSCOA regulation	n/a	Development of 01 departmental activity based costing budget	01	Achieved	R00.00	n/a	n/a	Approved budget which is mscosa compliant	not disclosed

Chapter 4: Organisational Development Performance

Our employees are key resources and our municipality recognizes that the sustainability of the organization also depends on providing fair remuneration, benefits, working conditions and development opportunities that will attract and retain the right people with the right skills on order to execute the developmental mandate of the organization

The period under review marks a time where several human resources initiatives were implemented or improved to support and underpin the organization's strategic goals. With the focus being on establishing the municipality as a Centre of excellence, and on the attraction and retention of staff.

1.1 TALENT ACQUISITION

As at the end of the financial year, our municipality had a staff complement of employees. The Executive Managers appointees undergo psychometric assessments to ensure proper skills fit. The breakdown of the staff complement of is reflected below:

Directorate	Total posts	Filled	Vacant	% Filled	% Vacant
Technical Services	41	36	5	88%	12%
Corporate Services	56	53	3	95%	5.4%
Planning and LED	18	17	1	95%	5.5%
Community Services	78	78	0	100%	0%
Budget and Treasury	35	32	3	91%	8.6%
Municipal Manager's Office	20	18	2	90%	10%
Grand Total	248	234	14	94%	5.6%

1.2 INDIVIDUAL PERFORMANCE MANAGEMENT

The behavior's charter, which enhances individual performance management and will be rolled out to all staff in the next financial year, several awareness workshops were held throughout the organization to ensure that the municipality fosters a workforce with professional, value-driven behavior amongst employees. A proper link between the behavior's charter and municipality's values were drawn.

1.3 EMPLOYMENT EQUITY WITHIN THE MUNICIPALITY

In an effort to comply with the Labour relations Act, our municipality has an exciting employment equity committee which meets on a quarterly basis. The purpose of the committee is to discuss matters such as equity in the workforce, discrimination, disability, promotion, fair remuneration, disability and others as required by legislation. The municipality is also part of the Employment Equity skills development consultative forum (EESDCF) lead by SALGA.

The purpose of adding skills development was to ensure compliance with legislation in terms of the skills development Act and the Employment Equity Act. It was also important that the municipality as a learning organization invests in its staff as part of employee upliftment.

Occupational Level	Male				Female				Total	
	A	B	C	D	A	B	C	D	Male	Female
Top Management	1	-	-	-	-	-	-	-	-	-
Senior managers	2	-	-	2	-	-	-	-	-	4
Managers	12	-	-	7	-	-	-	-	-	19
Professionally qualified and experienced specialists and	34	-	-	22	-	-	-	-	-	56

1.4 EMPLOYEE RELATIONS

The employee relations function is designed to ensure that there is a sound relationship between employer and employees. Our municipality's processes are designed to ensure fairness when it comes to issues of discipline and grievances, in addition it is a mechanism that makes provision for collective bargaining. Ordinarily it is expected that each employer should provide for an effective employment relations process. To this effect our municipality has policies in place which makes provision for the code of conduct, grievances procedure, disciplinary procedure, appeals procedure and dispute procedure. A Fraud Hotline was established and managed by our District Municipality and the other investigations are dealt with by the employee relations unit.

Below, is a representation of cases that our municipality honoured during the current reporting period.

Discipline	Male				Female				Total
	A	B	C	D	E	F	G	H	
Progressive Disciplinary cases (Counselling, Verbal warning & Written warning)	05	-	-	-	-	-	-	-	06
Formal Disciplinary cases (final written warning, Demotion & Dismissals)	04	-	-	-	-	-	-	-	05

1.8 JOB EVALUATION

The organogram has been submitted to Job Evaluation for coding. Signing of job descriptions is awaiting finalization of placement of employees and filling of positions that are earmarked for placement once that process is completed then job descriptions will be submitted to the job evaluation committee for grading.

1.9 EMPLOYEES DISCHARGE DUE TO ILL-HEALTH

During the financial year there was no employee discharge due to ill-health.

Chapter 5 (Volume 2): Financial Performance

Appendix I: Service Provider Performance Report

Project Name	Appointed Service Providers	Contract Amount	Expenditure to date	Project Status quo	Reason for Non completion	Project start date	Project End date	South African Rating	Performance description	Allocation
Upgrading of Moolplaas access road	Moribo wa Africa/Madit si JV	R 26 211 028.06	R27 691 349.10	Contractor Finalizing bridge, Surfacing done.	none	22 May 2019	21 March 2020	4	Performance is significantly higher than standard expected in the job	none
	Aphane consulting	R4 424 53 0.33	R2 890 069.4 1					3	Performance fully meet all areas of the job	none
Tarring of main roads from Zone S to Q - Lebowaigomo	PJMU Engineering and Plant Hire	R8 461 797.52	R6 903 215.30	The Contractor attending to snaglist. Practical completion.	none	22 May 2019	22 October 2019	3	Performance fully meet all areas of the job	none
	Bawelle Consulting Engineers	R2 104 352.47	R2 104 352.47					3	Performance fully meet all areas of the job	none
Upgrading of Hwelehang Access road	Madit si Jan Construction and projects	R3 751 844.74	R2 266 705.8 3	Construction progressing well. Progress at 0%	none	13 Decemb er 2019	13 March 2019	3	Performance fully meet all areas of the job	none
	Endecon Ubuntu PTY Ltd	R2 031 71 0.00	R0.00					3	Performance meets some of the standard expected for the job	none
Upgrading of Hwelehang access road	Not Yet Appointed	none	R18 020 323.11	Contractor terminated.	Contractor vacated site and poorly performed.	n/a	n/a	n/a	n/a	Another contractor to be appointed
	Maswika Consulting Engineers	none	R5 474 278.67					2	Performance meets some of the standard expected for the job	
Construction of Ga-Molapo village	Mahlaji Mmetji Mibako JV	R 5 166 153.90	R4 932 576.4 3	Construction at 65%	Delays caused by rain and labour strikes.	21 May 2019	28 February 2020	3	Performance fully meet all areas of the job	Contractor has applied for extension of time.

Construction of Magatle Thusem g Centre.	Consultant - Social Architecture	R 2 892 307.19	R 1 806 968.93	Design finalised – no budget for construction in the current financial year	Insufficient Budget for construction.	n/a	n/a	3	Performance fully meet all areas of the job	To fast-track the process of BEC and BAC sitting according to their schedule.
Construction of Community crèche at Hlakano.	Mmasakgail a Trading JV Bakgatitse General Training.	R1 178 75 1.00	R1 133 420.0 0	Contractor attending to Shaglist, Practical completion.	n/a		23 January 2020	3	Performance fully meet all areas of the job	none
Number of Construction of Community crèche at Kiphuwel	Mmasakgail a Trading JV Bakgatitse General Training	R1 178 75 1.00	R1 143 861.0 0	Contractor attending to Shaglist, Practical completion.	None	23 July 2019	23 January 2020	3	Performance fully meet all areas of the job	none
Upgrading of roads from gravel to Tar at Zone S to BA phase 2 (Ward 16 & 17. Multiyear 3.9km)	Nkane & Phahle & Mulaolo Business JV	R 34 207 898.49	R 23 218 582. 25	Construction at 60 %	Community disruptions and work stoppages by the department of minerals resources due to borrow pit permit that was not aligned to the relevant coordinates.	02 July 2018	11 December 2019	2	Performance meets some of the standard expected for the job	Contractor to apply for extension of time
	Phetiso Consulting Engineering	R 4 279 920.24	R3 724 546.8 4					3	Performance meets some of the standard expected for the job	none

Construction of Stormwater: Mogoflane (Designs Only)	Marumo Consulting Engineers	R 2 225 569.54	R1 267 185.8	Designs finalised – insufficient budget for Construction.	Insufficient budget for Construction	n/a	n/a	3	Performance fully meet all areas of the job	Prioritise construction in outer years.
Construction of Stormwater: Senlabeng/Hlakano (Designs Only)	Ratema Consulting engineers	R2:827 513.86	R1 298 993.1	Designs finalised – insufficient budget for Construction	Insufficient budget for Construction	n/a	n/a	3	Performance fully meet all areas of the job	Prioritise construction in outer years.
Construction of Stormwater: Rakgoatha (Designs Only)	Thuso Projects	R1 914 44 0.00	R1 072 408.93	Designs finalised – insufficient budget for Construction	Insufficient budget for Construction	n/a	n/a	3	Performance fully meet all areas of the job	Prioritise construction in outer years.
Construction of Stormwater: Matibela (Designs Only)	Phekiso consulting engineers.	R3 700.00 0.00	R1 537 234.63	Designs finalised – insufficient budget for Construction	Insufficient budget for Construction	n/a	n/a	3	Performance fully meet all areas of the job	Prioritise construction in outer years.
Upgrading of access roads from gravel to tar - Klipphuwel	Doimen consulting	R3 546 818.84	R1 248 745.56	Final Designs completed. In process of appointing a contractor.	Delay in procurement processes.	n/a	n/a	3	Performance fully meet all areas of the job	none
	Not Yet Appointed	n/a	n/a					n/a	n/a	Expedite SCM processes.
Development of recreational Facilities Lesetsi (Designs Only).	Maswika Consulting	R395 067.00	R0.00	Designs completed – insufficient budget for Construction	Insufficient budget for Construction	n/a	n/a	3	Performance fully meet all areas of the job	Prioritise construction in outer years.

Development of recreational Facilities at Matlane (Designs Only)	Aobakwe consulting engineers -	R 621 000.00	R1 595 154.21	Designs completed – insufficient budget for Construction	Insufficient budget for Construction	n/a	n/a	3	Performance fully meet all areas of the job.	Prioritise construction in outer years.
Development of recreational Facilities at Lekurung	Maswika Consulting engineers	R 395 067.00	R00.00	Designs completed. Insufficient budget for Construction	Reprioritised due to lack of budget to cover sufficient scope of work.	n/a	n/a	3	Performance fully meet all areas of the job.	none
	Not appointed	R00.00	R00.00					n/a	n/a	Reprioritise in subsequent financial year.
Development of recreational Facilities at Makrusiwanen 9 (Designs Only)	Mont Consulting Engineers	R621 000.00	R00.00	Designs completed – insufficient budget for Construction	Insufficient budget for Construction	n/a	n/a	3	Performance fully meet all areas of the job	Prioritise construction in outer years.
Number of parks upgraded in LebowaKgomo zone A, B, F, R and S (Design Only)	Dolmen consulting engineers	R 382 629.00	R00.00	Designs completed – insufficient budget for Construction	Insufficient budget for Construction.	n/a	n/a	3	Performance fully meet all areas of the job.	Prioritise construction in outer years.

Project Name	Appointed Service Provider	Contract Amount	Expenditure to date	Project Status quo	Reason for non-completion	Project start date	Project end date	Score (1-5)	Performance description	Mitigation
Electrification of Makurung ward (180HH)	Bawelle Consulting Engineers	R300 105.00	R300 105.00	Project Complete and Energised	None	10 January 2019	10 July 2019	3	Performance fully meet all areas of the job	none
	Mahlatji Mmelli-Ndingo Technologies JV	R2 856 80	R2 786 886.2					3	Performance fully meet all areas of the job	none
Electrification of Mahlatjane ward 28 (109)	Kanas Consulting Engineers	R540 000.00	R430 000.00	Construction, Progress at 100%	None	03 February 2020	03 June 2020	3	Performance fully meet all areas of the job	none
	Kingki Electrical Contractor	R1 495 000.00	R1 486 682.00					3	Performance fully meet all areas of the job	none
Electrification of Makushwaneng ward (35HH)	Takusa Consulting and Services	R675 71 2.40	R00.00	Construction, Progress at 75%	None	16 February 2020	16 April 2020	3	Performance fully meet all areas of the job	none
	Mahlatje Mmelli	R675 71 2.40	R229 950.42					3	Performance fully meet all areas of the job	none
Electrification of Makgopong (100HH)	Mueco Consulting Engineers	R413 316.29	R288 973.26	Complete and Energised	None	22 February 2019	14 August 2019	3	Performance fully meet all areas of the job	none
	Manco Business Enterprise	R1 471 336.69	R1 291 059.84					2	Performance meets some of the standard expected for the job	none
Construction of 12 High Mast Lights (Public Lights)	Malh Engineering CC	R874 00 0.00	R697 015.00	Tender re-advertised	Delay in procurement processes	n/a	n/a	3	Performance fully meet all areas of the job	none
	Mobofa Trading Services	R4 535 225.10	R1 479 521.00					n/a	n/a	none

Supplementary valuation roll	Mod-Hope	As per the bid tariffs	R1 858 227.50	2020/2021 Supplementary valuation Completed	n/a	11 November 2016	30 June 2022	3	Performance fully effective	none
Registration of properties	Verreen attorneys	As per the bid tariffs	R00.00	Advertised for lodgment with the deeds of office	Delays in the submission of the required individual personal information for registration with the Deeds Office	27 February 2018	27 February 2021	3	Performance fully effective	none
Registration of properties	Popela Maake attorneys	As per the bid tariffs	R1 19210.00	100 properties registered (Lebowalegom o unit H)	n/a	26 February 2018	26 February 2021	3	Performance fully effective	none
Professional services for the Land Surveying Services	Back Pocket Trading and Projects JV	As per the bid tariffs	R1 098 071.00	Completed	n/a	20 December 2018	19 December 2021	4	Performance significantly above expectations	none
Landfill Management	Mascon Trading	R 4 050 000	R1 035 000	Ongoing	Term contract	01 March 2020	28 February 2020	3	Performance fully meet all areas of the job	none
Cleaning of illegal waste dumps	Manthaboz Aircon, Electrical and General Construction	R 332 000	R103051	As and when	n/a	01 February 2020	31 January 2020	3	Performance fully meet all areas of the job	none
Maintenance and Calibration of Testing Equipments	Workshop Electronics	R 126 228	R29750	Ongoing	Term contract	01 September 2019	31 August 2021	3	Performance fully meet all areas of the job	none
Supply and delivery of traffic uniform	White Hall Trading and Projects	R100 000	R 82070	Not completed	Term contract	01 April 2018	31 May 2021	3	Performance meets some of the standard expected for the job	none

Supply, installation and administration support of the Electronic Traffic Fines Management System	Mavambo Intelligence Transport Solution (PTY) LTD.	R0.50 for every R1.00 per paid fine	n/a	Not completed	Term contract	01 February 2019	31 January 2022	4	Performance is significantly higher than standard expected in the job	none
Master Agreement for Payroll	PayDay	R70 360.45	n/a	Active	Ongoing	28 October 2019	31 October 2019	5	The performance is satisfactory	none
Business Agreement	SITA	Costs are as per service requested and rendered	n/a	Active	Ongoing	n/a	n/a	3	The performance is satisfactory	none
Master Service Agreement for implementation of mSCOA enterprise management system	Business Connexion	R600 00.00	n/a	Active	Still in progress	27 November 2019	31 July 2021	3	The performance is satisfactory	none
Website maintenance	SITA	R98 942.29	R 5 553.78	Active	Running on month to month basis	01 August 2017	31 August 2020	5	The performance is satisfactory	none
Maintenance and Support of Wireless Local Area Network	IT Master	As per service rendered for 36 months	n/a	Active	Active	01 March 2018	28 February 2021	3	Performance fully meet all areas of the job	none
Maintenance and support of ICT Production and	IT Master	As per service rendered	n/a	Active	Active	07 July 2018	30 June 2020	3	Performance fully meet all areas of the job	none

Disaster Recovery Environment		for 36 months								
Microsoft Software Assurance	Dimension Data	R1 459 498.39	R51852.87	Active	Active	01 December 2019	30 November 2018	3	Performance fully meet all areas of the job	none
Provisioning Of Communication Services	Telkom	R 2 349 675 for 60 months	R39 161.25	Active	Active	14 March 2018	13 March 2023	3	Performance fully meet all areas of the job	none
Bulk messaging (for communication with councillors)	Vodacom	R00.00	183.43	Active	Active	21 August 2015	Open - Ended	3	Performance fully meet all areas of the job	none
Fleet Management services (Vigil Monitoring System)	Net-star	R209 58 5,76 for 24 month	R16 882.39	Active	Running on a month to month basis	02 October 2014	On a month to month basis	3	Performance fully meet all areas of the job	none
Fleet Management services (Petrol and Maintenance system)	Wesbank	As per service rendered for 60 months	R 9 788.00	Active	Running on month to month basis	11 April 2007	On month to month basis	3	Performance fully meet all areas of the job	none
Provision of physical Security Services	Bravo 90 span Security Services	R488375 52,52 for 36 Months	R1368 498.67	Active	Active	01 March 2018	28 February 2021	3	Performance fully meet all areas of the job	none
Monitoring and response Security Services	Fidelity ADT	R 24672,96 for 24 Months	R 1 236.79	Active	Active	07 July 2018	30 June 2020	3	Performance fully meet all areas of the job	none
Leasing of Photocopiers	Nashua	R200253 8,72 for	R51 852.87	Active	Active	01 December 2019	November 2018	3	Performance fully meet all areas of the job	none

		36 months								
Provisioning Of Communication Services	Telkom	R 2 349 875 for 60 months	R39 161.25	Active	Active	14 March 2018	13 March 2023	3	Performance fully meet all areas of the job	none
Bulk messaging (for communication with councillors.)	Vodacom	R00.00	R178.25	Active	Active	21 August 2015	Open - Ended	3	Performance fully meet all areas of the job	none
Fleet Management services (Vigil Monitoring System)	Netstar	R209 58 5,76 for 24 month	R16 882.39	Active	Running on a month to month basis ,	02 October 2014	On a month to month basis	3	Performance fully meet all areas of the job..	none
Fleet Management services (Petrol and Maintenance system	Wesbank	As per service rendered for 60 months	R 9 788.00	Active	Running on month to month basis	11 April 2007	On month to month basis	3	Performance fully meet all areas of the job	none
Provision of physical Security Services	Bravo 90 span Security services	R488375 52,52 for 36 Months	R1368 498.67	Active	Active	01 March 2018	28 February 2021	3	Performance fully meet all areas of the job	none
Monitoring and response Security Services	Fidelity ADT	R 24672,96 for 24 Months	R 1 236.79	Active	Active	07 July 2018	30 June 2020	3	Performance fully meet all areas of the job	none
Leasing of Photocopiers	Nashua	R200253 6,72 for 36 months	R51 852.87	Active	Active	01 December 2019	November 2018	3	Performance fully meet all areas of the job	none

Provisioning Of Communication Services	Telkom	R 2 349 675 for 60 months	R39 161. 25	Active	Active	14 March 2018	13 March 2023	3	Performance fully meet all areas of the job	none
Bulk messaging (for communication with councillors)	Vodacom	R00.00	R178.25	Active	Active	21 August 2015	Open Ended	3	Performance fully meet all areas of the job	none
Fleet Management services (Vigil Monitoring System)	Netstar	R209 58 5,76 for 24 month	R16 882.39	Active	Running on a month to month basis ,	02 October 2014	On a month to month basis	3	Performance fully meet all areas of the job.	none
Fleet Management services (Petrol and Maintenance system	Wasbank	As per service rendered for 60 months	R 9 495.51	Active	Running on month to month basis	14 April 2007	On month to month basis	3	Performance fully meet all areas of the job	none
Provision of physical Security Services	Bravo 90 span Security services	R488375 52.52 for 36 Months	R1 368 498.6 7	Active	Active	01 March 2018	28 February 2021	3	Performance fully meet all areas of the job.	none
Monitoring and response Security Services	Fidelity ADT	R 24672.9 6 for 24 Months	R1236.79	Active	Active	07 July 2018	30 June 2020	3	Performance fully meet all areas of the job	none
Leasing of Photocopiers	Nashua	R200253 6,72 for 36 months	R51 852.87	Active	Running on month to month basis	01 December 2019	30 November 2018	3	Performance fully meet all areas of the job	none
Provisioning Of Communication Services	Telkom	R 2 349 675 for 60 months	R39 161. 25	Active	Active	14 March 2018	13 March 2023	3	Performance fully meet all areas of the job	none

Bulk messaging (for communication with councillors)	Vodacom	R00.00	1/8/25	Active	Active	21 August 2015	Open - Ended	3	Performance fully meet all areas of the job	none
Provision of Legal Services	Popela Maake	As per the bid tariffs	R00.00	Not completed	Matter still pending	26 February 2018	26 February 2021	3	Performance fully meet all areas of the job	none
Provision of Legal Services	Verveen Attorneys	As per the bid tariffs	R00.00	Not completed	Matter still pending	27 February 2018	27 February 2021	3	Performance fully meet all areas of the job	none
Provision of Legal Services	Bafana Ncube incorporated	As per the bid tariffs	R00.00	n/a	Matter still pending	27 February 2018	27 February 2021	n/a	Performance meets some of the standard expected for the job	none
Provision of Legal Services	Mahova Inc Incorporated	As per the bid tariffs	R00.00	Not completed	Matter still pending	08 March 2018	08 March 2021	3	Performance fully meet all areas of the job	none
Provision of Legal Services	SC Mdhuli attorneys Inc	As per the bid tariffs	R00.00	Not completed	Matter still pending	23 February 2018	23 February 2021	03	Performance fully meet all areas of the job	none
Provision of Legal Services	Modise Mabule Inc	As per the bid tariffs	R00.00	completed	Matter still pending	23 February 2018	23 February 2021	n/a	n/a	none
Provision of Legal Services	Makubela Attorneys	As per the bid tariffs	R00.00	n/a	Matter still pending	26 February 2018	26 February 2021	03	Performance fully meet all areas of the job	none

Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Annual Financial Statements

for the year ended 30 June 2020

Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Annual Financial Statements for the year ended 30 June 2020

General Information

Acting Municipal Manager

Gafane L.A

Acting Chief Financial Officer

Masemola M.N

Registered Office

Lebowakgomo

Business Address

170 BA
Civic Centre
Lebowakgomo
0737

Postal Address

Private Bag X07
Chiuenespoort
0745

Bankers

First National Bank (FNB)

Auditor

Auditor General of South Africa
Polokwane
Polokwane

Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Annual Financial Statements for the year ended 30 June 2020

General Information

Members of the council

Members

Members

Members

Members

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Doubada NN

Ramalebana LM

Mollo MI

Leshilo GK

Thobejane TC

Lekoana MR

Seribishane KG

Chidi MV

Kgokolo RD

Makola J

Babile PT

Kgweedi MM

Ledwaba CS

Mailula LM

Masebe BN

Masemola SG

Mathabatha TP

Mohlala LN

Molala MJ

Mphahlele TJ

Ntshabeng PS

Ntswane MR

Phele RS

Takalo ME

Thobejane L

Choung CM

Kutumela FM

Ledwaba JL

Ledwaba PE

Mabula RO

Makgahlele MB

Marema TG

Matsimela MD

Mmotla MN

Mogamedi VM

Mohlala PM

Molaba RG

Molatjana ML

Morotoba NL

Mvundlela MW

Nkuna FM

Petje LT

Ranioshaba RS

Shogole mw

Takalo PS

Tlabjane JB

Phoshoko SD

Mphuti T

Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Annual Financial Statements for the year ended 30 June 2020

Accounting Officer Responsibilities and Approval

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

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

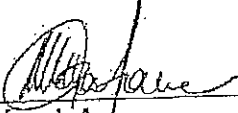
The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 81, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 25 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance and Traditional Affairs determination in accordance with this Act.


Gafane L. A.

Acting Municipal Manager

26/06/2021
Date

Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Annual Financial Statements for the year ended 30 June 2020

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Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Performance

Figures in R	Notes	2020	Restated 2019
Revenue from exchange transactions			
Service charges	17	6,151,937	5,842,699
Rental of facilities and equipment	18	370,841	523,097
Water and sanitation : Commission Earned	19	23,285,023	24,796,837
Agency fees : Licences and permits	20	3,551,687	4,305,715
Other revenue	21	2,636,342	6,982,234
Finance income - Exchange	22	11,809,600	9,276,456
Gain on disposal of assets and liabilities			150,413
Total revenue from exchange transactions		47,805,430	51,877,451
Revenue from non-exchange transactions			
Taxation revenue	23	28,186,444	26,927,678
Property rates	22	10,716,659	11,898,382
Finance income - Non exchange			
Transfer Revenue			
Government grants and subsidies received - Operating	24	253,490,633	234,971,979
Government grants and subsidies received - Capital	24	38,047,345	24,881,296
Traffic fines		5,106,685	513,050
Total revenue from non-exchange transactions		335,547,766	299,192,385
Total revenue		383,353,196	351,069,836
Expenditure			
Employee-related cost	26	(98,217,066)	(96,650,127)
Remuneration of councillors	27	(22,231,918)	(21,467,681)
Depreciation, amortisation and impairment	28	(32,873,105)	(40,277,283)
Finance cost	29	(85,915)	(86,658)
Provision for impairments adjustment	30	(50,849,776)	(41,416,279)
Repairs and maintenance		(3,716,849)	(7,593,167)
Contracted services	31	(18,985,424)	(19,856,200)
Free Basic Services : Electricity		(1,741,924)	(3,719,948)
Expenditure on third party projects		(428,236)	(5,185,448)
Loss on disposal of assets		(3,836,938)	-
General expenses	32	(57,381,883)	(78,693,471)
Total other expenses		(290,349,034)	(314,946,262)
Fair value gains or (losses)	25	9,355,556	3,488,000
Surplus for the year		102,359,718	39,611,574

Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Position

Figures in R	Notes	2020	Restated 2019
Assets			
Current assets			
Inventories	3	31,092,086	32,284,312
Receivables from exchange transactions	4	47,974,141	34,125,557
Receivables from non-exchange transactions	5	57,098,003	52,394,235
VAT Receivable	6	1,749,227	
Cash and cash equivalents	7	168,504,049	89,297,761
Total current assets		306,417,506	208,101,865
Non-current assets			
Property, plant and equipment	9	697,173,358	662,072,283
Investment property	8	364,262,000	356,072,000
Intangible assets	10	154,754	215,937
Heritage assets	11	183,684	183,684
Total non-current assets		1,061,773,796	1,018,543,904
Total assets		1,368,191,302	1,226,645,769
Net assets and liabilities			
Liabilities			
Current liabilities			
Consumer deposits	13	1,961,236	1,926,836
VAT payable	6		5,327,508
Payables from exchange transactions	12	104,456,029	56,760,967
Employee Benefits Obligation	16	553,276	482,188
Unspent conditional grants and receipts	14	16,892,408	19,094,385
Total current liabilities		123,862,949	83,591,884
Non-current liabilities			
Provisions	15	1,134,353	1,081,548
Employee Benefits Obligation	16	2,760,210	3,898,266
Total non-current liabilities		3,894,563	4,979,814
Total liabilities		127,757,512	88,571,698
Net assets			
Total net assets and liabilities		1,240,433,791	1,138,074,073
Accumulated surplus		1,240,433,791	1,138,074,073

Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2020

Statement of Cash Flows

Figures in R

	Notes	2020	Restated 2019
Cashflow from operating Activities			
Receipts		8,335,856	22,139,181
Sale of goods and services		289,336,001	270,839,837
Grants		8,294,602	5,320,874
Interest Income		6,955,590	12,121,946
Cash received from agency fees, fines and other income.		<u>312,922,049</u>	<u>310,421,838</u>
 Payments			
Employee cost		(118,475,246)	(115,810,436)
Payments to suppliers for goods and services		(43,487,553)	(113,533,746)
Finance		-	(5,836)
		<u>(161,962,799)</u>	<u>(229,350,018)</u>
Net cash flows from operations	33	<u>150,959,249</u>	<u>81,071,819</u>
 Cash flows used in investing activities			
Proceeds from sales of property, plant and equipment		30,081	322,544
Purchase of property, plant and equipment		(71,700,708)	(49,780,125)
Purchase of intangible assets		(82,335)	(507,864)
Cash flows used in investing activities		<u>(71,752,962)</u>	<u>(49,965,445)</u>
 Cash flows used in financing activities			
Finance lease payments		-	(238,138)
Cash flows used in financing activities		<u>-</u>	<u>(238,138)</u>
 Net increase in cash and cash equivalents		79,206,287	30,868,236
Cash and cash equivalents at beginning of the year		89,297,761	58,429,524
Cash and cash equivalents at end of the year	7	<u>168,504,049</u>	<u>89,297,761</u>

Lepelle-Nkumpi Municipality

(Registration Number 11M 355)

Annual Financial Statements for the year ended 30 June 2020

Statement of Changes in Net Assets

Figures in R	Accumulated surplus	Total
Balance at 1 July 2018 as previously reported	907,888,203	907,888,203
Prior period adjustments: Note 35	190,574,296	190,574,296
Balance at 1 July 2018 as restated	1,098,462,499	1,098,462,499
Changes in net assets		
Surplus for the year	39,611,574	39,611,574
Balance at 30 June 2019 as restated	1,138,074,073	1,138,074,071
Balance at 1 July 2019 as previously reported	964,447,856	964,447,856
Prior period adjustments: Note 35	173,626,217	173,626,217
Balance at 1 July 2019 as restated	1,138,074,073	1,138,074,073
Changes in net assets		
Surplus for the year	102,359,718	102,359,718
Balance at 30 June 2020	1,240,433,791	1,240,433,791

Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Figures in R

Statement of financial performance

Notes

	48	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Revenue		30,208,936	-	30,208,936	28,186,444	2,022,492	48
Property rates	23	7,709,700	(1,689,923)	6,019,777	6,151,937	(132,160)	48
Service charges	17	842,559	(363,281)	479,278	370,841	108,437	48
Rental of facilities and equipment	18	5,324,446	1,857,842	7,182,288	8,294,602	(1,112,314)	48
Interest earned- External investments	22	10,190,862	1,323,929	11,514,791	14,231,657	(2,716,866)	48
Interest earned - Outstanding debtors	22	1,450,684	1,052,761	2,513,445	5,106,685	(2,593,240)	48
Fines, penalties and forfeits	21	8,677,615	7,837	8,685,452	1,042	6,795	48
Licences and permits	19	2,105,190	(54,985)	2,050,205	23,285,023	(14,662,393)	48
Water and sanitation - Commission Earned	20	253,358,000	5,957,549	259,315,549	3,551,687	4,512,052	48
Department of transport - Agency services	24	34,487,762	25,814,455	60,302,217	253,490,633	25,681,822	48
Transfers and subsidies	21	54,074,000	(30,418,949)	23,655,051	2,635,300	1,433,513	48
Other revenue	24	408,440,754	3,793,370	412,234,124	38,047,345	16,332,790	48
Government grants and subsidies received - Capital							
Total revenue		408,440,754	3,793,370	412,234,124	383,353,196	28,880,928	

Lepelle-Nkumpi Municipality

(Registration Number' LIM/ 355)

Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Figures in R

Notes

	48	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Expenditure							
Employee related cost	26	(110,278,045)	4,201,417	(106,076,628)	(98,217,066)	(7,859,562)	48
Remuneration of councillors	27	(27,577,740)	-	(27,577,740)	(22,231,918)	(5,345,822)	48
Provision for impairments adjustment	30	(32,630,786)	4,154,776	(28,476,010)	(50,849,776)	22,373,766	
Depreciation, amortisation and impairment	28	(37,872,000)	7,000,000	(30,872,000)	(32,873,105)	2,001,105	
Finance cost	29	(135,000)	-	(135,000)	(85,915)	(49,085)	48
Other materials		(8,159,747)	4,758,770	(3,400,977)	(2,006,689)	(1,394,288)	
Contracted services		(48,086,845)	(9,250,089)	(57,336,934)	(39,944,546)	(17,392,388)	48
Other expenditure		(39,534,652)	(3,496,283)	(43,030,935)	(40,303,081)	(2,727,854)	48
Loss on disposal of assets		-	-	-	(3,836,938)	3,836,938	
Total expenditure		(304,274,815)	7,368,591	(296,906,224)	(290,349,034)	(6,557,190)	
Operating surplus/(Deficit)		104,165,939	11,161,961	115,327,900	93,004,162	22,323,738	
Gains on fair value adjustments		-	-	-	9,355,556	(9,355,556)	
Surplus / (deficit) for the year		104,165,939	11,161,961	115,327,900	102,359,718	12,968,182	

Lepelle-Nkumpi Municipality

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Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Notes

Figures in R

Statement of Financial Position

	Approved budget	Adjustments	Final budget	Actual amount on comparative basis	Difference between final budget and actual	Reference
Assets						
Current assets						
Cash	12,000,000		12,000,000	4,336,284	7,663,715	48
Call investment deposits	50,000,000	21,524,867	71,524,867	164,167,765	(92,642,898)	48
Consumer debtors	73,235,801		73,235,801	47,974,141	25,261,660	48
Other debtors	34,673,542		34,673,542	58,847,230	(24,173,688)	48
Inventories	261,708,406	(149,316,000)	112,392,406	31,092,086	81,300,320	48
Total current assets	431,617,749	(127,791,133)	303,826,616	305,417,506	(2,590,890)	
Non-current assets						
Investments	153,000,000	(153,000,000)		364,262,000	(264,945,000)	48
Investment property		99,316,000	99,316,000	697,173,358	60,370,021	48
Property, plant and equipment	594,906,285	162,637,094	757,543,379	154,754	(132,765)	48
Intangible assets	21,989		21,989	183,584	(183,684)	48
Other non-current assets						
Total non-current assets	747,928,274	108,953,094	856,881,368	1,061,773,795	(204,892,428)	
Total assets	1,179,546,023	(18,838,039)	1,160,707,984	1,368,191,302	(207,483,318)	

Lepelle-Nkumpi Municipality

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Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Figures in R

Notes

	Approved budget	Adjustments	Final budget	Actual amount on comparative basis	Difference between final budget and actual	Reference
Liabilities						
Current liabilities						
Borrowings	250,521	-	250,521	-	250,521	48
Consumer deposits	2,001,783	-	2,001,783	1,961,236	40,547	48
Trade and other payables	82,622,110	-	82,622,110	121,348,437	(38,726,327)	48
Provisions	1,143,010	-	1,143,010	553,276	589,734	48
Total current liabilities	86,017,424	-	86,017,424	123,862,949	(37,845,525)	
Non-current liabilities						
Borrowings	263,548	-	263,548	-	263,548	48
Provisions	8,853,103	-	8,853,103	3,894,563	4,958,540	48
Total non-current liabilities	9,116,651	-	9,116,651	3,894,563	5,222,088	
Total liabilities	95,134,075	-	95,134,075	127,757,512	(32,623,437)	
Net assets	1,084,411,948	(18,838,039)	1,065,573,909	1,240,433,790	(174,859,881)	
Accumulated surplus	1,084,411,948	(18,838,039)	1,065,573,909	1,240,433,790	(174,859,881)	
Total net assets	1,084,411,948	(18,838,039)	1,065,573,909	1,240,433,790	(174,859,881)	

Lepelle-Nkumpi Municipality

(Registration Number LIM 355)
Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Figures in R
Cashflow statement

Notes

	Approved budget	Adjustments	Final budget	Actual amount on comparative basis	Difference between final budget and actual	Reference
Receipts						
Property rates	5,947,068	(600,000)	5,347,068	4,489,617	857,451	
Service charges	2,300,733	(500,000)	1,800,733	1,611,274	189,459	
Other revenue	17,404,657	6,106,971	23,511,628	9,190,555	14,321,073	
Government Grants - Operating	253,358,000	298,000	253,656,000	251,429,532	2,226,468	
Government Grants - Capital	54,074,000		54,074,000	37,906,469	16,167,531	
Interest Income	10,277,694	(1,595,406)	8,682,288	8,294,602	387,686	
	343,362,152	3,709,565	347,071,717	312,922,049	34,149,668	
Payments						
Suppliers and employees	(233,637,028)	298,000	(233,339,028)	(161,962,799)	(71,376,229)	
Finance cost	(135,000)		(135,000)		(135,000)	
	(233,772,028)	298,000	(233,474,028)	(161,962,799)	(71,511,229)	
Net cashflow from operations	109,590,124	4,007,565	113,597,689	150,959,250	(37,361,561)	
Cash flows used in investing activities:						
Proceeds from sales of property, plant and equipment	(104,165,941)	(11,461,963)	(115,627,904)	(71,783,043)	(43,844,861)	
Capital assets	(104,165,941)	(11,161,963)	(115,327,904)	(71,752,962)	(43,574,942)	
Cash flows used in investing activities						
Cash flows used in financing activities						
Increase/(decrease) in consumer deposit	23,144	18,856	42,000		42,000	
Cash flows used in financing activities	23,144	18,856	42,000		42,000	
Net increase in cash and cash equivalents	5,447,327	(7,135,542)	(1,688,215)	79,206,288	(80,894,503)	
Cash and cash equivalents at beginning of the year	94,632,847	(9,420,000)	85,212,847	89,297,761	(4,084,914)	
Cash and cash equivalents at end of the year	100,080,174	(16,555,542)	83,524,632	168,504,049	(84,979,417)	

Lepelle-Nkumpi Municipality

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005. These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

1.2 Significant judgements and sources of estimation uncertainty

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

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

The municipality assesses its loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of financial performance, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

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

Allowance for slow moving, damaged and obsolete stock

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

The write down is included in the impairment of assets note.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the municipality is the current bid price. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

Lepelle-Nkumpi Municipality

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

Presentation of Annual Financial Statements continued...

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

The municipality 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 goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply and demand, together with economic factors such as exchange rates, inflation and interest rates.

Provisions

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

Useful lives

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and intangible assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives. In the event that assets are fair valued, the useful lives of these assets is the estimated remaining useful life on takeon date.

Other long term employee benefits

The present value of the other long term employee benefits 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 other long term employee benefits.

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

Effective interest rate

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

Allowance for doubtful debts

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

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

Presentation of Annual Financial Statements continued...

1.3 Presentation currency

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

1.4 Going concern assumption

In terms of the accounting standard GRAP 1 paragraphs 27 to 30 the annual financial statements are prepared on a going concern basis. The assumption is based on the fact that the municipality may invoke its power to levy additional rates or taxes to enable the municipality to be considered as a going concern even though the municipality will be operational for extended periods with negative net assets.

1.5 Investment property

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

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

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

Initial Recognition:

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion.

Subsequent Measurement:

Investment property is measured at fair value. After initial recognition all investment property is measured at fair value at each Statement of financial position date. No depreciation is calculated on these properties.

Item

Useful life

Property - land

Indefinite

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service are expected from its disposal

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Lepelle-Nkumpi Municipality

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

Presentation of Annual Financial Statements continued...

1.6 Property, plant and equipment

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

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

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

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

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

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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.

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.

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 is carried at cost less accumulated depreciation and any impairment losses except for land and buildings which is carried at re-valued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Subsequent Measurement:

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

Presentation of Annual Financial Statements continued...

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

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

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

Item	Useful life
Land	Indefinite
Buildings	10 - 30 years
Community assets	10 - 30 years
Infrastructure:	
• Roads	10 - 100 years
• Electricity	5 - 80 years
Other assets:	
• Machinery and equipment	2 - 15 years
• Furniture and equipment	5 - 15 years
• Computer equipment	5 - 10 years
• Vehicles	7 - 15 years

In the event that assets are fair valued, the useful lives of those assets is the estimated remaining useful life on takeon date.

The asset management policy contains the details of the components and their specific useful life estimates.

The residual value, the useful life and the depreciation method are reviewed at least at every reporting date.

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

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising from the de-recognition of an item of intangible assets is included in surplus or deficit when the items derecognised. The gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in the Statement of Financial Performance.

1.7 Intangible assets

An intangible asset is an identifiable, non-monetary asset without physical substance and recognised when:

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Accounting Policies

Presentation of Annual Financial Statements continued...

- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

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

Item	Useful life
Computer software	5 years

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Intangible assets are derecognised:

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

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value

The cost at reporting date comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

Unsold properties are at the lower cost and net realisable value. Direct cost are accumulated for each separately identifiable development. Cost also includes a portion of the overhead costs.

1.9 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 uncollectability.

A concessionary loan is a loan granted to or received by an 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.

De-recognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate; (see the Standard of GRAP on Revenue from Exchange Transactions) transaction costs, and all other premiums or discounts.

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There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

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

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

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 an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

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

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

A financial asset is past due when a counterparty has failed to make a payment when contractually due. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

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

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

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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 municipality has the following types of financial assets as reflected on the face of the statement of financial position or in the notes thereto:

- Fair value
- Amortised cost
- Cost

Class Category

- Cash and cash equivalents
- Trade and other receivables from non-exchange transactions
- Trade and other receivables from exchange transactions

The municipality has the following types of financial liabilities as reflected on the face of the statement of financial position or in the notes thereto:

- Long term liabilities
- Trade and other payables

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value]. The entity first assesses whether the substance of a concessional loan is in fact a loan. On initial recognition, the entity analyses a concessional loan into its component parts and accounts for each component separately.

The entity accounts for that part of a concessional loan that is:

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's-length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's-length market transactions between knowledgeable, willing parties; if available, reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an 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. The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

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

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

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

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This requires a reclassification of the instrument from amortised cost or cost to fair value.

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

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

Gains and losses

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

Impairment and un-collectability of financial assets

The 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.

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 directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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

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.

De-recognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the 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 entity:
 - > derecognise the asset; and
 - > recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are 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 entity transfers a financial asset in a transfer that qualifies for de-recognition in its entirety and retains the right to service the financial asset for a fee, it recognise 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 recognise the new financial asset, financial liability or servicing liability at fair value.

On de-recognition 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 de-recognition 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 de-recognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the 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 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.

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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.

Distributions to holders of residual interests are debited by the entity directly to net assets, net of any related income tax benefit (where applicable). Transaction costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit (where applicable).

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the 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 de-recognition, the entity does not offset the transferred asset and the associated liability.

1.10 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by:

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends 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.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.11 Revenue from non-exchange transactions

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

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

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

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Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified. Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

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

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

Recognition

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

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

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality. When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

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

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

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

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

1.12 Conditional Grants and receipts

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

1.13 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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

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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 expenditure for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision. No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding agreement.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the financial statements.

1.14 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote;
- 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.

1.15 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), The Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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1.16 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.

1.17 Comparative figures

Current year comparatives

Budgeted amounts have been included in the statement of comparison of budget and actual amounts for the current financial year only.

Prior year comparatives

When presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.18 Leases

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

Finance leases – lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

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

Lepelle-Nkumpi Municipality

(Registration Number LIM 355)

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

Presentation of Annual Financial Statements continued...

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. This liability is not discounted.

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

1.19 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality 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.

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon. A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired. The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life. When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

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Accounting Policies

Presentation of Annual Financial Statements continued...

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Cash-generating units

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

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

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

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

Presentation of Annual Financial Statements continued...

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified. The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit.

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

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

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

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit. Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

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

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a re-valued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life. A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

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Accounting Policies

Presentation of Annual Financial Statements continued...

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.

Re-designation

The re-designation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a re-designation is appropriate.

1.20 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment. Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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.

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Accounting Policies

Presentation of Annual Financial Statements continued...

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 cell phones) for current employees.

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

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

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

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

Other long-term employee benefits

Other long-term employee benefits include:

- (a) long service award

The amount recognised as a liability for other long-term employee benefits shall be the net total of the following amounts:

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

For other long-service awards, the Municipality recognises the net total of the following amounts as expense

- (a) current service cost;
- (b) interest cost;
- (c) the expected return on any plan assets and on any reimbursement right recognised as an asset;
- (d) actuarial gains and losses, which shall all be recognised immediately;
- (e) past service cost, which shall all be recognised immediately; and
- (f) the effect of any curtailments or settlements.

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

Presentation of Annual Financial Statements continued...

1.21 Investment income

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

1.22

Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.23 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

1.24 Grants in aid

The Lepelle-Nkumpi Municipality transfers money to individuals, institutions and organisations. When making these transfers, The Municipality 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 financial statements as expenses in the period that the events giving rise to the transfer occurred.

1.25 Impairment of non-cash-generating assets

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

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

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

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

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Accounting Policies

Presentation of Annual Financial Statements continued...

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

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

Value in use

Value in use of an asset is the present value of the asset's remaining service potential.

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

Restoration cost approach

Restoration cost is the cost of restoring the service potential of a cash-generating asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Recognition and measurement

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Accounting Policies

Presentation of Annual Financial Statements continued...

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. Any impairment loss of a re-valued non-cash-generating asset is treated as a revaluation decrease. When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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 municipality assess 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 municipality 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. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase. 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.

Re-designation

The re-designation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a re-designation is appropriate.

1.26 Presentation of Budget Information in the Financial Statements

The Municipality shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

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Accounting Policies

Presentation of Annual Financial Statements continued...

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

1.27 Heritage Assets

Recognition of Assets

Heritage assets is recognised when it has a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Certain heritage assets are described as inalienable items thus assets which are retained indefinitely and cannot be disposed of without consent as required by law or otherwise.

A heritage asset is further recognised as an asset only if:

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

Subsequent Measurement

Heritage asset is measured at its cost value and should it be acquired through a non-exchange transaction will it be measured at its fair value as at the date of acquisition and is carried at its cost less any accumulated impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus and is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit. If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit and is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Although a heritage asset is not depreciated it is the heritage asset assess at each reporting date to disclose whether there is an indication that it may be impaired.

In terms of the standard, compensation from third parties for heritage assets that have been impaired, lost or given up, should be included in surplus or deficit when the compensation becomes receivable.

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Accounting Policies

Presentation of Annual Financial Statements continued...

The municipality will treat any difference at that date between the carrying amount of the heritage asset and its fair value in the same way as a revaluation in accordance with this Standard. Should any item of property, plant and equipment or an intangible asset carried at a re-valued amount, or investment property carried at fair value is reclassified as a heritage asset carried at a re-valued amount, the entity applies the applicable Standard to that asset up to the date of change. The entity treats any difference at that date between the carrying amount of the asset and its fair value in accordance with the applicable Standard relating to that asset. Transfer of investment property carried at fair value, or inventories to heritage assets at a re-valued amount, any difference between the fair value of the asset at that date and its previous carrying amount should be recognised in surplus or deficit.

Item use	Full life
Property and building	Indefinite
Other Assets	5 to 50 years

De-recognition of Asset

The carrying amount of a heritage is de-recognised:

- 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 de-recognition, of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

Value Added Tax (VAT)

The municipality accounts for Value Added Tax on the cash basis.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Lepelle-Nkumpi Municipality

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Accounting Policies

New standards and interpretations continued...

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 12 (as amended 2016): Inventories	1-Apr-19	Unlikely there will be a material impact
GRAP 16 (as amended 2016): Investment Property	1-Apr-19	Unlikely there will be a material impact
GRAP 17 (as amended 2016): Property, Plant and Equipment	1-Apr-19	Unlikely there will be a material impact
GRAP 20: Related Party Disclosures	1-Apr-19	Unlikely there will be a material impact
GRAP 21 (as amended 2016): Impairment of non-cash generating assets	1-Apr-19	Unlikely there will be a material impact
GRAP 26 (as amended 2016): Impairment of cash generating assets	1-Apr-19	Unlikely there will be a material impact
GRAP 27 (as amended 2016): Agriculture	1-Apr-19	Unlikely there will be a material impact
GRAP 31 (as amended 2016): Intangible Assets	1-Apr-19	Unlikely there will be a material impact
GRAP 32: Service Concession Arrangements: Grantor	1-Apr-19	Unlikely there will be a material impact
GRAP 103 (as amended 2016): Heritage Assets	1-Apr-19	Unlikely there will be a material impact
GRAP 105: Transfer of Functions Between Entities Under Common Control	1-Apr-19	Unlikely there will be a material impact
GRAP 106: Transfer of Functions Between Entities Not Under Common Control	1-Apr-19	Unlikely there will be a material impact
GRAP 107: Mergers	1-Apr-19	Unlikely there will be a material impact
GRAP 108: Statutory Receivables	1-Apr-19	The adoption will result in change in accounting policy in future years.
GRAP 109: Accounting by Principals and Agents	1-Apr-19	Unlikely there will be a material impact
IGRAP 17: Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset	1-Apr-19	Unlikely there will be a material impact
IGRAP 18: Recognition and Derecognition of Land	1-Apr-19	Unlikely there will be a material impact
IGRAP 19: Liabilities to Pay Levies	1-Apr-19	Unlikely there will be a material impact
Guideline: Accounting for Arrangements Undertaken in terms of the National Housing Programme	1-Apr-19	Unlikely there will be a material impact

Lepelle-Nkumpi Municipality

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

New standards and interpretations continued...

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 34: Separate Financial Statements	1-Apr-20	Unlikely there will be a material impact
GRAP 35: Consolidated Financial Statements	1-Apr-20	Unlikely there will be a material impact
GRAP 36: Investments in Associates and Joint Ventures	1-Apr-20	Unlikely there will be a material impact
GRAP 37: Joint Arrangements	1-Apr-20	Unlikely there will be a material impact
GRAP 38: Disclosure of Interests in Other Entities	1-Apr-20	Unlikely there will be a material impact
GRAP 110 (as amended 2016): Living and Non-living Resources	1-Apr-20	Unlikely there will be a material impact

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Annual Financial Statements for the year ended 30 June 2020

General Information

Nature of Business and Principal Activities

Local Government and the provision of basic services to the local community

Municipal grading

3

Members of the council

Mayor

Speaker

Chief whip

Molala Matshipsana Merriam

Ntsoane Phukuwe Barnard

Thobejane Tswaledi Andries

Members of the Executive Committee

Members of the Executive Committee

Members of the Executive Committee

Members of the Executive Committee

Members of the Executive Committee

Members of the Executive Committee

Members of the Executive Committee

Members of the Executive Committee

Members of the Executive Committee

Mphofela Sabulone Matabane

Mogashwa Aaron

Mphahlele Ramatsimela Lina

Makgati Mabote Arnold

Ramokolo Mokgaetsi Maria

Tsela Fani David

Themane Moraka David

Rababalela Sherly

Ratau Itumeleng Gift

Lepelle-Nkumpi Municipality

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Annual Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

Figures in R

2020

Restated
2019

3. Inventories

Inventories comprise:

Consumable stores

Land inventory

3,199,028

27,893,058

31,092,086

3,731,795

28,552,517

32,284,312

The amount of inventories recognised as an expense during the period were as follows:

Consumable stores

Land inventory

2,143,982

1,118,639

3,262,621

3,384,339

2,314,000

5,698,339

During the year, the Municipality identified land not yet registered with deeds office that belongs to the Municipality. The Municipality sold residential and business landsites at net realisable value during the year.

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4. Receivables from exchange transactions

	2020	Restated 2019
CDM advance commission	128,032,784	105,423,047
Less provision for impairment	(109,225,082)	(87,571,301)
Grants Debtors	40,000	40,000
Consumer debtors - Refuse	99,411,027	74,145,226
Less provision for impairment	(70,284,588)	(57,911,415)
	<u>47,974,141</u>	<u>34,125,557</u>

Ageing

CDM advance commission - Ageing

Current (0-30 days)	7,181,092	9,195,860
31 - 60 days	2,465,393	2,850,190
61 - 90 days	2,559,558	2,700,448
91 - 120 days	2,495,757	2,321,313
> 120 days	113,330,983	88,355,236
	<u>128,032,784</u>	<u>105,423,047</u>

Summary of debtors by customer classification - CDM debtor

Business		
Current (0-30days)	372,585	1,220,920
31 days - 60 days	89,894	132,632
61 days - 90 days	77,664	134,049
91 days - 120 days	69,778	136,592
> 120 days	4,134,324	4,577,246
	<u>4,744,244</u>	<u>5,201,439</u>

Domestic

Current(0-30days)	6,219,434	1,656,234
31 days - 60 days	2,203,063	2,482,341
61 days - 91 days	2,315,063	2,378,451
91 days - 121 days	2,177,995	1,989,360
> 120 days	98,160,367	78,774,632
	<u>111,075,921</u>	<u>87,281,018</u>

Government

Current(0-30days)	330,831	3,238,543
31 days - 60 days	90,393	102,019
61 days - 91 days	77,967	113,447
91 days - 120 days	163,408	117,380
> 120 days	6,430,801	4,062,669
	<u>7,093,400</u>	<u>7,634,058</u>

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Receivables from exchange transactions continued...

Church	26,266	9,236
Current(0-30days)	13,998	19,978
31 days - 60 days	14,729	12,559
61 days - 90 days	12,793	16,105
91 days - 120days	618,211	572,001
> 120 days	<u>685,997</u>	<u>629,878</u>
Indigents	231,977	3,070,927
Current(0-30days)	68,045	113,219
31 days - 60 days	74,136	61,943
61 days - 90 days	71,783	61,876
91 days - 120days	3,987,281	368,688
> 120 days	<u>4,433,222</u>	<u>3,676,654</u>
Total	7,181,092	9,195,860
Current(0-30days)	2,465,393	2,850,190
31 days - 60 days	2,559,558	2,700,448
61 days - 90 days	2,495,757	2,321,313
91 days - 120 days	113,330,983	88,355,236
> 120 days	<u>128,032,784</u>	<u>105,423,047</u>
Less: Allowance for impairment	<u>(109,225,082)</u>	<u>(87,571,301)</u>
Reconciliation of allowance for impairment	(87,571,301)	(62,529,659)
Balance at the beginning of the year	(21,653,781)	(25,041,642)
Contribution to allowance for impairment	<u>(109,225,082)</u>	<u>(87,571,301)</u>

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Receivables from exchange transactions continued...

Refuse

Current (0 - 30 days)	3,706,167	3,269,026
31 - 60 days	1,764,619	1,551,114
61 - 90 days	1,760,663	1,671,461
91 - 120 days	1,731,912	1,513,090
121 - 365 days	14,418,770	8,936,380
> 365 days	75,559,318	57,353,412
	<u>98,941,449</u>	<u>74,294,483</u>

Summary of debtors by customer classification - Refuse

Business

Current (0-30 days)	555,395	466,554
31 days - 60 days	241,306	201,045
61 days - 90 days	252,727	188,981
91 days - 120 days	246,804	199,005
121 days - 365 days	1,800,281	1,327,573
> 365 days	12,275,563	8,419,495
	<u>15,372,076</u>	<u>10,802,653</u>

Domestic

Current (0-30 days)	2,408,850	2,377,446
31 days - 60 days	1,193,781	1,181,111
61 days - 91 days	1,180,676	1,316,643
91 days - 121 days	1,168,005	1,142,720
121 days - 365 days	10,117,801	7,107,540
> 365 days	52,110,956	42,198,376
	<u>68,180,067</u>	<u>55,323,836</u>

Government

Current (0-30 days)	467,794	210,645
31 days - 60 days	195,353	99,652
61 days - 91 days	195,247	97,588
91 days - 120 days	187,402	95,113
121 days - 365 days	1,338,641	534,034
> 365 days	4,531,498	3,313,107
	<u>6,915,935</u>	<u>4,350,140</u>

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Receivables from exchange transactions continued...

Church

Current(0-30days)	16,461	19,810
31 days - 60 days	8,095	9,869
61 days - 90 days	8,059	9,789
91 days - 120days	7,864	9,560
121 days - 365 days	65,791	62,944
> 365 days	482,377	447,537
	588,647	559,509

Indigents

Current(0-30days)	25,110	568,610
31 days - 60 days	12,595	12,150
61 days - 90 days	12,324	11,684
91 days - 120days	12,057	11,154
121 days - 365 days	99,159	69,370
> 365 days	56,164	1,360
	217,410	674,329

Agriculture

Current(0-30days)	232,558	86,286
31 days - 60 days	113,489	42,343
61 days - 90 days	111,629	41,604
91 days - 120 days	109,779	40,855
121 days - 365 days	997,097	228,550
> 365 days	6,102,761	2,144,378
	7,667,313	2,584,016

Total

Current(0-30days)	3,706,167	3,729,350
31 days - 60 days	1,764,619	1,546,171
61 days - 90 days	1,760,663	1,666,290
91 days - 120 days	1,731,912	1,498,407
121 days - 365 days	14,418,770	9,330,013
> 365 days	75,559,318	56,524,252
	98,941,449	74,294,483

Less: Allowance for impairment

(70,284,588)	(57,911,415)
28,656,861	16,383,068

Reconciliation of allowance for impairment

Balance at the beginning of the year	(57,911,415)	(49,308,677)
Contribution to allowance for impairment	(12,373,173)	(8,602,738)
	(70,284,588)	(57,911,415)

Consumer debtors pledged as security

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Receivables from exchange transactions continued...

No consumer debtors were pledged as security for any liabilities.

Fair value of consumer debtors

The fair value of consumer debtors approximates the carrying amount thereof.

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5. Receivables from non-exchange transactions

Fines	5,384,950	12,275,757
Less: Provision for Impairment - Fines	(4,211,834)	(9,724,479)
Sundry debtors	5,639,180	5,186,429
Consumer Debtors - Rates	133,568,221	118,599,840
Less: Provision for impairment - Rates	(83,282,514)	(73,943,312)
	57,098,003	52,394,235

Rates - Ageing		
Current (0-30 days)	4,341,827	3,947,232
31 - 60 days	2,019,954	1,884,185
61 - 90 days	1,903,623	1,741,486
91 - 120 days	1,808,857	1,730,161
121 - 365 days	15,390,977	13,351,479
> 365 days	108,102,982	95,945,297
	133,568,221	118,599,840

Summary of debtors by customer classification - Rates

Business		
Current (0-30 days)	578,152	440,360
31 days - 60 days	253,396	178,694
61 days - 90 days	238,233	144,636
91 days - 120 days	161,733	138,623
121 days - 365 days	1,079,776	891,720
> 365 days	14,010,796	13,461,387
	16,322,087	15,255,421

Domestic		
Current (0-30 days)	1,941,361	1,842,908
31 days - 60 days	962,283	906,196
61 days - 91 days	965,028	901,894
91 days - 121 days	951,800	897,000
121 days - 365 days	8,348,639	7,024,280
> 365 days	69,426,763	61,393,079
	82,595,874	72,965,358

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Receivables from non-exchange transactions continued...

Government

Current(0-30days)	1,287,535	1,093,220
31 days - 60 days	564,156	538,770
61 days - 91 days	463,636	438,439
91 days - 120 days	458,957	438,275
121 days - 365 days	4,044,992	3,476,481
> 365 days	13,006,279	9,207,573
	<u>19,825,555</u>	<u>15,192,759</u>

Indigents

Current(0-30days)	28,557	25,361
31 days - 60 days	12,977	12,408
61 days - 90 days	12,855	12,310
91 days - 120days	12,588	12,137
121 days - 365 days	97,549	81,084
> 365 days	90,293	11,172
	<u>254,820</u>	<u>154,472</u>

Agriculture

Current(0-30days)	506,223	545,383
31 days - 60 days	227,141	248,116
61 days - 90 days	223,871	244,206
91 days - 120 days	223,779	244,125
121 days - 365 days	1,820,021	1,877,913
> 365 days	11,568,850	11,872,085
	<u>14,569,885</u>	<u>15,031,829</u>

Total

Current(0-30days)	4,341,827	3,947,232
31 days - 60 days	2,019,954	1,884,185
61 days - 90 days	1,903,623	1,741,486
91 days - 120 days	1,808,857	1,730,161
121 days - 365 days	15,390,977	13,351,479
> 365 days	108,102,982	95,945,297
	<u>133,568,221</u>	<u>118,599,840</u>

Less: Allowance for impairment

(83,282,514)	(73,943,312)
<u>50,285,707</u>	<u>44,656,528</u>

Reconciliation of provision for impairment - Rates

Opening balance	(73,943,312)	(66,491,330)
Contribution to allowance	(9,339,202)	(7,451,982)
	<u>(83,282,514)</u>	<u>(73,943,312)</u>

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Receivables from non-exchange transactions continued...

Traffic Fines

Traffic fines

5,384,950

12,275,757

Less: Provision for impairment

(4,211,834)

(9,724,479)

1,173,116

2,551,278

Reconciliation of provision for impairment - Traffic fines

Opening balance

(9,724,479)

(9,369,439)

Contribution to allowance

5,512,645

(355,040)

(4,211,834)

(9,724,479)

Consumer debtors pledged as security

No consumer debtors were pledged as security for any liabilities.

Fair value of consumer debtors

The fair value of consumer debtors approximates the carrying amount thereof.

Consumer Debtors impaired

The amount of the provision for impairment was:

Traffic fines

4,211,834

9,724,479

Consumer debtors - Refuse

70,284,588

57,911,415

Consumer debtors - Rates

83,282,514

73,943,312

Interest raised for the period

During the 2019/2020 financial year, interest on outstanding receivables were calculated at a rate of 10% (2019: 10%) as per tariff structure

Statutory receivables: GRAP 108

The municipality took advantage of the transitional provisions in directive 4 and did not change the accounting policies in respect of the classification and measurement of statutory receivables for the reporting period.

The following statutory receivables are classified and measured in accordance with GRAP 108, and have been classified and measured under an accounting policy that is not consistent with the requirements of GRAP 108.

- Traffic fines
- Property Rates

The Municipality has begun the process of drafting and updating the accounting policies that are consistent with the requirements of GRAP 108. The Municipality is planning to implement these accounting policies on 1 July 2021.

6. VAT Receivable/(Payable)

Value added tax

1,749,227

(5,327,508)

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7. Cash and cash equivalents

Cash and cash equivalents comprise:

Cash on hand	7,011	18,840
FNB Paymaster account	1,576,831	1,994,397
Call deposits	13,186,851	83,867,594
FNB revenue account	1,770,849	2,708,012
FNB salaries account	976,537	708,918
Nedbank call account	5,056	-
Standard Bank Investments	50,423,288	-
ABSA Investments	50,000,000	-
Nedbank Investments	50,557,626	-
VBS Mutual bank (3 Months notice)	50,000,000	50,000,000
VBS Mutual bank (12 Months notice)	100,000,000	100,000,000
	<u>318,504,049</u>	<u>239,297,761</u>
Provision for impairment	(150,000,000)	(150,000,000)
	<u>168,504,049</u>	<u>89,297,761</u>

The municipality has made provision for the impairment of VBS Mutual bank because of the uncertainty regarding the recovery of the investment of R150 000 000 (2019: R 150 000 000).

Pledge

The Municipality's FNB Revenue bank account is attached for an amount of R109 863 in respect of legal costs.

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Cash and cash equivalents continued...

The municipality had the following bank accounts

Account number / Description

	Bank statement balances			Cash book balances		
	June 30 2020	June 30 2019	June 30 2018	June 30 2020	June 30 2019	June 30 2018
Primary bank accounts						
Paymaster General Account -						
FNB - 6206-334-5790	1,627,309	1,999,341	4,645,909	1,576,831	1,994,397	4,709,941
Revenue Account -						
FNB - 6206-334-2720	1,842,494	2,708,012	5,070,241	1,770,849	2,708,012	5,270,319
Salaries Account -						
FNB - 6206-334-5980	976,537	808,918	1,532,756	976,537	708,918	1,532,756
Money Market Account -						
FNB - 6206-335-6888	13,186,851	83,867,594	46,869,114	13,186,851	83,867,594	46,869,114
Nedbank call account	5,056	-	-	5,056	-	-
	17,638,247	89,383,865	58,118,020	17,516,124	89,278,921	58,382,130

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8. Investment property

Balances at year end and movements for the year

Balance at start of year

At fair value

356,072,000

99,316,000

Net book value

356,072,000

99,316,000

Movements for the year

Gains (losses) on fair value adjustment

8,190,000

3,488,000

Prior period adjustment

253,268,000

Investment property at end of year

364,262,000

356,072,000

Closing balance at end of year

At fair value

364,262,000

356,072,000

Net book value

364,262,000

356,072,000

Pledged as security

No investment properties was pledged as security for liabilities.

Details of properties

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.

At year end, an assessment was conducted on all land owned by the municipality. It was found that certain land met the recognition criteria for investment property and a prior period adjustment was then made to recognise the land as investment property in terms of the requirements of GRAP 16.

The fair values are determined by independent property valuer using comparable sales valuation method.

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9. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land	111,895,780	(79,752,420)	32,143,360	111,895,780	(79,752,420)	32,143,360
Buildings	122,239,799	(50,086,816)	72,152,983	170,647,361	(94,695,241)	75,952,120
Infrastructure	345,873,022	(80,569,659)	265,303,363	338,169,757	(67,713,075)	270,456,682
Community Assets	228,747,961	(77,797,568)	150,950,393	225,271,849	(66,875,219)	158,396,630
Capital work in progress	152,741,210	(2,357,425)	150,383,785	92,760,018	(2,357,425)	90,402,593
Leased Assets	1,517,724	(1,517,724)	-	1,517,724	(1,517,724)	-
Other Movable assets	62,029,481	(35,790,007)	26,239,474	66,287,966	(31,567,068)	34,720,898
	1,025,044,977	(327,871,619)	697,173,358	1,006,550,455	(344,478,172)	662,072,283

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Property, plant and equipment continued...

Balances at year end and movements for the year

Reconciliation for the year ended 30 June 2020

Balance at 1 July 2019

At cost

Accumulated depreciation and impairment

Carrying value

Movements for the year ended 30 June 2020

Additions

Transfers

Depreciation

Impairment loss recognised in surplus or deficit

Disposals

Other movements

Property, plant and equipment at end of year

Closing balance at 30 June 2020

At cost

Accumulated depreciation and impairment

Net book value

	Land	Buildings	Infrastructure	Community Assets	Capital work in progress	Leased Assets	Other Movable assets	Total
Balance at 1 July 2019	111,895,780	170,647,361	338,169,757	225,271,849	92,760,027	1,517,724	66,287,966	1,006,550,464
At cost	(79,752,420)	(94,695,241)	(67,713,075)	(66,875,219)	(2,357,425)	(1,517,724)	(31,567,068)	(344,478,172)
Accumulated depreciation and impairment	32,143,360	75,952,120	270,456,682	158,396,630	90,402,602	-	34,720,888	662,072,292
Carrying value								
Movements for the year ended 30 June 2020								
Additions	-	-	-	-	71,532,668	-	118,040	71,700,708
Transfers	-	-	8,125,364	3,476,113	(11,601,476)	-	-	-
Depreciation	-	(3,435,539)	(13,056,576)	(7,897,826)	-	-	(4,743,326)	(29,133,267)
Impairment loss recognised in surplus or deficit	-	(330,488)	(222,107)	(3,024,524)	-	-	(19,200)	(3,596,318)
Disposals	-	-	-	-	-	-	(3,836,938)	(3,836,938)
Other movements	-	(33,110)	-	-	-	-	-	(33,110)
Property, plant and equipment at end of year	32,143,360	72,152,983	265,303,363	150,950,393	150,383,794	-	26,239,474	697,173,366
Closing balance at 30 June 2020								
At cost	111,895,780	122,239,799	345,873,022	228,747,961	152,741,219	1,517,724	62,029,481	1,025,044,986
Accumulated depreciation and impairment	(79,752,420)	(50,086,816)	(80,569,659)	(77,797,568)	(2,357,425)	(1,517,724)	(35,790,007)	(327,871,619)
Net book value	32,143,360	72,152,983	265,303,363	150,950,393	150,383,794	-	26,239,474	697,173,367

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Property, plant and equipment continued...

Reconciliation for the year ended 30 June 2019

	Land	Buildings	Infrastructure	Community Assets	Capital work in progress	Leased Assets	Other Movable assets	Total
Balance at 1 July 2018								
At cost	161,597,200	167,835,167	305,524,276	216,830,092	87,113,843	1,517,724	70,326,943	1,010,746,245
Accumulated depreciation and impairment	(111,952,200)	(84,789,541)	(55,571,286)	(58,883,435)	-	(1,306,929)	(28,761,953)	(341,265,344)
Net book value	49,645,000	83,045,626	249,952,990	157,946,657	87,113,843	210,795	41,564,990	669,480,901

Movements for the year ended 30 June 2019

Additions from acquisitions	-	-	-	-	49,308,973	-	471,152	49,780,125
Transfers	-	1,716,144	27,906,858	8,462,409	(38,085,411)	-	-	-
Depreciation	-	(9,965,012)	(12,227,577)	(7,817,788)	-	(210,795)	(7,069,242)	(31,290,414)
Impairment loss recognised in surplus or deficit	-	(5,931,010)	-	(176,289)	(2,357,425)	-	-	(8,464,724)
Prior period adjustment	(17,501,640)	1,115,848	4,824,411	(18,359)	(5,577,378)	-	76,542	(17,080,576)
Disposals	-	-	-	-	-	-	(322,544)	(322,544)
Other movements	-	(30,476)	-	-	-	-	-	(30,476)
Property, plant and equipment at end of year	32,143,360	75,952,120	270,456,682	158,396,630	90,402,602	-	34,720,898	662,072,292

Closing balance at 30 June 2019

At cost	111,895,780	170,647,361	338,169,757	225,271,849	92,760,027	1,517,724	66,287,966	1,006,550,464
Accumulated depreciation and impairment	(79,752,420)	(94,695,241)	(67,713,075)	(66,875,219)	(2,357,425)	(1,517,724)	(31,567,068)	(344,478,172)
Net book value	32,143,360	75,952,120	270,456,682	158,396,630	90,402,602	-	34,720,898	662,072,292

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Property, plant and equipment continued...

Additional disclosures

Assets whose title is restricted and pledged as security

No property, plant and equipment were pledged as security for any financial liability.

Transfer of land

The municipality was established on the 15 portions of Voorspoed farm land donated by the Department of Public Works. The 15 portions of the land are registered in the name of the Municipality at the Office of the Deeds Registry. The Municipality, using experts, has calculated the extent of the township and withdrawn the extent value from the parent farm and valued the remaining extent from the primarily public service infrastructures and servitudes.

Details of properties

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.

During the year the useful lives of the property plant and equipment was reviewed.

The estimated useful lives for certain assets has been adjusted. The effect of the change in accounting estimate has been disclosed in note number 36

Certain assets that were previously recognised as expenditure were capitalised during the current and previous financial year.

During the financial year, the municipality has received amounts for reimbursement due to loss of assets from the insurer. The amounts received are detailed below:

An amount of R30 081 has been received from Guard Risk Holdings Limited for laptops stolen.

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Buildings	154,005	87,027
Infrastructure	3,192,986	10,408,172
Other Assets	372,006	805,870
	<u>3,718,997</u>	<u>11,301,068</u>

Work in progress

Reconciliation of Work in progress 2020	Included within buildings	Included within Community assets	Included within Infrastructure	Total
Opening balance	24,392,677	15,581,384	50,428,540	90,402,601
Additions/capital expenditure	-	13,167,095	58,415,574	71,582,669
Transfers to completed projects	-	(3,476,113)	(8,125,364)	(11,601,476)
Impairment	-	-	-	-
	<u>24,392,677</u>	<u>25,272,366</u>	<u>100,718,750</u>	<u>150,383,793</u>

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Property, plant and equipment continued...

Reconciliation of Work in progress 2019	Included within buildings	Included within Community assets	Included within Infrastructure	Total
Opening balance	26,894,661	15,860,965	44,358,216	87,113,842
Prior period adjustment	(1,741,470)	-	(3,835,908)	(5,577,378)
Additions/capital expenditure	3,313,055	8,182,828	37,813,090	49,308,973
Transfers to completed projects	(1,716,144)	(8,462,409)	(27,906,858)	(38,085,411)
Impairment	(2,357,425)	-	-	(2,357,425)
	24,392,677	15,581,384	50,428,540	90,402,601

Included in the WIP is R4 767 011 relating to electrical projects (electrification of households) that the municipality is undertaking on behalf of Eskom. These projects will be handed over to Eskom upon completion.

The following projects are identified as slow moving:

Project description	Reason for slow moving	Amount
Revitalisation municipal building (Civic)	In progress (under investigation)	1,416,859
Development of sites residential (project was impaired with amount of R2 357 425)	In progress (land invaded)	-
Rakgoatha community hall	In progress (contractor previously abandoned the site)	4,095,104
Upgrading of VTS from Grade B to A	In progress (budget constrains)	609,114
Upgrading of Malakabaneng road to tar	In progress (budget constrains)	775,232
Extension of Municipal offices	In progress (Delay in finalisation of payment dispute)	20,870,251
Construction of Magatle Thusong centre	In progress (budget constrains)	1,496,455
Construction of Lebōwakgomo stadium	In progress (budget constrains)	357,433
Construction of Madisha Ditiro Community hall	In progress (Contractor terminated, the project is on readvert for completion)	3,822,565
Construction of Dublin Community hall	In progress (budget constrains)	3,830,170
Construction of Mathibela Stormwater	In progress (budget constrains)	1,336,726
Construction of Rakgoatha Stormwater	In progress (budget constrains)	932,530
Highmast lights Marulaleng	In progress (Awaiting ernegisation by Eskom)	207,442
Highmast lights - Makgothane	In progress (Awaiting ernegisation by Eskom)	207,442
Highmast lights - Landfill site	In progress (Awaiting ernegisation by Eskom)	207,442
Highmast lights - Makaepa	In progress (Awaiting ernegisation by Eskom)	207,442
Electrification - Mashite	In progress (budget constrains)	36,221
Electrification - Mamogaswa	In progress (budget constrains)	175,674
Electrification - Mawaneng	In progress (budget constrains)	34,223
Electrification - Matime	In progress (budget constrains)	17,208
Electrification - Mathibela	In progress (budget constrains)	83,154
Electrification - Manaileng	In progress (budget constrains)	83,154
Electrification - Bolahlakgomp	In progress (budget constrains)	105,725
		40,907,562

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Property, plant and equipment continued...

Included in Capital work in progress are the following completed projects that have not been capitalised:

Project description	Reason for not capitalising	Amount
Drilling and equipping of borehole at Municipal offices	Project under investigation	369,607
		<u>369,607</u>

10. Intangible assets

	Cost / Valuation	2020 Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	2019 Accumulated amortisation and accumulated impairment	Carrying value
Computer software	938,145	(783,391)	154,754	855,810	(639,873)	215,937

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Intangible assets continued...

Reconciliation of changes in intangible assets

Reconciliation for the year ended 30 June 2020

Balance at 1 July 2019

At cost

Accumulated amortisation

Net book value

Computer
software

Total

855,810

855,810

(639,873)

(639,873)

215,937

215,937

Movements for the year ended 30 June 2020

Acquisitions

Amortisation

Intangible assets at end of period

82,335

82,335

(143,518)

(143,518)

154,754

154,754

Closing balance at 30 June 2020

At cost

Accumulated amortisation

Net book value

938,145

938,145

(783,391)

(783,391)

154,754

154,754

Reconciliation for the year ended 30 June 2019

Balance at 1 July 2018

At cost

Accumulated amortisation

Net book value

545,251

545,251

(401,787)

(401,787)

143,464

143,464

Movements for the year ended 30 June 2019

Acquisitions

Amortisation

Prior period adjustment

Intangible assets at end of period

507,864

507,864

(507,863)

(507,863)

72,472

72,472

215,937

215,937

Closing balance at 30 June 2019

At cost

Accumulated amortisation

Net book value

855,810

855,810

(639,873)

(639,873)

215,937

215,937

Intangible assets comprise of computer software.

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11. Heritage assets

Balances at year end and movements for the year

Reconciliation for the year ended 30 June 2020

Balance at 1 July 2019

Gross carrying amount

Net carrying amount

183,684

183,684

Total

183,684

183,684

Closing balance at 30 June 2020

Gross carrying amount

Net carrying amount

183,684

183,684

183,684

183,684

Reconciliation for the year ended 30 June 2019

Balance at 1 July 2018

Gross carrying amount

Net carrying amount

183,684

183,684

183,684

183,684

Closing balance at 30 June 2019

Gross carrying amount

Net carrying amount

183,684

183,684

183,684

183,684

Heritage assets comprise of Art collections, antiquities and exhibits.

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12. Payables from exchange transactions

Payables from exchange transactions comprise:

Trade payables	195,889	3,408
Retentions	28,000,103	24,530,695
Leave provision	13,184,845	11,358,670
Bonus provision	2,718,497	2,570,934
Traffic department creditor	48,714	48,714
Debtors with credit balances	1,903,587	2,582,275
CDM Advance Account: R&M	68,169	68,169
Accruals	23,927,150	4,728,896
Bank suspense	4,152	-
CDM Creditor	27,537,847	4,827,615
Deposits Various	145,016	136,616
Salary suspense account	-	142,489
Unallocated deposits	5,082,340	4,685,779
Traffic department - 80:20 Split	1,470,961	920,894
SABS	161	228
Prodiba	34,839	64,306
Road transport management	133,759	91,279
Total payables from exchange transactions	104,456,029	56,760,967

The fair value of trade and other payables approximates their carrying amounts

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	2020	Restated 2019
13. Consumer deposits		
Consumer deposits	1,961,236	1,926,836
No interest is paid on consumer deposits		
14. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprise the following balances		
MIG	16,026,664	16,167,540
Integrated National Electrification Programme		1,726,947
Finance management grant	165,846	500,000
CDM : Halls	6,135	6,135
CDM : Stadiums	300,000	300,000
CDM : Eradication of Alien Plants	16,455	16,455
CDM : Integrated Transport plan	377,308	377,308
	16,892,408	19,094,385

Conditional Grants

The amounts will be recognised as revenue when conditions have been met.

See note 24 for reconciliation of grants from National/Provincial Government.

The extent of government grants recognised in the Statement of financial performance relates to the portion of the grant where the conditions have been met.

Unfulfilled conditions and other contingencies attaching to government assistance has been recognised as a liability in the Statement of financial position.

15. Provisions

The total amounts recognised in the statement of financial position are as follows:

Environmental rehabilitation	1,134,353	1,081,548
	1,134,353	1,081,548

Reconciliation of provisions - 2020	Opening balance	Additions	Reductions	Closing balance
Environmental rehabilitation	1,081,548	52,804	-	1,134,352
	1,081,548	52,804	-	1,134,352

Reconciliation of provisions - 2019	Opening balance	Additions	Reductions	Total
Environmental rehabilitation	4,560,719	237,157	(3,716,328)	1,081,548
	4,560,719	237,157	(3,716,328)	1,081,548

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Provisions continued...

Environmental rehabilitation provision

The provision is made in terms of the licensing stipulations. The Provision has been determined on the basis of the recent independent study by taking into account a number of factors to the design, manner of operations and rehabilitation measures proposed which was assessed, investigated and tested. There is no anticipated environmental harm, groundwater pollution, leachate leakage that could be found. The municipality did not alter any structure and infrastructure to the existing landfill.

In the previous AFS a landfill closure provision was disclosed for this landfill but a methodology different from the methodology used in the GLCCM was used. This resulted in a significant decrease in the provision.

The CPI is used for determining the future value of current costs in the year when the cost is projected to be incurred. The CPI figure used in the GLCCM is based on the three-month average CPI for the quarter that includes the financial year-end date. The average of the CPI for the last three months amounted to 2.4107%. The discount rate used was 7.4107%, and the net effective discount rate was 5%.

The difference between the current year's provision and the provision recalculated for last year is due to unwinding of the provision.

Rehabilitation and closure report was compiled by Environmental and Sustainability Solutions CC appointed by the Council.

Changes in the present value of provision for landfill rehabilitation are as follows:

Opening balance	1,081,548	4,560,719
Additions	52,804	237,157
Prior period error adjustment	-	(3,716,328)
	<u>1,134,352</u>	<u>1,081,548</u>

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16. Employee Benefits Obligation

The total amounts recognised in the statement of financial position are as follows:

Long service awards	3,313,486	4,380,454
	<u>3,313,486</u>	<u>4,380,454</u>

Reconciliation of provisions - 2020

	Opening balance	Additions	Reductions	Closing balance
Long service awards	4,380,454	580,776	(1,647,744)	3,313,486
	<u>4,380,454</u>	<u>580,776</u>	<u>(1,647,744)</u>	<u>3,313,486</u>

Reconciliation of provisions - 2019

	Opening balance	Additions	Reductions	Total
Long service awards	3,784,728	783,456	(187,730)	4,380,454
	<u>3,784,728</u>	<u>783,456</u>	<u>(187,730)</u>	<u>4,380,454</u>

Long Service Award

Employees qualify for the long service awards in terms of the SALGA collective agreement. The employees will qualify for long service award for every five years of service completed, from ten years of service to 45 years of services in the following manner:

- 10 year	4%
- 15 years	8%
- 20-45 years	12%

In the month that each "Completed Service" milestone is reached, the employee is granted a long service award. Working days awarded are value at 1/250 of annual salary per day.

An actuarial valuation of the obligation has been performed by One Pangea Expertise and Solutions on all 215 employees that are entitled to long service awards as at 30 June 2020.

The amounts recognised in the statement of financial position are as follows:

Carrying value

Long service awards - Non current portion	2,760,210	3,898,266
Long service awards - Current portion	553,276	482,188
	<u>3,313,486</u>	<u>4,380,454</u>

Changes in the present value of the defined benefit obligation are as follows:

Long service awards		
Opening balance	4,380,454	3,784,728
Net expense or (gain) recognised in the statement of financial performance	(1,066,968)	595,726
	<u>3,313,486</u>	<u>4,380,454</u>

Net expense or (gain) recognised in the statement of financial performance in Employee cost.

Current service cost	320,795	469,768
Interest cost	259,981	313,688
Benefit vesting	(482,188)	(187,730)
Actuarial (gains) or losses	(1,165,556)	-
	<u>(1,066,968)</u>	<u>595,726</u>

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Employee Benefits Obligation continued...

17. Service charges

Refuse removal (Lebowakomo)
Landfill proceeds

6,114,777	5,806,869
37,160	35,830
6,151,937	5,842,699

18. Rental of facilities and equipment

Rental of Communication Network
Rental of facilities
Rental of equipment

163,372	247,417
206,382	275,071
1,087	609
370,841	523,097

Operating leases - as lessor (income)

Certain of the municipality's properties are held to generate rental income. At the reporting date the Municipality has operating lease agreements with various tenants. The minimum lease receivable under operating leases will fall due as follows:

	Not later than one year	In second to fifth year inclusive	later than five years
Minimum lease receivable	187,229	408,332	7,611,348

19. Water and Sanitation : Commission earned

Commission received from sale of water

23,285,023	24,796,837
23,285,023	24,796,837

Lepelle-Nkumpi Municipality entered into a principal agent relationship with the Capricon District Municipality (CDM) whereby the Municipality performs collection of revenue relating to water and sanitation on behalf of the District Municipality.

Lepelle-Nkumpi Municipality is the agent as defined in GRAP 109 as it has been directed by Capricon District Municipality (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

The current signed SLA allows Lepelle-Nkumpi to receive 30% of the revenue collected during the current year (2019: 30%). There were no changes to significant terms and conditions during the reporting period.

There are no significant risks attached to the arrangement.

Refer to Note 12 for details of the liability resulting from the arrangement.

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20. Agency fees: Licences and permits

Licences and permits: Department of transport

3,551,687

4,305,715

3,551,687

4,305,715

Lepelle-Nkumpi Municipality entered into a principal agent relationship with the Department of Transport (DOT) whereby the Municipality performs vehicle registration and licencing functions on behalf of the Department of transport.

Lepelle-Nkumpi Municipality is the agent as defined in GRAP 109 as it has been directed by Department of Transport (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

Lepelle-Nkumpi Municipality receives a fixed fee of 20% of all monthly revenue collected in respect of licencing and registration of motor vehicles and shall deposit 80% of the said revenue collected on a monthly basis to Department of Transport Account on or before the 15th day of each month. There were no changes to significant terms and conditions during the reporting period.

There are no significant risks attached to the arrangement.

Refer to Note 12 for details of the liability resulting from the arrangement.

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21. Other Revenue

Tender Revenue	261,002	462,177
Application fees: pto - residential	1,626	1,730
Transfer of property	73,174	62,038
Advertising boards	29,930	103,302
Building plans: bussiness	55,995	137,616
2.5% commission on insurance	16,059	17,494
Burial fees	70,348	65,609
Building plans : Residential	63,170	91,447
Building plans : Rural	4,536	-
Connection fees: water	38,036	22,356
Skills development program	222,036	154,660
Application fees: pto - bussiness	5,009	11,534
Cattle Pound	29,391	68,575
Rubble	-	915
Consolidation fees	722	1,913
Drain blockage	2,027	2,795
Rezoning application	3,926	2,304
Connection sewerage fees	-	3,574
Instructor certificate	1,029	780
Clearance certificate	31,254	30,434
Sale of Sites	1,527,242	5,163,063
Proof of residence	90,411	82,921
Special consent	17,699	1,965
Stop Clock	262	396
Mortgage Bonds	2,544	15,102
Sundry Income	69,846	466,318
Relocations of Beacons	6,222	8,478
Library Services	766	2,738
Reconnection fees	9,031	-
Disconnection fees	293	-
Written consent	2,191	-
Replacement of meters	565	-
	2,636,342	6,982,234

22. Finance Income

Interest receivable - Exchange receivables	3,514,998	3,955,582
Interest receivable - External investments	8,283,310	5,315,448
Interest receivable - Current accounts	11,292	5,426
	11,809,600	9,276,456
Interest receivable - Non-Exchange receivables	10,716,659	11,898,382
	22,526,259	21,174,838

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23. Property rates		
Rates received		
Residential	12,030,874	11,356,722
Commercial	5,738,763	5,539,648
State	7,515,385	7,142,210
Agriculture	2,901,422	2,889,098
	<u>28,186,444</u>	<u>26,927,678</u>
Valuations		
Residential	2,706,305,140	2,698,513,140
Commercial	879,846,000	880,286,000
State	2,254,564,100	2,915,159,000
Small holdings and farms	2,915,159,000	2,262,336,100
	<u>8,755,874,240</u>	<u>8,756,294,240</u>

Valuations on land and buildings are performed every five years. The last valuation came into effect on 1 July 2017. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Unbilled properties

During the year, the municipality have assessed the ownership of the properties that did not include the name of the registered owner.

In terms of paragraph 24(1) of Local Government Municipal property rates Act No 6 of 2004, "A rate levied by a municipality on a property must be paid by the owner of the property". The owner is defined as a person in whose name ownership of the property is registered.

Some of the properties belonging to the Municipality have been invaded therefore, the occupants of these properties are not known to the Municipality.

The balance of these properties relates to RDP houses allocated to beneficiaries by COGHSTA and not yet registered in their names.

The municipality have appointed conveyancers to initiate the process of registering the RDP houses in the name of the beneficiaries. Property rates will be levied on these properties upon finalisation of the registration process.

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24. Government grants and subsidies

Operating grants

Equitable share	250,041,479	222,970,000
Finance management grant	1,979,154	1,645,000
EPWP	1,172,000	1,758,000
LED Learnership	-	327,926
Department of Minerals & Energy - INEP	-	8,271,053
Disaster management grant	298,000	-
	<u>253,490,633</u>	<u>234,971,979</u>

Capital grants

Municipal Infrastructural Grant	38,047,345	24,881,296
	<u>291,537,978</u>	<u>259,853,275</u>

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Finance Management Grant (FMG)

Balance unspent at beginning of year	500,000	500,000
Current-year receipts	2,145,000	2,145,000
Conditions met - transferred to revenue	(1,979,154)	(1,645,000)
Withheld	(500,000)	(500,000)
Unspent amount transferred to liabilities	<u>165,846</u>	<u>500,000</u>

Conditions still to be met - remain liabilities (see note 14).

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003.

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	16,167,540	(954,164)
Current year receipts	54,074,000	42,003,000
Conditions met - transferred to revenue	(38,047,345)	(24,881,296)
Withheld	(16,167,532)	-
Unspent amount transferred to liabilities	<u>16,026,663</u>	<u>16,167,540</u>

Conditions still to be met - remain liabilities (see note 14).

This grant were used to construct municipal infrastructure to provide basic services for the benefit of poor households.

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Government grants and subsidies continued...

Integrated National Electrification Programme (DME)

Balance unspent at beginning of year	1,726,947	6,580,000
Current-year receipts	-	9,998,000
Conditions met - transferred to revenue	-	(8,271,053)
Withheld	(1,726,947)	(6,580,000)
Unspent amount transferred to liabilities	<u>1,726,947</u>	<u>1,726,947</u>

There are no conditions still to be met in the current year (see note 14).

This grant were used to construct municipal infrastructure to provide basic services for the benefit of poor households.

LED Learnership

Balance unspent at beginning of year	-	327,926
Conditions met - transferred to revenue	-	(327,926)
Unspent amount transferred to liabilities	<u>-</u>	<u>-</u>

There are no conditions still to be met in the current year (see note 14).

EPWP

Current year receipts	1,172,000	1,758,000
Conditions met - transferred to revenue	(1,172,000)	(1,758,000)
Unspent amount transferred to liabilities	<u>-</u>	<u>-</u>

Conditions were met. No unspent grant remain. (see note 14).

CDM: Refurbishment of Mamaglo Hall

Balance unspent at beginning of year	6,135	6,135
Unspent amount transferred to liabilities	<u>6,135</u>	<u>6,135</u>

Conditions still to be met - remain liabilities (see note 14).

CDM: Seleteng Diamond Softball

Balance unspent at beginning of year	300,000	300,000
Unspent amount transferred to liabilities	<u>300,000</u>	<u>300,000</u>

Conditions still to be met - remain liabilities (see note 14).

CDM Eradication of Alien Plants

Balance unspent at beginning of year	16,455	16,455
Unspent amount transferred to liabilities	<u>16,455</u>	<u>16,455</u>

Conditions still to be met - remain liabilities (see note 14).

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Government grants and subsidies continued...

CDM Integrated Transport plan

Balance unspent at beginning of year

377,308

377,308

Unspent amount transferred to liabilities

377,308

377,308

Conditions still to be met - remain liabilities (see note 14).

CDM Waste management Cleaning

Balance unspent at beginning of year

(40,000)

(40,000)

Transferred to Receivables

(40,000)

(40,000)

Conditions were met and the grant was overspent by R40 000 during the 2019 financial year. This amount is disclosed under debtors. (see note 4).

Disaster management grant

Current year receipts

298,000

Conditions met - transferred to revenue

(298,000)

Unspent amount transferred to liabilities

-

-

Conditions were met. No unspent grant remain (see note 14).

25. Fair value gains or (losses)

Fair value on land

8,190,000

3,488,000

Actuarial gain on remeasurement of Long service award.

1,165,556

-

9,355,556

3,488,000

In 2020 financial year, a revaluation was performed on investment properties which consists of vacant land (encroached land, residential stands, business stands and shopping malls).

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26. Employee related Cost		
Basic	64,204,486	63,319,005
Bonus	4,828,752	4,712,730
Medical aid - company contribution	3,473,186	3,162,436
UIF	426,536	437,628
SALGBC	23,654	22,821
Leave pay provision charge	2,009,435	2,237,689
Pension Funds - Company contribution	11,590,151	10,895,028
Travel, motor car, accommodation, subsistence and other allowances	7,716,519	7,225,289
Overtime payments	1,799,894	2,629,077
Long-service awards	580,775	783,457
Acting allowances	855,587	946,338
Housing benefits and allowances	283,223	278,629
FMG Intern allowance	424,868	-
	98,217,066	96,650,127
Remuneration of Municipal Manager - Gafane LA		
Annual Remuneration	-	-
Car Allowance	-	-
Acting allowance	-	-
Contributions to UIF, Medical and Pension Funds	-	-
Leave pay out	-	-
Other allowances	2,000	-
	2,000	-
Remuneration of Municipal Manager - Mashamba NS		
Annual Remuneration	-	454,510
Car Allowance	-	106,944
Acting allowance	28,211	37,380
Contributions to UIF, Medical and Pension Funds	141	153,777
Leave pay out	-	50,905
Other allowances	-	12,000
	28,352	815,516
Remuneration of Chief Financial Officer - Ngobeni R.M		
Annual Remuneration	-	813,635
Car Allowance	-	-
Acting allowance	-	-
Contributions to UIF, Medical and Pension Funds	149	4,015
Leave pay out	78,109	-
Other allowances	-	24,000
	78,258	841,650

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	2020	Restated 2019
Remuneration of Executive directors		
Director: Technical Services - Ruiters R.S		
Annual Remuneration	742,387	726,048
Car Allowance	328,280	311,163
Acting allowance		
Contributions to UIF, Medical and Pension Funds	62,797	62,887
Other allowances	24,000	24,000
	1,157,463	1,124,098
Director: Community Services - Moroaswi T.S		
Annual Remuneration	481,969	569,545
Car Allowance	255,996	244,090
Acting allowance		84,226
Contributions to UIF, Medical and Pension Funds	156,482	152,372
Other allowances	24,000	24,000
	918,447	1,074,233
Director: Corporate Services - Nogilana Raphaela P.F		
Annual Remuneration	128,662	-
Car Allowance	65,155	-
Contributions to UIF, Medical and Pension Funds	75,633	-
Other allowances	6,000	-
	275,450	-
Director: Strategic Planning (LED) - Monyepao M.A		
Annual Remuneration	-	295,559
Car Allowance	-	142,386
Acting allowance	-	54,008
Contributions to UIF, Medical and Pension Funds	-	87,223
Other allowances	-	14,000
	-	593,176
Acting Director: Strategic Planning (LED) - Maphoru LD (July 2019 to June 2020)		
Acting allowance	-	-
	-	-
Acting Director: Corporate Services - Mashita WT (12 August 2019 to April 2020)		
Acting allowance	25,905	-
	25,905	-
Acting Director: Corporate Services - Somo PD (July 2019 to 11 August 2019)		
Acting allowance	-	-
	-	-

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Acting Chief Finance Officer - Moema M.D (September 2019 to February 2020)

Acting allowance

Acting Chief Finance Officer - Ramuhulu R.H (April 2019 to August 2019)

Acting allowance

Acting Chief Finance Officer - Masemola M.N (March 2020 to December 2020)

Acting allowance

Acting Director: Technical Services - Phasha MT (March 2020 to date)

Acting allowance

5,307

5,307

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27. Remuneration of councillors

Mayor	1,135,112	1,064,312
Chief Whip	824,355	796,073
Speaker	876,351	846,184
Executive Committee Members	5,237,206	5,053,995
Councillors	12,883,461	12,474,715
MPAC and Ethics oversight members	1,275,431	1,232,402
	<u>22,231,918</u>	<u>21,467,681</u>

The Mayor, Speaker and Chief Whip are employed on a full-time. Each is provided with an office and secretarial support. The Mayor has use of a Council owned vehicle.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2020:

30-Jun-20	Outstanding less than 90 days	Outstanding more than 90 days	Total
Choung C.M	199	-	199
Mollo M.I	559	609	1,168
Ramalebana L.M	223	6,940	7,163
	<u>982</u>	<u>7,549</u>	<u>8,531</u>

30-Jun-19	Outstanding less than 90 days R	Outstanding more than 90 days R	Total
Ramokolo M.M	156	-	156
Mollo M.I	346	-	346
	<u>502</u>	<u>-</u>	<u>502</u>

28. Depreciation, Amortisation and Impairment

Depreciation - Property, plant and equipment	29,133,267	31,290,414
Impairment of assets - Property, plant and equipment	3,596,318	8,479,007
Amortisation - Intangible assets	143,518	507,862
	<u>32,873,104</u>	<u>40,277,283</u>

29. Finance cost

Interest on finance leases	<u>85,915</u>	<u>86,658</u>
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	2020	Restated 2019
30. Provision for impairment adjustment		
Provision for impairment - CDM water	21,653,781	25,041,642
Provision for impairment - Refuse	12,373,173	8,602,738
Provision for impairment - Traffic fines	3,952,920	355,040
Provision for impairment - Rates	12,869,902	7,416,859
	<u>50,849,776</u>	<u>41,416,279</u>

The provision for impairment adjustment movement for the year has been calculated as follows:

Provision per Statement of Financial Position	Note	30-Jun-20	30-Jun-19	Movement charged to Statement of Financial Performance
CDM advance commission		109,225,082	87,571,301	21,653,781
Refuse		70,284,588	57,911,415	12,373,173
Traffic fines		4,211,834	9,724,479	(5,512,645)
Rates		83,282,514	73,943,312	9,339,202
VBS Mutual Bank		150,000,000	150,000,000	-
		<u>417,004,018</u>	<u>379,150,507</u>	<u>37,853,511</u>
Adjustment due to write off				
Property rates				3,530,700
Traffic fines				9,465,563
				<u>50,849,775</u>

31. Contracted services

Security services	14,722,826	15,671,787
Landfill site	4,262,598	4,184,413
	<u>18,985,424</u>	<u>19,856,200</u>

Lepelle-Nkumpi Municipality

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32. General Expenses

Accommodation and meals	263,879	1,427,195
Advertising	401,601	407,790
Audit committee expense	295,192	456,770
Audit fees	3,864,371	3,352,537
Bank charges	280,171	66,771
Cleaning materials	494,889	875,940
Commission on SAPD/easy pay deposits	47,005	58,186
Unknown Funerals	-	19,998
Consulting and professional fees	10,448,813	21,715,070
Cash security services	268,159	295,141
Electronic traffic fine management	-	260,865
Cattle pound	1,200	247,000
Communications	83,145	258,200
Bursaries staff	59,306	386,964
Community participation	197,405	472,551
Council Conferences and congresses	16,413	52,782
Refreshments: Mayor's office	998	6,103
Forensic services	1,186,496	317,262
Bad debts written off	2,731,052	-
Insurance	2,731,946	1,186,194
Conferences and congresses	13,954	181,382
Council: Function	170,493	129,557
Refreshments: speakers office and EXCO	3,369	5,152
Council: skills development levy	128,442	162,748
Council: travel & subsistence	980,033	1,367,462
Council: MPAC sessions	271,367	361,239
IT support services	74,165	158,302
Greening	-	706
Disaster provision	238,038	265,147
Magazines, books and periodicals	24,377	-
LED Learnerships	-	285,153
IDP review process	205,014	802,928
Special programs	242,130	752,522
Electricity projects	-	7,414,681
Environmental and waste management	126,013	381,744
Municipal vehicles - fuel	5,456,108	8,112,291
Municipal fleet - licensing	371,502	336,703
Postage	805,526	742,288
Printing & stationery	895,169	1,991,448
Internal audit services	10,120	23,840
Protective clothing	732,420	-
Internal sporting activities	2,717	644,115
Legal fees	4,779,033	4,371,774
Membership fees	1,102,390	1,072,145
Office refreshments	1,989	9,192
OHS expenses	187,928	50,705
Subscriptions and system licencing	948,542	1,951,876

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General Expenses continued...

Telephone and fax	709,174	766,659
Training	226,336	316,882
Subsistence and travelling allowance	849,026	1,158,248
Refuse removal	95,100	-
Skills development levy	549,550	636,188
SMME support	223,888	398,649
Electricity	6,128,271	2,856,078
Sports, arts and culture	-	278,261
Sector forum	9,963	16,421
Stores & materials	377,393	588,302
Risk management	37,209	47,404
Rental of office equipment	680,721	497,490
Traffic uniform & tags	82,250	64,865
Traffic expenses	32,559	49,518
Ward committees	5,359,000	5,650,447
Youth programme: campaigns	-	98,698
Road safety programme	70,900	310,333
Refreshments - whippers office	2,000	4,000
Workmen's compensation	428,187	928,747
Recruitment expenses	63,824	17,566
Policy development - labour relations	120	409,318
Employee wellness	89,066	72,530
Post evaluations	224,466	88,448
	57,381,883	78,693,471

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33. Cash flows from operating activities

Surplus for the year	102,359,718	39,611,574
Adjustments for:		
Depreciation and amortisation expense	32,873,105	40,277,283
Provisions adjustment	52,805	(3,479,171)
Employee benefit obligation adjustment	(1,066,968)	482,188
Leave and bonus provision adjustment	1,973,738	2,307,372
Fair value gains and losses	(9,355,556)	(3,488,000)
Debt impairment	50,849,776	41,416,279
Gains and losses on disposal of non-current assets	3,836,938	(150,413)
Other non cash items	(4,375)	3,292,520
Change in operating assets and liabilities:		
Inventories	1,192,226	(1,867,429)
Receivables from non-exchange transactions	(20,353,632)	(16,070,886)
Receivables from exchange transactions	(47,875,538)	(35,413,261)
Payables from exchange transactions	45,721,324	3,616,097
VAT payable/receivable	(7,076,735)	(472,896)
Unspent conditional grants	(2,201,977)	10,986,562
Consumer deposits	34,400	24,000
Net cash flows from operations	150,959,249	81,071,819

Lepelle-Nkumpi Municipality

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34. Commitments

Authorised Capital commitments

Already contracted for but not provided for

Property, plant and equipment

Prior period error. Refer to Note 35.

64,509,034 106,487,106
(1,729,495)

64,509,034 104,757,611

Total capital commitments

Already contracted for but not provided for

64,509,034 104,757,611

Authorised Operational Commitments

Already contracted for but not provided for

Security services

7,884,727 24,798,450

Landfill

12,960,500 1,596,011

Integrated Transport Plan

97,052 97,052

Mphahlele Local Spatial Development

- 403,900

Printing and Folding of Monthly Municipal Statements Statements

1,547,392 2,704,690

Cash Collection Services

- 185,455

Revenue Enhancement Strategy, Debt Collection, etc.

513,750 513,750

Maintenance of Fixed Assets Register

722,958 2,836,696

Review of LED Strategy

13,565 185,295

Compilation of Growth and Development Strategy

522,547 522,547

Compilation of Tourism Plan

- 169,422

Zebediela Local Spatial Development Framework

229,691 229,691

Preparation of Annual Financial Statements

1,647,998 1,346,650

26,140,180 35,589,610

Total operational commitments

Already contracted for but not provided for

26,140,180 33,802,827

Prior period error. Refer to Note 35

- 1,786,782

26,140,180 35,589,609

Total Commitments

Authorised capital expenditure

64,509,034 104,757,611

Authorised operational expenditure

26,140,180 35,589,609

90,649,214 140,347,220

This committed expenditure relates to plant and equipment, security services, strategies, landfill, etc. will be financed by available bank facilities and funds internally generated, etc, retained surpluses, grants received during the year and carried forward from prior years, etc.

The following are contracts on which the value of the commitment could not be measured at year end:

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Commitments continued...

Name of Contractors	Project name / Description	Approved contract amount, Excluding VAT
Selema Plant hire	Professional Service Provider for hiring of plant	Rate based
Thalema Trading Enterprise	Supply and delivery of Protective clothing for 24 months (as and when required)	Rate based
Mavambo Intelligence transport solutions (pty) ltd	Traffic fines	Rate based
Backpocket Trading and projects JV geomatics	Professional land surveying firm	Rate based
Babirwa travel agency	Travel management services	Commission based
Ngwanakadiaka Trading and projects	Supply and delivery of cleaning materials	Rate based
Agang Batau Trading and Projects	Supply and delivery of cleaning materials	Rate based
Bafana Ncube Incorporated	Appointment of panel of attorneys	Rate based
SC Mudluli attorneys INC	Appointment of panel of attorneys	Rate based
Popele Maake attorneys	Appointment of panel of attorneys	Rate based
Modise Mabule INC	Appointment of panel of attorneys	Rate based
Makhubela attorneys	Appointment of panel of attorneys	Rate based
Mahowa Inc incorporated	Appointment of panel of attorneys	Rate based
Verveen attorneys	Appointment of panel of attorneys	Rate based
White hall Trading and projects	Supply and delivery of traffic uniform	Rate based
White hall Trading and projects	Supply and delivery of printing services for 24 months	Rate based
Cascade Pivotal	Supply and delivery of disaster relief materials	Rate based
Bakgaditse general trading enterprise	Supply and delivery of road maintenance materials	Rate based
Hackfort investments Pty Ltd	Supply and delivery of Catridges	Rate based
Phelane Suppliers and services	Supply and delivery of Catridges	Rate based
Mogan General trading	Supply and delivery of electrical materials	Rate based
LRP General Suppliers	Supply and delivery of photocopy papers	Rate based
Rekgothe and sons Trading and projects	Supply and delivery of photocopy papers	Rate based
Itirele Serogole Enterprise	Supply and delivery of photocopy papers	Rate based
Molaba Investment	Supply and delivery of photocopy papers	Rate based
Böhlbatsatši Trading and projects	Supply and delivery of photocopy papers	Rate based
BCX	implementation of MSCOA (SOLAR)	Rate based
Lateral Union	Provision of insurance	bid price based on underwriting information and risk status
Manthabo 2 airconditioner	Cleaning of illegal dumping	Rate based
Nora elle	Supply and delivery of toilet papers and wipes	Rate based

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35. Prior period errors

The following prior period errors were identified and the corrections have now been made to amounts previously reported in the annual financial statements of the Municipality.

Trade and other payables

Payables from exchange transactions were overstated by R13 066 170 in the 2018/19 financial year due to the following:

Debtors with credit balances were overstated by R1 299 860 due to inclusion of balances relating to water transactions in prior year. Receivables from non exchange transactions were also overstated by the same amount in the prior year.

Payables from exchange transactions were understated due to non inclusion of VAT of R3 099 747 relating to Retention and R387 036 relating to Accruals in the prior year. Accruals relating to general expenses were also understated by R22 795 due to omission.

Leave provision was understated by R111 806 due to omission of leave pay out. The error resulted in understatement of employee related cost in the prior year.

Salaries accruals were understated by R142 489. The error resulted in understatement of employee related cost in the prior year.

CDM creditor was overstated by R15 530 444 due to the municipality incorrectly writing off water related bad debts and due to incorrect journals processed in the prior year.

Property, plant and equipment

Land - Land was overstated by R17 501 640 due to various properties that were still in the books of the municipality despite the economic benefits/ service potential and risks and rewards transferred to third private parties and government entities. The error amounting to (R2 262 800) relates to 2019 financial year and R19 764 440 relates to periods prior to 2019.

Buildings - Buildings were understated by R2 395 234 due to completed projects not capitalised, assets not being recognised, landfill site asset omitted in error and change in useful life that was not accounted for in prior years. The error amounting to R1 330 567 relates to 2019 financial year and R1 064 667 relates to periods prior to 2019.

Infrastructure - Infrastructure assets were understated by R4 832 544 due to roads infrastructure not being recognised in prior years and street lights incorrectly classified as community assets. The errors to the value of R4 824 974 relates to periods prior to 2019 financial year and R7 570 relates to 2019 financial year.

Community assets - Community assets were understated by R108 307 due to change in useful lives that was not accounted for in the prior years and street lights incorrectly classified as community assets. The errors to the value of (R18 931) relates to periods prior to 2019 financial year and R127 240 relates to 2019 financial year.

Other movable assets - Other movable assets were understated by R629 664 due to depreciation that was incorrectly calculated and assets that were written off in error in the 2019 financial year.

Work in progress - Work in progress was overstated by R6 458 495 due to completed projects not transferred and capitalised and certain project expenditure previously capitalized in error as work in progress but were subsequently proven to be fruitless and wasteful due to overpayments to suppliers by the municipality. Of the total error, R5 577 378 related to fruitless expenditure incurred in the periods prior to 2019 and the remaining R881 117 relate to 2019 expenditure.

Investment property

Investment property was understated by R246 658 000 due to properties that were omitted in error and due to omission of fair value measurement of certain investment properties at the reporting dates.

The impact of the error in periods prior to 2019 was R253 268 000 and a reduction in fair value adjustment of R (6 610 000) previously reported in 2019-year end.

Intangible assets

Intangible assets were understated by R101 212 due to non capitalisation of software and depreciation incorrectly calculated on intangible assets with indefinite life. The errors to the value of R330 962 relates to periods prior to 2019 financial year and (R229 750) relates to 2019 financial year.

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Prior period errors continued...

Inventory

(Land) Inventories were overstated by R59 427 499 due to land inventory which was incorrectly measured at 2017 general valuation roll values instead of fair values at measurement dates prior to 2017 financial year end. A significant portion of land inventory were written down to their net realisable values (NRVs). Of the total overstatement, R57 991 915 relates to overstatement prior to 2019 financial year end and the remaining balance (R1 408 996 related to 2019 financial year end overstatement).

Consumables were overstated by R26 585 due to incorrect treatment of VAT in the prior year.

Value added tax

VAT payable was understated by R3 017 401 in the 2018/19 financial year due to incorrect accounting of CDIM-related transactions, exclusion of VAT on retention and accruals and VAT input not accounted for on other expenses.

Receivables from exchange transactions

Receivables from exchange transactions were overstated by R10 305 813 due to overstatement of commission income and incorrect calculation of impairment. The errors occurred in the 2018/19 financial year.

Receivables from non-exchange transactions

Receivables from non-exchange transactions were overstated by R1 170 380 due to incorrect allocation of debtors with credit balances. The error occurred in the 2018/19 financial year.

Water and sanitation : Commission earned

Commission earned was overstated by R3 080 624 due to inclusion of VAT in the 2018/19 financial year.

Other revenue

Other revenue was overstated by R1 023 746 due to disposal of land inventory cost not derecognised in error. The error occurred in 2019 financial year.

Fair value gains

Fair value gains were overstated by R6 610 000 due to omission of fair value measurement at each reporting period of certain investment property in the prior periods.

Finance income

Finance income from exchange transactions were overstated by R11 898 382 due to incorrect classification of interest from non exchange transactions.

Provisions

Provisions were overstated by R8 096 782 in the 2018/19 financial year due to incorrect valuation of provision for landfill rehabilitation by R3 716 328 and the incorrect classification of long service award amounting to R4 380 454.

Employee benefit obligation

Employee benefit obligation was understated by R4 380 454 due to incorrect classification as provisions.

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Prior period errors continued...

General expenses

General expenses were overstated by R1 822 316 in the 2019 financial year due to the following:

Electrical capital assets to the value of R1 285 527 were expensed in error.

Software licences to the value of R61 185 were expensed in error.

Rehabilitation expenses were overstated by R237 157 due to incorrect valuation of the provision.

Accrual were understated by R22 795 due to omission.

Incorrect treatment of VAT amounting to R372 371

Free basic services: Electricity

Free basic services were understated by R74 221 in the 2018/19 financial year due to incorrect treatment of VAT.

Repairs and maintenance

Repairs and maintenance was understated by R366 392 in the 2018/19 financial year due to incorrect treatment of VAT.

Employee related cost

Employee related cost were understated by R240 129 in the 2018/19 financial year due to understatement of leave provision and omission of backpay and bonus.

Remuneration of councillors

Remuneration of councillors was understated by R33 943 in the 2018/19 financial year due to underpayment of allowances.

Depreciation and amortisation

Depreciation, impairment and amortisation was overstated by R549 654 in the 2018/19 financial year due to incorrect calculation.

Provision for impairments adjustments

Provision for impairment adjustment was understated by R7 075 744 in the 2018/19 financial year due to incorrect impairment of CDM debtor.

Gain on disposal of assets

Gain on disposal of assets was overstated by R16 579 in the 2018/19 financial year due to stolen assets not written off.

Finance cost

Finance costs were understated by R80 822 due to incorrect accounting of provision for landfill and the related asset.

Expenditure on third party projects

Expenditure on third party projects was understated by R718 043 due to overpayments to third parties for projects expenditure proven to be fruitless and wasteful expenditure.

Cashflow statement

The cashflow statement for the 2018/19 financial year was reperformed with restated figures..

Irregular expenditure

Irregular expenditure was understated by R12 429 191 due to non inclusion of irregular expenditure identified during the audit.

Lepelle-Nkumpi Municipality

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Prior period errors continued...

Commitments

Capital Commitments were overstated by R1 729 495 and Operational commitments understated by R1 786 782 in the 2018/19 financial year due to incorrect contract amounts and/or incorrect payments being captured.

Statement of financial position

	Previously reported	Correction of prior period error	Reclassification	Restated balance
Inventories	91,711,811	(59,427,499)	-	32,284,312
Reveivables from exchange transactions	44,431,370	(10,305,813)	-	34,125,557
Receivables from non-exchange transactions	53,564,615	(1,170,380)	-	52,394,235
Property, plant and equipment	678,066,677	(15,994,396)	-	662,072,281
Investment property	109,414,000	246,658,000	-	356,072,000
Intangible assets	114,725	101,212	-	215,937
Payables from exchange transactions	(69,827,137)	13,066,170	-	(56,760,967)
VAT Receivable/(Payable)	(2,310,107)	(3,017,401)	-	(5,327,508)
Provisions	(9,178,330)	3,716,328	4,380,454	(1,081,548)
Employee benefit obligation - Non current	-	-	(3,898,266)	(3,898,266)
Employee benefit obligation - Current	-	-	(482,188)	(482,188)
	895,987,624	173,626,221	-	1,069,613,845

Statement of Financial Performance

	Previously reported	Correction of prior period error	Reclassification	Restated balance
Water and sanitation : Commission earned	27,877,461	(3,080,624)	-	24,796,837
Gain on disposal of assets	166,992	(16,579)	-	150,413
Other revenue	8,005,980	(1,023,746)	-	6,982,234
Fair value gains	10,098,000	(6,610,000)	-	3,488,000
Finance income - Exchange transactions	21,174,837	-	(11,898,382)	9,276,455
Finance income - Non exchange transactions	-	-	11,898,382	11,898,382
Employee related cost	(96,409,998)	(240,129)	-	(96,650,127)
Remuneration of councillors	(21,433,738)	(33,943)	-	(21,467,681)
General expenses	(80,515,787)	1,822,316	-	(78,693,471)
Free basic services: Electricity	(3,645,727)	(74,221)	-	(3,719,948)
Repairs and maintenance	(7,226,775)	(366,392)	-	(7,593,167)
Provision for impairment adjustment	(34,340,535)	(7,075,744)	-	(41,416,279)
Depreciation, impairment and amortisation	(40,826,937)	549,654	-	(40,277,283)
Finance cost	(5,836)	(80,822)	-	(86,658)
Expenditure on third parties	(4,467,405)	(718,043)	-	(5,185,448)
	(221,549,468)	(16,948,273)	-	(238,497,741)

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Prior period errors continued...

Disclosures

	Previously reported	Correction of prior period error	Reclassification	Restated balance
Commitments - Capital	106,487,106	(1,729,495)	-	104,757,611
Commitments - Operational	33,802,827	1,786,782	-	35,589,609
Irregular expenditure	348,773,698	12,429,191	-	361,202,889
	489,063,631	12,486,478	-	501,550,109

36. Change in accounting estimates

Property, plant and equipment

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice. The basis of preparation is consistent with the prior year except for the change in accounting estimate relating to Property plant and equipment. The Municipality conducted a re-assessment of the useful lives of Property plant and equipment within the current financial year. It was established that the useful lives of some categories of assets have changed.

The calculation is based on all depreciable assets at the end of 2020 financial year, comparing the actual 2020 depreciation using new useful lives to what the depreciation would have been using old useful lives. The aggregate effect of the change in accounting estimate relating to a change in the useful life of certain categories of assets on the annual financial statements for the year ended 30 June 2020 is as follows:

Statement of Financial Performance :

2020 - Accumulated surplus (Increase)	1,350,981
2021 and future years - Accumulated Surplus (Decrease)	(1,350,981)

Statement of financial position:

2020 - Property, Plant and equipment (Net carrying amount)	1,350,981
2021 and future years - Property, plant and equipment (Net carrying amount)	(1,350,981)

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37. Contingencies

1	DAVID MAKGADI - The municipality is sued for an amount of R72 435.17 for vehicle collision.	72,435
2	PETER MAKWELA - The municipality is sued for an amount of R812 818.10 for non-allocation a developed land for business despite been requested to do so.	812,818
3	ZACHARIAS JACOBUS PRINSLOO DU TOIT - the municipality is sued an amount of R405 050.00 for negligence conduct.	405,050
4	MODIBA GOLOLO - The municipality is sued an amount of R13 229.87 for negligence conduct.	13,230
5	DITSIO HUDSON MOLABA - The municipality is sued for an amount of R220 000.00 for unlawful arrest, assault and detention without a warrant of arrest.	220,000
6	PHILLIP MADIMETJA - The municipality is sued for an amount of R60 000.00 for loss of income.	60,000,000
7	MAHLOLO CHARLES RATHANGA - The municipality is sued for an amount R335 000.00 for breach of contract.	335,000
8	MAPOTENE - MANGENA ATTORNEYS - the former attorneys is claiming an amount R466 734.20 for legal services rendered	466,734
9	CV CHABANE & ASSOCIATES (PTY) LTD - The municipality is been sued an amount R2 882 190.28 for services rendered.	2,882,190
10	MPHAHLELE RAESITJE DIKELEDI - The municipality is sued for an amount of R40 000 for negligence conduct.	40,000
11	LEGODI FRANCINAH - The municipality is sued for an amount of R27 947.10 for damages.	27,947
12	SELLO SILAS SETHOSA - The municipality is sued for an amount of R80 610.52 for vehicle collision.	80,611
13	LEDWABA NDLOVU TRADITIONAL AUTHORITY AND 71 OTHERS - The municipality is sued for damages of R500 000 for unlawful dispossession of arable land.	500,000
14	SEBATA Municipal solutions - The municipality is sued for non-payment of invoices.	4,943,578
		70,799,593

Should the action be successful the municipality does have insurance cover to cover litigation costs and claims.

There is no reimbursement from any third parties for potential obligations of the municipality.

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38. Risk Management

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 June 2020				
Trade and other payables	104,456,029			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 June 2019				
Trade and other payables	56,760,967			

Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

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Risk Management continued...

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

Financial instrument

Receivables from exchange transactions	47,974,141	34,125,557
Receivables from non-exchange transactions	5,639,180	5,186,429
Cash and cash equivalent	168,504,049	89,297,761

No receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 4 & 5 of the financial statements is an approximation of its fair value. Interest on overdue balances (rates) are included at 10% where applicable.

For financial assets which are past due and impaired refer to note 4 & 5. None of the financial assets terms have been renegotiated. None of the financial assets were used as security or collateral.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed above.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed above.

Interest rate risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

Foreign exchange risk

The municipality does not engage in foreign currency transactions.

Price risk

The municipality is not exposed to price risk.

The municipality does not hedge foreign exchange fluctuations.

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39. Financial Instruments disclosure

Categories of financial instruments

Financial Assets	Classification		
Investments			
Short term deposits	Held to maturity	150,980,914	
Consumer Debtors			
Receivables from non exchange transactions	Financial instruments at amortised cost	5,639,180	5,186,429
Receivables from exchange transactions	Financial instruments at amortised cost	47,974,141	34,125,557
Bank Balances and Cash			
Call Deposits	Financial instruments at amortised cost	13,191,907	83,867,594
FNB Paymaster account	Financial instruments at amortised cost	1,576,831	1,994,397
FNB revenue account	Financial instruments at amortised cost	1,770,849	2,708,012
FNB salaries account	Financial instruments at amortised cost	976,537	708,918
Cash Floats and Advances	Financial instruments at amortised cost	7,011	18,840
Summary of Financial Assets		<u>222,117,370</u>	<u>128,609,747</u>
Financial Liability	Classification		
Trade Payables			
Payables from exchange transactions	Financial instruments at amortised cost	104,456,029	56,760,967
Summary of Financial Liability		<u>104,456,029</u>	<u>56,760,967</u>

40. Events after the reporting date

The municipality have not identified any material non-adjusting events after the reporting date relating to the financial period then ended 30 June 2020.

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41. Going concern

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.

We draw attention to the fact that at 30 June 2020, the municipality had an accumulated surplus of R1,240,433,791 and that the municipality's total assets exceed its liabilities by R1,240,433,791.

The Council is not aware of any new material changes that may adversely impact the Municipality. The Council is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Municipality.

42. Fruitless and wasteful expenditure

Opening balance as previously reported	2,032,791	1,987,888
Add: Fruitless and wasteful Expenditure - current year	16,946,882	44,903
Closing balance	<u>18,979,673</u>	<u>2,032,791</u>

Expenditure identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings	2020
Interest charged on overdue ESKOM accounts	Under investigation (Due to late submission of invoices)	19,237
Penalties Charged on Licensing of Municipal Vehicles	Under investigation.	6,028
Poor project management	In progress	16,921,617
		<u>16,946,882</u>

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43. Unauthorised expenditure

Opening balance as previously reported
Add: Unauthorised expenditure for the year
Closing balance

6,345,735	5,828,092
14,110,791	517,643
<u>20,456,526</u>	<u>6,345,735</u>

Unauthorised expenditure for the current year

Recreational Facility Maijane - The project was initially budgeted for R3, 000,000.00 in 2018-2019 financial year and adjusted downwards to R1,000,000.00 in the same year and not rolled over/ budgeted for in 2019-2020 financial year but adjusted to R1, 317,736 during adjustment budget and did not cater the retention. The amount of R1317736.12 was paid to consultant [Aobakwe Consulting Engineers and project managers] and retention of R69 354.53 was withheld and had to be capitalised against the expenditure vote. The total budget required is R1 387 091, hence the shortfall. The project is not completed.

69,355

Electrification of Makgophong 110 HH - The project was initially budgeted for R300, 000.00 in 2019-2020 financial year and adjusted upwards to R750, 000 during adjustment budget and did not cater the retention. Mahlatji Mmmetji was paid R946 875 for two (02) certificates and retention on the second certificate and portion of the payment to contractor was over the budget hence the shortfall. The project is not completed.

63,971

Electrification of Mahlatjane 109 HH - Unauthorized expenditure is caused by over commitment on the budget vote due to exclusion of consulting fees and it was not adjusted during budget adjustment process in January 2020.

184,054

Under budgeting for provision for bad debts - The provision for bad debts vote falling under budget and treasury was not budgeted for the 2019-20 financial period. When actual expenditure for the year was reported upon AFS compilation it resulted overspending of the vote.

3,471,366

Under budgeting for provision for bad debts and depreciation - The provision for bad debts vote and depreciation falling under community services was not adequately budgeted for the 2019-20 financial period. When actual expenditure for the year was reported upon AFS compilation it resulted overspending of the vote.

10,322,045

14,110,791

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44. Irregular expenditure

Opening balance as previously reported	348,773,698	263,729,214
Prior period error. Refer to Note 35	13,849,344	38,615,184
Opening balance as restated	<u>362,623,042</u>	<u>302,344,398</u>
Add: Irregular Expenditure - current	9,280,239	2,572,383
Add: Irregular Expenditure relating to expenditure identified in prior year	9,649,275	43,856,917
Irregular expenditure awaiting condonement by National Treasury	<u>381,552,556</u>	<u>348,773,698</u>

Incidents/cases identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings	Amount
Request for quotation not sent out at least 14 days before the closing date	Under Investigation	
Request for quotation not sent out at least 14 days before the closing date		651,447
Invitation and local content not part of specification	Under Investigation	1,352,524
Bid document not fully initialized	Under Investigation	1,706,910
Bidders did not include municipal rates, taxes and service charges for director(s), however they were awarded with contracts	Under Investigation	66,460
The contracts were extended without the approval of council	Under Investigation	1,093,755
Bid committees were not involved in the awarding of the bid	Under Investigation	7,511,354
Tender above 10m not advertised for 30 days	Under Investigation	481,515
Bookings arranged for overnight accommodation for less than 500km (to and from destination) not in line with the cost containment	Under Investigation	19,668
Bookings made without approval by delegated officials	Under Investigation	31,432
Bid specification and bid document did not include local content production and minimum threshold		2,088,616
Other		3,925,834
		<u>18,929,514</u>

Possible irregular expenditure to the amount of R4 062 070 was identified but still needs to be confirmed based on 80 and 90 consultation. The possible irregular is under investigation to see if it meets the definition of irregular expenditure.

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45. Additional disclosure in terms of Section 125 (Municipal Finance Management Act Section 2003)

Contribution to SALGA

Current year subscription / fee	1,102,390	1,064,940
Amount paid - current year	(1,102,390)	(1,064,940)
	<u>-</u>	<u>-</u>

Audit fees

Opening balance	9,436	9,436
Current year fee	3,322,609	3,005,877
Amount paid - current year	(3,322,609)	(3,005,877)
Closing balance	<u>9,436</u>	<u>9,436</u>

The outstanding audit fees is part of the creditors accruals for the year.

PAYE and UIF

Opening balance	295	
Current year subscription / fee	17,386,662	16,605,068
Amount paid - current year	(17,386,662)	(16,604,773)
Closing balance	<u>295</u>	<u>295</u>

Pension and medical aid deductions

Current year subscription / fee	26,566,193	25,078,570
Amount paid - current year	(26,566,193)	(25,078,570)
Closing balance	<u>-</u>	<u>-</u>

VAT

VAT receivable/(payable)	1,749,227	(5,327,508)
	<u>1,749,227</u>	<u>(5,327,508)</u>

VAT is payable on the cash basis.

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

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46. Related parties

Relationships

Key management information

Class	Name	Number
Executive management		
Acting Municipal Managers	Mashamba N.S	1
Acting Municipal Managers	Gafane L.A	1
Acting Chief Financial Officer	Ngobeni R.M	1
Director: Technical Services	Ruiters R.S	1
Director: Community Services	Moroswi T.S	1
Director: Corporate Services	Nogilana Rapheja P.F	1
Director: Strategic Planning (LED)	Monyepao M.A	1
Acting Director: Strategic Planning (LED)	Maphony LD	1
Acting Director: Corporate Services	Mashita WT	1
Acting Director: Corporate Services	Somo PD	1
Acting Chief Finance Officer	Moema M.D	1
Acting Chief Finance Officer	Ramuhulu R.H	1
Acting Chief Finance Officer	Masemola M.N	1
Acting Director: Technical Services	Phasha MT	1
Council		
Mayor	Molala Matshipsana Merrjam	1
Executive Committee members	Refer under General Information for Executive Committee members	9
Councillors	Refer to General Information under Councillors	50

Remuneration of management

2020	Basic salary	Other short term employee benefits	Post employment benefits	Other long term benefits	Other benefits received	Total
Municipal Manager	-	28,352	-	-	2,000	30,352
Chief Financial Officer	-	78,258	-	-	-	78,258
	-	106,610	-	-	2,000	108,610

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Related parties continued...

2019	Basic salary	Other short term employee benefits	Post employment benefits	Other long term benefits	Other benefits received	Total
Municipal Manager	454,510	144,324	153,777	50,902	12,000	815,513
Chief Financial Officer	813,635	-	4,015	-	24,000	841,650
	1,268,145	144,324	157,792	50,902	36,000	1,657,163

Executive management

2020	Technical Services	Community Services	Corporate Services	Strategic Planning (LED)	Total
Categories					
Annual remuneration	742,387	481,969	128,662	-	1,353,018
Acting allowances	5,307	-	25,905	-	31,212
Travel, Motor Car, Accommodation and other allowances	328,280	255,996	65,155	-	649,431
Contribution to UIF, Medical Aid and Pension Funds	62,797	156,482	75,633	-	294,911
Other allowances	24,000	24,000	6,000	-	54,000
	1,162,770	918,447	301,355	-	2,382,572

2019	Technical Services	Community Services	Corporate Services	Strategic Planning (LED)	Total
Categories					
Annual remuneration	726,048	569,545	-	295,559	1,591,152
Acting allowances	-	84,226	-	54,008	138,234
Travel, Motor Car, Accommodation and other allowances	311,163	244,090	-	142,386	697,639
Contribution to UIF, Medical Aid and Pension Funds	62,887	152,372	-	87,223	302,482
Other allowances	24,000	24,000	-	14,000	62,000
	1,124,098	1,074,233	-	593,176	2,791,507

For more details on remuneration of executive management, please refer to note 26.

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Related parties continued...

Councillors

2020

Surname and Initials	Basic salary	Allowances	Total
Molala MM	770,183	58,635	828,818
Ntsoane PB	522,586	210,502	733,088
Thobejane TA	489,926	200,121	690,046
Ramokolo MM	520,772	174,253	695,025
Makgati MA	489,926	200,121	690,046
Themane MD	489,926	200,121	690,046
Mollo MI	480,082	196,992	677,074
Mphofela SM	352,689	51,904	404,593
Mogashoa A	273,319	131,273	404,593
Mphahlele RL	273,319	131,273	404,593
Tsela FD	273,319	131,273	404,593
Leshilo GK	272,430	44,400	316,830
Thobejane TC	272,430	44,400	316,830
Rababalela SM	270,443	130,585	401,028
Ratau IG	270,443	130,585	401,028
Doubada NN	265,296	128,723	394,019
Ramalebana LM	212,399	104,431	316,830
Lekoana MR	212,399	104,431	316,830
Seribishane KG	212,399	104,431	316,830
Chidi MV	212,181	104,649	316,830
Kgoko RD	206,724	110,106	316,830
Makola J	206,724	110,106	316,830
Babile PT	206,724	110,106	316,830
Kgweedi MM	206,724	110,106	316,830
Ledwaba CS	206,724	110,106	316,830
Mallula LM	206,724	110,106	316,830
Masebe BN	206,724	110,106	316,830
Masemola SG	206,724	110,106	316,830
Mathabatha TP	206,724	110,106	316,830
Mohlala LN	206,724	110,106	316,830
Molala MJ	206,724	110,112	316,836
Mphahlele TJ	206,724	110,106	316,830
Ntshabeleng PS	206,724	110,106	316,830
Ntswane MR	206,724	110,106	316,830
Phele RS	206,724	110,106	316,830
Takalo ME	206,724	110,106	316,830
Thobejane L	206,724	110,106	316,830
Choung CM	206,724	110,106	316,830
Kutumela FM	206,724	110,106	316,830
Ledwaba JL	206,724	110,106	316,830
Ledwaba PE	206,724	110,106	316,830
Mabula RO	206,724	110,106	316,830
Makgahlele MB	206,724	110,106	316,830
Marema TG	206,724	110,106	316,830

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Related parties continued...

Matsimela MD	206,724	110,106	316,830
Mmotla MM	206,724	110,106	316,830
Mogamedi VM	206,724	110,106	316,830
Mohlala PM	206,724	110,106	316,830
Molaba RG	206,724	110,106	316,830
Molatjana ML	206,724	110,106	316,830
Morotoba NL	206,724	110,106	316,830
Mvundlela MW	206,724	110,106	316,830
Nkuna FM	206,724	110,106	316,830
Petje LT	206,724	110,106	316,830
Ramoghaba RS	206,724	110,106	316,830
Shogole mw	206,724	110,106	316,830
Takalo PS	206,724	110,106	316,830
Tlabjane JB	206,724	110,106	316,830
Phoshoko SD	153,337	80,245	233,582
Mphuti T	138,418	79,439	217,857
Thindisa DM	3,559	4,886	8,446
	15,287,287	6,931,716	22,219,004

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Related parties continued...

2019

Surname and Initials

Basic salary

Allowances

Total

Sibandā-Kekana NG (resigned May 2019)

408,520

166,748

575,268

Ntsoane PB

500,364

240,595

740,959

Thobejane TA

469,092

208,831

677,923

Mogashoa A

240,053

153,601

393,654

Ramokolo MM

647,380

126,761

774,141

Makgati MA

469,092

262,261

731,353

Mphahlele RL

261,697

187,775

449,472

Mphofela SM

297,774

142,594

440,368

Tsela FD

261,697

154,521

416,218

Maluleke HD (resigned April 2019)

196,758

128,758

325,516

Themanè MD

469,092

239,720

708,812

Mollo MJ (MPAC Chairperson)

459,667

233,172

692,839

Doubada NN (Ethics Chairperson)

254,014

126,557

380,571

Makgahlele MB

197,933

109,594

307,527

Marema TG

197,933

108,419

306,352

Takalo PS

197,933

139,500

337,433

Mabula RO

197,933

129,992

327,925

Thobejane TC

261,952

45,040

306,992

Shogole MW

197,933

139,414

337,347

Ledwaba CS

197,933

112,899

310,832

Ratau IG

197,933

110,991

308,924

Rababalela SM

197,933

148,526

346,459

Maleka PI (resigned April 2019)

148,817

92,103

240,920

Molaba RG

197,933

145,854

343,787

Seribishani KG

234,665

74,375

309,040

Thobejane L

197,933

165,166

363,099

Mphuti T

234,665

71,687

306,352

Kgokolo RD

197,933

124,795

322,728

Ntshabeleng PS

197,933

130,501

328,434

Mailula NM

197,933

130,448

328,381

Mphahlele TJ

197,933

128,964

326,897

Mamosebo MJ (resigned April 2019)

148,817

97,774

246,591

Tlabjane JB

197,933

121,479

319,412

Mmotla MN

197,933

165,585

363,518

Moganedi VM

197,933

165,862

363,795

Babile PT

197,933

145,808

343,741

Kutumela MF

234,665

87,417

322,082

Mvundlela SW

197,933

150,591

348,524

Nkuna FM

197,933

123,413

321,346

Ledwaba JL

197,933

125,257

323,190

Molatjana ML

197,933

166,508

364,441

Ledwaba PE

197,933

149,378

347,311

Kgweedi MM

197,933

138,092

336,025

Morotoba NL

197,933

115,225

313,158

Choung CM

234,665

88,023

322,688

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Related parties continued...

Takalo ME	197,933	122,421	320,354
Lekoana MR	234,665	71,687	306,352
Leshilo GK	261,952	46,448	308,400
Petje LT	197,933	122,600	320,533
Ntswane MR	197,933	148,835	346,768
Ramalebana LM	78,109	11,100	89,209
Mathabatha MP	197,933	122,023	319,956
Matsimeja MD	197,933	172,582	370,515
Ramoshaba RS	197,933	125,689	323,622
Thindisa DM	197,933	120,794	318,727
Masemola SG	197,933	134,503	332,436
Phele RS	197,933	149,485	347,418
Mohlala PM	197,933	137,804	335,737
Mofala MJ	197,933	115,024	312,957
Masebe BN	78,109	11,100	89,209
Chidi V	78,109	11,100	89,209
Mohlala LN	65,437	23,773	89,210
	14,355,415	7,967,542	22,322,957

Councillors' arrear consumer accounts owing

Choung C.M
Mollo M.I
Ramalebana L.M

Outstanding less than 90 days	Outstanding more than 90 days	Total
199	-	199
559	609	1,168
223	6,940	7,163
982	7,549	8,531

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47. 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 and includes a note to the annual/interim financial statements.

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned

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Deviation from supply chain management regulations continued...

Supplier Name	Services provided	Reason for deviation	Amount
The Institute of Internal Auditors SA	Registration fee for Rampuru Setati attending Public Sector Forum	Institute of Internal Auditors SA was hosting public sector forum on 04-05 February 2019, as a results obtaining quotes from other service providers becomes impractical.	4,186
Institute of Waste Management	Registration fee for L Kanyane attending Waste Management Conference	The institute of waste management of Southern Africa will be hosting its bi annual waste management conference in Gauteng from 15-19 October 2018, as a results obtaining quotes from other service providers becomes impractical	6,060
Institute for Municipal Administrators of South Africa	Registration fee for Mr PD Somo attending IMASA annual general meeting	The institute for municipal administrators of South Africa will be hosting its 20 IMASA annual general meeting and conference on 17-19 October 2018, as a results obtaining quotes from other service providers becomes impractical	4,500
Institute of Traffic and Municipal police officers of Southern Africa	Registration fee for ITMPOSA annual conference at Durban from 9-10 November 2016	ITMPOSA hosted the annual conference at Durban and as a results obtaining quotations from other service providers becomes impractical.	11,700
Ramsay Media Pty Ltd	Registration fee for exhibition expo for a square meter shell space(stall and design furniture) for 2018 Gauteng gate way show	Ramsay Media is the only service provider that is managing the process of exhibition for the 2018 Gauteng gateway show and as a results obtaining quotations from other service providers becomes impractical	27,556
Chartered institute of government finance audit and risk officers	Registration fee for CIGFARO 90th annual conference at Durban international convention from 07-09 October 2019 for Mr. Gafane T	CIGFARO hosted the annual conference at Durban and as a results obtaining quotations from other service providers becomes impractical.	8,024
Chartered institute of government finance audit and risk officers	Registration fee for CIGFARO 90th annual conference at Durban international convention from 07-09 October 2019 for Mr. Rüdzeni Ramuhulu	CIGFARO hosted the annual conference at Durban and as a results obtaining quotations from other service providers becomes impractical.	8,024
Pay Day Software System cc	Payday assistance for easy filling from the 05-08 November 2019.	Payroll Unit is using payroll system for easy filling and as a results obtaining quotations from other service providers becomes impractical.	29,946

Lepelle-Nkumpi Municipality

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Deviation from supply chain management regulations continued...

Institute of Internal Auditors of South Africa	Renewal of Institute of Internal Auditors South Africa membership for Internal Audit officials.	Internal Audit Unit are members of the Institute of Internal Auditors of South Africa and the have to renew their membership with IASA on an annual basis, as a result obtaining quotes from other service providers becomes impractical.	10,120
Sherriff Phalala	Preliminary services of the employed staff and purchase of equipment to dismantle the illegal structures by the Sherriff against the court order from the Polokwane High Court against illegal occupiers of the farm Voorspoed 458KS	Sherriff Phalala was authorized by the court to act on behalf of the Municipality against illegal occupiers of the farm Voorspoed 458KS hence obtaining other quotations became impractical	20,000
Lesego rato Legacy Pty Ltd	Supply and delivery of COVID -19 Protective equipments 100 boxes of medical examination gloves ;100 Saniters (1 litre)	Due to outbreak of the COVID 19 that was declared a national disaster, an urgent request to protective equipment's in order to flatten the curve of infections was received, service providers were invited and advertising for 7 days on the notice board and website was impractical due of the urgency of the request	48,790
MJA Brothers Suppliers	Procurement of 08 infrared thermometer temperature scanners (hand held)	Due to outbreak of the COVID 19 that was declared a national disaster, an urgent request to procure temperature scanners in order to flatten the curve of infections for the virus was received hence obtaining three quotations became impractical due of the urgency of the request.	17,600
Nora Elie Pty Ltd	Supply and delivery of COVID 19 Protective equipment's 1000 Surgical cloves,1500 Surgical mask,100 Apron ,20 Saniters and disinfectants (20 liter)and 50 spray bottles (500ml)	Due to outbreak of the COVID 19 that was declared a national disaster, an urgent request to protective equipment's in order to flatten the curve of infections was received, service providers were invited and advertising for 7 days on the notice board and website was impractical due of the urgency of the request	59,962
Zebedjela Community radio station	Advertisement of IDP of radio advert (02-05 June 2020 and interview of the mayor (for 45 minutes) on Draft IDP and budget 2020/21	Advertising on local radio station to attract local residents within Lepelle- nkumpi Municipality area of jurisdiction on call for inputs and comments on 2020/21 draft IDP and budget and 2019-2020 amended process plan hence obtaining three quotations was impractical	14,400

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Deviation from supply chain management regulations continued...

Tepzen connect	Advertisement of IDP of radio advert (02-05 June 2020 and interview of the mayor (for 45 minutes) on Draft IDP and budget 2020/21	Advertising on local radio station to attract local residents within Lepelle- nkumpi Municipality -area of jurisdiction on call for inputs and comments on 2020/21 draft IDP and budget and 2019-2020 amended process plan hence obtaining three quotations was impractical	15,500
Capricorn Voice	Advertisement of IDP of radio advert (02-05 June 2020 and interview of the mayor (for 45 minutes) on Draft IDP and budget 2020/21	Advertising on local radio station to attract local residents within Lepelle- nkumpi Municipality -area of jurisdiction on call for inputs and comments on 2020/21 draft IDP and budget and 2019-2020 amended process plan hence obtaining three quotations was impractical	69,010
Sherrif Phalalang	The Municipality obtained a court order at Polokwane high court against illegal occupiers of the farm Voorspoed 458 KS	The Municipality obtained a court order at Polokwane high court against illegal occupiers of the farm Voorspoed 458 KS hence advertising for 7 days on the website was not practical	132,161
Mothokwa pest control and Projects	Fumigation of all municipal offices (Cultural Centre, civic Centre, Traffic Department, Library, Technical services, pound and civic hall) also the passages and entrances including 62 Municipal vehicles for the purpose of disinfecting the Corona Virus	Due to outbreak of the COVID 19 that was declared a national disaster, an urgent request to protective equipment's in order to flatten the curve of infections was received, service providers were invited and advertising for 7 days on the notice board and website was impractical due of the urgency of the request	86,800

574,339

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48. Budget information and explanation of differences

Material differences between the final budget and actual amounts

Statement of financial performance

Revenue

Rental of facilities and equipment

There were less bookings than anticipated

Water and sanitation : Commission Earned

The budget was based on 30% actual cash collection while the actual includes billing

Agency fees : Licences and permits

Under collection due to COVID 19 lockdown

Other revenue

Other revenue budget includes accumulated surplus of an amount of R25 500 000,00 from the savings of the previous financial year

Finance income – Exchange

An increase in interest on overdue accounts was due to a decline in payment of municipal services as a result of Covid 19.

Government grants and subsidies received –

Operating

The slow spending is due to the fact that most of the projects are still at various stages of SCM processes and non-adherence of procurement plan due to National State of Disaster of Covid 19 pandemic declared by the President during March 2020

Traffic fines

More traffic fines were issued than anticipated.

Expenditure

Remuneration of councillors

Over budgeting on councillors allowances.

Finance cost

Finance lease contract expired.

Provision for impairments

adjustment

The provision is more than anticipated due to non-payment of services.

Repairs and maintenance

Under spending on repairs and maintenance is due limited activities as a result of COVID 19 lockdown.

Lepelle-Nkumpi Municipality

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Annual Financial Statements for the year ended 30 June 2020

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Budget information and explanation of differences continued...

Contracted services

Under spending on contracted services is due limited activities as a result of COVID 19 lockdown and due to MSCOA budget classification which affect general expenses.

Free Basic Services : Electricity

The number of indigent beneficiaries reduced significantly due to low turn up of registration.

General expenses

Over spending on general expenses is due to MSCOA budget classification which affect the contracted services budget.

Inventories

There was a prior year write down that was not anticipated during budget.

Receivables from exchange transactions

The variance resulted from continuous culture of non-payment of municipal services and the interruption implementation of credit control and debt collection policies and by-laws by Covid 19 pandemic.

Receivables from non-exchange transactions

There was an anticipation of an increase in property rates billing and debtors as a result of sale and registration of properties in Unit H and by Department of Public Works. The process was therefore interrupted by the Covid 19 pandemic.

Cash and cash equivalents

The balance is due to non spending of expenditure as a result of Covid-19

Investment property

Unregistered properties belonging to the Municipality were recognised.

Intangible assets

The variance is due to software capitalisation that was not anticipated.

Heritage assets

Heritage assets were budgeted for under PPE

Payables from exchange transactions

The variance is due to retentions withheld as most of the projects are not yet completed due to Covid-19 and also that accrual and Leave days budgeted for but no longer encashed.

Finance lease obligation

The lease contract expired.

Unspent conditional grants and receipts

The budget of R14,557,490 was the unspent grants for 2018-2019 financial year and the actual unspent amount of R16,892,408 was due to FMG and MIG unspent grants for 2019-2020 which was due to the slow spending of the projects that are still at various stages of SCM processes and non-adherence of procurement plan due to National State of Disaster of Covid 19 pandemic declared by the President during March 2020

Lepelle-Nkumpi Municipality

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Annual Financial Statements for the year ended 30 June 2020

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Budget information and explanation of differences continued...

Provisions

The variance is due to change in valuation methodology on the landfill site provision.

Chapter 6: Auditor general's report

Report of the auditor-general to Limpopo Provincial Legislature and the council on Lepelle-Nkumpi Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Lepelle-Nkumpi Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2020, statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Lepelle-Nkumpi Local Municipality as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2019 (Act No. 16 of 2019) (DoRA).

Context for the opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 35 to the financial statements, the corresponding figures for 30 June 2019 have been restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2020.

Material impairments

8. As disclosed in note 30 to the financial statements, material impairments to the amount of R50 849 776 were incurred as a result of long outstanding receivables.

Uncertainty relating to the future outcome of litigations

9. With reference to note 37 to the financial statements, the municipality is the defendant in various claims. The municipality is opposing the claims. The ultimate outcome of these matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Other matters

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

Unaudited disclosure notes

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

Unaudited supplementary schedules

12. The supplementary information as 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.

Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and DoRA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect

a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on the audit of the annual performance report

Introduction and scope

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
18. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priority presented in the municipality's annual performance report for the year ended 30 June 2020:

Development priority	Pages in the annual performance report
Key performance area – basic service delivery and infrastructure development	X – X

20. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
21. I did not identify any material findings on the usefulness and reliability of the reported performance information for this development priority:
- Basic service delivery and infrastructure development

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year. This information should be considered in the context of the opinion expressed on the usefulness and reliability of the reported performance information in paragraph x of this report.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Basic Service Delivery and Infrastructure Development. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

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

26. The material findings on compliance with specific matters in key legislation are as follows:

Financial statements and annual reports

27. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.

Material misstatements of non-current assets, current assets, revenue and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

28. Reasonable steps were not taken to prevent irregular expenditure amounting to R18 929 514 as disclosed in note 44 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by non-compliance with the applicable supply chain management legislation. Irregular expenditure amounting to R1 043 870 was incurred on selected key project LNM002/2019/20: Upgrading of Kliphuiwel access road from gravel to tar and stormwater control

29. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R16 946 882, as disclosed in note 42 to the annual financial statements, in contravention of

section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by poor project management.

30. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R14 110 791, as disclosed in note 43 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by project expenditure in excess of the approved budget amounts.

Asset management

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

Procurement and contract management

32. Some of the contracts were awarded to bidders based on points given for criteria that differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the preferential procurement regulations. This non-compliance was identified in the procurement processes for the following key projects:

- LNM002/2019/20: Upgrading of Kliphuiwel access road from gravel to tar and stormwater control
- LNM009/2019/20: Construction of Maralaleng community hall
- LNM031/2017/18: Completion of Hwelereng Access Road from Gravel to Tar

33. Some of the bid documentation for procurement of commodities designated for local content and production, did not stipulated the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2).

Other information

34. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
35. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
36. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

37. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

38. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
39. Non-compliance with legislation as detailed under the *Findings on compliance with legislation* section of this report could have been prevented had compliance been properly reviewed and monitored.
40. The municipality developed and monitored plans to address prior year external audit findings, but the plans did not adequately address the significant findings on compliance with legislation included in this report. This is evident in the repeat findings as detailed under the *Findings on compliance with legislation* section of this report.

Other reports

41. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
42. An independent forensic consultant investigated allegations of employee misconduct, fraud and other irregular activities, which covered the period 2017-18 to 2019-20. The investigation was concluded on 31 August 2020 and resulted in disciplinary actions against employees.

43. The municipality instituted civil claims against the former employees that were responsible for investing money at the Venda Building Society. The matter was reported to South African Police Service which was then referred to the South Africa's Directorate for Priority Crime Investigation and was still in progress at the date of this report.

Auditor-General

Polokwane

13 May 2021



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

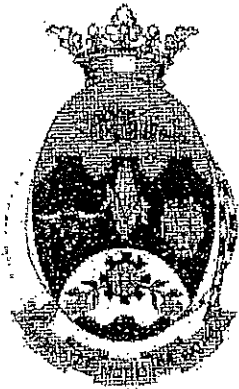
2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks;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

Communication with those charged with governance

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

reasonably be thought to have a bearing on my independence and, where applicable, the actions taken to eliminate threats or the safeguards applied.

Appendix G: Recommendations of the audit committee



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**LEPELLE-NKUMPI
LOCAL MUNICIPALITY**

Enquiries: Adv. HM Manthata
Cell. No: 060 819 8907

31 March 2020.

Attention: Municipal Council

RE: AUDIT AND PERFORMANCE COMMITTEE HAND OVER REPORT

The purpose of this report is to provide the Council and new Audit and Performance Committee with the background of the performance of the Municipality based on the engagement between the Audit and Performance Committee with Management reports submitted to the Audit and Performance Committee and the reports of Audit and Performance Committee to Council from April 2017 to March 2020.

1. Audit and Performance Committee Responsibility

Audit and Performance Committee managed to fulfill its roles and responsibilities as outlined in section 166 of the Municipal Finance Management Act 56 of 2003 (MFMA) and the approved Audit and Performance Committee Charter. The Audit and Performance Committee adopted appropriate formal terms of reference as contained in the Audit and Performance Committee Charter approved by the Municipal Council, regulated its affairs in compliance with the charter and has discharged its responsibilities as contained therein. The Audit and Performance Committee is supported by the Internal Audit Unit of the Municipality in order to discharge and fulfill its responsibilities.

Section 166 of the Municipal Finance Management Act No. (MFMA), provides that the Audit Committee shall:

- "a. advise the Municipal Council, the political office bearers, the accounting officer and the management of the municipality, on matters relating to;*
 - i. internal financial control and internal audit*
 - ii. risk management*

- iii. accounting policies
 - iv. the adequacy, reliability and accuracy of the financial reporting and information
 - v. performance management
 - vi. effective governance
 - vii. Compliance with the MFMA and any other applicable legislation.
 - viii. performance evaluation
 - ix. Any other issues referred to it by the municipality or municipal entity.
- b) Review the annual financial statements to provide the municipal council and the management with an authoritative and credible view of the financial position of the municipality, its overall level of compliance with MFMA or any other applicable legislation.
 - c) Respond to council on any issues raised by the Auditor General in the audit report.
 - d) Carry out such investigations into the financial affairs of the municipality as requested by the municipal council.
 - e) Perform such other functions as may be prescribed"

2. Audit and Performance Committee Members

The Audit and Performance Committee was appointed with effect from 01 April 2017. It is constituted by the members listed hereunder, and it has to meet at least four times a year as prescribed or more when the need arises. The Audit and Performance Committee was able to comply with section 166 (4) (b) of the Municipal Finance Management Act and the approved Audit and Performance Committee Charter.

Date of Appointment	Name of Member	Portfolio
01 April 2017	Adv. HM Manthata	Chairperson
01 April 2017	Mr. C Sefala	Member
01 April 2017	Mr. MP Mongalo	Member
01 April 2017	Ms. NJ Manthata	Member
01 April 2017	Ms. PN Marota	Member

Note: Audit and Performance Committee Member, Ms. N Marota resigned on 30 November 2017

3. Attendance of Audit and Performance Committee Meetings by Officials

- 1. Meetings held were in line with MFMA and Audit and Performance Committee Charter.
- 2. Intended objectives were partially met, due to non – submission of some of the reports.

3. Attendance of meetings by officials was not satisfactory due to unavailability of other Executive Managers during some of the Audit and Performance Committee meetings. It should be noted that this is based on the fact that attendance of meetings by officials has not been consistent.

4. Audit and Performance Committee Inputs on Progress Report on Implementation of Previous Audit Committee Resolutions

It should be noted that the percentage reflects the implementation status before the end of the 2019/2020 financial year.

Audit and Performance Committee noted the satisfactory progress reported on implementation of Audit and Performance Committee resolutions. (Refer to the table below on status of implementation of Audit and Performance Committee resolutions as presented by management to the Audit Committee):

4.1. AUDIT AND PERFORMANCE COMMITTEE RESOLUTIONS FROM FEBRUARY 2014 TO JUNE 2019

Financial Year	Number of resolutions raised	Number of resolutions addressed	Number of resolutions outstanding	%
2013/2014	101	100	1	99%
2014/2015	113	113	0	100%
2015/2016	118	118	0	100%
2016/2017	268	267	1	99%
2017/2018	106	105	1	99%
2018/2019	129	123	6	95%
2019/2020	129	87	42	67%
Total	963	913	51	95%

4.2 Stakeholders resolutions should be integrated and included in the combined assurance plan for regular monitoring.

4.3 Implementation of the Audit and Performance Committee resolutions is excellent.

5. The Effectiveness of Internal Control

5.1 The system of internal control is designed to manage risk in the Municipality and to ensure that the Municipality is able to achieve its objectives and goals. Scrutiny of Internal Auditor's reports indicates that there are serious weaknesses in the implementation of the designed internal control system of the Municipality. Audit Committee further determined that Municipality has established a mechanism to ensure that Internal Audit findings are addressed. Below is the statistic summary of Internal Audit findings raised and progress on implementing of the findings:

5.2 Total number of findings raised from 2010 to 2020 is 1269, implemented findings are 1162 and outstanding are 107. Municipality is on 92% implementation.

5.3 Internal Audit Findings raised per financial year:

Financial Year	Number of findings raised	Number of findings addressed	Number of findings outstanding	%
2010/2011	32	32	0	100%
2011/2012	125	125	0	100%
2012/2013	114	114	0	100%
2013/2014	85	83	2	98%
2014/2015	105	104	1	99%
2015/2016	224	220	4	98%
2016/2017	265	261	4	98%
2017/2018	134	131	4	98%
2018/2019	141	102	39	72%
2019/2020	35	1	34	03%
Total	1269	1162	107	92%

5.4 Council should take note that non implementation of Internal Audit findings contributes to unfavorable audit opinion, poor performance of the Municipality and non - achievement of Municipal objectives. Internal Audit findings reflect the risk which Municipality is exposed to.

5.5 Management should strive to reduce the Audit findings while preventing any recurrence.

5.7 Implementation of Internal Audit Findings has improved from 88% in 2017/2018 financial year to 91% in 2018/2019 financial year, and 92% in 2019/2020 (July 2019 March 2020) it is therefore excellent.

6. The Effectiveness of the Internal Audit Activity

6.1. The Internal Audit unit consists of the Chief Audit Executive, Senior Internal Auditor – Risk based, Senior Internal Auditor Performance based and Internal Auditor.

6.2. Effectiveness of Internal Audit Unit is hampered by inadequate staffing.

6.3. The Municipality is advised to capacitate Internal Audit, Risk Management and Performance Management Units as a matter of urgency.

6.4 The Audit Committee is satisfied with the quality of Internal Audit reports.

6.5 Internal Audit Unit provides excellent support to the Audit Committee.

7. Implementation of Internal Audit Plan

In the approved Internal Audit Plan for 2019/2020 financial year, Internal Audit had 16 planned audit projects for the year and 4 projects were scheduled for the first quarter and 1 project for the second quarter of the financial year. 4 x projects were completed in the first quarter and 3 x projects were completed in the second quarter of 2019/2020 financial year, which consist of 1x project planned for the quarter, 1x which was planned for the third quarter and 1x Ad-hoc audit requested by Council. The table below reflects the status of implementation of the approved audit plan and challenges encountered for the stated financial year:

No	Project Name	Timing	Status	Period reported to Audit Committee	Challenges
1.	Review of 2018/2019 Annual Financial Statements	1 st quarter	Completed	23 August 2019	Late submission of the draft AFS and non - submission of the Audit file.
2.	Review of 2018/2019 Annual Performance Report	1 st quarter	Completed	30 August 2018	Late submission of the draft APR and evidence files
3.	Audit of PMS Processes - Compliance	1 st quarter	Completed	21 October 2019	None
4.	Risk Management Processes	1 st quarter	Completed	21 October 2019	None
5.	PMS Audit for 1 st quarter	2 nd quarter	Completed	20 January 2020	Delays in responding to Internal Audit

					requests and non and late – availability of Employees for physical inspection of Projects.
6.	2019/2020 second quarter PMS Report and Mid – Year report	3 rd quarter	Completed	20 January 2020	Late submission of information
7.	2018/2019 Annual Report	3 rd quarter	Completed	20 January 2020	Late submission of information
8.	Audit Of Landfill site	3 rd quarter	Completed	20 January 2020	None
9.	SCM Audit - Tenders	3 rd quarter	Not Applicable	Not Applicable	Not Applicable
10.	SCM Audit - Quotations	3 rd quarter	Not Applicable	Not Applicable	Not Applicable
11.	Project Management	3 rd quarter	Not Applicable	Not Applicable	Not Applicable
12.	Follow – Up on AGSA Findings	3 rd and 4 th quarter	Not Applicable	Not Applicable	Not Applicable
13.	Audit of MSCOA Processes	4 th quarter	Not Applicable	Not Applicable	Not Applicable
14.	Revenue Management	4 th quarter	Not Applicable	Not Applicable	Not Applicable
15.	2019/2020 Third quarter PMS Report	4 th quarter	Not Applicable	Not Applicable	Not Applicable
16.	Review of 2020/2021 IDP, Budget and SDBIP	4 th quarter	Not Applicable	Not Applicable	Not Applicable
17.	Audit on Performance of Sebata Municipal Solution (PTY) Ltd contract on MSCOA Project	Ad - Hoc	Completed	20 January 2020	Late submission of evidence and late provision of Management comments

8. Accounting and Auditing Matters

8.1 Cash Flow Analysis Report

8.1.1 The Cash Flow Analysis report were not regularly submitted to Audit Committee and the submitted reports had inconsistencies, reported information were not accurate and realistic.

8.1.2 Cash Flow Analysis reports are not submitted to Provincial Treasury quarterly as per Limpopo Treasury Circular number 2 of 2019 on Revenue and Cash Management.

8.1.3 It was further observed that the cash flow status of the Municipality remain fragile and Audit Committee recommends implementation of costs containment measures and improvement on revenue collection.

8.2 Section 52 Report

8.2.1 Audit Committee was unable to advise municipality on financial matters due to non – submission of the Section 52 report for the First, Third quarter and Fourth Quarter of 2018/2019 financial year.

8.2.2 Section 52 (d) reports submitted were noted with serious concern due to non – performance of the Municipality which lead to withdrawal of the GRANTS.

8.2.3 Audit Committee recommended that measures to capacitate Budget and Treasury department inclusive of accelerating the process for appointment of CFO should be established as there is a serious shortage of staff in this critical department.

8.2.4 Aging of receivables should be attended to by implementing the approved debt collection policy rigorously.

8.3 Financial Statement

8.3.1 Management was advised to mitigate the high risk of possible loss of data or lack of information due to reliance on the service providers who owns the system. The Audit Committee raised a concern due to the effect that the Municipality is not in full control of its own information whereas the Municipality is the custodian of the information.

8.3.2 Audit and Performance Committee identified material misstatement during the review of the interim and annual AFS on an annual basis, management was advised to monitor performance of the service providers for preparation of the AFS.

8.3.3 Service level Agreement between the Municipality and service provider appointed to prepare Annual Financial Statements should be reviewed to ensure that a clause for ownership of data is incorporated taking in to consideration the term of appointment. Appropriate records management systems must also be developed.

8.3.4 The Municipality reported to the Audit and Performance Committee that there is no Case – were financial system, which according to the Audit and Performance Committee was contrary to reports in the previous years. It was further identified that there is a likelihood of the risk of loss of data as the Municipality does not own the system. Investigation on case-were financial system that was reported as purchased in 2015/2016 financial year.

8.3.5 Quarterly Financial Statements are not prepared and submitted to Audit and Performance Committee to enable thorough review and preparation for Annual Financial Statement. The Audit and Performance Committee recommended that quarterly AFS be prepared and submitted to the Audit and Performance Committee.

8.3.6 Write offs for indigent consumers should be approved by Council at the correct sphere of government. This matter must be handled in consultation with CDM as the water service authority. (Delegations to be taken into consideration).

8.3.7 Legal Unit should advise on matters relating to the write-off of water and sewer for indigent consumers. Need for consultation with CDM identified.

8.4 Action Plan on Implementation of AGSA Findings

8.4.1 Unavailability of Service provider's replacement plan and skills transfer which result in reliance on Service providers.

8.4.2 Delays in process of appointing key personnel (Municipal Manager, CFO, and other Executive Managers) may negatively affect the audit and jeopardize the approval of rollovers.

9 Land Matters

9.1 Development of disposed sites should be accelerated to avoid disputes and the risk of cancellation of sale agreements. Capricorn District Municipality should be engaged on provision of water and sewer.

9.2 All relevant stakeholders should be engaged in their respective competences. In future this process must be done through forward planning.

9.3 Audit Committee noted the progress reported on land matters in particular the process of registration of land in the name of the Municipality which was one of the factors that lead to a qualified audit opinion. The reported engagement with COGHSTA

to assist with matters relating to the traditional leaders was appreciated as the long outstanding issue.

10 Risk Management

10.1 Audit and Performance Committee was unable to advise municipality quarterly on risk management matters due to non – submission of risk management reports and a concern in this regard was raised.

10.2 Risk Management Unit should be capacitated.

10.3 Executive Managers should take accountability on risk management in their respective departments.

10.4 The chairperson of the Risk Management Committee (RMC) is a person who not in the employ of the Municipality and has extensive experience on risk management matters and has demonstrated commitment to support the Municipality.

10.5 It should be noted that on advice of the Audit Committee, CDM committed to assist and provide support to the municipality on risk management in this regard and it has never been fully implemented.

11 Investigation Report

11.1 Management should strengthen controls on monitoring cases reported to SAPS, and ensure that there is follow – up on such cases.

11.2 Presidential, Premier, Municipal Fraud Hotline cases, and cases reported to Public Protector should be investigated and progress be regularly reported to relevant stakeholders.

12 Business Continuity Plan

Audit Committee noted the reported progress on the engagement of the Chairperson of the Risk Management Committee in relation to the development of the Business Continuity plan.

13 Integrity and Ethical Behaviors

13.1 Management should ensure that consequence management is implemented where appropriate.

13.2 Disciplinary policy should be communicated to all employees at all given times (Continuously).

13.3 Ethics risk register should be developed.

14 ICT Report

14.1 Performance of ICT steering committee should be assessed regularly to ensure effectiveness of the committee. review sentence

14.2 Cost for implementation of the disaster recovery plan should be determined.

14.3 Reports outlining the attempts for unauthorized access to the Municipal firewall should be requested from the service provider appointed for monitoring of the firewall for monitoring purposes.

14.4 ICT policy should be reviewed to incorporate controls relating to unauthorized access to Municipal firewall.

14.5 ICT awareness workshops should be conducted regularly.

15. Performance Management

15.1 Audit and Performance Committee established sub-committee to look into Municipal Performance as outlined in Municipal Planning and Performance regulations. An independent member of the audit and performance committee specializing in performance chaired the performance audit committee. The intervention was aimed at improving the performance of the Municipality as a whole.

15.2 Performance Audit Committee had two meetings in 2018/2019 financial year and Council took a decision to abolish the Performance Committee.

15.3 Audit and Performance Committee was not able to regularly advising municipality on performance management matters due to non – submission of some of the SDBIP reports which lead to limitation of the responsibilities of the Audit and Performance Committee.

15.4 Audit and Performance Committee is concerned by non – achievement of predetermined objectives of the Municipality which is recurring in particular on core objectives related to provision of basic services. Departmental performance should be monitored on a monthly basis.

15.5 Audit and Performance Committee raised a concern on poor planning as challenges raised on non - achievement of the targets was unavailability of budget which was supposed to be adequately budgeted for during planning stage.

15.6 Executive Managers were not assessed in 2018/2019 and 2019/2020 (Mid - Year) financial years which constitutes non -compliance to the PMS regulation and lack of accountability by Executive Managers. Municipality should ensure that Executive Managers are assessed as prescribed.

15.7 Performance Management system should be cascaded down to other employees.

15.8 Audit and Performance Committee held a meeting in collaboration with the Hon. Mayor, the Hon. Speaker, the Hon. Chief Whip, members of EXCO, members of MPAC and management on performance matters in February 2019. The joint session yielded to good results. This demonstrates good combined assurance within the Municipality.

15.9 It is recommended that the Municipality should review its decision to abolish the Performance Committee.

16. Service Providers' Assessment Report

16.1 Audit and Performance Committee was unable to adequately advise municipality quarterly on performance of the service providers due to non - submission of some of the quarterly service providers assessment reports.

16.2 Service provider assessment report submitted was incomplete as some of the service providers were not included in the report and the figures were inaccurate.

16.3 Management should ensure that penalties are imposed on poor and non - performing service providers through enforcement of contract management principles.

17. Infrastructure Report

17.1 Audit and Performance Committee raised a serious concern of under performance of the service providers throughout of 2017/2018 and 2018/2019 financial year which lead to withdrawal of GRANTS.

17.2 Audit and Performance Committee advised management to strengthen controls over monitoring of projects and take appropriate action against poor and non performing service providers.

17.3 Poor performing service providers should be reported to National Treasury. e.g Service provider appointed for Upgrading of Hwelereng internal road.

17.4 Contract amendments should be in line with Section 116 of the MFMA and circular 65.

17.5 Internal Audit findings on projects should be attended to.

18. Audit and Performance Committee inputs on MSCOA Report

18.1 Sebata Solution (Pty) LTD who was appointed for implementation of Mscoa should be reported to National Treasury for poor performance.

18.2 Audit of performance of Sebata Municipal Solution (PTY) Ltd contract on Mscoa Project should be submitted to Council.

18.3 Expenditure incurred on payment of Sebata Solution (Pty) LTD should be correctly reported to the relevant authority upon completion of the investigations.

18.4 Performance of the new service provider should be regularly monitored.

18.5 Mscoa risk register should be regularly monitored and updated.

19. Procurement plan

19.1. Management should adhere to the procurement plan, consequence management should be taken against non-adherence to the procurement plan.

19.2 Management should be specific and accurate when developing the specifications to avoid delays in the implementation of the procurement plan.

19.3 Procurement plan should cover all capital projects.

19.4 Service standards outlining the time frames for evaluation, adjudication and appointment of service provider within the prescribed period should be implemented.

19.5 The Audit and Performance Committee noted that there were several incidents of re-advertisement of bids due to expiry of the validity period and as the Audit Committee previously advised on this matter, it was emphasized that the Municipality should strive to ensure timeous extension of the validity period where appropriate.

21. Contract Management

20.1 Audit and Performance Committee raised a serious concern on poor contract management and advised management to strengthen controls on contract management.

20.2 Expiring lease contracts should be renewed on time.

20.3 Tenders should be advertised before the expiry dates of the existing contracts.

20.4 Appropriate action should be taken for poor or non-performance.

20.5 Contracts should be managed through an appropriate contract management system and expenditure incurred per project should be monitored to avoid over payment of service providers.

21. Review of 2019/2020 Risk Management policies and 2019/2020 Risk Profile

21.1 The following policies and Risk Management frameworks for 2019/2020 financial year were not submitted to Audit and Performance Committee for review:

21.1.1 Risk Management Strategy

21.1.2 Fraud Prevention Strategy

21.1.3 Whistle Blowing Policy

21.1.4 Gift Policy

21.1.5 Investigation Policy

21.1.6 2019/2020 Strategic Risk Register

21.1.7 Gift Policy

21.2 The following Risk Register should be finalized:

21.2.1 Operational Risk Register

21.2.2 MSCOA risk Register

21.2.3 ICT Risk Register

21.2.4 Ethics Risk Register

21.2.5 Fraud Risk Register

21.3 The Risk Committee is chaired by an independent chairperson, who has vast experience in Risk Management and Auditing. The risk department is not adequately capacitated to deal with its responsibilities adequately. Capacitation of this unit is imperative.

22. Review of 2019/2020 IDP, Budget and SDBIP

Municipality should consider forward planning to avoid poor performance.

23. 2019/2020 Budget related policies

Management was advised to strengthen consultation with Employees through Local Labour Forum on development of policies which affect employees.

24. Approval of Strategic Internal Audit Plan

Audit and Performance Committee approved 3 years rolling plan and annual Internal Audit plan for 2019/2020, 2020/2021 and 2021/2022 financial years.

25. Review of Audit and Performance Committee and Internal Audit documents

Audit Committee reviewed the following documents and recommended approval by Council:

25.1 Internal Audit Methodology

25.2 Internal Audit Charter

25.3 Audit and Performance Committee Charter

26. Revenue Collection

26.1 Revenue enhancement strategy should be submitted to Council for approval and be implemented.

26.2 Management should strengthen control over collection of revenue in all revenue sources.

26.3 Expired lease agreements on municipal properties should be renewed.

27. Environmental Management

Management should implement by – laws on illegal dumping and other non-compliance to environmental prescripts.

28. Support to Technical Committees

The Municipality has established Financial Misconduct Disciplinary Board whereby membership includes a member of the Audit and Performance Committee and Chief Audit Executive.

29. Major Challenges that Need Immediate Attention

29.1 High vacancy rate on key positions.

29.2 Delays in finalization of job evaluation processes.

29.3 Delays in SCM Processes.

29.4 Non – compliance with the performance management framework by failure to conduct assessment of the Executive managers.

29.5 Irrespective of the overall improved performance of 61% the percentage of some key performance indicators are not satisfactory.

29.6 Poor Contract Management.

30. Measures to address identified challenges

30.1. Municipality must accelerate the processes of appointing key personnel.

30.2. Municipality must accelerate the finalization of job evaluation processes.

30.3. Municipality must adhere to the approved procurements plan to avoid delays in the appointment of service providers which affects service delivery negatively.

30.4. Municipality must ensure improved performance in all key performance indicators in order to achieve the objectives of the Municipality.

30.5. Management should strengthen controls on contract management.

31. Conclusion

The Audit and Performance Committee would like to thank Council, Management, Internal Audit and all role players within the spirit of combined assurance for their commitment and support during its tenure. It is recommended that the report should be noted.



On behalf of the Audit and Performance Committee
Adv. HM Manthafa (Chairperson from 01 April 2017 to 31 March)